Council Business Meeting Agenda

ASHLAND CITY COUNCIL

BUSINESS MEETING AGENDA

Tuesday, October 21, 2025

Council Chambers, 1175 E Main Street

Live stream via RVTV Prime at rvtv.sou.edu or broadcast on Spectrum 180.

Public comment is welcome on public forum topics and agenda items.

To **speak electronically** during the meeting or to submit **written comments** in advance, please complete the online Public Comment Form by 10 a.m. the day of the meeting.

6:00 p.m. JOINT CITY COUNCIL AND PARKS COMMISSION BUSINESS MEETING

I. CALL TO ORDER

a. Land Acknowledgement**

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

IV. MAYOR'S / CHAIR OF THE COUNCIL ANNOUNCEMENT

V. SPECIAL PRESENTATIONS

a. Financial Update

VI. PUBLIC FORUM

VII. NEW BUSINESS

a. Review of APRC PROS Plan

b. Citywide Strategic Plan Update

c. City Finances: Staffing and Service Level Adjustments

d. Food & Beverage Tax

e. Topics and Meeting Frequency

VIII. CITY COUNCIL BUSINESS MEETING

IX. CONSENT AGENDA

a. Liquor License Approval for Calypso Hotel

X. ORDINANCES, RESOLUTIONS AND CONTRACTS

a. BPA Contract Approval

b. Second Reading of Ordinance 3276 - Vacating a Portion of the Fern Street Public Right of Way

XI. NEW BUSINESS

a. Annual Climate and Energy Action Plan Report & Conservation Incentives Adoption

XII. CITY MANAGER REPORT

XIII. OTHER BUSINESS FROM COUNCIL MEMBERS/REPORTS FROM COUNCIL LIAISONS

XIV. ADJOURNMENT

Council Business Meeting Agenda

If you need special assistance to participate in this meeting, please contact Alissa Kolodzinski at recorder@ashlandoregon.gov or 541.488.5307 (TTY phone number 1.800.735.2900). Notification at least three business days before the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting in compliance with the Americans with Disabilities Act.

* Items on the Agenda not considered due to time constraints are automatically continued to the next regularly scheduled Council meeting [AMC 2.04.030.(D)(3)]

**** LAND ACKNOWLEDGEMENT**

We acknowledge and honor the aboriginal people on whose ancestral homelands we work—the Ikirakutsum Band of the Shasta Nation, as well as the diverse and vibrant Native communities who make their home here today. We honor the first stewards in the Rogue Valley and the lands we love and depend on: Tribes with ancestral lands in and surrounding the geography of the Ashland Watershed include the original past, present and future indigenous inhabitants of the Shasta, Takelma, and Athabaskan people. We also recognize and acknowledge the Shasta village of K'wakhakha - "Where the Crow Lights" - that is now the Ashland City Plaza.

***Agendas and minutes for City of Ashland Council, Commission and Committee meetings may be found at the City website, ashlandoregon.gov.

Council Business Meeting

Date: October 21, 2025

Agenda Item	Financial Update
Department	Finance
From	Bryn Morrison, Deputy Finance Director

TIME ESTIMATE
15 Minutes

CATEGORY
Informational - this is to inform the body on a particular topic. No motion or direction needed.

SUMMARY
On a quarterly basis, the Finance Department presents the current quarter-end financial statements and provides a review of significant items. At year-end however, the City has not yet closed its books, which is typical while the annual audit process is underway. Finance will provide a preliminary financial report as of June 30, 2025 and other departmental updates.

POLICIES, PLANS & GOALS SUPPORTED
Administrative/Governance Goal:

"To ensure ongoing fiscal ability to provide desired and required services at an acceptable level."

BACKGROUND AND ADDITIONAL INFORMATION
The period ending June 30, 2025 is the end of the fiscal year and the end of the second year of the budget term. The period is still open due to the annual audit and is typically reported and published when the audit and the Annual Comprehensive Financial Report (ACFR) is complete, generally in the beginning of December.
An Abbreviated Financial Statements Summary is provided, which includes the Summary of Fund Balances, the City-Wide Statement of Revenue and Expenditure, the Revenue Summary, the Schedule of Budgetary Compliance, and the Summary of Cash and Investments all in preliminary form as of the date of this communication. These reflect that the City is tracking as expected and expenditures are within budget. Again, please note that Accounting will not close the fiscal period ending June 30, 2025 for another several weeks, so the numbers are subject to change, however the bulk of the known activity for the year has been accounted for.

FISCAL IMPACTS

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS
N/A

REFERENCES & ATTACHMENTS
1. Fourth Quarter Preliminary Report FY25

City of Ashland
Summary of Fund Balances
Preliminary as of June 30, 2025

Fund	Balance June 30, 2025	Balance June 30, 2024	Change From FY 2024	2024-2025 Requirements	Over(Under) Requirements
General Fund	$ 15,372,017	$ 17,057,725	$ (1,685,708)	5,879,923	261%
Parks General Fund	-	631,966	(631,966)	No Policy	N/A
Tourism Fund	922,621	982,117	(59,496)	No Policy	N/A
Housing Fund	127,476	252,642	(125,166)	No Policy	N/A
Community Block Grant Fund	36,617	36,617	0	No Policy	N/A
Reserve Fund	1,980,546	1,887,552	92,994	No Policy	N/A
Street Fund	3,294,477	4,435,632	(1,141,155)	615,929	535%
SDC Street Fund	3,788,178	2,170,196	1,617,982	No Policy	N/A
Airport Fund	431,093	337,485	93,608	9,278	4646%
Capital Improvements Fund	372,740	977,544	(604,804)	No Policy	N/A
Parks Capital Improvements Fund	3,339,320	3,571,250	(231,930)	No Policy	N/A
SDC Parks Fund	479,909	417,402	62,507	No Policy	N/A
Debt Service Fund	1,101,412	1,050,299	51,113	No Policy	N/A
Water Fund	18,791,694	17,615,845	1,175,848	2,232,241	842%
SDC Water Fund	976,558	966,355	10,203	No Policy	N/A
Wastewater Fund	7,572,951	6,606,474	966,477	2,146,112	353%
SDC Wastewater Fund	2,726,658	2,372,090	354,568	No Policy	N/A
Storm Drain Fund	2,136,737	2,094,891	41,846	205,707	1039%
SDC Storm Drain Fund	55,106	30,321	24,785	No Policy	N/A
Electric Fund	7,621,815	9,437,523	(1,815,708)	4,321,845	176%
Telecommunications Fund	2,848,372	3,153,230	(304,858)	576,064	494%
Insurance Services Fund	2,610,622	2,103,059	507,563	701,155	372%
Health Benefits Fund	0	2,225,545	(2,225,545)	No Policy	N/A
Equipment Fund	7,589,751	7,258,321	331,430	3,065,381	248%
Parks Equipment Fund	-	473,608	(473,608)	No Policy	N/A
Cemetery Trust Fund	995,101	970,773	24,328	No Policy	N/A
	$ 85,171,769	$ 89,116,462	$ (3,944,693)		
Total Fund Balances	$ 85,171,769	$ 89,116,462	$ (3,944,693)		
Restricted and Committed Funds					
Restricted	$ 17,160,976	$ 21,520,266	$ (4,359,290)		
Committed	24,949,972	16,573,339	8,376,633		
Unassigned	43,060,821	51,022,857	(7,962,036)		
Total Fund Balances	$ 85,171,769	$ 89,116,462	$ (3,944,693)		

City of Ashland
Statement of Revenues and Expenditures - City Wide
Preliminary as of June 30, 2025
(100% of Fiscal Year)

	Fiscal Year 2025 Year-To-Date Actuals	2nd Year of Biennial Budget	Percent Collected / Expended	Year-over-Year Change	Fiscal Year 2024 Year-To-Date Actuals	Fiscal Year 2024 End -of-Year Actuals	Percent Collected / Expended
	Current Fiscal Year				**Prior Fiscal Year**		
City-Wide Revenues							
Taxes	$ 28,517,601	$ 30,439,718	93.7%	100.7%	$ 28,317,481	$ 28,317,481	100.0%
Licenses and Permits	1,101,054	934,315	117.8%	69.2%	1,591,398	1,591,398	100.0%
Intergovernmental Revenues	4,115,134	15,848,567	26.0%	47.7%	8,627,338	8,627,338	100.0%
Charges for Services - Rate & Internal	54,783,107	63,078,103	86.8%	99.2%	55,225,266	55,225,266	100.0%
Charges for Services - Misc. Service fees	564,371	364,102	155.0%	67.9%	830,898	830,898	100.0%
System Development Charges	721,709	160,361	450.1%	76.0%	949,639	949,639	100.0%
Fines and Forfeitures	182,961	47,636	384.1%	60.7%	301,364	301,364	100.0%
Assessment Payments	4,915	5,057	97.2%	521.2%	943	943	100.0%
Interest on Investments	3,887,247	(1,542,192)	-252.1%	96.4%	4,034,193	4,034,193	100.0%
Miscellaneous Revenues	381,971	287,879	132.7%	23.8%	1,602,771	1,602,773	100.0%
Total Revenues	**94,260,069**	**109,623,545**	**86.0%**	**92.9%**	**101,481,291**	**101,481,293**	**100.0%**
Budgetary Resources:							
Other Financing Sources	1,042,229	95,105,325	1.1%	-17.8%	5,871,410	5,871,410	100.0%
Transfers In	5,382,660	5,585,092	96.4%	72.6%	7,412,962	7,412,962	100.0%
Total Budgetary Resources	6,424,890	100,690,417	6.4%	48.4%	13,284,371	13,284,372	100.0%
Total Resources	**100,684,959**	**210,313,962**	**47.9%**	**87.7%**	**114,765,662**	**114,765,665**	**100.0%**
City-Wide Expenditures							
Personnel Services	40,248,933	49,321,383	81.6%	108.3%	37,168,306	37,168,306	100.0%
Materials and Services	44,990,336	59,033,399	76.2%	105.1%	42,812,289	42,812,289	100.0%
Debt Service	2,958,133	8,755,149	33.8%	116.4%	2,540,797	2,540,797	100.0%
Total Operating Expenditures	**88,197,401**	**117,109,931**	**75.3%**	**106.9%**	**82,521,392**	**82,521,391**	**100.0%**
Capital Construction							
Capital Outlay	11,049,592	113,622,762	9.7%	59.5%	18,565,135	18,565,135	100.0%
Transfers Out	5,382,660	5,585,092	96.4%	72.6%	7,412,962	7,412,962	100.0%
Contingencies (Original Budget $5,481,763)	-	4,559,763	0.0%	N/A	-	-	N/A
Total Budgetary Requirements	5,382,660	10,144,855	53.1%	72.6%	7,412,962	7,412,962	100.0%
Total Requirements	**104,629,653**	**240,877,549**	**43.4%**	**96.4%**	**108,499,489**	**108,499,488**	**100.0%**
Excess (Deficiency) of Resources over Requirements	(3,944,695)	(30,563,586)	87.1%	-63.0%	6,266,173	6,266,177	100.0%
Working Capital Carryover	89,116,462	75,117,268	118.6%	107.6%	82,850,293	82,850,293	100.0%
Unappropriated Ending Fund Balance	**$ 85,171,770**	**$ 44,553,682**	**191.2%**	**95.6%**	**$ 89,116,462**	**$ 89,116,462**	**100.0%**

City of Ashland

Statement of Resources, Requirements, and Changes in Fund Balance

Preliminary as of June 30, 2025

(100% of Fiscal Year)

		Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
		Current Fiscal Year				Prior Fiscal Year		
110	**General Fund Revenues**							
	Taxes	$ 24,424,056	$ 25,833,814	94.5%	101.3%	$ 24,106,609	$ 24,106,609	100.0%
	Licenses and Permits	1,101,054	934,315	117.8%	69.2%	1,591,398	1,591,398	100.0%
	Intergovernmental	1,204,430	3,409,460	35.3%	69.0%	1,744,883	1,744,883	100.0%
	Charges for Services	11,121,520	15,685,828	70.9%	105.0%	10,586,886	10,586,886	100.0%
	Fines	182,961	47,636	384.1%	60.7%	301,364	301,364	100.0%
	Interest on Investments	850,261	(59,506)	-1428.9%	73.3%	1,159,506	1,159,506	100.0%
	Miscellaneous	169,950	188,433	90.2%	20.4%	831,217	831,217	100.0%
	Transfer In (Health Benefits Fund)	2,225,545	2,225,545	100.0%	N/A	-	-	N/A
	Transfer In (Parks Equipment Fund)	473,608	473,608	100.0%	N/A	-	-	N/A
	Transfer In (Parks General Fund)	631,966	631,966	100.0%	N/A	-	-	N/A
	Transfer In (Parks CIP)	422,545	422,545	100.0%	100.0%	422,545	422,545	100.0%
	Transfer In (Water Fund)	50,000	50,000	100.0%	100.0%	50,000	50,000	100.0%
	Transfer In (Cemetery)	47,111	249,543	18.9%	97.0%	48,551	48,551	100.0%
	Total Revenues and Other Sources	42,905,006	50,093,187	85.7%	105.0%	40,842,959	40,842,959	100.0%
110	**General Fund Expenditures**							
	Administration Department	3,477,326	4,441,498	78.3%	93.4%	3,724,108	3,724,108	100.0%
	Administration - Municipal Court	559,658	597,816	93.6%	113.7%	492,122	492,122	100.0%
	Administration - Health Benefits Fund	-	-	N/A	N/A	-	-	N/A
	Information Technology Department	1,612,123	2,637,523	61.1%	86.2%	1,870,595	1,870,595	100.0%
	Finance Department	3,263,434	3,622,517	90.1%	110.7%	2,947,691	2,947,691	100.0%
	City Recorder	268,303	378,160	70.9%	136.9%	195,982	195,982	100.0%
	Police Department	8,844,074	10,416,386	84.9%	108.5%	8,152,677	8,152,677	100.0%
	Fire and Rescue Department	12,167,031	17,715,616	68.7%	92.9%	13,091,298	13,091,298	100.0%
	Public Works Department	3,108,118	5,043,113	61.6%	95.4%	3,256,545	3,256,545	100.0%
	Community Development	2,131,635	2,835,341	75.2%	103.7%	2,055,921	2,055,921	100.0%
	Parks Department	7,812,768	8,481,131	92.1%	128.8%	6,066,835	6,066,835	100.0%
	Transfer Out (Housing Fund)	100,000	100,000	100.0%	N/A	100,000	100,000	100.0%
	Transfer Out (Capital Improvements)	1,064,446	1,064,446	100.0%	N/A	100,000	100,000	100.0%
	Transfer Out (Debt Service Fund)	181,297	181,297	100.0%	164.8%	110,000	110,000	100.0%
	Transfer Out (Cemetery Fund)	500	500	100.0%	100.0%	500	500	100.0%
	Contingency	-	1,357,998	0.0%	N/A	-	-	N/A
	Total Expenditures and Other Uses	44,590,713	58,873,342	75.7%	105.8%	42,164,274	42,164,274	100.0%

City of Ashland

Statement of Resources, Requirements, and Changes in Fund Balance

Preliminary as of June 30, 2025

(100% of Fiscal Year)

	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(1,685,708)	(8,780,155)	80.8%	127.6%	(1,321,315)	(1,321,315)	100.0%
Beginning Fund Balance	**17,057,725**	19,559,426	87.2%	92.8%	18,379,040	18,379,040	100.0%
Ending Fund Balance	$ 15,372,017	$ 10,779,271	142.6%	90.1%	$ 17,057,725	**$ 17,057,725**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	1,855,029
Unassigned Fund Balance	$ 13,516,988

City of Ashland
Statement of Resources, Requirements, and Changes in Fund Balance
Preliminary as of June 30, 2025
(100% of Fiscal Year)

	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
211 Parks General Fund							
Taxes	$ -	$ -	N/A	N/A	$ -	$ -	N/A
Interest	-	-	N/A	N/A	-	-	N/A
Miscellaneous	-	-	N/A	N/A	-	-	N/A
Transfer In (General Fund)	-	-	N/A	N/A	-	-	N/A
Total Revenues and Other Sources	-	-	N/A	N/A	-	-	N/A
Personnel Services	-	-	N/A	N/A	-	-	N/A
Materials and Services	-	-	N/A	N/A	-	-	N/A
Capital Outlay	-	-	N/A	N/A	-	-	N/A
Transfer Out (General Fund)	631,966	631,966	100.0%	N/A	-	-	N/A
Contingency		-	N/A	N/A	-	-	N/A
Total Expenditures and Other Uses	631,966	631,966	N/A	N/A	-	-	N/A
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(631,966)	(631,966)	0.0%	N/A	-	-	N/A
Beginning Fund Balance	**631,966**	-	0.0%	N/A	631,966	631,966	N/A
Ending Fund Balance	$ -	$ (631,966)	0.0%	N/A	$ 631,966	**$ 631,966**	N/A

Reconciliation of Fund Balance:

Restricted and Committed Funds	-
Unassigned Fund Balance	$ -

City of Ashland

Statement of Resources, Requirements, and Changes in Fund Balance

Preliminary as of June 30, 2025

(100% of Fiscal Year)

	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
230 Tourism Fund							
Taxes	$ 922,661	$ 1,107,930	83.3%	108.1%	$ 853,267	$ 853,267	100.0%
Interest	42,129	(24,827)	-169.7%	86.3%	48,827	48,827	100.0%
Miscellaneous	-	-	N/A	N/A	-	-	N/A
Transfer In (General Fund)	-	-	N/A	N/A	-	-	N/A
Total Revenues and Other Sources	964,790	1,083,103	89.1%	107.0%	902,094	902,094	100.0%
Personnel Services	86,120	116,945	73.6%	109.4%	78,730	78,730	100.0%
Materials and Services	938,166	1,439,347	65.2%	112.6%	833,329	833,329	100.0%
Contingency		74,050	0.0%	N/A	-	-	N/A
Total Expenditures and Other Uses	1,024,286	1,630,342	62.8%	112.3%	912,059	912,059	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(59,496)	(547,239)	89.1%	597.0%	(9,965)	(9,965)	100.0%
Beginning Fund Balance	**982,117**	1,015,037	96.8%	99.0%	992,082	992,082	100.0%
Ending Fund Balance	$ 922,621	$ 467,798	197.2%	93.9%	$ 982,117	**$ 982,117**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	922,621
Unassigned Fund Balance	$ -

City of Ashland
Statement of Resources, Requirements, and Changes in Fund Balance
Preliminary as of June 30, 2025
(100% of Fiscal Year)

240 Housing Fund	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
Taxes	$ -	$ -	N/A	N/A	$ -	$ -	N/A
Intergovernmental	-	-	N/A	N/A	-	-	N/A
Interest on Investments	12,894	(10,519)	-122.6%	103.0%	12,519	12,519	100.0%
Miscellaneous	-	-	N/A	N/A	-	-	N/A
Transfer In (General Fund)	100,000	100,000	100.0%	100.0%	100,000	100,000	100.0%
Total Revenues and Other Sources	112,894	89,481	126.2%	100.3%	112,519	112,519	100.0%
Personnel Services	-	-	N/A	N/A	-	-	100.0%
Materials and Services	238,060	323,798	73.5%	238.1%	100,000	100,000	100.0%
Capital Outlay	-	-	N/A	N/A	-	-	N/A
Total Expenditures and Other Uses	238,060	323,798	73.5%	238.1%	100,000	100,000	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(125,166)	(234,317)	46.6%	-999.8%	12,519	12,519	100.0%
Beginning Fund Balance	**252,642**	221,798	113.9%	105.2%	240,123	240,123	100.0%
Ending Fund Balance	$ 127,476	$ (12,519)	1118.3%	50.5%	$ 252,642	**$ 252,642**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	127,476
Unassigned Fund Balance	$ -

City of Ashland
Statement of Resources, Requirements, and Changes in Fund Balance
Preliminary as of June 30, 2025
(100% of Fiscal Year)

	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
250 Community Development Block Fund							
Intergovernmental	$ 191,762	$ 313,399	61.2%	292.5%	$ 65,563	$ 65,563	100.0%
Total Revenues and Other Sources	191,762	313,399	61.2%	292.5%	65,563	65,563	100.0%
Personnel Services	32,527	33,740	96.4%	90.6%	35,915	35,915	100.0%
Materials and Services	159,235	316,279	50.3%	537.1%	29,648	29,648	100.0%
Total Expenditures and Other Uses	191,762	350,019	54.8%	292.5%	65,563	65,563	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	(36,620)	100.0%	N/A	-	-	N/A
Beginning Fund Balance	**36,617**	36,619	100.0%	100.0%	36,617	36,617	100.0%
Ending Fund Balance	$ 36,617	$ (1)	3661801.0%	100.0%	$ 36,617	**$ 36,617**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	36,617
Unassigned Fund Balance	$ -

City of Ashland
Statement of Resources, Requirements, and Changes in Fund Balance
Preliminary as of June 30, 2025
(100% of Fiscal Year)

	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
255 Reserve Fund							
Interest on Investments	$ 92,994	$ (43,340)	-214.6%	99.6%	$ 93,340	$ 93,340	100.0%
Total Revenues and Other Sources	92,994	(43,340)	-214.6%	-214.6%	93,340	93,340	100.0%
Interfund Loan (Health Benefits Fund)	-	-	N/A	N/A	-	-	N/A
Operating Transfer out	-	-	N/A	N/A	-	-	N/A
Total Expenditures and Other Uses	-	-	N/A	N/A	-	-	N/A
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	92,994	(43,340)	314.6%	99.6%	93,340	93,340	100.0%
Beginning Fund Balance	**1,887,552**	1,784,761	105.8%	105.2%	1,794,212	1,794,212	100.0%
Ending Fund Balance	$ 1,980,546	$ 1,741,421	113.7%	104.9%	$ 1,887,552	**$ 1,887,552**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	1,980,546
Unassigned Fund Balance	$ 0

City of Ashland
Statement of Resources, Requirements, and Changes in Fund Balance
Preliminary as of June 30, 2025
(100% of Fiscal Year)

260 Street Fund	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
Taxes	$ 2,216,306	$ 2,447,596	90.6%	94.6%	$ 2,343,614	$ 2,343,614	100.0%
Intergovernmental	1,744,738	1,613,380	108.1%	103.1%	1,692,621	1,692,621	100.0%
Charges for Services - Rates	1,584,730	1,678,169	94.4%	93.5%	1,694,331	1,694,331	100.0%
Charges for Services - Misc. Service Fees	-	30,000	0.0%	N/A	-	-	N/A
System Development Charges	-	-	N/A	N/A	-	-	N/A
Assessments	4,915	5,057	97.2%	521.2%	943	943	100.0%
Interest on Investments	165,230	94,927	174.1%	253.9%	65,073	65,073	100.0%
Miscellaneous	2,801	(187)	-1495.6%	1495.6%	187	187	100.1%
Other Financing Sources	(857,379)	10,513,896	-8.2%	-21.3%	4,028,789	4,028,789	100.0%
Total Revenues and Other Sources	4,861,341	16,382,837	29.7%	49.5%	9,825,558	9,825,557	100.0%
Public Works - Ground Maintenance	214,089	303,970	70.4%	87.4%	245,030	245,030	100.0%
Public Works - Street Operations	5,707,140	13,188,931	43.3%	82.9%	6,885,483	6,963,245	98.9%
Public Works - Street Operations Debt	81,266	4,890,777	1.7%	N/A	77,762	-	N/A
Public Works - Transportation SDC's	-	-	N/A	N/A	-	-	N/A
Transfer Out (SDC Street Fund)	-	-	N/A	N/A	2,978,031	2,978,031	100.0%
Contingency	-	276,982	0.0%	N/A	-	-	N/A
Total Expenditures and Other Uses	6,002,495	18,660,660	32.2%	58.9%	10,186,306	10,186,306	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(1,141,154)	(2,277,822)	49.9%	316.3%	(360,749)	(360,749)	100.0%
Beginning Fund Balance	**4,435,632**	1,701,979	260.6%	92.5%	4,796,381	4,796,381	100.0%
Ending Fund Balance	$ 3,294,477	$ (575,843)	672.1%	74.3%	$ 4,435,632	**$ 4,435,632**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	3,294,477
Unassigned Fund Balance	$ 0

City of Ashland
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(100% of Fiscal Year)

	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
263 SDC Street Fund							
System Development Charges	$ 214,998	$ (24,118)	-891.5%	66.3%	$ 324,118	$ 324,118	100.0%
Interest on Investments	125,608	(146,587)	-85.7%	85.7%	146,587	146,587	100.0%
Transfer In (Street Fund)	-	-	N/A	N/A	2,978,031	2,978,031	100.0%
Other Financing Sources	1,393,806	3,104,875	44.9%	N/A	-	-	N/A
Total Revenues and Other Sources	1,734,413	2,934,170	59.1%	50.3%	3,448,736	3,448,736	100.0%
Materials and Services	-	48,835	0.0%	0.0%	1,165	1,165	100.0%
Capital Outlay	116,431	1,827,500	6.4%	9.1%	1,277,375	1,277,375	100.0%
Contingency	-	94,647	0.0%	N/A	-	-	N/A
Total Expenditures and Other Uses	116,431	1,970,982	5.9%	9.1%	1,278,540	1,278,540	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	1,617,982	963,189	168.0%	74.6%	2,170,196	2,170,196	100.0%
Beginning Fund Balance	**2,170,196**	3,002,755	72.3%	N/A	-	-	N/A
Ending Fund Balance	$ 3,788,178	$ 3,965,944	95.5%	174.6%	$ 2,170,196	**$ 2,170,196**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	3,788,178
Unassigned Fund Balance	$ -

City of Ashland
Statement of Resources, Requirements, and Changes in Fund Balance
Preliminary as of June 30, 2025
(100% of Fiscal Year)

280 Airport Fund	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
Intergovernmental	$ (4,035)	$ 2,069,549	-0.2%	-0.2%	$ 2,627,951	$ 2,627,951	100.0%
Charges for Services - Rates	191,287	158,762	120.5%	102.7%	186,238	186,238	100.0%
Interest on Investments	17,903	1,190	1503.8%	372.2%	4,810	4,810	100.0%
Miscellaneous	2,000	(2,000)	-100.0%	100.0%	2,000	2,000	100.0%
Total Revenues and Other Sources	207,155	2,227,501	9.3%	7.3%	2,820,999	2,820,999	100.0%
Materials and Services	73,572	110,983	66.3%	92.1%	79,867	79,867	100.0%
Capital Outlay	39,975	2,112,357	1.9%	1.4%	2,802,643	2,802,643	100.0%
Contingency	-	5,726	0.0%	N/A	-	-	N/A
Total Expenditures and Other Uses	113,547	2,229,066	5.1%	3.9%	2,882,510	2,882,510	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	93,608	(1,565)	6081.6%	-152.2%	(61,511)	(61,511)	100.0%
Beginning Fund Balance	**337,485**	86,831	388.7%	84.6%	398,996	398,996	100.0%
Ending Fund Balance	$ 431,093	$ 85,266	505.6%	127.7%	$ 337,485	**$ 337,485**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	431,093
Unassigned Fund Balance	$ (0)

City of Ashland

Statement of Resources, Requirements, and Changes in Fund Balance

Preliminary as of June 30, 2025

(100% of Fiscal Year)

410 Capital Improvements Fund	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
Intergovernmental	$ -	$ 899,900	N/A	0.0%	$ 1,158,200	$ 1,158,200	100.0%
Charges for Services - Misc. Service fees	(159,264)	(159,264)	N/A	-100.0%	159,264	159,264	100.0%
System Development Charges - Parks	-	-	N/A	N/A	-	-	N/A
Interest on Investments	37,072	(37,194)	-99.7%	64.8%	57,194	57,194	100.0%
Miscellaneous	-	-	N/A	N/A	-	-	N/A
Other Financing Sources	-	(600,000)	0.0%	0.0%	600,000	600,000	100.0%
Transfer In (General Fund)	1,064,446	1,064,446	100.0%	1064.4%	100,000	100,000	100.0%
Total Revenues and Other Sources	942,254	1,167,888	80.7%	45.4%	2,074,658	2,074,658	100.0%
Public Works - Capital Outlay	1,547,059	1,980,080	78.1%	73.8%	2,095,540	2,095,540	100.0%
Finance - Open Space (Parks)	-	-	N/A	N/A	-	-	N/A
Transfer Out (Debt Service Fund)	-	-	N/A	N/A	-	-	N/A
Transfer Out (SDC Parks Fund)	-	-	N/A	N/A	320,568	320,568	100.0%
Contingency	-	-	N/A	N/A	-	-	N/A
Total Expenditures and Other Uses	1,547,059	1,980,080	78.1%	64.0%	2,416,108	2,416,108	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(604,804)	(812,192)	25.5%	177.1%	(341,450)	(341,450)	100.0%
Beginning Fund Balance	**977,544**	1,035,362	94.4%	74.1%	1,318,994	1,318,994	100.0%
Ending Fund Balance	$ 372,740	$ 223,170	167.0%	38.1%	$ 977,544	**$ 977,544**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	372,740
Unassigned Fund Balance	$ 0

City of Ashland
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411 Parks Capital Improvement Fund	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
Taxes	$ 759,009	$ 838,218	90.6%	93.8%	$ 808,875	$ 808,875	100.0%
Intergovernmental	-	7,430,000	0.0%	0.0%	101,000	101,000	100.0%
Interest on Investments	169,874	(116,970)	-145.2%	96.0%	176,970	176,970	100.0%
Miscellaneous	-	50,000	0.0%	N/A	-	-	N/A
Other Financing Sources	-	8,200,000	0.0%	N/A	-	-	N/A
Total Revenues and Other Sources	928,883	16,401,248	5.7%	85.5%	1,086,845	1,086,845	100.0%
Materials and Services	-	-	N/A	N/A	-	-	N/A
Capital Outlay	552,625	14,491,426	3.8%	62.8%	880,674	880,674	100.0%
Transfer Out (Debt Service Fund)	185,643	185,643	100.0%	99.6%	186,347	186,347	100.0%
Transfer Out (General Fund)	422,545	422,545	100.0%	100.0%	422,545	422,545	100.0%
Total Expenditures and Other Uses	1,160,813	15,099,614	7.7%	77.9%	1,489,566	1,489,566	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(231,930)	1,301,634	-17.8%	57.6%	(402,721)	(402,721)	100.0%
Beginning Fund Balance	**3,571,250**	5,590,786	63.9%	89.9%	3,973,971	3,973,971	100.0%
Ending Fund Balance	$ 3,339,320	$ 6,892,420	48.4%	93.5%	$ 3,571,250	**$ 3,571,250**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	3,339,320
Unassigned Fund Balance	$ -

City of Ashland
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(100% of Fiscal Year)

	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
413 SDC Parks Fund							
System Development Charges - Parks	42,508	20,860	203.8%	53.7%	79,140	79,140	100.0%
Interest on Investments	19,999	(17,694)	-113.0%	113.0%	17,694	17,694	100.0%
Miscellaneous	-	-	N/A	N/A	-	-	N/A
Transfer In (CIP Fund)	-	-	N/A	N/A	320,568	320,568	100.0%
Total Revenues and Other Sources	62,507	3,166	1974.1%	15.0%	417,402	417,402	100.0%
Materials and Services	-	-	N/A	N/A	-	-	N/A
Capital Outlay	-	373,532	0.0%	N/A	-	-	N/A
Contingency	-	11,206	0.0%	N/A	-	-	N/A
Total Expenditures and Other Uses	-	384,738	0.0%	N/A	-	-	N/A
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	62,507	(381,572)	116.4%	15.0%	417,402	417,402	100.0%
Beginning Fund Balance	**417,402**	284,878	146.5%	N/A	-		N/A
Ending Fund Balance	$ 479,909	$ (96,694)	596.3%	115.0%	$ 417,402	**$ 417,402**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	479,909
Unassigned Fund Balance	$ -

City of Ashland

Statement of Resources, Requirements, and Changes in Fund Balance

Preliminary as of June 30, 2025

(100% of Fiscal Year)

530 Debt Services	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
Taxes	$ 203,011	$ 212,160	95.7%	99.0%	$ 205,116	$ 205,116	100.0%
Charges for Services - Internal	1,261,595	1,261,595	100.0%	100.0%	1,261,595	1,261,595	100.0%
Interest on Investments	25,929	(12,993)	-199.6%	83.7%	30,993	30,993	100.0%
Transfer In (General Fund)	181,297	181,297	100.0%	164.8%	110,000	110,000	100.0%
Transfer In (Parks CIP)	185,643	185,643	100.0%	99.6%	186,347	186,347	100.0%
Total Revenues and Other Sources	1,857,475	1,827,702	101.6%	103.5%	1,794,051	1,794,051	100.0%
Debt Service	1,806,362	1,806,389	100.0%	101.2%	1,785,644	1,785,644	100.0%
Total Expenditures and Other Uses	1,806,362	1,806,389	100.0%	101.2%	1,785,644	1,785,644	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	51,113	21,313	239.8%	607.9%	8,408	8,407	100.0%
Beginning Fund Balance	**1,050,299**	815,165	128.8%	100.8%	1,041,892	1,041,892	100.0%
Ending Fund Balance	$ 1,101,412	$ 836,478	131.7%	104.9%	$ 1,050,299	**$ 1,050,299**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	-
Unassigned Fund Balance	$ 1,101,412

City of Ashland

Statement of Resources, Requirements, and Changes in Fund Balance

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(100% of Fiscal Year)

670 Water Fund	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
Intergovernmental	$ 693,933	$ (253,350)	-273.9%	273.9%	$ 253,350	$ 253,350	100.0%
Charges for Services - Rates	8,910,870	8,935,764	99.7%	105.0%	8,489,236	8,489,236	100.0%
Charges for Services - Misc. Service Fees	80,159	87,728	91.4%	87.8%	91,272	91,272	100.0%
System Development Charges	-	-	N/A	N/A	-	-	N/A
Interest on Investments	832,320	(348,049)	-239.1%	111.3%	748,049	748,049	100.0%
Miscellaneous	2,938	40,074	7.3%	26.9%	10,926	10,926	100.0%
Other Financing Sources	-	46,570,810	0.0%	N/A	-	-	N/A
Total Revenues and Other Sources	10,520,220	55,032,976	19.1%	109.7%	9,592,833	9,592,833	100.0%
Public Works - Conservation	87,300	493,503	17.7%	99.5%	87,694	87,694	100.0%
Public Works - Water Supply	466,146	7,252,690	6.4%	47.2%	987,128	987,128	100.0%
Public Works - Water Supply Debt	118,500	118,503	100.0%	100.0%	118,500	118,500	100.0%
Public Works - Water Distribution	6,302,878	9,342,960	67.5%	144.2%	4,370,977	4,370,977	100.0%
Public Works - Water Distribution Debt	207,306	207,309	100.0%	100.6%	206,007	206,007	100.0%
Public Works - Water Treatment	1,752,353	48,103,791	3.6%	116.0%	1,510,343	1,510,343	100.0%
Public Works - Water Treatment Debt	359,890	816,371	44.1%	6179.7%	5,824	5,824	100.0%
Transfer Out (General Fund to AFR)	50,000	50,000	100.0%	5.5%	911,082	50,000	1822.2%
Transfer Out (SDC Water Fund)	-	-	N/A	N/A	-	861,082	0.0%
Contingency	-	436,793	0.0%	N/A	-	-	N/A
Total Expenditures and Other Uses	9,344,372	66,821,920	14.0%	114.0%	8,197,555	8,197,555	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	1,175,848	(11,788,944)	110.0%	84.3%	1,395,277	1,395,278	100.0%
Beginning Fund Balance	**17,615,845**	12,341,551	142.7%	108.6%	16,220,567	16,220,567	100.0%
Ending Fund Balance	$ 18,791,694	$ 552,607	3400.6%	106.7%	$ 17,615,845	**$ 17,615,845**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	6,000,000
Unassigned Fund Balance	$ 12,791,694

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	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
673 SDC Water Fund							
System Development Charges - Water	192,551	119,469	161.2%	83.5%	230,531	230,531	100.0%
Interest on Investments	45,257	(43,829)	N/A	103.3%	43,829	43,829	100.0%
Miscellaneous	-	-	N/A	N/A	-	-	N/A
Other Financing Sources	-	15,139,204	0.0%	N/A	-	-	N/A
Transfer In (Water Fund)	-	-	N/A	N/A	861,082	861,082	100.0%
Total Revenues and Other Sources	237,808	15,214,844	1.6%	20.9%	1,135,442	1,135,442	100.0%
Materials and Services	-	150,000	0.0%	0.0%	-	-	N/A
Capital Outlay	24,513	8,654,512	0.3%	N/A	5,331	5,331	100.0%
Public Works - Debt SDC's	203,092	246,756	82.3%	124.0%	163,756	163,756	100.0%
Contingency	-	274,121	0.0%	N/A	-	-	N/A
Total Expenditures and Other Uses	227,605	9,325,389	2.4%	134.6%	169,087	169,087	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	10,203	5,889,454	0.2%	1.1%	966,355	966,355	100.0%
Beginning Fund Balance	**966,355**	1,183,793	81.6%	N/A	-	-	N/A
Ending Fund Balance	$ 976,558	$ 7,073,247	13.8%	101.1%	$ 966,355	**$ 966,355**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	976,558
Unassigned Fund Balance	$ -

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675 Wastewater Fund	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
Taxes	$ (7,442)	$ -	N/A	N/A	$ -	$ -	N/A
Intergovernmental	98,752	-	N/A	N/A	-	-	N/A
Charges for Services - Rates	6,192,564	6,341,967	97.6%	97.2%	6,368,033	6,368,033	100.0%
Charges for Services - Misc. Service Fees	-	-	N/A	N/A	-	-	N/A
System Development Charges	-	-	N/A	N/A	-	-	N/A
Interest on Investments	293,537	(90,103)	-325.8%	117.4%	250,103	250,103	100.0%
Miscellaneous	43	(3,939)	-1.1%	1.1%	3,939	3,939	100.0%
Other Financing Sources	505,802	7,404,951	6.8%	40.7%	1,242,621	1,242,621	100.0%
Total Revenues and Other Sources	7,083,256	13,652,876	51.9%	90.1%	7,864,695	7,864,696	100.0%
Public Works - Wastewater Collection	2,584,460	4,771,437	54.2%	110.4%	2,342,038	2,342,038	100.0%
Public Works - Wastewater Collection Debt	43,631	43,631	100.0%	98.1%	44,456	44,456	100.0%
Public Works - Wastewater Treatment	3,361,546	8,051,932	41.7%	64.5%	5,215,693	5,215,693	100.0%
Public Works - Wastewater Treatment Debt	127,142	127,142	100.0%	99.6%	127,699	127,699	100.0%
Transfer Out (SDC Wastewater Fund)	-	-	N/A	N/A	2,235,338	2,235,338	100.0%
Contingency	-	356,466	0.0%	N/A	-	-	N/A
Total Expenditures and Other Uses	6,116,779	13,350,608	45.8%	61.4%	9,965,224	9,965,224	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	966,477	302,269	319.7%	-46.0%	(2,100,529)	(2,100,529)	100.0%
Beginning Fund Balance	**6,606,474**	4,407,490	149.9%	75.9%	8,707,003	8,707,003	100.0%
Ending Fund Balance	$ 7,572,951	$ 4,709,759	160.8%	114.6%	$ 6,606,474	**$ 6,606,474**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	-
Unassigned Fund Balance	$ 7,572,951

City of Ashland
Statement of Resources, Requirements, and Changes in Fund Balance
Preliminary as of June 30, 2025
(100% of Fiscal Year)

	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
677 SDC Sewer Fund							
System Development Charges - Wastewater	248,826	13,793	1804.0%	86.9%	286,207	286,207	100.0%
Interest on Investments	112,113	(105,866)	-105.9%	105.9%	105,866	105,866	100.0%
Miscellaneous	-	-	N/A	N/A	-	-	N/A
Other Financing Sources	-	1,381,369	0.0%	N/A	-	-	N/A
Transfer In (Wastewater Fund)	-	-	N/A	N/A	2,235,338	2,235,338	100.0%
Total Revenues and Other Sources	360,939	1,289,296	28.0%	13.7%	2,627,411	2,627,411	100.0%
Materials and Services	-	-	N/A	N/A	-	-	N/A
Capital Outlay	6,371	1,395,204	0.5%	2.5%	255,321	255,321	100.0%
Public Works - Debt SDC's	-	-	N/A	N/A	-	-	N/A
Contingency	-	49,516	0.0%	N/A	-	-	N/A
Total Expenditures and Other Uses	6,371	1,444,720	0.4%	2.5%	255,321	255,321	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	354,568	(155,424)	328.1%	14.9%	2,372,090	2,372,090	100.0%
Beginning Fund Balance	**2,372,090**	1,585,034	149.7%	N/A	-	-	N/A
Ending Fund Balance	$ 2,726,658	$ 1,429,610	190.7%	114.9%	$ 2,372,090	**$ 2,372,090**	100.0%

Reconciliation of Fund Balance:	
Restricted and Committed Funds	2,726,658
Unassigned Fund Balance	$ -

City of Ashland

Statement of Resources, Requirements, and Changes in Fund Balance

Preliminary as of June 30, 2025

(100% of Fiscal Year)

680 Stormwater Fund	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
Intergovernmental	$ -	$ -	N/A	N/A	$ -	$ -	N/A
Charges for Services - Rates	778,512	771,508	100.9%	96.9%	803,492	803,492	100.0%
Charges for Services - Misc. Service Fees	-	-	N/A	N/A	-	-	N/A
System Development Charges	-	-	N/A	N/A	-	-	N/A
Interest on Investments	95,489	(65,996)	-144.7%	97.4%	97,996	97,996	100.0%
Miscellaneous	2	-	N/A	N/A	-	-	N/A
Other Financing Sources	-	390,220	0.0%	N/A	-	-	N/A
Total Revenues and Other Sources	874,003	1,095,732	79.8%	97.0%	901,488	901,488	100.0%
Public Works - Storm Water Operations	821,213	2,570,709	31.9%	98.0%	837,566	837,566	100.0%
Public Works - Storm Water Operations Debt	10,944	10,944	100.0%	98.2%	11,150	11,150	100.0%
Contingency	-	64,479	0.0%	N/A	-	-	N/A
Total Expenditures and Other Uses	832,157	2,646,132	31.4%	98.0%	848,716	848,716	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	41,846	(1,550,400)	102.7%	79.3%	52,772	52,772	100.0%
Beginning Fund Balance	**2,094,891**	2,036,637	102.9%	102.6%	2,042,119	2,042,119	100.0%
Ending Fund Balance	$ 2,136,737	$ 486,237	439.4%	102.0%	$ 2,094,891	**$ 2,094,891**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	-
Unassigned Fund Balance	$ 2,136,737

City of Ashland

Statement of Resources, Requirements, and Changes in Fund Balance

Preliminary as of June 30, 2025

(100% of Fiscal Year)

683 SDC Storm Fund	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
System Development Charges - Wastewater	22,825	30,357	75.2%	77.0%	29,643	29,643	100.0%
Interest on Investments	1,960	(678)	-289.0%	289.0%	678	678	100.0%
Miscellaneous	-	-	N/A	N/A	-	-	N/A
Other Financing Sources	-	-	N/A	N/A	-	-	N/A
Total Revenues and Other Sources	24,785	29,679	83.5%	81.7%	30,321	30,321	100.0%
Materials and Services	-	-	N/A	N/A	-	-	N/A
Capital Outlay	-	64,908	0.0%	N/A	-	-	N/A
Public Works - Debt SDC's	-	-	N/A	N/A		-	N/A
Public Works - Storm Water SDC's	-	-	N/A	N/A	-	-	N/A
Contingency	-	1,947	0.0%	N/A	-	-	N/A
Total Expenditures and Other Uses	-	66,855	0.0%	N/A	-	-	N/A
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	24,785	(37,176)	166.7%	81.7%	30,321	30,321	100.0%
Beginning Fund Balance	**30,321**	14,954	202.8%	N/A	-		N/A
Ending Fund Balance	$ 55,106	$ (22,222)	348.0%	181.7%	$ 30,321	**$ 30,321**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	55,106
Unassigned Fund Balance	$ -

City of Ashland
Statement of Resources, Requirements, and Changes in Fund Balance
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(100% of Fiscal Year)

690 Electric Fund	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
Intergovernmental	$ 185,554	$ 366,229	50.7%	18.9%	$ 983,771	$ 983,771	100.0%
Charges for Services - Rates	15,581,080	19,400,302	80.3%	93.8%	16,617,902	16,617,902	100.0%
Charges for Services - Misc. Service Fees	343,727	247,355	139.0%	119.1%	288,645	288,645	100.0%
Interest on Investments	329,899	(203,559)	-162.1%	98.9%	333,559	333,559	100.0%
Miscellaneous	56,106	21,244	264.1%	10.1%	554,756	554,757	100.0%
Other Financing Sources	-	3,000,000	0.0%	N/A	-	-	N/A
Total Revenues and Other Sources	16,496,367	22,831,572	72.3%	87.8%	18,778,632	18,778,634	100.0%
Administration - Conservation	889,241	2,359,004	37.7%	107.5%	827,317	827,317	100.0%
Electric - Supply	7,524,123	10,310,082	73.0%	145.5%	5,169,918	5,169,918	100.0%
Electric - Distribution	8,903,077	10,413,641	85.5%	91.3%	9,754,518	9,754,518	100.0%
Electric - Transmission	995,637	1,442,512	69.0%	131.4%	757,488	757,488	100.0%
Debt Service	-	487,326	0.0%	N/A	-	-	N/A
Transfer Out (Insurance Fund)	-	-	N/A	N/A	-	-	N/A
Contingency	-	1,136,604	0.0%	N/A	-	-	N/A
Total Expenditures and Other Uses	18,312,077	26,149,169	70.0%	110.9%	16,509,241	16,509,241	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(1,815,710)	(3,317,597)	45.3%	-80.0%	2,269,391	2,269,393	100.0%
Beginning Fund Balance	**9,437,525**	6,080,192	155.2%	131.7%	7,168,132	7,168,132	100.0%
Ending Fund Balance	$ 7,621,815	$ 2,762,595	275.9%	80.8%	$ 9,437,523	**$ 9,437,525**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	-
Unassigned Fund Balance	$ 7,621,815

City of Ashland

Statement of Resources, Requirements, and Changes in Fund Balance

Preliminary as of June 30, 2025

(100% of Fiscal Year)

695 Telecommunications Fund	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
Intergovernmental	$ -	$ -	N/A	N/A	$ -	$ -	N/A
Charges for Services - Rates	2,680,273	2,639,249	101.6%	96.1%	2,789,598	2,789,598	100.0%
Charges for Services - Misc. Service Fees	-	-	N/A	N/A	-	-	N/A
Interest on Investments	128,923	(52,511)	-245.5%	90.5%	142,511	142,511	100.0%
Miscellaneous	1,875	-	N/A	N/A	-	-	N/A
Total Revenues and Other Sources	2,811,070	2,586,738	108.7%	95.9%	2,932,109	2,932,109	100.0%
Personnel Services	951,365	1,286,713	73.9%	112.3%	847,016	847,016	100.0%
Materials & Services	1,358,651	1,425,868	95.3%	108.5%	1,252,332	1,252,332	100.0%
Capital Outlay	288,467	867,879	33.2%	85.4%	337,802	337,802	100.0%
Debt - Transfer to Debt Service Fund	517,445	517,445	100.0%	100.0%	517,445	517,445	100.0%
Contingency	-	175,405	0.0%	N/A	-	-	N/A
Total Expenditures and Other Uses	3,115,929	4,273,310	72.9%	105.5%	2,954,595	2,954,595	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(304,858)	(1,686,572)	81.9%	1355.8%	(22,486)	(22,486)	100.0%
Beginning Fund Balance	**3,153,230**	3,021,118	104.4%	99.3%	3,175,716	3,175,716	100.0%
Ending Fund Balance	$ 2,848,372	$ 1,334,546	213.4%	90.3%	$ 3,153,230	**$ 3,153,230**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	517,444
Unassigned Fund Balance	$ 2,330,928

City of Ashland
Statement of Resources, Requirements, and Changes in Fund Balance
Preliminary as of June 30, 2025
(100% of Fiscal Year)

	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
720 Insurance Service Fund							
Intergovernmental	$ -	$ -	N/A	N/A	$ -	$ -	N/A
Charges for Services - Internal	1,772,393	1,518,019	116.8%	94.5%	1,875,033	1,875,033	100.0%
Interest on Investments	81,682	(48,802)	-167.4%	126.0%	64,802	64,802	100.0%
Miscellaneous	7,703	(93,547)	-8.2%	5.8%	133,547	133,547	100.0%
Transfer In (All Funds)	-	-	N/A	N/A	-	-	N/A
Total Revenues and Other Sources	1,861,779	1,375,670	135.3%	89.8%	2,073,382	2,073,382	100.0%
Personnel Services	4,490	141,888	3.2%	3.4%	132,908	132,908	100.0%
Materials and Services	1,349,725	1,572,262	85.8%	111.6%	1,209,360	1,209,360	100.0%
Contingency	-	97,632	0.0%	N/A	-	-	N/A
Total Expenditures and Other Uses	1,354,216	1,811,783	74.7%	100.9%	1,342,267	1,342,267	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	507,563	(436,113)	216.4%	69.4%	731,115	731,115	100.0%
Beginning Fund Balance	**2,103,059**	1,167,481	180.1%	153.3%	1,371,944	1,371,944	100.0%
Ending Fund Balance	$ 2,610,622	$ 731,368	357.0%	124.1%	$ 2,103,059	**$ 2,103,059**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	2,610,622
Unassigned Fund Balance	$ -

City of Ashland
Statement of Resources, Requirements, and Changes in Fund Balance
Preliminary as of June 30, 2025
(100% of Fiscal Year)

	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
725 Health Benefits Fund							
Taxes	$ -	$ -	N/A	N/A	$ -	$ -	N/A
Interest	-	-	N/A	N/A	-	-	N/A
Miscellaneous	-	-	N/A	N/A	-	-	N/A
Transfer In (General Fund)	-	-	N/A	N/A	-	-	N/A
Total Revenues and Other Sources	-	-	N/A	N/A	-	-	N/A
Personnel Services	-	-	N/A	N/A	-	-	N/A
Materials and Services	-	-	N/A	N/A	-	-	N/A
Capital Outlay	-	-	N/A	N/A	-	-	N/A
Transfer Out (General Fund)	2,225,545	2,225,545	100.0%	N/A	-	-	N/A
Contingency	-	-	N/A	N/A	-		N/A
Total Expenditures and Other Uses	2,225,545	2,225,545	N/A	N/A	-	-	N/A
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(2,225,545)	(2,225,545)	0.0%	N/A	-	-	N/A
Beginning Fund Balance	**2,225,545**	-	0.0%	N/A	2,225,545	2,225,545	N/A
Ending Fund Balance	$ 0	$ (2,225,545)	100.0%	N/A	$ 2,225,545	**$ 2,225,545**	N/A

Reconciliation of Fund Balance:

Restricted and Committed Funds	-
Unassigned Fund Balance	$ 0

City of Ashland
Statement of Resources, Requirements, and Changes in Fund Balance
Preliminary as of June 30, 2025
(100% of Fiscal Year)

730 Equipment Fund	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
Intergovernmental	$ -	$ -	N/A	N/A	$ -	$ -	N/A
Charges for Services - Internal	4,684,456	4,684,452	100.0%	103.4%	4,529,410	4,529,410	100.0%
Charges for Services - Misc. Service Fees	299,749	158,284	189.4%	102.8%	291,716	291,716	100.0%
Interest on Investments	359,062	(184,736)	-194.4%	93.3%	384,736	384,736	100.0%
Miscellaneous	138,552	87,800	157.8%	209.3%	66,200	66,200	100.0%
Total Revenues and Other Sources	5,481,819	4,745,800	115.5%	104.0%	5,272,062	5,272,062	100.0%
Public Works - Maintenance	2,487,239	2,595,992	95.8%	107.2%	2,321,148	2,321,148	100.0%
Public Works - Purchasing and Acquisition	2,663,150	5,355,786	49.7%	102.1%	2,607,214	2,607,214	100.0%
Contingency	-	146,191	0.0%	N/A	-	-	N/A
Total Expenditures and Other Uses	5,150,389	8,097,970	63.6%	104.5%	4,928,361	4,928,362	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	331,430	(3,352,170)	109.9%	96.4%	343,701	343,700	100.0%
Beginning Fund Balance	**7,258,321**	7,197,226	100.8%	105.0%	6,914,621	6,914,621	100.0%
Ending Fund Balance	$ 7,589,751	$ 3,845,056	197.4%	104.6%	$ 7,258,321	**$ 7,258,321**	100.0%

Reconciliation of Fund Balance:

Restricted and Committed Funds	7,589,751
Unassigned Fund Balance	$ 0

City of Ashland
Statement of Resources, Requirements, and Changes in Fund Balance
Preliminary as of June 30, 2025
(100% of Fiscal Year)

	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
731 Parks Equipment Fund							
Taxes	$ -	$ -	N/A	N/A	$ -	$ -	N/A
Interest	-	-	N/A	N/A	-	-	N/A
Miscellaneous	-	-	N/A	N/A	-	-	N/A
Transfer In (General Fund)	-	-	N/A	N/A	-	-	N/A
Total Revenues and Other Sources	-	-	N/A	N/A	-	-	N/A
Personnel Services	-	-	N/A	N/A	-	-	N/A
Materials and Services	-	-	N/A	N/A	-	-	N/A
Capital Outlay	-	-	N/A	N/A	-	-	N/A
Transfer Out (General Fund)	473,608	473,608	100.0%	N/A	-	-	N/A
Contingency	-	-	N/A	N/A	-		N/A
Total Expenditures and Other Uses	473,608	473,608	N/A	N/A	-	-	N/A
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(473,608)	(473,608)	0.0%	N/A	-	-	N/A
Beginning Fund Balance	**473,608**	-	0.0%	N/A	473,608	473,608	N/A
Ending Fund Balance	$ -	$ (473,608)	0.0%	N/A	$ 473,608	**$ 473,608**	N/A

Reconciliation of Fund Balance:

Restricted and Committed Funds	-
Unassigned Fund Balance	$ -

City of Ashland
Statement of Resources, Requirements, and Changes in Fund Balance
Preliminary as of June 30, 2025
(100% of Fiscal Year)

	Fiscal Year 2025 2nd Year Actuals	Fiscal Year 2025 2nd Year of Biennial Budget	Budget to Actual Percent Collected / Expended	Actual to Actual Year-over-Year Change	Fiscal Year 2024 Year-to-Date Actuals	Final Fiscal Year 2024 End-of-Year Actuals	Actual Percent Collected / Expended
810 Cemetery Fund							
Charges for Services	$ 23,828	$ 2,488	957.7%	101.3%	$ 23,512	$ 23,512	100.0%
Interest on Investments	47,111	(24,551)	-191.9%	97.0%	48,551	48,551	100.0%
Transfer In (General Fund)	500	500	100.0%	100.0%	500	500	100.0%
Total Revenues and Other Sources	71,439	(21,563)	-331.3%	98.5%	72,563	72,563	100.0%
Transfer Out (General Fund)	47,111	249,543	18.9%	97.0%	48,551	48,551	100.0%
Total Expenditures and Other Uses	47,111	249,543	18.9%	97.0%	48,551	48,551	100.0%
Excess(Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	24,328	(271,106)	109.0%	101.3%	24,012	24,012	100.0%
Beginning Fund Balance	**970,773**	946,395	102.6%	102.5%	946,761	946,761	100.0%
Ending Fund Balance	$ 995,101	$ 675,289	147.4%	102.5%	$ 970,773	**$ 970,773**	100.0%
Reconciliation of Fund Balance:							
Restricted and Committed Funds	995,101						
Unassigned Fund Balance	$ (0)						

City of Ashland

Schedule of Budgetary Compliance Per Resolution 2023-10, 2023-21, 2023-22, 2023-23, 2023-26, 2024-01, 2024-08, 2024-10, 2024-16, 2024-21, 2024-25, 2024-28, 2024-30, 2025-05, 2025-10, 2025-11, 2025-16

Preliminary as of June 30, 2025

(100.00% of Biennium)

	Biennial to Date (24 Months)	Biennial Budget 2023-2025	Percent Used	Balance
General Fund				
Administration Department	$ 8,253,214	$ 9,255,545	89.2%	$ 1,002,330
Information Technology Department	3,482,718	4,508,118	77.3%	1,025,400
Finance Department	6,211,124	6,570,208	94.5%	359,084
City Recorder	464,285	574,142	80.9%	109,857
Police Department	16,996,751	18,569,063	91.5%	1,572,312
Fire and Rescue Department	25,258,329	30,806,914	82.0%	5,548,585
Public Works Department	6,364,663	8,299,658	76.7%	1,934,995
Community Development Department	4,187,556	4,891,262	85.6%	703,706
Parks Department	13,879,603	14,547,966	95.4%	668,363
Transfers	1,656,743	1,656,743	100.0%	-
Contingency	-	1,357,998	0.0%	1,357,998
Total General Fund	86,754,986	101,037,616	85.9%	14,282,630
Parks General Fund				
Transfers	631,966	631,966	100.0%	-
Total Parks General Fund	631,966	631,966	100.0%	-
Tourism Fund				
Administration Department - Personnel Services	164,851	170,677	96.6%	5,826
Administration Department - Materials and Services	1,771,495	2,297,676	77.1%	526,181
Contingency	-	74,050	0.0%	74,050
Total Tourism Fund	1,936,346	2,542,403	76.2%	532,007
Housing Fund				
Community Development Department - Material and Services	338,060	423,798	79.8%	85,738
Community Development Department - Capital	-	-	0.0%	-
Total Housing Fund	338,060	423,798	79.8%	85,738
Community Development Block Grant Fund				
Community Development Department - Personnel Services	68,442	69,655	98.3%	1,213
Community Development Department - Materials and Services	188,883	345,927	54.6%	157,044
Total Community Development Grant Fund	257,325	415,582	61.9%	158,257
Reserve Fund				
Interfund Loan	-	-	0.0%	-
Total Reserve Fund	-	-	0.0%	-
Street Fund				
Public Works Department - Operations	13,051,744	20,623,414	63.3%	7,571,670
Public Works Department - Debt	159,027	4,968,539	3.2%	4,809,512
Public Works Department - Transportation SDC's	-	-	0.0%	-
Transfers	2,978,031	2,978,031	100.0%	-
Contingency	-	276,982	0.0%	276,982
Total Street Fund	16,188,802	28,846,966	56.1%	12,658,164
SDC Street Fund				
Public Works Department - Material and Services	1,165	50,000	2.3%	48,835
Public Works Department - Capital Outlay	1,393,806	3,104,875	44.9%	1,711,069
Contingency	-	94,647	0.0%	94,647
Total Street SDC Fund	1,394,971	3,249,522	42.9%	1,805,716
Airport Fund				
Public Works Department - Material and Services	153,439	190,850	80.4%	37,411
Public Works Department - Capital Outlay	2,842,618	4,915,000	57.8%	2,072,382
Transfer	-	-	0.0%	-
Contingency	-	5,726	0.0%	5,726
Total Airport Fund	2,996,057	5,111,576	58.6%	2,078,108
Capital Improvements Fund				
Public Works Department - Capital Outlay	3,642,598	4,075,620	89.4%	433,022
Finance - Open Space (Parks)	-	-	0.0%	-
Transfers	320,568	320,568	100.0%	-
Contingency	-	-	0.0%	-
Total Capital Improvements Fund	3,963,166	4,396,188	90.2%	433,022
Parks Capital Improvement Fund				
Parks Department - Materials and Services	-	-	0.0%	-
Parks Department - Capital Outlay	1,433,299	15,372,100	9.3%	13,938,801
Transfers	1,217,080	1,217,080	100.0%	-
Total Parks Capital Improvement Fund	2,650,379	16,589,180	16.0%	13,938,801
SDC Parks Fund				
Parks Department - Materials and Services	-	-	0.0%	-
Parks Department - Capital Outlay	-	373,532	0.0%	373,532
Contingency	-	11,206	0.0%	11,206
Total SDC Parks Fund	-	384,738	0.0%	384,738
Debt Service Fund				
Debt Service	3,592,006	3,592,033	100.0%	27
Total Debt Service Fund	3,592,006	3,592,033	100.0%	27
Water Fund				
Public Works Department - Conservation	174,994	581,197	30.1%	406,203
Public Works Department - Water Operations	15,389,824	71,567,889	21.5%	56,178,065

Schedule of Budgetary Compliance Per Resolution 2023-10, 2023-21, 2023-22, 2023-23, 2023-26, 2024-01, 2024-08, 2024-10, 2024-16, 2024-21, 2024-25, 2024-28, 2024-30, 2025-05, 2025-10, 2025-11, 2025-16

Preliminary as of June 30, 2025

(100.00% of Biennium)

	Biennial to Date (24 Months)	Biennial Budget 2023-2025	Percent Used	Balance
Public Works Department - Water Debt	1,016,027	1,472,514	69.0%	456,487
Transfer	961,082	961,082	100.0%	-
Contingency	-	436,793	0.0%	436,793
Total Water Fund	17,541,927	75,019,475	23.4%	57,477,548
SDC Water Fund				
Public Works Department - Materials and Services	-	150,000	0.0%	150,000
Public Works Department - Capital Outlay	29,844	8,659,843	0.3%	8,629,999
Public Works Department - Water SDC's Debt	366,847	410,512	89.4%	43,665
Contingency	-	274,121	0.0%	274,121
Total SDC Water Fund	396,692	9,494,476	4.2%	9,097,784
Wastewater Fund				
Public Works Department - Wastewater Operations	13,503,738	20,381,100	66.3%	6,877,362
Public Works Department - Wastewater Debt	342,928	342,928	100.0%	0
Transfer	2,235,338	2,235,338	100.0%	-
Contingency	-	356,466	0.0%	356,466
Total Wastewater Fund	16,082,004	23,315,832	69.0%	7,233,828
SDC Wastewater Fund				
Public Works Department - Materials and Services	-	-	0.0%	-
Public Works Department - Capital Outlay	261,692	1,650,525	15.9%	1,388,833
Public Works Department - Wastewater SDC's Debt		-	0.0%	-
Contingency	-	49,516	0.0%	49,516
Total SDC Wastewater Fund	261,692	1,700,041	15.4%	1,438,349
Stormwater Fund				
Public Works Department - Storm Water Operations	1,658,780	3,408,275	48.7%	1,749,495
Public Works Department - Storm Water Debt	22,094	22,094	100.0%	0
Contingency	-	64,479	0.0%	64,479
Total Stormwater Fund	1,680,873	3,494,848	48.1%	1,813,975
SDC Stormwater Fund				
Public Works Department - Materials and Services	-	-	0.0%	-
Public Works Department - Capital Outlay	-	64,908	0.0%	64,908
Public Works Department - Stormwater SDC's Debt	-	-	0.0%	-
Contingency	-	1,947	0.0%	1,947
Total SDC Stormwater Fund	-	66,855	0.0%	66,855
Electric Fund				
Administration Department - Conservation	1,716,558	3,230,023	53.1%	1,513,465
Electric Department - Operations	33,104,760	37,848,159	87.5%	4,743,399
Electric Department - Debt Service	-	443,624	0.0%	443,624
Contingency	-	1,136,604	0.0%	1,136,604
Total Electric Fund	34,821,318	42,658,410	81.6%	7,837,092
Telecommunications Fund				
Information Technology Department - Personnel Services	1,798,382	2,133,729	84.3%	335,347
Information Technology Department - Materials and Services	3,645,873	3,713,090	98.2%	67,217
Information Technology Department - Capital Outlay	626,269	1,205,681	51.9%	579,412
Contingency	-	175,405	0.0%	175,405
Total - Telecommunications Fund	6,070,524	7,227,905	84.0%	1,157,381
Insurance Services Fund				
Personnel Services	137,398	137,398	100.0%	0
Material and Services	2,559,085	2,919,020	87.7%	359,935
Contingency	-	97,632	0.0%	97,632
Total Insurance Services Fund	2,696,483	3,154,050	85.5%	457,567
Health Benefits Fund				
Transfers	2,225,545	2,225,545	100.0%	-
Total Health Benefits Fund	2,225,545	2,225,545	100.0%	-
Equipment Fund				
Public Works Department - Maintenance	4,808,387	4,917,140	97.8%	108,753
Public Works Department - Purchasing and Acquisition	5,270,364	7,963,000	66.2%	2,692,636
Contingency	-	146,191	0.0%	146,191
Total Equipment Fund	10,078,751	13,026,331	77.4%	2,947,580
Parks Equipment Fund				
Transfers	473,608	473,608	100.0%	-
Parks Equipment Fund	473,608	473,608	100.0%	-
Cemetery Trust Fund				
Transfers	95,662	298,094	32.1%	202,432
Total Cemetery Trust Fund	95,662	298,094	32.1%	202,432
Total Appropriations	$ 213,129,143	$ 349,377,038	61.0%	$ 136,247,895

City of Ashland

Revenue Summary as of June 30, 2025

Revenue Item	Receiving Fund \ Share	YTD	Revised Budget Amounts	% YTD	Prior Year 2023-2024 YTD	Prior Year 2023-2024 EOFY	Current / Prior YTD % Change
Food & Beverage Tax	General Fund 2%	60,721	67,058	91%	64,710	64,710	93.8%
	Street 73%	2,216,306	2,447,596	91%	2,361,914	2,361,914	93.8%
	Parks Cap. Impr. 25%	759,009	838,218	91%	808,875	808,875	93.8%
Total F&B Tax		3,036,036	3,352,872	91%	3,235,499	3,235,499	93.8%
Transient Lodging Tax	General 69%	2,114,227	2,468,423	86%	1,904,994	1,904,994	111.0%
	Tourism 31%	922,661	1,107,930	83%	853,267	853,267	108.1%
Late & Interest Fees	General 100%	(26)	2,500	-1%	-	-	N/A
		3,036,862	3,578,853	85%	2,758,261	2,758,261	110.1%
Electric User Tax	General 100%	3,360,709	3,835,811	88%	3,564,189	3,564,189	94.3%
Ambulance	General 100%	2,359,487	7,672,095	31%	3,401,341	2,942,561	69.4%
Court Fees & Fines	General 100%	146,414	132,814	110%	143,852	143,852	101.8%
Parking Fees	General Fund	98,110	(20,099)	-488%	220,099	220,099	44.6%
	General Fund	141,343	22,256	635%	61,744	61,744	228.9%
Total Parking Fees		239,454	2,156	11104%	281,844	281,844	85.0%
Franchises	General	4,240,385	4,364,990	97%	3,959,069	3,959,069	107.1%
	Streets	-	-	N/A	(18,300)	(18,300)	0.0%
Total Franchises		4,240,385	4,364,990	97%	3,940,769	3,940,769	107.6%
SDC's	Streets	214,998	150,000	143%	324,118	324,118	66.3%
	Capital Impr. Parks	42,508	50,000	85%	79,140	79,140	53.7%
	Water	192,551	175,000	110%	230,531	230,531	83.5%
	Wastewater	248,826	150,000	166%	286,207	286,207	86.9%
	Storm Drain	22,825	30,000	76%	29,643	29,643	77.0%
Total SDC's		721,709	555,000	130%	949,639	949,639	76.0%
Planning							
Permits and Fees	General 100%	490,393	502,732	98%	710,768	710,768	69.0%
Charges for Services	General 100%	103,046	40,000	258%	54,627	54,627	188.6%
Total Planning		593,439	542,732	109%	765,395	765,395	77.5%
Building							
Permits and Fees	General 100%	610,660	431,584	141%	880,629	880,629	69.3%
Charges for Services	General 100%	5,026	14,057	36%	943	943	533.2%
Total Building		615,687	445,641	138%	881,572	881,572	69.8%
Charges for Services (Sales)							
(Excludes SDC's)	Electric	15,924,592	19,647,657	81%	16,906,547	16,906,547	94.2%
	Water	8,991,029	9,023,492	100%	8,580,508	8,580,508	104.8%
	Wastewater	6,192,564	6,341,967	98%	6,368,033	6,368,033	97.2%
	Stormwater	778,512	771,508	101%	803,492	803,492	96.9%
	Telecommunication	2,680,273	2,639,249	102%	2,789,598	2,789,598	96.1%
Total Sales		34,566,969	38,423,873	90%	35,448,178	35,448,178	97.5%
Interest	All Funds	3,887,247	(1,227,538)	-317%	4,034,193	4,034,193	96.4%
Property Tax							
(Current Taxes)	General	13,452,923	13,829,997	97%	13,259,071	13,295,282	101.5%
	Debt Svcs	199,941	205,638	97%	198,983	199,438	100.5%
Total Taxes		13,652,864	14,035,634	97%	13,458,054	13,494,721	101.4%
Totals		$ 70,457,262	$ 75,714,932	93%	$ 72,862,785	$ 72,440,672	96.7%

City of Ashland
Summary of Cash and Investments
Preliminary as of June 30, 2025

Fund	Balance June 30, 2025	Balance June 30, 2024	Change From FY 2024
General Fund	$ 14,082,485	13,761,893	$ 320,592
Parks General Fund	-	631,816	(631,816)
Tourism Fund	901,261	880,114	21,147
Housing Fund	212,334	352,643	(140,309)
Community Block Grant Fund	26,380	38,432	(12,052)
Reserve Fund	1,980,545	1,887,551	92,994
Street Fund	2,507,129	4,478,489	(1,971,360)
SDC Street Fund	3,783,526	2,160,970	1,622,556
Airport Fund	427,991	177,512	250,478
Capital Improvements Fund	595,615	1,008,270	(412,655)
Parks Capital Improvements Fund	3,199,224	3,433,439	(234,216)
SDC Parks Fund	478,859	415,320	63,539
Debt Service Fund	1,096,167	1,044,144	52,023
Water Fund	17,430,154	15,430,611	1,999,543
SDC Water Fund	971,872	956,880	14,992
Wastewater Fund	6,180,536	5,236,757	943,779
SDC Wastewater Fund	2,713,575	2,366,941	346,634
Stormwater Fund	2,004,938	1,950,974	53,964
SDC Stormwater Fund	54,768	29,652	25,117
Electric Fund	7,000,239	6,953,766	46,474
Telecommunications Fund	2,511,892	2,704,585	(192,694)
Insurance Services Fund	2,459,324	1,708,289	751,035
Health Benefits Fund	-	2,225,545	(2,225,545)
Equipment Fund	7,598,137	7,308,317	289,820
Parks Equipment Fund	-	473,608	(473,608)
Cemetery Trust Fund	991,239	965,257	25,982
	$ 79,208,190	$ 78,581,776	$ 626,414
Manner of Investment			
General Banking Accounts	$ 1,008,415	$ 3,192,716	$ (2,184,301)
Local Government Inv. Pool	49,046,581	39,691,658	9,354,923
City Investments	29,153,195	35,697,402	(6,544,207)
Total Cash and Investments	$ 79,208,190	$ 78,581,776	$ 626,414

Council Business Meeting

Date: October 21, 2025

Agenda Item	Review of APRC PROS Plan
Department	Parks & Recreation
From	Rocky Houston, Director Ashland Parks & Recreation

TIME ESTIMATE
Ten minutes

CATEGORY
Informational - this is to inform the body on a particular topic. No motion or direction needed.

SUMMARY
The Parks and Recreation Department is completing a strategic plan. We are currently in the final phases of the project where we have gathered a lot of information from the community and are now developing the draft plan. In this meeting we will review information gathered from the community during the process and discuss the strategic plan's framework.

POLICIES, PLANS & GOALS SUPPORTED
FY 26-27 Department Workplan – Objective #3 – Complete the PROS Plan

BACKGROUND AND ADDITIONAL INFORMATION
The Department currently does not have an adopted strategic plan to assist in providing direction to meet the recreational needs of the community. The PROS Plan will be a 10-year strategic plan. The objective of the planning process is to develop a plan with the following elements:

- Development of Service Level Goals for the Department
- Establishment of Strategic Goals and Objectives to implement the Service Level Goals over the life of the plan
- Utilization of Community Values to develop the goals and objectives
- Development of an Action Plan to initiate the implementation of the plan

Work on the plan began in the fall of 2024, with an estimated completion of spring 2026.

FISCAL IMPACTS
The PROS plan is an identified and budgeted capital project funded in the FY26-27 budget.

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS
Informational only

REFERENCES & ATTACHMENTS
None

Council Business Meeting

Date: October 21, 2025

Agenda Item	Citywide Strategic Plan Update
Department	City Manager's Office
From	Sabrina Cotta

TIME ESTIMATE
5 minutes

CATEGORY
Informational - this is to inform the body on a particular topic. No motion or direction needed.

SUMMARY
The City will be developing a City-wide Strategic Plan over the next nine months with the intent of that plan to inform the development of the next biennium budget and workplans.

POLICIES, PLANS & GOALS SUPPORTED
Excellence in governance and City services

BACKGROUND AND ADDITIONAL INFORMATION
At the August 19th, 2024 study session, a need for a strategic planning initiative was brought forward to the City Council. With Council support, funding for this initiative was included in the 25/27 Biennium budget in the amount of $80,000.

The process will be guided by two central questions:
What is the essential role of local government here in Ashland?
Who do we want to be in 10–20 years?

The City is currently evaluating proposals from consultant partners. Working with a chosen partner, the following steps will occur:
Oct - December: Development of the engagement framework, data collection methods and engagement types will be determined. *Current step:* Selecting a contracting partner to assist with facilitation and drafting.
January - March 2026: Engagement with Community
April - June: Evaluation of feedback and drafting of plan.
Goal: Adoption by City Council July 2026

City Council and Ashland Parks and Recreation Commission will be invited to participate in the engagement process.

FISCAL IMPACTS
$80,000 has been budgeted for this process.

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS
No action needed.

REFERENCES & ATTACHMENTS
None

Council Business Meeting

Date: October 21, 2025

Agenda Item	City Finances: Staffing and Service Level Adjustments
Department	City Manager's Office
From	Sabrina Cotta, Rocky Houston, Director Ashland Parks & Recreation

TIME ESTIMATE
10 minutes

CATEGORY
Informational - this is to inform the body on a particular topic. No motion or direction needed.

SUMMARY
This biennium the City is focused on opportunities for innovation and collaboration. City Council approved an increase in both the public safety fee and wildfire protection fee, and implemented a temporary parks fee in an effort to continue service levels at the City at an acceptable level. City Council has given direction to look at reducing strain on the general fund, ensure the right sized staffing model for the City and review processes and service levels. Departments throughout the City continue to implement new processes and review staffing levels.

POLICIES, PLANS & GOALS SUPPORTED
Excellence in governance and City services.

BACKGROUND AND ADDITIONAL INFORMATION
This biennium, the City is focused on opportunities for innovation and collaboration. City Council approved an increase in both the public safety fee and wildfire protection fee, and implemented a temporary parks fee in an effort to continue service levels at the City at an acceptable level. City Council has given direction to look at reducing strain on the general fund, ensure the right sized staffing model for the City and review processes and service levels. Departments throughout the City continue to implement new processes and review staffing levels. An overview of adjustments is provided.

Parks and Recreation Department:
In an effort to minimize impacts to park patron's utilization of parks and programs, the department has begun implementing operational changes to reduce costs to reduce other impacts associated with the adopted operations budget.

- Mowing reductions at most parks and undeveloped or natural areas to focus on perimeter mowing and reduced mowing frequency
- Reduction of trash cans and movement to bear cans in bear habitat parks
- Reduction in 10 Mutt mitts and reduction to 1x per week servicing vs 2x per week servicing
- Irrigation reductions system-wide – 20% reduction in most areas (5% reduction in TID irrigation areas)
- Seasonal/Temporary staffing reductions for park operations and recreation
- Pool staffing level revision to ensure safety by reducing costs
- 5 PM closing of restrooms at 9 locations, 6 locations remain open to 8 PM (summer hours)
- The splash pad was reduced by 2 hours to reduce the water testing requirement.
- Reviewed recreational use and costs for Ice Rink, planning to close 2 weeks earlier in 2026
- Increased use of herbicides on city property to reduce staff hours weed eating
- Assessing department structure to meet service demands

Municipal Court

- Upgrade to digital process.
- Adjustment of hours open to the public.
- Reduction in FTE of .5.

Ashland Fire and Rescue

- Training responsibilities have been dispersed among several positions.
- Monitoring the impact of Medicare and Medicare reimbursement changes.
- Reduction in 1 FTE.
- Exploring staffing models and operational efficiency through regional fire study.

Police

- Transition to digital records.
- Reduction in 1 FTE.

Innovation & Technology

- Transition to cloud hosting for software applications.
- Inventory of devices and development of device management policy.
- Reduction of 2.5 FTE.

Finance

- Implementing payroll software.
- RFP and implementation of new utility billing software.

HR

- Payroll software will allow for streamlined onboarding and City policy management.

Community Development & Public Works

- Cross-training of front counter staff.
- Expansion of Energov permit types and uses.

The community will continue to be well-served by the City, though that service may look different over time as service levels are adjusted to meet revenue availability.

FISCAL IMPACTS

These adjustments have been and are being made in recognition that personnel are the City's biggest expense. As we are able to automate or provide services that are less labor-intensive, this will reduce the financial cost of providing service. Like most cities in the state, the strain on the general fund continues as a desire for service and service levels outpace municipalities' ability to collect a level of revenue through property tax or other means to meet that demand. This situation, coupled with unfunded mandates like Paid Leave Oregon, continue to place strain on already strained resources.

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS
No action needed. Informational only.

REFERENCES & ATTACHMENTS
None

Council Business Meeting

Date: October 21, 2025

Agenda Item	Food & Beverage Tax
Department	City Manager's Office
From	Sabrina Cotta

TIME ESTIMATE
15 minutes

CATEGORY
Staff Direction - provide direction to staff on the body's desired next steps.

SUMMARY
This agenda item was requested by Council member DuQuenne and Council member Bloom. The food and beverage tax is a 5% tax applied to prepared foods and non-alcoholic beverages sold at restaurants, grocery stores, delis, caterers and coffee shops in Ashland, including takeout and delivery orders. Businesses retain 5% of the tax collected to cover their accounting expenses. The Parks and Recreation Department receives 25% of all Food and Beverage Tax for land acquisition, capital improvements and development and rehabilitation of local parks and open spaces. The Street Fund receives 73% of the tax collected for road repairs. Two percent remains in the general fund for administration.

POLICIES, PLANS & GOALS SUPPORTED
Excellence in governance and City services. Quality infrastructure and facilities through timely maintenance and community investment.

BACKGROUND AND ADDITIONAL INFORMATION
This 5-percent tax applies to prepared foods and non-alcoholic beverages sold at restaurants, grocery store delis, caterers and coffee shops in Ashland, including takeout and delivery orders. Businesses retain five percent of the tax collected to cover their accounting expenses.

The funds collected through the F&B Tax support essential city projects, such as street repairs, land acquisition and capital improvements. Notably, 25 percent of these funds go directly to Parks and Recreation to support the development and rehabilitation of local parks and open spaces, and 73 percent go toward maintaining and repairing our streets. Two percent remains in the general fund for administration.

The F&B tax was approved by voters in 1993 to help acquire more land for Parks and Recreation. In 2009, voters extended the tax's sunset date to December 31, 2030.

This 5 percent tax applies to prepared foods and non-alcoholic beverages sold at restaurants, grocery store delis, caterers and coffee shops in Ashland. Businesses retain 5 percent of the collected tax to cover their accounting expenses.

The funds collected through the F&B Tax support essential city projects, such as street repairs, land acquisition and capital improvements. F&B is also utilized for debt service for borrowing for street repair and rehabilitation per the City of Ashland Pavement Management program.

Projects paid to date over the past 10 years:

- Daniel Meyer Memorial Pool & Rebuild, $166,789
- East Main Park Development, $317,004
- Garfield Park Splash Pad, $864,482
- Hunter Park Playground, $67,219
- Hunter Park Tennis Court Rehabilitation, $19,757**
- Hunter Park Tennis Court Resurfacing, $97,743
- Irrigation (alternative sources), $22,133
- Irrigation Central Controller, $262,095
- Japanese Garden in Lithia Park, $1.9 Million*
- Kestrel Pedestrian Bridge, $42,384*
- Lithia Park Improvements, $28,500
- Lithia Park Master Plan, $250,283
- North Mountain Park Culvert Failure, $152,104
- North Mountain Park Nature Play Area, $27,725.00*
- Oak Knoll Golf Course / Clubhouse Improvements, $85,883
- Oak Knoll Golf Course Irrigation & Drainage, $93,166
- Parks (all inclusive) Master Plans, $45,756**
- Playground Slide at Briscoe Park, $266,893**

Please note: The projects listed above include only those with payouts of approximately $20K or more.

*F&B and grant funded
** Projects to be completed within the next two years

Street Reconstruction (administration, design and construction)
Projects paid to date over the past 10 years:

1. Hersey Street, $3,862,581
2. Ashland Street, $4,707,802

Future projects include:

1. North Mountain Ave (2025)

2. Oak St (2026)
3. Siskiyou Blvd (2027)

FISCAL IMPACTS

The City collects roughly $3 million in F&B Tax per year.

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS

Provide direction to staff on potential future ballot measures.

REFERENCES & ATTACHMENTS

1. 2023-04-04 Council Meeting_Food and Bev Ordinance May election 2023
2. 2023-16 Canvass of the Vote for the Special Election May 16, 2023
3. 2009-0804 Council Mtg PACKET

Council Business Meeting

April 4, 2023

Agenda Item	Public Hearing and First Reading of Ordinance 3220 Amending the City's Food and Beverage Tax to correspond with the City's referendum ballot language on the May 16, 2023, Special Election	
From	Doug McGeary Joseph Lessard	City Attorney City Manager
Contact	doug.mcgeary@ashland.or.us ; 541-488-5350 joe.lessard@ashland.or.us ; 541-522-2103	

SUMMARY

On February 7, 2023, the City Council approved a ballot measure (referendum) for the May 16, 2023, Special Election that would amend the City's Food and Beverage Tax Ordinance (AMC 4.34). The ballot measure requests Ashland voters approve an ordinance adopted by the City Council that dedicates Food and Beverage Tax revenues to uses for city parks, open space, recreation, and senior service purposes (uses currently under the City's Parks and Recreation Department) as follows:

- Not less than 25% of the tax revenues will be used for capital expenses, including acquisition, planning, development, repair, and rehabilitation;
- Up to 73% of tax revenues will be used for operations, maintenance, and capital expenses;
- Tax administration will continue to be 2% of revenues.

The ballot measure extends the tax expiration date from Dec. 31, 2030, to Dec. 31, 2040 with the current 5% tax rate unchanged. Any further change to the proposed uses of the tax revenues will require a future vote by Ashland voters. The ballot measure has been submitted to the Jackson County Elections Officer for inclusion on the Special Election ballot.

Council now must adopt the ordinance that corresponds with the ballot measure submitted for the May 16th Special Election. The proposed ordinance was provided to Council in the supporting documents for the February 7th approval of the ballot measure language and is attached here for approval consideration.

The adoption schedule for the AMC 4.34.020 amendment is as follows:

- Conduct a public hearing and first reading of the proposed ordinance at the April 4th Council Business Meeting; and
- Conduct a second reading of the proposed ordinance at the April 4th at the Council Business Meeting.

FISCAL IMPACTS

The draft proposed amendment to AMC Chapter 4.34.020 will not alter the tax rate or level of revenues collected from of the Food and Beverage Tax but will broaden its allocations to 98% for City uses currently under the Parks and Recreation Department, including for operations, maintenance, and capital expenses. The proposed amendment would not increase the tax amount but does change its expiration date from Dec. 31, 2030, to Dec. 31, 2040.

STAFF RECOMMENDATION

City staff recommend adoption of the proposed Food and Beverage Tax ordinance amendment to correspond with the related ballot language for the May 16, 2023, Special Election.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

I move to approve on first reading, Ordinance 3220 that corresponds with the City's Food and Beverage Tax referendum ballot measure for the May 16, 2023, Special Called Election.

REFERENCES & ATTACHMENTS

Attachments:

1. Ordinance 3220, AMC 4.34.020 Amendment
2. Notice of Measure Election – Proposed Amendment to Ashland's Food and Beverage Tax Ordinance

ORDINANCE NO. 3220

AN ORDINANCE RELATING TO THE FOOD AND BEVERAGE TAX; AMENDING AMC 4.34.020

> Annotated to show deletions and additions to the Ashland Municipal Code sections being modified. Deletions are ~~**bold lined through**~~, and additions are **bold underlined.**

THE PEOPLE OF THE CITY OF ASHLAND DO ORDAIN AS FOLLOWS:

SECTION 1. Ashland Municipal Code 4.34.020 is hereby amended as follows:

4.34.020 Tax Imposed.

A. Except for exempt or tax-capped activities specified in AMC 4.34.030, the City imposes and levies, in addition to all other taxes, fees**,** and charges of every kind, a tax upon:

1. All food and beverages sold by restaurants located within the City to the public, except for whole cakes, pies, and loaves of bread if purchased for consumption off premises, and for alcoholic beverages;
2. All food and beverages sold by a caterer for an event located within the City, except alcoholic beverages and exempt events as defined in AMC 4.34.030.K;
3. The following items sold by combination facilities:
    a. Salads from salad bars;
    b. Dispensed soft drinks and coffee;
    c. Sandwiches or hot prepared foods ready for immediate consumption;
    d. The following items, including toppings or additions, scooped or otherwise placed into a cone, bowl or other container for immediate consumption whether or not they are consumed within the confines of the premises where scooped or placed: any frozen dessert regulated by the Oregon State Department of Agriculture under ORS 621.311 and any ice cream, ice milk, sherbet or frozen yogurt. No tax shall be imposed under this subsection, however, on any item whose volume exceeds one-half (1/2) gallon or more.
    e. Any other food mixed, cooked or processed on the premises in form or quantity for immediate consumption whether or not it is consumed within the confines of the premises where prepared; and
4. The following items sold by combination facilities that are bakeries:

a. All those items listed in subsections A.3.a-d of this section;

b. All bakery products sold for consumption on the premises; and

c. All "takeout" or "to go" orders of bakery products prepared on the premises except for whole cakes, pies, and loaves of bread and any order consisting of six or more bakery products.

5. Use of a delivery service for any activity under this section, whether an independent delivery service or operator provided delivery service, does not excuse the operator from the requirement to collect and remit the tax on the food and beverages sold.

B. Such tax shall be imposed at a rate of five percent (5%) on the total amount charged by the seller for the food and beverages, or for the meal. In the computation of this tax any fraction of one-half (1/2) cent or more shall be treated as one cent.

~~C. **The taxes collected by the City under this chapter shall be used as follows:**~~

~~**1. Twenty-five percent (25%) shall be paid into a parks account for purposes of acquisition, planning, development, repair and rehabilitation of City parks per adopted plans of the Ashland Parks and Recreation Commission.**~~

~~**2. The City may retain up to two percent (2%) of the tax collected for costs of administration and collection.**~~

~~**3. The following amounts for fiscal years 2017 through 2022 must be used to pay for wastewater treatment plant debt and wastewater capital improvement projects, per the City of Ashland's Capital Improvement Plan:**~~

~~**a. In fiscal year 2017: $1,868,290.00.**~~

~~**b. In fiscal year 2018: $1,608,600.00.**~~

~~**c. In fiscal year 2019: $1,600,600.00.**~~

~~**d. In fiscal year 2020: $1,600,000.00.**~~

~~**e. In fiscal year 2021: $1,650,000.00.**~~

~~**f. In fiscal year 2022: $1,650,000.00.**~~

~~**4. Any taxes collected by the City under this chapter and not used as described in subsections C.1-3 of this section shall be paid into the Street Fund and used for street maintenance and reconstruction.**~~

~~**5. Beginning in fiscal year 2023, the Council may, through the statutory budget process, appropriate taxes under this chapter as follows:**~~

~~**a. Not less than twenty-five percent (25%) for the acquisition, planning, development, repair and rehabilitation of City parks.**~~

~~**b. Not less than an amount necessary to pay for debt service on any borrowing for street repair and rehabilitation per the City of Ashland Pavement Management Program.**~~

~~**c. Up to two percent (2%) for the collection and administration of the tax.**~~

~~**d. Except as provided in subsection D of this section, any remaining amounts shall be appropriated for purposes consistent with this chapter unless other purposes are approved by a Council-adopted ordinance enacted by a vote of the Ashland electorate.**~~

C. The taxes collected under this chapter shall be used for city parks, open space, recreation, and senior services as follows, subject to other Ashland Municipal Codes and City financial and administrative policies:

1. **Not less than twenty-five percent (25%) for capital expenses, including acquisition, planning, development, repair and rehabilitation.**

2. **Up to seventy-three percent (73%) for operations and maintenance and the uses of subsection 3.C.1 above.**

3. **The City will retain two percent (2%) of the tax collected for costs of tax administration and collection.**

4. **Amounts shall be appropriated in the City's General Fund for purposes consistent with this chapter unless other purposes are approved by a Council-adopted ordinance enacted by a vote of the Ashland electorate.**

D. The Council may decrease the rate of the tax or eliminate the tax described in subsections A and B of this section after a public hearing. Notice of the hearing shall be given by publication in a newspaper of general circulation in the City at least ten days prior to the date of the public hearing.

SECTION 2. Codification. In preparing this ordinance for publication and distribution, the City Recorder shall not alter the sense, meaning, effect, or substance of the ordinance, but within such limitations, may:

(a) Renumber sections and parts of sections of the ordinance;

(b) Rearrange sections;

(c) Change reference numbers to agree with renumbered chapters, sections or other parts;

(d) Delete references to repealed sections;

(e) Substitute the proper subsection, section, or chapter numbers;

(f) Change capitalization and spelling for the purpose of uniformity;

(g) Add headings for purposes of grouping like sections together for ease of reference; and

(h) Correct manifest clerical, grammatical, or typographical errors.

SECTION 3. Severability. Each section of this ordinance, and any part thereof, is severable, and if any part of this ordinance is held invalid by a court of competent jurisdiction, the remainder of this ordinance shall remain in full force and effect.

SECTION 4. Referral. This ordinance is referred to the electors of the City of Ashland for approval at the next local special election on May 16, 2023.

SECTION 5. Effective Date. This ordinance takes effect and becomes operative thirty (30) days after the day on which it is approved by a majority of the voters.

PASSED by the City Council this ________ day of __________________, 2023.

ATTEST:

____

Melissa Huhtala, City Recorder

SIGNED and APPROVED this ______ day of _______________, 2023.

____

Tonya Graham, Mayor

Reviewed as to form:

____

Douglas M McGeary, Acting City Attorney

Notice of Measure Election

City

SEL 802

rev 01/18 ORS 250.035, 250.041, 250.275, 250.285, 254.095, 254.465

Notice

Date of Notice	Name of City or Cities	Date of Election
March 16, 2023	City of Ashland	May 16, 2023

Final Ballot Title The following is the final ballot title of the measure to be submitted to the city's voters. The ballot title notice has been published and the ballot title challenge process has been completed.

Caption 10 words which reasonably identifies the subject of the measure.

Proposed Amendments to Ashland's Food and Beverage Tax Ordinance

Question 20 words which plainly phrases the chief purpose of the measure.

Shall the ordinance be amended to dedicate revenues to city parks, open space, recreation, and senior service purposes?

Summary 175 words which concisely and impartially summarizes the measure and its major effect.

A "Yes" vote for this measure authorizes the City of Ashland to use the Food and Beverage Tax for city parks, open spaces, recreation, and senior service purposes as follows, consistent with City policies and practices: twenty-five percent (25%) for capital expenses including acquisition, planning, development, repair, and rehabilitation; seventy-three percent (73%) for operations, maintenance, or capital expenses. Two percent (2%) of the tax will be used for administration of the tax.

The tax rate will remain unchanged at 5%, and any increase to the tax rate or change of its use will require voter approval. The expiration date of the tax will be December 31, 2040.

A "No" vote means the existing Food and Beverage Tax allocation will stay the same, with tax revenues going towards park capital expenses (not less than 25%), street repair debt or parks capital expenses (up to 73%), and tax administration (2%).

Explanatory Statement 500 words that impartially explains the measure and its effect.

If the county is producing a voters' pamphlet an explanatory statement must be drafted and attached to this form for:
→ any measure referred by the city governing body; **or**
→ any initiative or referendum, if required by local ordinance.

Explanatory Statement Attached? ☒ Yes ☐ No

Authorized City Official Not required to be notarized.

Name	Title
Douglas M McGeary	Acting City Attorney
Mailing Address	**Contact Phone**
20 East Main Street, Ashland, OR 97520	541-552-2107

By signing this document:
→ I hereby state that I am authorized by the city to submit this Notice of Measure Election; **and**
→ I certify that notice of receipt of ballot title has been published and the ballot title challenge process for this measure completed.

Signature	Date Signed
Douglas McGeary	03-06-2023

EXPLANATORY STATEMENT FOR COUNTY VOTERS' PAMPHLET

NAME OF PERSON RESPOSIBLE FOR CONTENT: Douglas M McGeary, Acting City Attorney

NAME OF ORGANIZATION PERSON REPRESENTS, IF ANY: City of Ashland

BALLOT TITLE CAPTION: Proposed Amendment to Ashland's Food and Beverage Tax Ordinance

MEASURE NUMBER: ____________________

(Explanatory Statement Shall Be Typed)

The Food & Beverage Tax has been authorized by a public vote of the City of Ashland ' s residents since 1995 to be used for major capital improvements, including to the city ' s wastewater system, streets, and City parks. The City's current Food and Beverage Tax Ordinance requires that not less than twenty-five percent (25%) of the tax collected be appropriated for the capital expenses of acquisition, planning, development, repair, and rehabilitation of City parks. Up to two percent (2%) may be appropriated for administration of the tax. The remaining amount, seventy-three percent (73%), may be appropriated for street repair or for City parks capital expenses.

This Measure authorizes the City to appropriate twenty-five percent (25%) of the tax collected exclusively for City parks capital expenses and two percent (2%) for administration of the tax. The remaining amount, seventy-three percent (73%), will be appropriated more broadly for parks, open space, recreation, and senior services purposes, including for these purposes ' operations, maintenance, and capital expenses.

This measure also extends the expiration date of the Food and Beverage Tax to December 31, 2040. The tax rate remains unchanged at 5%. If passed, this ordinance will become effective upon approval and any future changes to authorized uses, tax rate or expiration date will require Ashland voter approval.

Result of a "No" Vote
If this measure does not pass, the existing food and beverage tax ordinance will remain in place, with tax revenues directed to City parks capital expenses (at least 25%), street repair debt (up to 73%) and for tax administration (up to 2%), and the expiration date remains December 31, 2030.

WORD COUNT TOTAL: 267

THE TOTAL WORD COUNT CANNOT EXCEED 500 WORDS.

Dbs McGeary

SIGNATURE OF PERSON RESPONSIBLE FOR THE CONTENT OF THE EXPLANATORY STATEMENT

03/06/2023

DATE

RESOLUTION NO 2023-16

A RESOLUTION ACCEPTING THE ABSTRACT OF VOTES REGARDING THE BALLOTS CAST IN THE STATE OF OREGON ELECTION HELD ON TUESDAY, MAY 16, 2023, REGARDING MEASURE 15-214 & MEASURE 15-215-208

WHEREAS, the Abstract of Votes prepared by Chris Walker, the duly elected, qualified County Clerk of the County of Jackson, State of Oregon is shown; as to the ballots cast in the Jackson County Election, held Tuesday, May 16, 2023, regarding the Food And Beverage Tax Measure and the Mayor and Council Compensation Measure.

NOW, THEREFORE, BE IT RESOLVED that the same is hereby accepted.

Measure 15-214 City of Ashland (Food & Beverage Tax) (Vote for 1)
7199 ballots (1 over voted ballots, 1 overvotes, 136 undervotes), 15359 registered voters, turnout 46.87%
Yes 3498 49.53%
No 3564 50.47%
Total 7062 100.00%
Overvotes 1
Undervotes 136
Measure 15-215 City of Ashland (Change Compensation) (Vote for 1)
7199 ballots (0 over voted ballots, 0 overvotes, 215 undervotes), 15359 registered voters, turnout 46.87%
Yes 5075 72.67%
No 1909 27.33%
Total 6984 100.00%
Overvotes 0

Undervotes 215

ADOPTED by the CITY COUNCIL of Ashland, this 20th day of June 2023

Tonya Graham

Tonya Graham, Mayor

Attest:

DocuSigned by:
Melissa Huhtala
A02A82A0E5F2482...

Melissa Huhtala, City Recorder

Council Communication

Amend and Extend Food and Beverage Tax
Second Reading of Amended AMC 4.34 and Review of Ballot Measure
Approval of Resolution Calling for a Special Election

Meeting Date:	August 4, 2009	Primary Staff Contact:	Ann Seltzer
Department:	Administration	E-Mail:	ann@ashland.or.us
Secondary Dept.:	None	Secondary Contact:	Legal Department
Approval:	Martha Bennett	Estimated Time:	40 minutes

Question:
Does the Council approve second reading of an ordinance titled, "An Ordinance Relating to Food and Beverage Tax, Extending the Tax to 2030, and Amending Chapter 4.34"? Does the council approve the Ballot Measure? Does the Council approve the Resolution Calling for a Special Election for November 3, 2009?

Staff Recommendation:
Staff recommends the Council determine if the proposed ordinance and ballot measure language meet the intent of the Council and then approve second reading and the Resolution calling for a special election. The Council will approve the election items (resolution, caption, question and explanatory statement) and will defer the effective date of the ordinance at the second reading of the ordinance scheduled for the August 4 Council meeting.

Background:
At the July 21 meeting, the Council approved first reading of the ordinance with the following changes:

- Add "delivery services associated with the operator" to the clause regarding independent delivery service providers (4.30.020 section A5 *page 3*)
- Of the 20% of the funds allocated to parks, 20% of that amount must be used for park acquisition (AMC 4.30.020 Section D *page 3*)
- Restrict the use of the tax revenue to capital improvements for parks and wastewater treatment projects identified in the Capital Improvement Plan (AMC 4.30.020 Sections C and D *pages 3 and 4*)
- Use the existing ordinance language that exempts the tax on food and beverages sold on school campuses and add non-educational related catered events are subject to the tax (AMC 4.34.030 Section A *page 4*). *This language is consistent with the Attorney General opinion referenced by the SOU as the tax is applicable only on non-educational university events.*
- Catering events must collect the tax on events up to $5000 and a $250 cap on single events costing more than $5000. (AMC 4.34.030 Section K *page 4*)

These amendments are reflected in the ordinance and the ballot measure language.

In addition, Council directed staff to prepare language for council consideration that would allow for the disclosure of businesses in arrears of remitting the tax be made public under public records law procedures. The draft language is on page 9 of the ordinance 4.34.130 Section E *page 9.*

The ordinance will not go into effect unless voters approve the measure at the November 3, 2009 special election.

Election Timeline
November 2009 Ballot
July 21 – council review of proposed ordinance and ballot measure
August 2009 – final council approval on ballot measure language, second reading of the ordinance and approval of the resolution
September 3 –Deadline for Notice of Measure filing for November election
November 3 – special election

Related City Policies:
AMC 4.34

Council Options:
Council can:
- Approve the Resolution and second reading as presented or with changes
- Provide other direction to staff

Potential Motions:
1. I move to approve second reading as presented, the proposed ballot measure language and the Resolution calling for a special election.
2. I move to ____________________________.

Attachments:
- Ordinance
- Draft ballot measure language
- Resolution

ORDINANCE NO. ______

AN ORDINANCE RELATING TO FOOD AND BEVERAGE TAX, EXTENDING THE TAX TO 2030, AND AMENDING AMC CHAPTER 4.34

Annotated to show ~~deletions~~ and additions to the code sections being modified. Deletions are **bold ~~lined through~~** and additions are **bold underlined**.

WHEREAS, Article 2. Section 1 of the Ashland City Charter provides:

> Powers of the City The City shall have all powers which the constitutions, statutes, and common law of the United States and of this State expressly or impliedly grant or allow municipalities, as fully as though this Charter specifically enumerated each of those powers, as well as all powers not inconsistent with the foregoing; and, in addition thereto, shall possess all powers hereinafter specifically granted. All the authority thereof shall have perpetual succession;

WHEREAS, the above referenced grant of power has been interpreted as affording all legislative powers home rule constitutional provisions reserved to Oregon Cities. City of Beaverton v. International Ass'n of Firefighters, Local 1660, Beaverton Shop, 20 Or. App. 293, 531 P 2d 730, 734 (1975);

WHEREAS, in 1993 the People of the City of Ashland enacted a Food and Beverage Tax by referendum, which imposed tax on food and beverages sold to customers of restaurants, caterers and certain combination facilities;

WHEREAS, restaurants and other "Operators" collect the tax imposed on customers and hold the tax in trust for the account of the City until the tax is remitted or "passed-through" to the City;

WHEREAS, proceeds from the food and beverage taxes have been used to fund the acquisition of public open space park lands as well as to pay the debt associated with improvements required to be made to the City's wastewater treatment facility;

WHEREAS, the law is codified in AMC Chapter 4.34 and will sunset in December 2010 unless extended; and

WHEREAS, the Ashland City Council has elected to amend AMC Chapter 4.34 to extend and amend the food and beverage tax law and to submit such law to the voters of the City of Ashland; and

THE PEOPLE OF THE CITY OF ASHLAND DO ORDAIN AS FOLLOWS:

SECTION 1. Chapter 4.34 [Food and Beverage Tax] is hereby amended to read as follows:

4.34.010 Definitions.

The following words and phrases whenever used in this chapter shall be construed as defined in this section unless from the context a different meaning is intended.

A. "Caterer" means a person who prepares food at a business site, for compensation, for consumption **on or** off the business premises but within the corporate limits of the city.

B. "Combination facility" has the same meaning as defined in Oregon Administrative Rule ~~333-150-000(8)~~ **333-150-0000(4)(i)** which the State of Oregon Department of Agriculture licenses or inspects under Oregon Administrative Rule ~~333-158-0000~~ **333-158-0000**.

C. "Director" means the Director of Finance of the City of Ashland, or **his/her** designee.

D. "Food" includes all **prepared food items** ~~meals~~ and beverages, excluding alcoholic beverages, served in a restaurant including "takeout", "to go" or delivered orders.

E. "Open Space Park Program" and "Open Space lands or easements" have the same meaning as used in Article XIX A of the Ashland City Charter.

F. "Operator" means the person who is proprietor of the restaurant, whether in the capacity of owner, lessee, sublessee, mortgagee in possession, licensee or any other capacity. Where the operator is a corporation, the term operator shall also include each and every member of the Board of Directors of such corporation for the time involved.

G. "Restaurant" means any establishment required to be licensed as a restaurant, mobile unit or pushcart by the State of Oregon Health Division and includes any establishment where food or beverage is prepared for consumption by the public or any establishment where the public obtains food or beverage so prepared in form or quantity consumable then and there, whether or not it is consumed within the confines of the premises where prepared, and also includes establishments which prepare food or beverage in consumable form for service outside the premises where prepared. **The term restaurant includes, but is not limited to grocery store delis, coffee shops, and caterers;** ~~The term restaurant~~ **it** also includes establishments where such food or beverage is prepared in a combination facility. The term restaurant does not include a restaurant licensed by the State of Oregon Health Division as a limited service restaurant.

4.34.020 Tax Imposed.

A. **Except for exempt or tax-capped activities specified in AMC 4.34.030, the** ~~The~~ city imposes and levies, in addition to all other taxes, fees and charges of every kind, a tax upon:

1. All food and beverages sold by restaurants located within the city to the public, except for whole cakes, pies, and loaves of bread if purchased for consumption off premises, and for alcoholic beverages;

2. All food and beverages~~, except alcoholic beverages,~~ sold by a caterer for an event located within the city**, except alcoholic beverages and exempt events as defined in AMC 4.34.030K;** ~~and~~
3. The following items sold by combination facilities:
   a. Salads from salad bars;
   b. Dispensed soft drinks and coffee; ~~and~~
   c. Sandwiches or hot prepared foods ready for immediate consumption**;**~~.~~
   d. The following items, including toppings or additions, scooped or otherwise placed into a cone, bowl or other container for immediate consumption whether or not they are consumed within the confines of the premises where scooped or placed: Any frozen dessert regulated by the Oregon State Department of Agriculture under ORS 621.311 and any ice cream, ice milk, sherbet or frozen yogurt. No tax shall be imposed under this subsection, however, on any item whose volume exceeds one-half gallon or more~~.~~
   e. Any other food mixed, cooked or processed on the premises in form or quantity for immediate consumption whether or not it is consumed within the confines of the premises where prepared**; and**
4. The following items sold by combination facilities that are bakeries:
   a. All those items listed in Section 4.34.020.A.3.a-d;
   b. All bakery products sold for consumption on the premises; and
   c. All "takeout" or "to go" orders of bakery products prepared on the premises except for whole cakes, pies, and loaves of bread and any order consisting of six or more bakery products.

5. ~~Note:~~ Use of a delivery service for any activity under this Section whether an independent delivery service or operator provided delivery service, does not excuse the operator from the requirement to collect and remit the tax on the food and beverages sold.

B. Such tax shall be imposed at a rate of ~~one~~ **five** percent on the total amount charged by the seller for the food and beverages, or for the meal. In the computation of this tax any fraction of one-half cent or more shall be treated as one cent.

C. ~~All~~ **Twenty percent (20%) of all** taxes collected by the city under this chapter shall be paid into ~~the Open Space~~ **a** Park**s** Account **for purposes of acquisition, planning, development and major rehabilitation per the City of Ashland's Capital Improvement Plan.(add: for parks purposes)** ~~of City Park lands and/or easements, as well as capital improvements including but not limited to the continuation of the Open Space Park Program~~. Of the twenty percent allocated to the Parks Account, twenty percent of the amount collected must be used for Open Space acquisition ~~Such taxes shall be used for the acquisition of Open Space lands or easements and for such other purposes pertinent to the Open Space Park Program as the Council and Park Commission may jointly determine.~~

D. **Eighty percent (80%) of all taxes collected by the City shall be used for the purpose of paying for wastewater capital improvement projects, per the City of Ashland's Capital Improvement Plan, which includes, but is not limited to, the wastewater treatment plant debt.** The council may **decrease** ~~increase~~ the rate of the tax **or eliminate the tax** described in subsection 4.34.020.A ~~**up to a maximum of five percent**~~ after a public hearing. Notice of the hearing shall be given by publication in a newspaper of general circulation in the City at least 10 days prior to the date of the public hearing. ~~**Notwithstanding subsection 4.34.020.C, taxes collected by the City as a result of any increased rate under this subsection shall be used for the purpose of researching, designing and constructing State of Oregon mandated sewage treatment methods, which may include, but not be limited to, wetlands.**~~

E. **The City may retain up to two percent (2%) of the tax collected for costs of administration and collection**.

4.34.030 Exemptions.

The tax levied by Section 4.34.020 shall **be capped, at the amount specified, or shall** not be collected or assessed on food or beverages:

A. Sold by public or private schools or colleges except that food sold by independent contractor operators at such schools or colleges shall be subject to the tax imposed by this chapter. ~~Non-educational-related catering events are not exempt.~~
B. ~~**Provided by**~~ **Sold on** hospital~~s;~~ **grounds;**
C. Provided by bed and breakfast establishments to their guests;~~.~~
D. Sold in vending machines;
E. Sold in temporary restaurants including food stands, booths, street concessions and similar type operations, operated by non-profit organizations or service clubs.
F. Served in connection with overnight or residential facilities--including, but not limited to, convalescent homes, nursing homes, retirement homes and motels--if the food and beverage are provided as part of the cost of sleeping accommodations.
G. Provided by nonprofit tax-exempt organizations to citizens over 60 years of age as a part of a recognized senior citizen nutritional program.
H. Sold for resale to the public.
I. Sold in bulk to the public for non-immediate consumption off the premises ~~**such as**~~ **including but not limited to** ice cream packed in a container of one-half gallon or more.
J. Which are candy, popcorn, nuts, chips, gum or other confections but not including ice cream, frozen yogurt, cakes, pies or other desserts.
K. ~~**Sold after July 1, 1993, but before December 31, 1993, pursuant to a contract for the sale of such food or beverages signed and delivered to**~~

~~**the operator prior to May 4, 1993, provided that a copy of such contract is retained by the operator for review by the director upon request.**~~ **Sold by an operator at a single food service event located within the city in which restaurant or catering services, (exclusive of alcohol) exceed $5000.00 in which case, the applicable food and beverage tax shall not be excused but shall be capped at two-hundred fifty dollars ($250.00).**

4.34.040 Operator's Duties.

Each operator shall collect the tax imposed by this chapter, to the same extent and at the same time as the amount for the food or beverage is collected from every purchaser. The amount of tax need not be separately stated from the amount of the food or beverage. Every operator required to collect the tax imposed in this chapter shall be entitled to retain five percent of all taxes collected to defray the costs of collections and remittance.

4.34.050 Reporting and remitting.

A. **Reporting.** ~~**On or after July 1, 1993, e**~~Every operator shall, on or before the last day of the month following the end of each calendar quarter (in the months of April, July, October and January), make a return to the director, on forms provided by the City, specifying the total sales subject to this chapter and the amount of tax collected under this chapter. **The operator may request or the director may establish shorter reporting periods for any operator if the operator or director deems it necessary in order to insure collection of the tax and the director may require further information in the return relevant to payment of the liability. A return shall not be considered filed until it is actually received by the director.**

B. **Remitting.** At the time the return is filed, the full amount of the tax collected shall be remitted to the director. ~~**A return shall not be considered filed until it is actually received by the director.**~~ Payments received by the director for application against existing liabilities will be credited toward the period designated by the taxpayer under conditions which are not prejudicial to the interest of the City. A condition which is considered prejudicial is the imminent expiration of the statute of limitations for a period or periods.

C. **Order of Payments.** Nondesignated payments shall be applied in the order of the oldest liability first, with the payment credited first toward any accrued penalty, then to interest, then to the underlying tax until the payment is exhausted. Crediting of a payment toward a specific reporting period will be first applied against any accrued penalty, then to interest, then to the underlying tax. The director, when in the director's discretion determines that it will be in the best interest of the City, may specify that a different order of payment credit should be followed with regard to a particular tax or factual situation. ~~**The director may establish shorter reporting periods for any operator if the director deems it necessary in order to insure collection of the tax and the director may require further information in the return relevant to payment of the liability.**~~The director may establish shorter reporting periods for any operator if the director deems it necessary in order to insure collection of the tax and the director may require further information in the return relevant to payment of the liability. When a shorter return period is required, penalties and interest shall be computed according to the shorter return period. Returns and payments are due immediately upon cessation of business for any reason. All taxes collected by operators pursuant to this chapter shall be held in trust for the account of the City until payment is made to the director. A separate trust bank account is not required in order to comply with this provision.

~~**The amendments to Section 4.34.050 shall be considered effective as of January 1, 2003. Any operator which may be entitled to a refund or a credit for penalties assessed and paid due to the application of payments pursuant to AMC Section 4.34.050 as it existed prior to enactment of this ordinance, but after January 1, 2003, must file a written claim within 30 days from the effective date of this ordinance for a refund of such penalties with the director. Upon receipt of a written claim for refund of penalties assessed, the director will, within 30 calendar days, make a determination as to whether any refund is due. In the event a refund is due, an operator may claim a refund, or take as credit against taxes collected and remitted, the amount overpaid, paid more than once or erroneously or illegally collected or received in a manner prescribed by the director. The operator shall notify director of the operator's choice no later than 15 days following the date director mailed the determination. In the event the operator has not notified the director of the operator's choice within the 15 day period and the operator is still in business, a credit will be granted against the tax liability for the next reporting period, if the operator is no longer in business, a refund check will be mailed to claimant at the address provided in the claim form. Any operator who fails to file a claim for refund as set forth in this subsection shall be deemed to have waived any entitlement to refund of overpayment of penalties.**~~

4.34.060 Penalties and Interest.

A. Any operator who fails to remit any portion of any tax imposed by this chapter within the time required, shall pay a penalty of ten percent of the amount of the tax, in addition to the amount of the tax.
B. Any operator who fails to remit any delinquent remittance on or before a period of 60 days following the date on which the remittance first became delinquent, shall pay a second delinquency penalty of ten percent of the amount of the tax in addition to the amount of the tax and the penalty first imposed.
C. If the director determines that the nonpayment of any remittance due under this chapter is due to fraud, a penalty of 25% percent of the amount of the tax shall be added thereto in addition to the penalties stated in subparagraphs A and B of this section.

D. In addition to the penalties imposed, any operator who fails to remit any tax imposed by this chapter shall pay interest at the rate of one percent per month or fraction thereof on the amount of the tax, exclusive of penalties, from the date on which the remittance first became delinquent until paid.
E. Every penalty imposed and such interest as accrues under the provisions of this section shall become a part of the tax required to be paid.
F. Notwithstanding subsection 4.34.020.C, all sums collected pursuant to the penalty provisions in paragraphs A, B and C of this section shall be distributed to the City of Ashland Central Service Fund to offset the costs of auditing and enforcement of this tax.
G. Waiver of Penalties. Penalties and interest for certain late tax payments may be waived pursuant to AMC 2.28.045 D.

4.34.070 Failure to Collect and Report Tax--Determination of Tax by Director.
If any operator should fail to make, within the time provided in this chapter, any report of the tax required by this chapter, the director shall proceed in such manner as deemed best to obtain facts and information on which to base the estimate of tax due. As soon as the director shall procure such facts and information as is able to be obtained, upon which to base the assessment of any tax imposed by this chapter and payable by any operator, the director shall proceed to determine and assess against such operator the tax, interest and penalties provided for by this chapter. In case such determination is made, the director shall give a notice of the amount so assessed by having it served personally or by depositing it in the United States mail, postage prepaid, addressed to the operator so assessed at the last known place of address. Such operator may make an appeal of such determination as provided in section 4.34.080. If no appeal is filed, the director's determination is final and the amount thereby is immediately due and payable.

4.34.080 Appeal.
Any operator aggrieved by any decision of the director with respect to the amount of such tax, interest and penalties, if any, may appeal **pursuant to the Administrative Appeals Process in AMC 2.30.020, except that the appeal shall be filed** ~~to the city council by filing a notice of appeal with the city administrator~~ within 30 days of the serving or mailing of the determination of tax due. ~~The council shall fix a time and place for hearing such appeal, and the city administrator shall give five days written notice of the time and place of hearing to such operator at the last known place of address.~~ The **hearings officer** ~~council~~ shall hear and consider any records and evidence presented bearing upon the director's determination of amount due, and make findings affirming, reversing or modifying the determination. The findings of the **hearings officer** ~~council~~ shall be final and conclusive, and shall be served upon the appellant in the manner prescribed above for service of notice of hearing. Any amount found to be due shall be immediately due and payable upon the service of notice.

4.34.090 Records.

It shall be the duty of every operator liable for the collection and payment to the city of any tax imposed by this chapter to keep and preserve, for a period of three years, all such records as may be necessary to determine the amount of such tax. The director shall have the right to inspect all records at all reasonable times.

4.34.100 Refunds.
A. Whenever the amount of any tax, interest or penalty has been overpaid or paid more than once, or has been erroneously or illegally collected or received by the city under this chapter, it may be refunded as provided in subparagraph B of this section, provided a claim in writing, stating under penalty of perjury the specific grounds upon which the claim is founded, is filed with the director within one year of the date of payment. The claim shall be on forms furnished by the director.

B. The director shall have 20 calendar days from the date of receipt of a claim to review the claim and make a determination in writing as to the validity of the claim. The director shall notify the claimant in writing of the director's determination. Such notice shall be mailed to the address provided by claimant on the claim form. In the event a claim is determined by the director to be a valid claim, an operator may claim a refund, or take as credit against taxes collected and remitted, the amount overpaid, paid more than once or erroneously or illegally collected or received in a manner prescribed by the director. The operator shall notify director of claimant's choice no later than 15 days following the date director mailed the determination. In the event claimant has not notified the director of claimant's choice within the 15 day period and the operator is still in business, a credit will be granted against the tax liability for the next reporting period, if the operator is no longer in business, a refund check will be mailed to claimant at the address provided in the claim form.

C. No refund shall be paid under the provisions of this section unless the claimant established the right by written records showing entitlement to such refund and the director acknowledged the validity of the claim.

4.34.110 Actions to Collect.
Any tax required to be paid by any operator under the provisions of this chapter shall be deemed a debt owed by the operator to the city. Any such tax collected by an operator which has not been paid to the city shall be deemed a debt owed by the operator to the city. Any person owing money to the city under the provisions of this chapter shall be liable to an action brought in the name of the City Of Ashland for the recovery of such amount. In lieu of filing an action for the recovery, the City of Ashland, when taxes due are more than 30 days delinquent, can submit any outstanding tax to a collection agency. So long as the City of Ashland has complied with the provisions set forth in ORS 697.105, in the event the City turns over a delinquent tax account to a collection agency, it may add to the amount owing an amount equal to the collection agency fees, not to exceed the greater of fifty dollars or fifty percent of the outstanding tax, penalties and interest owning.

4.34.120 Violations~~--Infractions~~.

All violations of this chapter are punishable as set forth in AMC 1.08.020. It is a violation of this chapter for ~~A~~ any operator or other person ~~**who**~~ **to**:

A. fail~~s~~ or refuse~~s~~ to comply as required herein;~~,~~

~~B. or to~~ **fail or refuse to** furnish any return required to be made;~~, **or fails or refuses to**~~

C. fail or refuse to permit inspection of records; ~~,~~

D. fail or refuse to furnish a supplemental return or other data required by the director;~~,~~

E. ~~**or who**~~ render~~s~~ a false or fraudulent return or claim;~~, **or**~~

F. ~~**who**~~ fail~~s~~, refuse~~s~~ or neglect~~s~~ to remit the tax to the city by the due date.

The remedies provided by this section are not exclusive and shall not prevent the City from exercising any other remedy available under the law, nor shall the provisions of this ordinance prohibit or restrict the City or other appropriate prosecutor from pursuing criminal charges under state law or city ordinance. ~~**is guilty of an infraction and shall be punished as set forth in section 1.08.020 of the Ashland Municipal Code.**~~

4.34.130 Confidentiality.

Except as otherwise required by law, it shall be unlawful for the city, any officer, employee or agent to divulge, release or make known in any manner any financial information submitted or disclosed to the city under the terms of this chapter. Nothing in this section shall prohibit:

A. The disclosure of the names and addresses of any person who are operating a restaurant; or

B. The disclosure of general statistics in a form which would prevent the identification of financial information regarding an individual operator; or

C. Presentation of evidence to the court, or other tribunal having jurisdiction in the prosecution of any criminal or civil claim ~~by the director~~ or an appeal ~~from the director~~ for amount due the city under this chapter.

D. The disclosure of information when such disclosure of conditionally exempt information is ordered under public records law procedures.

E. The disclosure of records related to a business's failure to report and remit the tax when the report or tax is in arrears for over six months or the tax exceeds $5,000.00. The City Council expressly finds and determines that the public interest in disclosure of such records clearly outweights the interest in confidentiality under ORS 192.501(5).

SECTION 4.34.140 Examining Books, Records, or Persons.

The city, for the purpose of determining the correctness of any tax return, or for the purpose of an estimate of taxes due, may examine or may cause to be examined by an agent or representative designated by it for that purpose, any books, papers, records, or memoranda, including copies of operator's state and federal income tax return, bearing upon the matter of the operator's tax return.

SECTION 4.34.160 Termination of tax.
This chapter shall expire on December 31, **2030** ~~2010~~, unless extended by a vote of the electorate.

SECTION 2. Severability. The sections, subsections, paragraphs and clauses of this ordinance are severable. The invalidity of one section, subsection, paragraph, or clause shall not affect the validity of the remaining sections, subsections, paragraphs and clauses.

SECTION 3. Savings. Notwithstanding this amendment/repeal, the City ordinances in existence at the time any criminal or civil enforcement actions were commenced, shall remain valid and in full force and effect for purposes of all cases filed or commenced during the times said ordinance(s) or portions thereof were operative. This section simply clarifies the existing situation that nothing in this Ordinance affects the validity of prosecutions commenced and continued under the laws in effect at the time the matters were originally filed.

SECTION 4. Referral to Special Election. Pursuant to Resolution No. 2009 - __, the Ashland City Council has referred this Ordinance to the Voters for approval at the Special Election dated November 3, 2009. Accordingly this Ordinance shall not be effective unless and until approved by the voters of the City of Ashland and following the official acceptance of the canvas of the vote.

SECTION 5. Codification. Provisions of this Ordinance shall be incorporated in the City Code and the word "ordinance" may be changed to "code", "article", "section", "chapter" or another word, and the sections of this Ordinance may be renumbered, or re-lettered, provided however that any Whereas clauses and boilerplate provisions (i.e. Sections 2-5) need not be codified and the City Recorder is authorized to correct any cross-references and any typographical errors.

The foregoing ordinance was first read by title only in accordance with Article X, Section 2(C) of the City Charter on the _____ day of ________________, 2009 and duly PASSED and ADOPTED this _____ day of ________________, 2009

____
Barbara M. Christensen, City Recorder

SIGNED and APPROVED this ____ day of ________, 2009.

John Stromberg, Mayor

Reviewed as to form:

Richard Appicello, City Attorney

RESOLUTION NO. 2009 - ___

A RESOLUTION CALLING A SPECIAL ELECTION FOR NOVEMBER 3, 2009, IN THE CITY OF ASHLAND FOR THE PURPOSE OF REFERRING TO THE VOTERS OF THE CITY A MEASURE, ENTITLED "AN ORDINANCE RELATING TO FOOD AND BEVERAGE TAX, EXTENDING THE TAX TO 2030, AND AMENDING AMC CHAPTER 4.34

THE CITY OF ASHLAND RESOVES AS FOLLOWS:

SECTION 1. A special election is called to be held in the City of Ashland, Oregon on November 3, 2009, at which election there shall be referred to the voters for their adoption or rejection; the ordinance attached to this resolution entitled "AN ORDINANCE RELATING TO FOOD AND BEVERAGE TAX, EXTENDING THE TAX TO 2030, AND AMENDING AMC CHAPTER 4.34."

SECTION 2. The foregoing ordinance shall be effective upon its passage by the electorate at a special election to be held on November 3, 2009.

SECTION 3. The ballot title for this measure is as set forth on the attached Exhibit A.

SECTION 4. The City Recorder is requested and directed to give notice of this special election as provided in the laws of the State of Oregon and the charter and ordinances of the City of Ashland.

SECTION 5. This Resolution was duly PASSED and ADOPTED this fourth day of August, 2009, and after signing by the Mayor takes effect immediately.

____

Barbara Christensen, City Recorder

SIGNED and APPROVED this ____ day of ____________, 2009.

____

John Stromberg, Mayor

Reviewed as to form:

____

Richard Appicello, City Attorney

DRAFT

Exhibit A

City of Ashland, Ballot Measure, November 3 Special Election
Amend and Extend Food and Beverage Tax

Caption:
Extend the 5% tax on food and beverage to 2030.

Total 10 words (10 words permitted per ORS 250.035)

Question:
Shall 5% tax on prepared food and beverages extend to 2030 for parks and wastewater treatment improvements including debt repayment?

Total 20 words (20 words permitted per ORS 250.035 20)

Summary:
This measure extends the five percent tax on prepared food and beverages sold by restaurants, caterers, grocery store delis, coffee shops and other establishments. Alcoholic beverages are excluded.

Tax revenues are dedicated for acquisition of park land and for capital improvements of parks and the wastewater treatment plant including debt repayment. Funds may only be used for park and wastewater capital improvements projects identified in the City's adopted Capital Improvement Plan.

The City Council can reduce or eliminate the tax at anytime. Restaurants retain 5% of the tax collected. The City may use up to 2% for administrative expenses.

The tax is not collected on food or beverages sold on school grounds or college campuses (except food sold by an independent contractor or non-educational catered events), on hospital grounds, in vending machines, at senior centers, or by non-profits or service clubs at street booths or concessions. Food provided by bed and breakfast inns is excluded.

For single events, such as weddings, costing more than $5,000 the tax is capped at $250.

Total 171 words (175 words permitted per ORS 250.035)

DRAFT

The Explanatory Statement appears in the voters' pamphlet.

Explanatory Statement:
Passage of this measure extends the tax that provides funds for park acquisition and for capital improvements for parks and the wastewater treatment plant. Funds used for improvements must be in the adopted Capital Improvement Plan.

Since its passage in 1993, park acreage in Ashland has increased from 425 acres to 785 acres. If the tax is extended, the Parks and Recreation Commission will use the revenue to complete projects in the Capital Improvement Plan.

To comply with environmental requirements, the City constructed a new wastewater treatment plant for $34 million. The City paid $10 million using Food and Beverage tax revenue and borrowed $24 million for the balance. The annual loan payment is $1.8 million including principal and interest. The Food and Beverage tax provided about $1.5 million in 2008 for the payment. The loan will be paid in 2022. If the tax is not extended, the City will make payments with other revenues which may include an increase in wastewater utility rates.

All businesses in the city limits that sell prepared food and beverages must collect the tax. This includes restaurants, grocery store delis, coffee shops, catering services and food sold by independent contractors and non-educational catered events on school campuses.

Food and beverage providers keep 5% of the total collected to cover their administrative costs and the balance is sent to the City. Of that amount, up to 2% may be retained by the City for administrative costs. Of the balance 20% is for park improvements and 20% of that amount must be used for acquisition. 80% is for capital improvements for the wastewater treatment plant and debt repayment.

Alcoholic beverages and whole cakes, pies and loaves of bread consumed off premises are exempted. The tax is capped at $250 for events that exceed $5,000 in food and beverages sold.

The tax will not be assessed on food or beverages:

- Sold on school campuses;
- Sold on hospital grounds;
- Provided by bed and breakfast inns and hotels/motels as part of their lodging;
- Sold in vending machines;
- Sold by nonprofit organizations or service clubs as a temporary fundraiser;
- Convalescent homes, nursing homes and retirement homes;
- Provided by a senior citizen nutritional program;
- Sold for resale to the public;
- Sold in bulk for consumption off the premises such as ice cream packed in a container of one-half gallon or more;
- Candy, popcorn, nuts, chips, gum or other confections but not including ice cream, frozen yogurt, cakes, pies and other desserts.

Businesses will collect the tax at the same time as the amount for the food and beverage is collected.

Each business provides the tax collected to the City before the last day of the month following the end of each quarter. Businesses may arrange with the City to remit the tax monthly.

DRAFT

This tax expires in 2030 unless the City Council eliminates the tax. Funds generated after 2022 not designated for parks will be used for wastewater treatment improvements.

Total 499 words (500 words permitted per ORS 246.150, 251.305 & 251.325 500)

Council Business Meeting

Date: October 21, 2025

Agenda Item	Topics and Meeting Frequency
Department	City Manager's Office
From	Sabrina Cotta

TIME ESTIMATE
5 minutes

CATEGORY
Staff Direction - provide direction to staff on the body's desired next steps.

SUMMARY
Please provide staff with:
a) topics for next meeting
b) confirm frequency of meeting schedule

POLICIES, PLANS & GOALS SUPPORTED
NA

BACKGROUND AND ADDITIONAL INFORMATION
NA

FISCAL IMPACTS
NA

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS

REFERENCES & ATTACHMENTS
None

Council Business Meeting

Date: October 21, 2025

Agenda Item	Liquor License Approval for Calypso Hotel
Department	City Recorder
From	Alissa Kolodzinski, City Recorder

TIME ESTIMATE

CATEGORY
Action Needed - Motion to approve an action

SUMMARY
This is a request for approval of a liquor license application for Stay Rogue, LLC DBA Calypso Hotel-Swank House, located at 649 E. Main St.

POLICIES, PLANS & GOALS SUPPORTED
AMC Chapter 6.32 Liquor License Review

BACKGROUND AND ADDITIONAL INFORMATION
The application is for a New License – Limited On-Premises Sales
The Planning, Police, and Fire departments have reviewed the applications and recommended approval of the liquor licenses. The businesses comply with the City's land use requirements and have a Business License.

FISCAL IMPACTS

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS
I move to approve the liquor license application for Calypso Hotel-Swank House.

REFERENCES & ATTACHMENTS
1. OLCC New - Calypso Hotel and Swank House

OREGON LIQUOR & CANNABIS COMMISSION

Local Government Recommendation – Liquor License

Per OAR 845-005-0304(3): The Commission requires an applicant for issuance of a new license issued under ORS chapter 471, to provide written notice of the application to the local government in the form of a complete, accurate, and legible Commission form.

The local government is as follows:
(a) If the address of the premises proposed to be licensed is within a city's limits, the local government is the city.
(b) If the address of the premises proposed to be licensed is not within a city's limits, the local government is the county.

INSTRUCTIONS:

Step 1: Applicant completes all of Section 1 (including top of Page 2).

Step 2: Applicant submits both pages of the form to the appropriate local government. NOTE: The local government may require additional forms and/or fees.

Step 3: Local government completes at least Section 2 and returns all pages of the form, or a copy thereof, to the applicant. The local government is allowed up to 45 days to complete Section 3.

Step 4: Applicant takes the form with at least Sections 1 and 2 completed and includes it with their CAMP application to meet the Local Government Recommendation document requirement. Submissions that do not have at least Sections 1 and 2 completed will not be accepted.

Step 5: The local government issues its final recommendation in Section 3 and returns the completed form to the applicant. If the applicant has already submitted their initial application via CAMP, they hold on to the final recommendation and provide it to their investigator, when requested. If they have not already submitted their application, they upload the fully completed Local Government Recommendation form with their initial application submission.

Applicants within the city of Portland ONLY: After completing the attached form, please follow these steps to complete the Local Government Recommendation process:

- Apply via the City of Portland website.
- Once you have completed the application with the City of Portland, you will receive an email notifying you that your application has been accepted, usually within two business days. The email will contain an attachment titled "ABC Public Notice."
- Upload the ABC Public Notice document with your CAMP application to meet the Local Government Recommendation document requirement.

NOTE: This document only provides proof of submission. Once you receive your final recommendation from the City of Portland, you will need to provide that to your assigned OLCC investigator.

Local Government Recommendation – Liquor License

Annual Liquor License Types	
Off-Premises Sales	Brewery-Public House
Limited On-Premises Sales	Brewery
Full On-Premises, Caterer	Distillery
Full On-Premises, Commercial	Grower Sales Privilege
Full On-Premises, For Profit Private Club	Winery
Full On-Premises, Non Profit Private Club	Wholesale Malt Beverage & Wine
Full On-Premises, Other Public Location	Warehouse
Full On-Premises, Public Passenger Carrier	

Section 1 – Submission – To be completed by Applicant:

License Information

Legal Entity/Individual Applicant Name(s): Stay Rogue, LLC

Proposed Trade Name: Calypso Hotel- Swank House

Premises Address: 649 E. Main St   Unit:

City: Ashland   County: Jackson   Zip: 97520

Application Type: (●) New License Application   ( ) Change of Ownership   ( ) Change of Location

License Type: Limited On-Premises Sales   ☐ Additional Location for an Existing License

Application Contact Information

Contact Name: Abby Hogge   Phone: [redacted]

Mailing Address: [redacted]

City: [redacted]   State: [redacted]   Zip: [redacted]

Email Address:

Business Details

Please check all that apply to your proposed business operations at this location:

☐ Manufacturing/Production

☐ Retail Off-Premises Sales

☒ Retail On-Premises Sales & Consumption

If there will be On-Premises Consumption at this location:

☐ Indoor Consumption   ☒ Outdoor Consumption

☐ Proposing to Allow Minors

Section 1 continued on next page

OREGON LIQUOR & CANNABIS COMMISSION

Local Government Recommendation – Liquor License

Section 1 Continued – Submission - To be completed by Applicant:

Legal Entity/Individual Applicant Name(s): Stay Rogue, LLC

Proposed Trade Name: Calypso Hotel- Swank House

IMPORTANT: You MUST submit this form to the local government PRIOR to submitting to OLCC. Section 2 must be completed ***by the local government*** for this form to be accepted with your CAMP application.

Section 2 – Acceptance - To be completed by Local Government:

Local Government Recommendation Proof of Acceptance

After accepting this form, please return a copy to the applicant with received and accepted information

City or County Name: Ashland

Optional Date Received Stamp

Date Application Received: 10.02.2025

Received by: Kerrick Gooden

Section 3 – Recommendation - To be completed by Local Government:

○ **Recommend this license be granted**

○ **Recommend this license be denied** (Please include documentation that meets OAR 845-005-0308)

○ **No Recommendation/Neutral**

Name of Reviewing Official:

Title:

Date:

Signature:

After providing your recommendation and signature, please return this form to the applicant.

Council Business Meeting

Date: October 21, 2025

Agenda Item	BPA Contract Approval
Department	Electric
From	Thomas McBartlett III, Director

TIME ESTIMATE
15 minutes

CATEGORY
Contract Approval - as the contract board, confirm proper procedure with a motion to approve.

SUMMARY
This contract is before Council seeking authorization for the City Manager to sign.

POLICIES, PLANS & GOALS SUPPORTED
Provide safe, reliable, and clean electricity to the residents and businesses of Ashland at an affordable cost

BACKGROUND AND ADDITIONAL INFORMATION
The electricity that the City purchases from BPA is on average 95% carbon free.
The Provider of Choice contract and the companion Public Rate Design Methodology, while similar in many respects to Regional Dialogue, offer some enhancements and changes that should benefit Ashland going forward.

FISCAL IMPACTS
Fiscal impacts will be determined in the biennium rate setting processes. One of the enhancements of the Public Rate Design Methodology is a component to limit rate impacts in each rate case to avoid future rate shock.
The City will budget funds appropriately based on the forecast from each BPA rate proceeding.

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS
I move to authorize the City Manager to sign the BPA Provider of Choice Contract.
If no motion is made or action is delayed, Ashland may lose its right to preference power from BPA and be forced to find an alternative at a significantly higher cost.

REFERENCES & ATTACHMENTS
1. AS_25001_POC Final Contract
2. PRDM-26-A-03-E01

Contract No. 26PS-25001

POWER SALES AGREEMENT

executed by the

BONNEVILLE POWER ADMINISTRATION

and

CITY OF ASHLAND

Table of Contents

Exhibit H Renewable Energy Certificates and Environmental Attributes
Exhibit I Notices and Contact Information
Exhibit J Support Services; Additional Resource and Energy Storage Device Requirements

This POWER SALES AGREEMENT (Agreement) is executed by the UNITED STATES OF AMERICA, Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA), and CITY OF ASHLAND (Ashland), hereinafter individually referred to as "Party" and collectively referred to as the "Parties". Ashland is a municipal corporation, organized and authorized under the laws of the State of Oregon, to purchase and distribute electric power to serve retail consumers from its distribution system within its service area.

RECITALS

Ashland's power sales agreement Contract No. 09PB-13002 continues through September 30, 2028, and power sales under this Agreement begin on October 1, 2028. All obligations and liabilities accrued under Contract No. 09PB-13002 are preserved until satisfied.

BPA is a functionally separated organization with distinct administrative and decision-making activities for BPA's power and transmission functions. References in this Agreement to Power Services or Transmission Services are solely for the purpose of clarifying which BPA function is responsible for such administrative and decision-making activities.

BPA is authorized to market electric power to qualified entities eligible to purchase such power. Under Section 5(b)(1) of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act), 16 U.S.C. § 839c(b)(1), BPA is obligated to offer a power sales agreement to any eligible customer for the sale and purchase of electric power to serve the customer's regional consumer load not served by the customer's resources.

In the final Provider of Choice Policy, March 2024 BPA proposed to develop the contracts requested under Section 5(b) of the Northwest Power Act consistent with a tiered rates pricing construct for the Section 7(b) rate, in order to provide signals and to encourage the timely development of regional power resource infrastructure to meet regional consumer loads under this Agreement.

This Agreement effectuates a Contract High Water Mark (CHWM) for Ashland that establishes the amount of power Ashland may purchase from BPA at Tier 1 Rates.

The Parties agree:

1. TERM

This Agreement takes effect on the date signed by the Parties and expires on September 30, 2044. This Agreement is subject to approval of the United States Department of Agriculture Rural Utilities Service until December 31, 2026. Ashland shall send any documentation of such approval to BPA. Power sales by BPA to Ashland under this Agreement shall commence on October 1, 2028, provided that the Parties have completed any obligations required between the Effective Date and October 1, 2028 as specified under this Agreement.

Until October 1, 2028, section 19, Governing Law and Dispute Resolution will only apply to the extent there is a dispute regarding actions required under this Agreement that occur prior to October 1, 2028.

All obligations and liabilities accrued under this Agreement are preserved until satisfied.

2. DEFINITIONS

Capitalized terms below shall have the meaning stated. Capitalized terms that are not listed below are either defined within the section or exhibit in which the term is used, or if not so defined, shall have the meaning stated in BPA's applicable Power Rate Schedules, including the General Rate Schedule Provisions (GRSPs) or Public Rate Design Methodology (PRDM). Definitions in **bold** indicate terms that are both defined in the PRDM and that the Parties agree should conform to the PRDM as it may be revised. The Parties agree that if such definitions are revised pursuant to the PRDM, then BPA shall promptly and unilaterally amend this Agreement to incorporate such revised definitions from the PRDM, to the extent they are applicable.

2.1 "5(b)/9(c) Policy" means BPA's Policy on Determining Net Requirements of Pacific Northwest Utility Customers Under Sections 5(b)(1) and 9(c) of the Northwest Power Act issued May 23, 2000, and its revisions or successors.

2.2 "**7(i) Process**" means a public process conducted by BPA, pursuant to Section 7(i) of the Northwest Power Act, 16 U.S.C. § 839e(i), or its successor, to establish rates for the sale of power and other products.

2.3 "Above-CHWM Load" means the forecasted portion of a customer's Preliminary Net Requirement that is in excess of the customer's CHWM, if any, as determined in the Above-CHWM Load Process.

2.4 "Above-CHWM Load Process" means 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.

2.5 "Annexed Load" means existing load, distribution system (regardless of voltage), or service territory Ashland acquires after the Effective Date from another utility, by means of annexation, merger, purchase, trade, or other acquisition of rights, the acquisition of which BPA determines is consistent with BPA's standards of service and has been authorized by agreement between the impacted utilities or by a final state, regulatory, or court action. The Annexed Load must be served from distribution facilities of any voltage that are owned or acquired by Ashland.

2.6 "Attribute Pools" shall have the meaning as defined in section 2 of Exhibit H.

2.7 “Average Megawatts” or “aMW” means the amount of electric energy in megawatt-hours (MWh) during a specified period of time divided by the number of hours in such period.

2.8 “Balancing Authority” shall have the meaning as defined in section 1 of Exhibit F.

2.9 “Balancing Authority Area” shall have the meaning as defined in section 1 of Exhibit F.

2.10 “Block” or “Block Product” means a planned amount of Firm Requirements Power sold to a customer to meet a portion of its regional consumer load.

2.11 “Business Day(s)” means every Monday through Friday, except federal holidays.

2.12 “**CHWM Contract**” means the power sales agreement between a customer and BPA that contains a Contract High Water Mark (CHWM), and under which the customer purchases power from BPA at rates established by BPA in accordance with the PRDM.

2.13 “Committed Power Purchase Amount” means an amount of firm energy, listed in sections 3 and 4 of Exhibit A, that Ashland has agreed to supply and use to serve its Total Retail Load. Such amount is not attributed to a Specified Resource.

2.14 “Consumer-Owned Resource” means a Generating Resource connected to Ashland’s distribution system (regardless of voltage) from which the output is owned by a retail consumer, has a nameplate capability greater than 1.000 megawatt, is operated to serve load, and is not operated occasionally or intermittently as a back-up energy source at times of maintenance or forced outage. Consumer-Owned Resource does not include a resource where the owner of the resource is a retail consumer that exists solely for the purpose of selling wholesale power and for which Ashland only provides incidental station service energy for local use at the retail consumer’s generating plant for uses such as lighting, heat and the operation of auxiliary equipment.

2.15 “Contracted For, or Committed To” or “CF/CT” shall have the meaning as described in section 20.3.1.1.

2.16 “Contract High Water Mark” or “CHWM” means the amount of Firm Requirements Power (expressed in annual Average Megawatts) that a customer is eligible to access at Tier 1 Rates. The amount of Firm Requirements Power a customer purchases at Tier 1 Rates is limited to the lesser of its CHWM or its Net Requirement as established consistent with section 1 of Exhibit A.

2.17 “Contract High Water Mark (CHWM) Implementation Policy” means the policy that documents the process details around the FY 2026 CHWM Calculation Process and Above-CHWM Load Process.

2.18 “Cumulative Prior Load” shall have the meaning as established in section 20.3.5.2.

2.19 “Cycle” shall have the meaning as defined in section 6 of Exhibit J.

2.20 “Cycles per Day” shall have the meaning as defined in section 6 of Exhibit J.

2.21 “Dedicated Resource” means a Specified Resource or a Committed Power Purchase Amount listed in Exhibit A that Ashland is required by statute to provide or obligates itself to provide under this Agreement for use to serve its Total Retail Load.

2.22 “Dispatchable Resource” means a Specified Resource from which generation amounts can be intentionally increased or decreased by the resource owner or operator, and which has capacity capability greater than the energy capability as defined in Exhibit J.

2.23 “Diurnal” means the division of hours within a month between Heavy Load Hours (HLH) and Light Load Hours (LLH).

2.24 “Due Date” shall have the meaning as described in section 16.2.

2.25 “Effective Date” means the date on which this Agreement has been signed by both Ashland and BPA.

2.26 “Electronic Tag” or “E-Tag” shall have the meaning as defined in section 1 of Exhibit F.

2.27 “Eligible Annexed Load” shall have the meaning as defined in section 3.5.7.

2.28 “Emissions Allowance” shall have the meaning as defined in section 2 of Exhibit H.

2.29 “Energy Storage Device” or “ESD” means a facility used to hold generated electric energy for release at a later time. Energy Storage Devices include energy storage facilities such as batteries. In Exhibit J, BPA documents Energy Storage Devices with alternating current (AC) nameplates (in some cases stated as facility interconnection AC nameplates) greater than 1.000 megawatt.

2.30 “Environmental Attribute Accounting Process” shall have the meaning as defined in section 2 of Exhibit H.

2.31 “Environmental Attributes” shall have the meaning as defined in section 2 of Exhibit H.

2.32 “Existing Resource” means a Specified Resource listed in section 2 of Exhibit A that Ashland was obligated by contract or statute to use to serve Ashland’s Total Retail Load prior to October 1, 2023.

2.33 “Federal Columbia River Power System” or “FCRPS” means the integrated power system that includes, but is not limited to, the transmission system constructed and operated by BPA and the hydroelectric dams in the Pacific Northwest constructed and operated by the U.S. Army Corps of Engineers and the Bureau of Reclamation.

2.34 “FERC” means the Federal Energy Regulatory Commission, or its successor.

2.35 “Firm Requirements Power” means electric power that BPA sells under this Agreement and makes continuously available to Ashland to meet BPA’s obligations to Ashland under Section 5(b) of the Northwest Power Act.

2.36 “Fiscal Year” or “FY” means the period beginning each October 1 and ending the following September 30.

2.37 “Fiscal Year Transfer Cap” shall have the meaning as defined in section 1 of Exhibit G.

2.38 “Flat Annual Shape” means a distribution of energy having the same Average Megawatt value of energy in each month of the year.

2.39 “Flat Within-Month Shape” means a distribution of energy having the same Average Megawatt value of energy in each Diurnal period of the month.

2.40 “Forecast Year” means the Fiscal Year ending one full year prior to the commencement of a Rate Period.

2.41 “FY 2026 CHWM Calculation Process” means 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.

2.42 “Generating Resource” means any source or amount of electric power from an identified electricity-producing unit, and for which the amount of power received by Ashland or Ashland’s retail consumer is determined by the power produced from such identified electricity-producing unit. Such unit may be owned by Ashland or Ashland’s retail consumer in whole or in part, or all or any part of the output from such unit may be owned for a defined period by contract.

2.43 “Heavy Load Hours” or “HLH” shall have the meaning as defined in section 1 of Exhibit F.

2.44 “HLH Diurnal Shape” means a distribution of energy between the Diurnal periods in which more megawatt-hours per hour are applied in the Heavy Load Hour (HLH) periods than megawatt-hours per hour applied in the Light Load Hour (LLH) periods. Such distributions are determined by Ashland consistent with section 8 of Exhibit A.

2.45 “Hours of Maximum Discharge” shall have the meaning as defined in section 6 of Exhibit J.

2.46 “Initial Transfer Study Deposit” shall have the meaning as defined in Exhibit G.

2.47 “Interchange Points” shall have the meaning as defined in section 1 of Exhibit F.

2.48 “Inventory” or “Inventories” shall have the meaning as defined in section 2 of Exhibit H.

2.49 “Issue Date” shall have the meaning as described in section 16.1.

2.50 “Joint Operating Entity” or “JOE” means an entity that meets the requirements of Section 5(b)(7) of the Northwest Power Act.

2.51 “Last Transfer Segment” shall have the meaning as defined in section 1 of Exhibit G.

2.52 “Light Load Hours” or “LLH” shall have the meaning as defined in section 1 of Exhibit F.

2.53 “Low Voltage Segment” means the facilities of a Third-Party Transmission Provider that are below 34.5kV.

2.54 “Maximum Charge Rate” shall have the meaning as defined in section 6 of Exhibit J.

2.55 “Maximum Potential CHWM” shall have the meaning as defined in section 1.2.5 of Exhibit B.

2.56 “Maximum Single Hour Discharge” shall have the meaning as defined in section 6 of Exhibit J.

2.57 “Net Requirement” means the amount of electric power that a customer may purchase from BPA to serve its Total Retail Load, minus amounts of its Dedicated Resources shown in Exhibit A, as determined consistent with Section 5(b)(1) of the Northwest Power Act.

2.58 “Network Load” shall have the meaning as defined in section 1 of Exhibit G.

2.59 “Network Resource” shall have the meaning as defined in section 1 of Exhibit G.

2.60 “New Large Single Load” or “NLSL” shall have the meaning as specified in Section 3(13) of the Northwest Power Act and in the April 2001 Bonneville Power Administration New Large Single Load Policy or its successor (BPA’s NLSL Policy).

2.61 “New Resource” means: (1) a Specified Resource listed in section 2 of Exhibit A that Ashland was or is obligated by contract to use to serve Ashland’s Total Retail Load after September 30, 2023, and (2) any Committed Power Purchase Amounts listed in Exhibit A.

2.62 “**New Resource Rate**” or “NR Rate” means the rate for requirements firm power sold to an investor-owned utility (IOU) or public customer pursuant to Section 7(f) of the Northwest Power Act, 16 U.S.C. § 839e(c).

2.63 “Northwest Power Act” means the Pacific Northwest Electric Power Planning and Conservation Act, 16 U.S.C. § 839 et seq., Public Law No. 96-501, as amended.

2.64 “On-Site Consumer Load” means the load of an identified retail consumer of Ashland that is electrically interconnected at the same Point of Delivery to Ashland’s system with a Consumer-Owned Resource of that same identified retail consumer. Such load does not utilize BPA or Third-Party Transmission Provider transmission facilities to deliver the generation from the Consumer-Owned Resource to the consumer load.

2.65 “Open Access Transmission Tariff” or “OATT” shall have the meaning as defined in section 1 of Exhibit F.

2.66 “Peak Load Variance Service” or “PLVS” means a resource-capacity planning-based service for instances when planned load exceeds expected load forecast values.

2.67 “Planned NLSL” means the load at a facility that BPA and a customer have agreed, pursuant to the provisions of Section V.B. of BPA’s NLSL Policy, is expected to become an NLSL during the facility’s next consecutive 12-month monitoring period.

2.68 “Planned Transmission Outage” shall have the meaning as defined in section 1 of Exhibit F.

2.69 “Point of Delivery” or “POD” means the point where power is transferred from a transmission provider to Ashland.

2.70 “Point of Metering” or “POM” means the point at which power is measured.

2.71 "Potential NLSL" means a load at a facility that BPA determines is capable of growing ten Average Megawatt or more in a consecutive 12-month monitoring period that may qualify as an NLSL.

2.72 "Power Services" means the organization, or its successor organization, within BPA that is responsible for the management and sale of BPA-provided electric power.

2.73 "**Preliminary Net Requirement**" means a customer's annual Net Requirement prior to accounting for any New Resources a customer may elect to serve its Above-CHWM 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.

2.74 "Primary Points of Receipt" shall have the meaning as defined in section 14.1.

2.75 "**Public Rate Design Methodology**" or "**PRDM**" means the methodology describing the manner in which BPA will collect a portion of its Power Revenue Requirement from public customers with a CHWM Contract through a combination of charges, credits, fees, and discounts, as well as the terms and conditions related to any potential changes to the methodology.

2.76 "Qualified Capacity Contribution" or "QCC" means the megawatt quantity of capacity provided by a resource, contract, or portfolio as defined by the Western Resource Adequacy Program (WRAP).

2.77 "Rate Case Year" means the Fiscal Year ending prior to the commencement of a Rate Period. The Rate Case Year immediately follows the Forecast Year and is the year in which the 7(i) Process for the next Rate Period is conducted.

2.78 "Rate Period" means the period of time during which a specific set of rates established by BPA pursuant to the PRDM is intended to remain in effect.

2.79 "Region" means the Pacific Northwest as defined in Section 3(14) of the Northwest Power Act.

2.80 "Renewable Energy Certificates" or "Renewable Energy Credits" or "RECs" shall have the meaning as defined in section 2 of Exhibit H.

2.81 "Retire" or "Retirement" shall have the meaning as defined in section 2 of Exhibit H.

2.82 "Resource Diurnal Shape" means a distribution of energy within each Diurnal period that a Specified Resource is expected to produce, as agreed to by the Parties in accordance with section 3.4.1(1).

2.83 "Resource Monthly Shape" means a distribution of energy within each month that a Specified Resource is expected to produce, as agreed to by the Parties in accordance with section 3.4.1(1).

2.84 "Resource Support Services" or "RSS" means a suite of services BPA Power Services provides to integrate federal and non-federal resources defined in Exhibit J and priced in each regular 7(i) Process consistent with chapter 6 of the PRDM.

2.85 "Round Trip Efficiency" shall have the meaning as defined in section 6 of Exhibit J.

2.86 "Scheduling Points of Receipt" shall have the meaning as defined in section 14.1.

2.87 "Slice/Block Product" means a customer's purchase obligation under the Slice Product and the Block Product to meet its regional consumer load obligation as described in section 3.1 of the Slice/Block Product CHWM Contract.

2.88 "Slice Percentage" means the percentage used to determine the amount of the Slice Product a customer purchases, pursuant to its CHWM Contract.

2.89 "Slice Product" means the power product defined in section 5 of the Slice/Block Product CHWM Contract.

2.90 "Small Utility Adjustment" means the subsequent CHWM adjustment as provided in section 2.4.2.1 of the Provider of Choice Policy, March 2024, as amended or revised.

2.91 "Specified Resource" means a Generating Resource that has a nameplate capability or maximum hourly purchase amount greater than 1.000 megawatt, that a customer is required by statute or has agreed to use to serve its Total Retail Load. Each such resource is identified as a specific Generating Resource listed in sections 2 and 4 of Exhibit A.

2.92 "Storage Capacity" shall have the meaning as defined in section 6 of Exhibit J.

2.93 "Submitted Schedule" shall have the meaning as defined in section 3.7.

2.94 "Support Services" means a suite of services Power Services provides to customers, including RSS and other Support Services, as defined in Exhibit J and priced in each 7(i) Process consistent with chapter 6 of the PRDM.

2.95 "Surplus Firm Power" means firm power that is in excess of BPA's obligations, including those incurred under Sections 5(b), 5(c), and 5(d) of the Northwest Power Act, as available.

2.96 "Third-Party Transmission Provider" means a transmission provider other than BPA that provides transmission service to serve Ashland's load.

2.97 "Tier 1 Allowance Amount" means the aggregate total nameplate capacity of qualifying Specified Resources listed in section 2 of Exhibit A that Ashland is applying to offset its purchase obligation in accordance with section 3.5.2.

2.98 "**Tier 1 Marginal Energy True-Up**" means an end-of-Fiscal-Year process that evaluates the difference between forecast and actual energy usage and aligns that difference with appropriate Tier 1 Rate and market-based pricing levels, as described in chapter 4.2 of the PRDM.

2.99 "Tier 1 Rate(s)" shall have the meaning as described in chapter 4 of the PRDM.

2.100 "Tier 2 Long-Term Rate" means a Tier 2 Rate at which customers may elect to purchase Firm Requirements Power in accordance with section 2.3 of Exhibit C.

2.101 "Tier 2 Rate(s)" shall have the meaning as described in chapter 5 of the PRDM.

2.102 "Tier 2 Short-Term Rate" means a Tier 2 Rate at which customers may elect to purchase Firm Requirements Power in accordance with section 2.4 of Exhibit C.

2.103 "Tier 2 Vintage Rate" means a Tier 2 Rate(s) at which customers may elect to purchase Firm Requirements Power in accordance with section 2.5 of Exhibit C.

2.104 "Total Retail Load" or "TRL" means all retail electric power consumption, including electric system losses, within a customer's electrical system, excluding:

(1) those loads BPA and the customer have agreed are non-firm or interruptible loads,

(2) loads of other utilities served by such customer, and

(3) any loads not on such customer's electrical system or not within such customer's service territory, unless specifically agreed to by BPA.

2.105 "Transfer Market Purchase" shall have the meaning as defined in section 1 of Exhibit G.

2.106 "Transfer Service" means the transmission, distribution and other services provided by a Third-Party Transmission Provider to BPA to serve customer load over its transmission system, as listed in Exhibit E.

2.107 "Transfer Request" shall have the meaning as defined in section 1 of Exhibit G.

2.108 "Transfer Service Eligible Resource" means any (1) Dedicated Resource serving Total Retail Load, (2) Consumer-Owned Resource serving On-Site Consumer Load, or (3) any new non-federal resource pursuant to section 14.6.7.2.

2.109 "Transfer Study" shall have the meaning as defined in section 1 of Exhibit G.

2.110 "Transmission Curtailment" shall have the meaning as defined in section 1 of Exhibit F.

2.111 "Transmission Curtailment Management Service" or "TCMS" shall have the meaning as defined in section 1 of Exhibit F.

2.112 "Transmission Event" shall have the meaning as defined in section 1 of Exhibit F.

2.113 "Transmission Scheduling Service" or "TSS" shall have the meaning as defined in section 1 of Exhibit F.

2.114 "Transmission Scheduling Service-Full" or "TSS-Full" shall have the meaning as defined in section 1 of Exhibit F.

2.115 "Transmission Services" means the organization, or its successor organization, within BPA that is responsible for the management and sale of transmission service on the Federal Columbia River Transmission System.

2.116 "Transmission System Delivery Plan" or "Delivery Plan" means the plan for each Dedicated Resource serving Ashland's load or Consumer-Owned Resource serving On-Site Consumer Load that states the transmission system of the load that resource will serve.

2.117 "Uncontrollable Force" shall have the meaning as defined in section 18.

2.118 "Vintage Resource" shall have the meaning as defined in section 2.5 of Exhibit C.

3. LOAD FOLLOWING POWER PURCHASE OBLIGATION

3.1 Purchase Obligation

From October 1, 2028, and continuing through September 30, 2044, BPA shall sell and make available, and Ashland shall purchase, Firm Requirements Power in hourly amounts equal to Ashland's hourly Total Retail Load minus the hourly firm energy from each of Ashland's Dedicated Resources listed in sections 2, 3, and 4 of Exhibit A and Consumer-Owned Resources listed in sections 7.1, 7.3, and 7.4 of Exhibit A. Ashland shall determine the hourly firm energy from each of its Dedicated Resources pursuant to section 3.3. Such amounts of energy are subject to change pursuant to section 3.5 and section 10.

3.2 **Take or Pay**
Ashland shall pay for the Firm Requirements Power it is obligated to purchase and that BPA makes available under section 3.1, at the rates BPA establishes in a 7(i) Process pursuant to the PRDM, as applicable to such power, whether or not Ashland took delivery of such power.

3.3 **Application of Dedicated Resources**
Ashland shall serve a portion of its Total Retail Load with the Dedicated Resources listed in Exhibit A as follows:

(1) Specified Resources, listed in section 2 of Exhibit A, and

(2) Committed Power Purchase Amounts, listed in section 3.1 of Exhibit A.

Ashland shall use its Dedicated Resources to serve its Total Retail Load, and the Parties shall specify amounts of such Dedicated Resources in Exhibit A as stated below for each specific resource and type. BPA shall use the amounts listed in Exhibit A in determining Ashland's Net Requirement. The amounts listed are not intended to govern how Ashland operates its Specified Resources, except for those resources applied to the Tier 1 Allowance Amount and those resources supported with RSS from BPA.

3.3.1 **Specified Resources**

3.3.1.1 **Application of Specified Resources**
Ashland shall apply the output of all Specified Resources, listed in section 2 of Exhibit A, to Ashland's Total Retail Load in predefined hourly amounts consistent with section 3.7 except for those Specified Resources applied to Ashland's Tier 1 Allowance Amount, those Existing Resources that are Dispatchable Resources, and those Specified Resources that Ashland is supporting with RSS from BPA. For those Specified Resources applied to Ashland's Tier 1 Allowance Amount, Ashland shall apply all of the output as it is generated to Ashland's Total Retail Load. Ashland shall apply all Existing Resources that are Dispatchable Resources consistent with section 4 of Exhibit J. Ashland shall apply all Specified Resources supported with RSS from BPA to Ashland's Total Retail Load consistent with section 3 of Exhibit J.

3.3.1.2 **Determining Specified Resource Amounts**
For each Specified Resource, BPA, in consultation with Ashland, shall determine firm energy amounts for each

Diurnal period and peak amounts for each month beginning with the later of the date the resource was dedicated to load or October 1, 2028, through the earlier of the date the resource will be permanently removed or September 30, 2044, and BPA shall list such amounts in section 2 of Exhibit A. BPA shall determine such amounts consistent with the 5(b)/9(c) Policy, and using the allowable shapes established in section 3.4.

3.3.2 **Committed Power Purchase Amounts**

3.3.2.1 **Application of Committed Power Purchase Amounts**
To serve Ashland's Above-CHWM Load that it commits to meet with Dedicated Resources in Exhibit C, Ashland shall provide and use Committed Power Purchase Amounts to meet any amount of such load not met with its Specified Resources during each Rate Period. Ashland shall apply its Committed Power Purchase Amounts, listed in section 3 of Exhibit A, to Ashland's Total Retail Load in predefined hourly amounts consistent with section 3.7.

3.3.2.2 **Determining Committed Power Purchase Amounts**
By March 31 of each Rate Case Year, BPA shall calculate and update the table in section 3.1.2 of Exhibit A with Ashland's Committed Power Purchase Amounts for each year of the upcoming Rate Period. BPA shall calculate such Committed Power Purchase Amounts using the monthly and Diurnal shapes stated in section 3.1.1 of Exhibit A. Upon termination or expiration of this Agreement, any Committed Power Purchase Amounts listed in Exhibit A shall expire, and Ashland shall have no further obligation to apply Committed Power Purchase Amounts.

3.4 **Shaping of Dedicated Resources**
Ashland's Dedicated Resource amounts shall be shaped as follows.

3.4.1 **Initial Monthly and Diurnal Resource Shapes**
BPA shall initially state Ashland's Dedicated Resource amounts in Exhibit A with one of the following shapes:

(1) Specified Resources in the amount of energy within each month and Diurnal period of a year that each resource is expected to generate output as determined pursuant to section 3.3.1.2; and

(2) Committed Power Purchase Amounts in equal megawatt amounts for each hour in a year.

3.4.2 **Reshaping Dedicated Resources**
By October 31, 2027, and by October 31 of each Rate Case Year thereafter, Ashland may elect in writing, pursuant to section 3.4.3, to reshape its amounts of Dedicated Resources listed in sections 2 and 3.1 of Exhibit A, except for those Specified Resources applied to Ashland's Tier 1 Allowance Amount, those Existing Resources that are Dispatchable Resources, and those Specified Resources Ashland is supporting with RSS from BPA, for the next Rate Period. After BPA receives such written notice from Ashland, BPA shall, by the following March 31, revise Exhibit A to reflect such election.

3.4.3 **Monthly and Diurnal Reshaping Options**
Consistent with section 3.4.2, Ashland may elect to reshape one or more of its Dedicated Resources using the allowable shapes described below. If Ashland elects to reshape its Specified Resources, then Ashland shall elect both a monthly and a Diurnal shape for each Specified Resource that is reshaped. If Ashland elects to reshape its Committed Power Purchase Amounts, then the applicable monthly shape will be the Flat Annual Shape and Ashland shall elect a Diurnal shape.

3.4.3.1 **Specified Resources**
For each Specified Resource listed in section 2 of Exhibit A Ashland may elect to apply each resource, in any of the following shapes:

(1) Monthly shapes: (A) Resource Monthly Shape; or (B) Flat Annual Shape.

(2) Diurnal shapes: (A) Resource Diurnal Shape; (B) Flat Within-Month Shape; or (C) HLH Diurnal Shape.

3.4.3.2 **Committed Power Purchase Amounts**
Ashland may elect to apply its Committed Power Purchase Amounts, listed in section 3.1 of Exhibit A, in either of the following Diurnal shapes: (A) Flat Within-Month Shape; or (B) HLH Diurnal Shape.

3.4.4 **Hourly Resource Shape**
Ashland shall apply its Dedicated Resources stated in sections 2 and 3.1 of Exhibit A in equal megawatt amounts during all LLH of a month and in equal megawatt amounts during all HLH of a month, except for those Specified Resources applied to Ashland's Tier 1 Allowance Amount, those Existing Resources that are Dispatchable Resources, and those Specified Resources Ashland is supporting with RSS from BPA.

3.5 Changes to Dedicated Resources

3.5.1 Specified Resource Additions to Meet Above-CHWM Load

With written notice to BPA by July 31 of a Forecast Year, Ashland may elect to add Specified Resources to section 2 of Exhibit A, with amounts effective at the start of the upcoming Rate Period, to meet any obligation Ashland may have in Exhibit C to serve its Above-CHWM Load with Dedicated Resources. The following apply for such Specified Resources:

(1) BPA shall determine amounts for such Specified Resources in accordance with section 3.3.1.2.

(2) Ashland may elect to reshape such Specified Resources in accordance with section 3.4.3, or may elect to purchase RSS from BPA to support such Specified Resources.

BPA shall revise Exhibit A consistent with Ashland's elections by March 31 following Ashland's elections under this section 3.5.1.

3.5.2 Specified Resources Added to Tier 1 Allowance Amount

At any time over the term of the Agreement and by written notice to BPA, Ashland may request for BPA to add Specified Resources that meet the qualifying criteria in section 3.5.2.2 to its Tier 1 Allowance Amount in section 2 of Exhibit J. BPA shall review such request and revise Exhibit A as soon as reasonably practical to include such resources, provided that BPA determines in its sole discretion that the Specified Resources meet such qualifying criteria. Any qualifying Specified Resource included in the Tier 1 Allowance Amount shall remain in the Tier 1 Allowance Amount for the term of the Agreement unless the resource is removed consistent with section 3.5.6. Any qualifying Specified Resource included in the Tier 1 Allowance Amount shall be treated as an Existing Resource for purposes of temporary resource removal as provided in section 10. Ashland's qualifying Specified Resources included in the Tier 1 Allowance Amount may be subject to charges pursuant to the applicable Power Rate Schedules and GRSPs.

3.5.2.1 Tier 1 Allowance Amount Limit

Ashland's Tier 1 Allowance Amount shall be limited to the amount stated in section 2 of Exhibit J, and shall not exceed the lesser of 5 MW or 50 percent of Ashland's CHWM reflected as a megawatt value. Such value will be considered the Tier 1 Allowance Amount limit. If BPA changes Ashland's CHWM consistent with section 1.2 of Exhibit B, then BPA shall recalculate Ashland's Tier 1 Allowance Amount limit and update Exhibit J if necessary. If Ashland has a reduction to its CHWM, then BPA shall determine whether a reduction in the Tier 1 Allowance Amount limit is appropriate. In the event that BPA reduces Ashland's Tier 1 Allowance Amount limit, BPA will determine on a case-by-case basis the treatment of Ashland's resource(s).

3.5.2.2 **Qualifying Specified Resources For Tier 1 Allowance Amount**
Any Specified Resource Ashland elects to add to its Tier 1 Allowance Amount must meet the following qualifying criteria:

(1) the Specified Resource is a New Resource;

(2) the Specified Resource is connected to Ashland's distribution system, regardless of voltage, and does not utilize BPA or Third-Party Transmission Provider transmission facilities; and,

(3) the Specified Resource reduces Ashland's Total Retail Load.

3.5.3 **Resource Additions for a BPA Insufficiency Notice**
If BPA provides Ashland a notice of insufficiency and reduces its purchase obligation, in accordance with section 20.2, then Ashland may temporarily add Dedicated Resources to replace amounts of Firm Requirements Power BPA will not be providing due to insufficiency. The Parties shall revise Exhibit A to reflect such additions.

3.5.4 **Decrements for 9(c) Export**
If BPA determines, in accordance with section 20.6, that an export of a Specified Resource listed in section 2 of Exhibit A requires a reduction in the amount of Firm Requirements Power BPA sells Ashland, then BPA shall notify Ashland of the amount and duration of the reduction in Ashland's Firm Requirements Power purchases from BPA. Within 20 calendar days of such notification Ashland may temporarily add a Specified Resource to section 2 of Exhibit A in the amount and for the duration of such decrement. If Ashland does not add a Specified Resource to meet such decrement, then within 30 calendar days of such notification BPA shall add Committed Power Purchase Amounts to section 3.2 of Exhibit A in the amount and for the duration of such decrement.

3.5.5 **Temporary Resource Removal**
By March 31 of each Rate Case Year, BPA shall revise Ashland's Dedicated Resource amounts listed in the tables of Exhibit A consistent with Ashland's resource removal elections made in accordance with section 10.

3.5.6 **Permanent Discontinuance of Resources**
Ashland may permanently remove a Specified Resource listed in section 2 of Exhibit A, consistent with the 5(b)/9(c) Policy on statutory

discontinuance for permanent removal. If BPA makes a determination that Ashland's Specified Resource has met BPA's standards for a permanent removal, then BPA shall revise Exhibit A accordingly. If Ashland does not replace such resource with another Dedicated Resource, then Ashland's additional Firm Requirements Power purchases under this Agreement, as a result of such a resource removal, shall be subject to the applicable rates or charges as established in the Power Rate Schedules and GRSPs.

3.5.7 **Resource Additions for Annexed Loads**
If Ashland acquires an Annexed Load, Ashland may add Dedicated Resources to Exhibit A, subject to sections 3.5.7.1 and 3.5.7.2 below, to serve amounts of such Annexed Load that are Eligible Annexed Load. "Eligible Annexed Load" means an Annexed Load: (1) that is added after the Effective Date, and (2) for which Ashland did not receive a CHWM addition pursuant to section 1.2.2 of Exhibit B.

3.5.7.1 During the Rate Period in which Ashland acquires an Eligible Annexed Load, Ashland may serve such load for the remainder of that Rate Period with Dedicated Resources in the shape of the load, as negotiated by the Parties, or with additional power purchased from BPA. If Ashland elects to serve such load with Dedicated Resources, then Ashland shall apply such resources for the remainder of the Rate Period. If Ashland elects to purchase additional power from BPA for the Annexed Load, then during that Rate Period such power purchases shall be subject to the applicable rates or charges as established in the Power Rate Schedules and GRSPs and as applicable to the shape of the Eligible Annexed Load.

3.5.7.2 For all Rate Periods after the Rate Period when Ashland acquires an Eligible Annexed Load, Ashland shall serve such load pursuant to Ashland's elections and either (1) apply Dedicated Resources or (2) purchase Firm Requirements Power at the applicable rates or charges as established in the Power Rate Schedules and GRSPs.

3.5.8 **Resource Additions/Removals for NLSLs**

3.5.8.1 To serve a Planned NLSL or an NLSL listed in Exhibit D that is added after the Effective Date, Ashland may add Dedicated Resources to section 4 of Exhibit A. Ashland may discontinue serving its NLSL with the Dedicated Resources listed in section 4 of Exhibit A if BPA determines that Ashland's NLSL is no longer: (1) an NLSL, or (2) in Ashland's service territory.

3.5.8.2 If Ashland elects to serve a Planned NLSL or an NLSL with Dedicated Resources, then Ashland shall specify in section 4 of Exhibit A the maximum monthly and Diurnal Dedicated

Resource amounts that Ashland plans to use to serve the NLSL. Ashland shall establish such firm energy amounts and BPA shall state such amounts in section 4 of Exhibit A for each month beginning with the date the resource was dedicated to the Planned NLSL or NLSL through the earlier of the date the resource will be removed or September 30, 2044. Ashland shall serve the actual load of the Planned NLSL or NLSL up to such maximum amounts with such Dedicated Resource amounts. To the extent that the load at a Planned NLSL or an NLSL is less than the maximum amount in any monthly or Diurnal period, Ashland shall have no right or obligation to use such amounts to serve load other than a Planned NLSL or an NLSL. Specific arrangements to match such resources to the Planned NLSL or NLSL on an hourly basis shall be established in Exhibit D.

3.5.9 **PURPA Resources**
If Ashland is required by the Public Utility Regulatory Policies Act (PURPA) to acquire output from a Generating Resource and plans to use that output to serve its Total Retail Load, then such output shall be added as a Specified Resource pursuant to Exhibit A. Ashland shall purchase RSS from BPA (or equivalent service) to support such resources for the term of this Agreement.

3.6 **Consumer-Owned Resources**
Except for any Consumer-Owned Resources serving a Planned NLSL or an NLSL, which Ashland has applied to load consistent with section 20.3, Ashland shall apply the output of Consumer-Owned Resources as follows:

3.6.1 **Existing Consumer-Owned Resources**
Ashland shall designate, in sections 7.1, 7.2, or 7.3 of Exhibit A, the extent that each existing Consumer-Owned Resource as of the Effective Date will or will not serve On-Site Consumer Load. Ashland shall make such designation to BPA in writing no later than 60 calendar days after BPA publishes, to its publicly available website, Ashland's final CHWMs from the FY 2026 CHWM Calculation Process. Such designation shall apply for the term of this Agreement.

3.6.2 **New Consumer-Owned Resources**
Ashland shall designate the extent that each Consumer-Owned Resource commencing commercial operation after the Effective Date will or will not serve On-Site Consumer Load. Ashland shall make such designation to BPA in writing within 120 days of energization of such resource. Such designation shall apply for the term of this Agreement.

Consistent with Ashland's designations, BPA shall list Consumer-Owned Resources serving On-Site Consumer Load in section 7.1 of Exhibit A, Consumer-Owned Resources not serving On-Site Consumer

Load in section 7.2 of Exhibit A, and Consumer-Owned Resources serving both On-Site Consumer Load and load other than On-Site Consumer Load in section 7.3 of Exhibit A.

3.6.3 **Application of Consumer-Owned Resources Serving On-Site Consumer Load**
Power generated from Consumer-Owned Resources listed in section 7.1 of Exhibit A shall serve On-Site Consumer Load. Ashland shall ensure that a Consumer-Owned Resource does not exceed the On-Site Consumer Load such resource serves. If a Consumer-Owned Resource exceeds the On-Site Consumer Load, then BPA may adjust Ashland's Total Retail Load used to bill for energy purchases to ensure Ashland pays for energy that was otherwise displaced by the amount of generation of the Consumer-Owned Resource that exceeds the On-Site Consumer Load on any hour. BPA shall determine in its sole discretion whether to make any adjustment based on information Ashland provides to BPA as follows:

(1) Commensurate with Ashland's designation under section 3.6.2 above, Ashland shall provide BPA information demonstrating that the Consumer-Owned Resource's forecasted generation will not exceed the On-Site Consumer Load it is intended to serve on a monthly basis. Examples of such information include but are not limited to consumer load projections and monthly generation projections for the generating equipment to be installed.

(2) If Ashland has not provided sufficient information, or if the Consumer-Owned Resource exceeds On-Site Consumer Load, then Ashland shall in accordance with section 15 and section 17.3 of this Agreement: (A) install metering on the On-Site Consumer Load, or (B) provide BPA hourly meter data of the On-Site Consumer Load on a monthly basis in a format specified by BPA.

Ashland shall provide notice to BPA of any significant changes to an On-Site Consumer Load amount as soon as practicable but no later than 60 calendar days after the change.

Ashland must ensure that the Consumer-Owned Resources do not cause negative flow through Ashland's Point of Delivery behind which the resource is located. If negative flow occurs, then BPA shall pass through and Ashland shall pay any costs assessed to BPA resulting from such flow.

3.6.4 **Application of Consumer-Owned Resources Serving Load Other than On-Site Consumer Load**
Ashland shall ensure that power generated from Consumer-Owned Resources listed in section 7.2 of Exhibit A, which serves load other

than On-Site Consumer Load, is scheduled for delivery and: (1) sold to another utility in the Region to serve its Total Retail Load, (2) used by Ashland to serve its Total Retail Load (consistent with section 3.3), (3) marketed as an export, or (4) any combination of (1), (2), and (3) above.

3.6.5 **Application of Consumer-Owned Resources Serving Both On-Site Consumer Load and Load Other than On-Site Consumer Load**
If Ashland designates a Consumer-Owned Resource to serve both On-Site Consumer Load and load other than On-Site Consumer Load, then Ashland shall select either Option A or Option B below.

3.6.5.1 **Option A: Maximum Consumer-Owned Resource Amounts Serving On-Site Consumer Load**
If Ashland selects this Option A, then Ashland shall specify, in section 7.3 of Exhibit A, the maximum hourly amounts of an identified On-Site Consumer Load that are to be served with power generated by an identified Consumer-Owned Resource. Such amounts shall be specified as Diurnal megawatt amounts, by month, and shall apply in all years for the term of this Agreement. Such amounts are not subject to change in accordance with section 3.6.6.

On any hour that the On-Site Consumer Load is less than or equal to the specified maximum hourly amounts, all such On-Site Consumer Load shall be served by Ashland with the identified Consumer-Owned Resource or with power other than Firm Requirements Power. Any hourly amounts of the identified On-Site Consumer Load greater than the specified maximum hourly amounts will be served with Firm Requirements Power. Any power generated from the identified Consumer-Owned Resource greater than the specified maximum hourly amounts will be applied to load other than On-Site Consumer Load in accordance with section 3.6.4.

3.6.5.2 **Option B: Maximum Firm Requirements Power Serving On-Site Consumer Load**
If Ashland selects this Option B, then Ashland shall specify, in section 7.3 of Exhibit A, the maximum hourly amounts of an identified On-Site Consumer Load that are to be served with Firm Requirements Power. Such amounts shall be specified as Diurnal megawatt amounts, by month, and shall apply in all years for the term of this Agreement. Such amounts are not subject to change in accordance with section 3.6.6.

On any hour that On-Site Consumer Load is less or equal to the specified maximum hourly amounts, all such On-Site Consumer Load shall be served with Firm Requirements

Power. Ashland shall serve any hourly amounts of the identified On-Site Consumer Load greater than the specified maximum hourly amounts with power generated by the identified Consumer-Owned Resource or with power other than Firm Requirements Power. Any power generated from the identified Consumer-Owned Resource greater than the amounts required to be used to serve the On-Site Consumer Load shall be applied to load other than On-Site Consumer Load in accordance with section 3.6.4.

3.6.6 **Changes to Consumer-Owned Resources**
Prior to each Fiscal Year Ashland shall notify BPA in writing of any changes in ownership, expected resource output, or other characteristic of Consumer-Owned Resources identified in section 7 of Exhibit A. If a Consumer-Owned Resource has permanently ceased operation and Ashland notifies BPA of such cessation, then BPA shall revise section 7 of Exhibit A to reflect such change as long as BPA agrees the determination is reasonable.

3.6.7 **Application of Consumer-Owned Resources Serving a Planned NLSL or NLSL**
If Ashland is serving a Planned NLSL or an NLSL with Consumer-Owned Resource amounts pursuant to section 20.3 and section 1 of Exhibit D, then BPA shall list such resources in section 7.4 of Exhibit A. Requirements for Ashland's application of Consumer-Owned Resources serving Planned NLSLs and NLSL are included in section 20.3 and section 1 of Exhibit D.

3.6.8 **Data Requirements for Consumer-Owned Resources**
Ashland shall meter all Consumer-Owned Resources listed in section 7 of Exhibit A and shall provide such meter data to BPA pursuant to section 17.3.

3.7 **Hourly Dedicated Resource Schedule**
By June 30 of each Rate Case Year, Ashland shall provide BPA an hourly schedule(s), in whole megawatt amounts consistent with section 3.7.3 and in the format described in section 3.7.2, for its Dedicated Resources with amounts in each hour, calculated pursuant to section 3.7.1, for each year of the upcoming Rate Period ("Submitted Schedule"). Ashland shall schedule such hourly amounts to its Total Retail Load consistent with section 13.

3.7.1 **Schedule Amounts**
The amounts in the Submitted Schedule shall equal the monthly and Diurnal amounts for each Dedicated Resource listed in the tables in sections 2 and 3 of Exhibit A except for those Specified Resources applied to Ashland's Tier 1 Allowance Amount, those Existing Resources that are Dispatchable Resources, and those Specified Resources supported with RSS. The hourly amounts in the Submitted Schedule shall be determined in accordance with section 3.4.4.

If the amounts in the Submitted Schedule change in accordance with section 3.5, then Ashland shall send BPA a revised Submitted Schedule including the updated amounts within five Business Days of such amounts being updated in Exhibit A.

3.7.2 **Schedule Format**
Ashland shall provide the Submitted Schedule to BPA electronically in a comma-separated-value (csv) format with the time/date stamp in the first column and load amounts, with units of measurement specified, in the following column.

3.7.3 **Whole Megawatt Amounts**
If Ashland's Submitted Schedule would otherwise have amounts in fractional megawatts-per-hour, then Ashland shall vary its hourly amounts by one megawatt in some hours so that over the course of the applicable month the amounts as scheduled in whole megawatts sum to the appropriate total.

3.8 **Transfer of Renewable Energy Certificates**
BPA shall provide any applicable Renewable Energy Certificates (RECs), emission accounting information, and non-emitting generation accounting information to Ashland in accordance with Exhibit H.

4. THIS SECTION INTENTIONALLY LEFT BLANK

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6. PUBLIC RATE DESIGN METHODOLOGY

6.1 The PRDM applies for the term of this Agreement. BPA shall apply the PRDM in accordance with its terms, which govern BPA's establishment, review and revision of Priority Firm Power (PF) rates pursuant to Section 7(i) of the Northwest Power Act for Firm Requirements Power sold under this Agreement.

6.2 The recitation of language from the PRDM in this Agreement does not incorporate such language into this Agreement. BPA may only revise the PRDM's language in accordance with the requirements of PRDM chapter 9. If BPA revises the language of the PRDM, then BPA will unilaterally amend this Agreement to accordingly modify any such language recited in this Agreement.

6.3 Any disputes over the meaning of the PRDM or rates, including whether BPA is adhering to its obligation under the PRDM to revise the PRDM only in accordance with the PRDM chapter 9, or whether the Administrator is correctly implementing the PRDM or rates, including but not limited to matters of whether the Administrator is correctly interpreting, applying, and otherwise adhering or conforming to the PRDM or rate, shall (1) be resolved pursuant to any applicable procedures set forth in the PRDM; (2) if resolved by the Administrator as part of a proceeding under Section 7(i) of the Northwest Power Act, be reviewable as part of the United States Court of Appeals for the Ninth Circuit's review under Section 9(e)(5) of the Northwest Power Act of the rates or rate matters determined in such Section 7(i) proceeding (after FERC final confirmation and approval, and subject to any further review by the United States Supreme Court); and (3) if resolved by the Administrator outside such a Section 7(i) Process and such decision is a final action, be reviewable by the United States Court of Appeals for the Ninth Circuit under Section 9(e)(5) of the Northwest Power Act (subject to any further review by the United States Supreme Court). The remedies available to Ashland through such judicial review shall be Ashland's sole and exclusive remedy for such disputes.

6.4 BPA shall not publish a Federal Register Notice regarding BPA rates or the PRDM that prohibits, limits, or restricts Ashland's right to submit testimony or brief issues on rate matters regarding the meaning or implementation of the PRDM or establishment of BPA rates pursuant to the PRDM. For purposes of BPA's conformance to this paragraph, a "rate matter" shall not include budgetary and program level issues, or any other matter unrelated to the PRDM or the establishment of rates pursuant to the PRDM.

7. CONTRACT HIGH WATER MARKS

By September 30, 2026, BPA shall establish Ashland's CHWM in the FY 2026 CHWM Calculation Process and revise Exhibit B to state Ashland's CHWM. Once established, BPA may only adjust Ashland's CHWM as permitted pursuant to Exhibit B. After any adjustment, BPA shall revise Exhibit B to state Ashland's adjusted CHWM.

8. APPLICABLE RATES

Purchases under this Agreement are subject to the following rate schedules, or their successors: Priority Firm Power (PF), including Tier 1 Rates and Tier 2 Rates, New Resource Firm Power (NR), and Firm Power and Surplus Products and Services (FPS), as applicable. Billing determinants for any purchases will be included in each rate schedule. Power purchases and services sold under this Agreement are subject to the applicable rates and charges in BPA's Power Rate Schedules, established in accordance with the PRDM, as applicable, and its GRSPs (or their successors) established during a 7(i) Process. Ashland may incur additional charges as established in the applicable 7(i) Process, and as provided in the Power Rate Schedules and GRSPs, including the Unauthorized Increase Charge or its successors.

8.1 Applicability of Tier 1 and Tier 2 Rates

BPA shall establish PF rates that include rate schedules for purchase amounts at Tier 1 Rates and purchase amounts at Tier 2 Rates. Tier 1 Rates and Tier 2 Rates shall apply to Ashland's purchases as follows:

(1) Tier 1 Rates shall apply to Firm Requirements Power that Ashland purchases under this Agreement, less: (A) amounts of Firm

Requirements Power priced at Tier 2 Rates elected by Ashland in section 2 of Exhibit C, (B) amounts of Firm Requirements Power priced at the NR or other applicable 7(f) rate purchased for Planned NLSLs and NLSLs pursuant to Exhibit D, and (C) amounts of Firm Requirements Power priced at any other applicable 7(f) rate not limited to either (A) or (B).

(2) Tier 2 Rates shall apply to such planned annual amounts of Firm Requirements Power that Ashland elects to purchase to serve its Above-CHWM Load, pursuant to Exhibit C, that remain after applying Ashland's New Resources.

9. ELECTIONS TO PURCHASE POWER PRICED AT TIER 2 RATES

9.1 **Tier 2 Rate Alternatives**
Subject to the requirements of this section 9 and Exhibit C, and pursuant to the PRDM, Ashland shall have the right to purchase Firm Requirements Power at a Tier 2 Long-Term Rate, Tier 2 Short-Term Rate, and Tier 2 Vintage Rate.

9.2 **Above-CHWM Load Service Options and Tier 2 Rate Elections**
BPA shall calculate Ashland's Above-CHWM Load in the Above-CHWM Load Process ahead of each Rate Period.

Ashland has the option to serve its Above-CHWM Load with: (1) Firm Requirements Power purchased from BPA at a Tier 2 Rate or rates, (2) Dedicated Resources, or (3) a specific combination of both (1) and (2).

Within 60 calendar days after BPA publishes, to its publicly available website, Ashland's final CHWMs from the FY 2026 CHWM Calculation Process, Ashland shall determine and provide written notice to BPA of its Above-CHWM Load service election, including its election to purchase Firm Requirements Power at Tier 2 Rates, consistent with section 2.1 of Exhibit C.

BPA shall update Exhibit C to state Ashland's Tier 2 Rate purchase elections and the amount of its purchase obligation of Firm Requirements Power at Tier 2 Rates.

9.3 **Amounts of Tier 2 Flat Across All Hours**
Amounts of Firm Requirements Power sold by BPA at Tier 2 Rates and purchased by Ashland shall be equal in all hours of the year.

10. TIER 2 REMARKETING AND RESOURCE REMOVAL
Under this section 10, Ashland does not have temporary resource removal or remarketing rights for its Dedicated Resources in Exhibit A added pursuant to section 3.5.4 or section 3.5.8 of the Agreement. In addition, under this section 10, Ashland does not have temporary resource removal or remarketing rights for any Dedicated Resource amounts or amounts of Firm Requirements Power purchased at Tier 2 Rates that would otherwise be eligible for removal or remarketing due to the

addition of resources under section 3.5.4. Any BPA remarketing of Tier 2 Vintage Rate purchase obligation amounts under this section 10 is subject to section 2.5.6 of Exhibit C.

10.1 **New Resource Removal and Remarketing of Tier 2 Rate Purchase Obligation Amounts for Each Rate Period**

If Ashland's Above-CHWM Load as forecasted for each Fiscal Year of an upcoming Rate Period is less than the sum of: (1) Ashland's New Resource amounts serving its Above-CHWM Load, as stated in Exhibit A, and (2) Tier 2 Rate purchase obligation amounts, as stated in Exhibit C, then, except as permitted in sections 10.1.3 and 10.1.4 below and in the following order:

(1) Ashland shall temporarily remove its eligible New Resource amounts, and

(2) BPA shall remarket Ashland's Tier 2 Rate purchase obligation amounts.

Any removal of eligible New Resource amounts or remarketing of Tier 2 Rate purchase obligation amounts shall apply until either: (1) the removed New Resource amounts plus the remarketed Tier 2 Rate purchase obligation amounts equal the amount by which Ashland's New Resource amounts plus its Tier 2 Rate purchase obligation amounts exceed its Above-CHWM Load, or (2) all of Ashland's New Resources are removed and all of its Tier 2 Rate purchase obligation amounts are remarketed.

10.1.1 If Ashland has more than one New Resource, then by October 31 of each Rate Case Year, Ashland shall notify BPA of the order and associated amounts of Ashland's New Resources that Ashland shall remove for each Fiscal Year in the upcoming Rate Period to the extent necessary to comply with this section 10.1.

10.1.2 If Ashland fails to notify BPA in accordance with section 10.1.1, then BPA shall determine the order and associated amounts of Ashland's New Resource removal for each Fiscal Year in the upcoming Rate Period to comply with section 10.1.

10.1.3 If compliance with the requirements of section 10.1 would cause Ashland to remove part or all of any New Resource amounts that Ashland uses to fulfill a state or federal renewable resource standard or other comparable legal obligation, then by October 31 of each Rate Case Year Ashland may request for BPA to remarket the same amount of Tier 2 Rate purchase obligation amounts until all of Ashland's Tier 2 Rate purchase obligation amounts are remarketed. Following such remarketing, Ashland may either temporarily remove New Resources applied to the Tier 1 Allowance Amount or Existing Resources to the extent necessary to comply with section 10.1, provided that the hourly, monthly, and Diurnal amounts removed shall be equal to the hourly, monthly, and Diurnal amounts provided by the New Resources that Ashland would have otherwise been obligated to remove.

10.1.4 If: (1) Ashland made an election under section 2.1(3) or section 2.1(4) of Exhibit C to serve all or a portion of its Above-CHWM Load using the flexible option, (2) Ashland has both New Resource amounts and Tier 2 Vintage Rate purchase obligation amounts for serving such Above-CHWM Load, and (3) compliance with the requirements of section 10.1 would cause Ashland to remove part or all of its New Resource amounts, then Ashland may request for BPA to first remarket the Tier 2 Vintage Rate purchase obligation amounts until all of Ashland's Tier 2 Vintage Rate purchase obligation amounts are remarketed before removing any New Resource amounts.

10.2 **Partial Resource Removal**
When only a portion of an eligible Dedicated Resource is removed pursuant to section 10.1 above, such resources shall be removed proportionally to maintain the same annual shape for the resource as established in Exhibit A.

10.3 **Responsibilities for Remarketing Tier 2 Rate Purchase Obligation Amounts and Disposition of Dedicated Resource**
Ashland shall be subject to applicable charges or credits, as established in a 7(i) Process, associated with BPA's remarketing of Tier 2 Rate purchase obligation amounts of Firm Requirements Power.

Except as specified in section 10.4 below, Ashland shall be responsible for the disposition of any amounts of its Dedicated Resources, whether Specified Resources or Committed Power Purchase Amounts that are removed or reduced pursuant to this Agreement.

10.4 **Removal of Resources Taking RSS**
If Ashland purchases RSS for any New Resources that are partially or entirely removed pursuant to sections 10.1 or 10.2 above, then the following shall apply:

10.4.1 Ashland shall continue to supply the entire amount of any such resources consistent with applicable provisions stated in Exhibit J.

10.4.2 BPA shall remarket the amounts of any such resources that are removed pursuant to section 10.1 in the same manner BPA remarkets Tier 2 Rate purchase obligation amounts in section 10.3. BPA shall revise Exhibit A to identify the amounts of any such resources that are removed. BPA shall continue to provide RSS in accordance with applicable provisions in Exhibit J to any amounts of such resources that remain in Exhibit A after resource removal.

11. RIGHT TO CHANGE PURCHASE OBLIGATION

11.1 **One-Time Right to Change Purchase Obligation**
Under this Agreement Ashland shall have a one-time right to request a change in its purchase obligation, identified in section 3, to another purchase obligation available from BPA, including Annual Flat Block, Diurnally Shaped Monthly Block, Flat Monthly Block, Flat Monthly Block with 10 Percent Shaping Capacity, Flat Monthly Block with Peak Net Requirement (PNR) Shaping Capacity, Flat Monthly Block with Peak Net Requirement (PNR) Shaping Capacity with Peak Load Variance Service (PLVS), or Slice/Block, if available.

Unless otherwise agreed by the Parties, any Ashland Above-CHWM Load service elections, Dedicated Resource additions, and other elections made under this Agreement prior to the notice made under section 11.2 shall continue to be applicable under the new purchase obligation, provided that BPA may update such terms and conditions consistent with the then-current terms of the new purchase obligation, and additional costs may apply for service under Ashland's new purchase obligation as described in section 11.6.

11.2 **Notice and Conditions to Change Purchase Obligation and to Join a JOE**
Written notices sent under this section 11.2 must comply with section 1 of Exhibit I. The following sections 11.2.2, 11.2.3 and 11.2.4 shall be in accordance with Section 5(b)(7) of the Northwest Power Act.

11.2.1 **Notice of Change to Purchase Obligation**
No sooner than October 1, 2028, Ashland may provide written notice to BPA to request a change to its purchase obligation pursuant to section 11.1 above. Such notice to BPA must be at least three years prior to the start of the Rate Period the purchase obligation change would be effective. Ashland's notice shall state: (1) the purchase obligation request, and (2) the Rate Period Ashland requests the change to be effective. The latest date that Ashland may provide notice to request a change to its purchase obligation is September 30, 2037 for a purchase obligation change effective on October 1, 2040.

11.2.2 **Joining a JOE For Service Effective October 1, 2028**
If Ashland requests to join a JOE for service under the JOE's CHWM Contract effective October 1, 2028, then Ashland's written notice to BPA to request to assign its contract to the JOE must be received no later than June 30, 2027, regardless of Ashland's and the JOE's purchase obligations. Receiving service under the JOE CHWM Contract will not constitute a change to Ashland's purchase obligation under this section 11.

11.2.3 **If Customer and JOE Have Same Purchase Obligation**
After June 30, 2027, if the BPA-JOE CHWM Contract and Ashland have the same purchase obligation when Ashland requests to join the

JOE, then Ashland's written notice to BPA to request to assign its contract to the JOE must be received no later than June 30 of a Forecast Year for power sales under the BPA-JOE CHWM Contract to begin at the start of the following Rate Period.

11.2.4 **If Customer and JOE Have Different Purchase Obligations**
After June 30, 2027, if the BPA-JOE CHWM Contract and Ashland have different purchase obligations, including different Block purchase obligations, when Ashland requests to join the JOE, then Ashland's written notice to BPA to request to assign its contract to the JOE must be received no later than three years prior to when power sales under the BPA-JOE CHWM Contract will begin at the start of the subsequent Rate Period.

11.3 **Limitations Due to Total Monthly Peak Load Increase**
After receiving Ashland's notice under section 11.2, BPA shall evaluate the impact of Ashland's request on BPA's forecast of its total monthly peak load obligation relative to BPA's most recent forecast of its total monthly Qualified Capacity Contribution (QCC) values, or successor capacity requirements as determined by BPA, for the first Fiscal Year the purchase obligation change would become effective. As part of such evaluation BPA will assess the change to monthly QCC made by (1) a change to Ashland's purchase obligation, and (2) the peak amounts of Ashland's Dedicated Resource(s) as stated in Exhibit A.

If after its evaluation BPA determines that Ashland's request to change its purchase obligation would increase BPA's total monthly peak load obligation relative to BPA's change in QCC forecast in any one month, then BPA may:

(1) approve Ashland's request and directly assign any costs as stated in section 11.6 below; or

(2) approve Ashland's request without directly assigning such costs; or

(3) deny Ashland's request to change its purchase obligation.

If BPA receives multiple requests from customers to change their purchase obligations and such changes would be effective at the beginning of the same Rate Period, then BPA shall evaluate the impact of Ashland's purchase obligation request together with all requesting customers' to assess the aggregate impact of all such purchase obligation change requests. If BPA determines that such requests would increase BPA's total monthly peak load obligation, in relationship to the change in BPA's QCC forecast in any one month, then in addition to options (1), (2), or (3) above, BPA may:

(4) approve Ashland's request but defer the date on which Ashland's new purchase obligation change would become effective to the start of a subsequent Rate Period.

If BPA determines after its evaluation that the purchase obligation change(s) would not increase BPA's total monthly peak load obligation, in relationship to the change in BPA's QCC forecast, then BPA may approve Ashland's request to change its purchase obligation.

BPA will not withhold its approval of Ashland's request except under reasonable circumstances, including but not limited to securing the transmission and metering sufficient to deliver the applicable product.

BPA shall provide customers with an opportunity to comment on any customer's request to change its purchase obligation.

11.4 **Restrictions**
If, during the term of this Agreement, all customer purchases of the Slice/Block Product become reduced to zero percent, then BPA will retire the Slice/Block Product as a purchase obligation option under this Agreement. After such retirement, Ashland's right to change its purchase obligation will be limited to the Load Following or Block options as outlined in sections 3.1 and 11.1.

11.5 **Changes to Block Purchase Obligation**
If Ashland requests and BPA completes a change from one Block purchase obligation to a different Block purchase obligation as outlined in section 1 of Exhibit C, then Ashland will have exercised their one-time right to change its purchase obligation as stated above in section 11.1.

11.6 **Charges to Change Purchase Obligation**
In addition to the limitations established in sections 11.1, 11.2 and 11.3 above, (1) Ashland shall be responsible for fulfilling all rights, obligations, and liabilities associated with its prior purchase obligation, and (2) Ashland may be subject to charges, in addition to the rates for the new service, as a result of changing its purchase obligation. Such additional charges shall recover all additional costs that: (1) will be incurred by BPA to serve Ashland under its new purchase obligation compared to its existing purchase obligation, and (2) would otherwise result in a rate impact on all other customers receiving service under a CHWM Contract. If Ashland makes a request to change its purchase obligation, then BPA shall notify Ashland of any such additional charges. BPA shall not be required to make a payment to Ashland as a result of Ashland changing its purchase obligation.

11.7 **Change Confirmation**
Within 30 calendar days of BPA's presentation to Ashland of the additional charges determined in section 11.6, and Ashland's maximum Slice Percentage calculated pursuant to section 11.9, if applicable, Ashland shall provide BPA with written notice whether it will proceed with its request to change its purchase obligation.

11.8 **Amendment to Reflect New Purchase Obligation**
Following Ashland's confirmation of its decision to change its purchase obligation, the Parties shall amend this Agreement to replace the terms of Ashland's current purchase obligation with the terms of the new purchase obligation.

11.9 **Available Slice Product and Slice Percentage**
The total Firm Slice Amount BPA offers to all customers purchasing the Slice/Block Product shall not exceed 25 percent of the sum of CHWMs established in the FY 2026 CHWM Process. If Ashland requests to change to the Slice/Block Product, then BPA shall calculate Ashland's amount of available Slice Product for changes to the Slice/Block Product as follows:

(1) BPA shall calculate the total amount of available Slice Product in Average Megawatts for purchase by all customers requesting a change to the Slice/Block Product by subtracting (A) the sum of Slice Customers' CHWMs multiplied by 50 percent, from (B) 25 percent of the sum of initial CHWMs established in the FY 2026 CHWM Process.

Expressed as a formula:

Available Slice Product = (25% (sum of initial FY 2026 CHWMs)) – (50% (Slice Customers' CHMW))

BPA shall compare the amount of available Slice Product to 50 percent of the sum of initial CHWMs for all customers requesting a change to the Slice/Block Product to determine the maximum Slice Percentage BPA shall offer to Ashland.

(2) If the available Slice Product calculated pursuant to section 11.9(1) above is equal to or exceeds 50 percent of the sum of CHWMs for all customers requesting a change to Slice/Block Product, then BPA shall not limit the request.

BPA shall notify Ashland of the available amounts of Slice Product available in accordance with section 11.7. Ashland shall provide a change confirmation to BPA pursuant to section 11.7. Ashland's Slice Percentage in each Fiscal Year shall be calculated pursuant to section 5.3.

(3) If the available Slice Product calculated pursuant to section 11.9(1) is less than 50 percent of the sum of CHWMs for all customers requesting a change to the Slice/Block Product, then BPA shall limit the maximum Slice Percentage of those customers requesting a change to Slice/Block Product on a pro rata basis.

BPA shall notify Ashland of the amounts of Slice Product and Ashland shall provide BPA with a change confirmation pursuant to section 11.7. Ashland's Slice Percentage in each Fiscal Year shall be calculated pursuant to section 5.3.

If the amount of available Slice Product increases in the future, then BPA, in its sole discretion, may offer Slice Customers with a maximum Slice Percentage that was reduced under section 11.9(3) to less than 50 percent of its CHWM, a pro rata adjustment to increase the maximum Slice Percentage, not to exceed 50 percent of its CHWM.

If BPA determines it will offer an increase under this section 11.9(3), then BPA shall notify such Slice Customers of a potential increase to available Slice Product within 30 calendar days of BPA's receipt of a customer notice pursuant to section 11.2. BPA shall notify such Slice Customers of an actual increase to available Slice Product within 30 calendar days of BPA's receipt of change confirmation, confirming a customer request to leave the Slice/Block Product, that increases available Slice Product pursuant to section 11.7. BPA will identify the Rate Period in which the maximum Slice Percentage will be effective following BPAs receipt of a change confirmation.

BPA may offer the pro rata increase to such Slice Customers without consideration of the effective date of the respective Slice Customer purchase obligation changes to the Slice/Block Product.

12. BILLING CREDITS AND RESIDENTIAL EXCHANGE

12.1 Billing Credits

If Ashland develops a Generating Resource or engages in conservation activities independently undertaken to serve its loads, then Ashland agrees that it shall forego any request for, and BPA is not obligated to include, billing credits, as defined in Section 6(h) of the Northwest Power Act, on Ashland's bills under this Agreement. This section does not apply to any billing credit contracts in effect as of the Effective Date.

12.2 Residential Exchange

During the term of this Agreement, Ashland agrees it will not seek and shall not receive residential exchange benefits pursuant to Section 5(c) of the Northwest Power Act. Ashland's agreement in this section 12.2 is a material precondition to BPA offering and executing this Agreement.

13. SCHEDULING

From October 1, 2028, through September 30, 2044, Power Services shall provide and Ashland shall purchase Transmission Scheduling Service. The Parties shall administer Ashland's Transmission Scheduling Service consistent with Exhibit F.

14. DELIVERY

14.1 Definitions

14.1.1 "Primary Points of Receipt" means the points on the Region's transmission system where Firm Requirements Power is forecasted to be made available by Power Services to Ashland for purposes of obtaining a long-term firm transmission contract.

14.1.2 "Scheduling Points of Receipt" means the points on the Region's transmission system where Firm Requirements Power is made available by Power Services to Ashland for purposes of acquiring transmission service and transmission scheduling.

14.2 Transmission Service

14.2.1 Ashland is responsible for acquiring transmission service to deliver power from the Scheduling Points of Receipt, subject to the provisions included in section 14.6.

14.2.2 Ashland shall provide at least 180 days' notice to Power Services prior to changing Balancing Authority Areas.

14.2.3 At Ashland's request, Power Services shall provide Ashland with Primary Points of Receipt and other information needed to enable Ashland to acquire long-term firm transmission for delivery of power sold under this Agreement. If required by a transmission provider for purposes of transmission scheduling, then Power Services shall provide Ashland with Scheduling Points of Receipt. Power Services has the right to provide power to Ashland at Scheduling Points of Receipt that are different than the Primary Points of Receipt. If BPA does provide power to Ashland at Scheduling Points of Receipt that are different than the Primary Points of Receipt, then BPA shall reimburse Ashland for any incremental, direct, non-administrative costs incurred by Ashland to comply with delivering Firm Requirements Power from such Scheduling Points of Receipt to Ashland's load if the following conditions, as outlined in (1) or (2) below, have been met:

(1) If Ashland has long-term Point to Point (PTP) Transmission Service (as defined in BPA's Open Access Transmission Tariff or its successor) for delivery of Firm Requirements Power to its load:

(A) Ashland has requested long-term firm transmission service to deliver its Firm Requirements Power using the Primary Points of Receipt and other information provided by Power Services; and

(B) Ashland has submitted a request to redirect its long-term firm PTP Transmission Service to deliver Firm Requirements Power and Surplus Firm Power from the Scheduling Point of Receipt on a firm basis, but that request was not granted; and

(C) Ashland's transmission schedule was curtailed due to non-firm status under PTP Transmission Service or Ashland can provide proof of the reimbursable costs incurred to replace the curtailed schedule.

(2) If Ashland has long-term Network Integration Transmission Service (as defined in BPA's Open Access Transmission Tariff or its successor) for delivery of Firm Requirements Power to its load:

(A) Ashland has requested long-term firm transmission service to deliver its Firm Requirements Power using the Primary Points of Receipt and other information provided by Power Services; and

(B) Ashland's transmission schedule was curtailed due to non-firm status under its secondary service status and Ashland can provide proof of the reimbursable costs incurred to replace the curtailed schedule.

14.3 **Liability for Delivery**
Ashland waives any claims against BPA arising under this Agreement for non-delivery of power to any points beyond the applicable Scheduling Points of Receipt, except for reimbursement of costs as described in section 14.2.3. BPA shall not be liable under this Agreement for any third-party claims related to the delivery of power after it leaves the Scheduling Points of Receipt. Neither Party shall be liable under this Agreement to the other Party for damage that results from any sudden, unexpected, changed, or abnormal electrical condition occurring in or on any electric system, regardless of ownership. These limitations on liability apply regardless of whether or not this Agreement provides for Transfer Service.

14.4 **Real Power Losses**
BPA is responsible for the real power losses necessary to deliver Firm Requirements Power and Surplus Firm Power to Ashland's PODs listed in Exhibit E.

14.5 **Metering Losses**
BPA shall adjust measured amounts of power to account for metering losses, if any, that occur between Ashland's PODs and the respective POMs, as specified in Exhibit E.

14.6 **Delivery by Transfer**

Subject to the limitations in this section, BPA agrees to acquire and pay for Transfer Service assessed by the Third-Party Transmission Provider to deliver Firm Requirements Power and Surplus Firm Power to Ashland's Transfer Service PODs, as listed in Exhibit E, in an amount not to exceed Ashland's Total Retail Load on an hourly basis.

BPA and Ashland will coordinate: (1) to ensure that Ashland's relevant characteristics and plans are communicated to the Third-Party Transmission Provider, (2) to confirm that Ashland is aware of relevant details of the Transfer Service it acquires to serve Ashland's load, and (3) to resolve any issues Ashland may have related to the Transfer Service BPA acquires to serve the load.

BPA shall pass through to Ashland the cost of Transfer Service assessed by the Third-Party Transmission Provider for power sold at the NR Rate, including ancillary services and real power losses, in accordance with any applicable BPA Power Rate Schedules and GRSPs.

14.6.1 **Ancillary Services**

BPA shall acquire and pay for ancillary services charged by a Third-Party Transmission Provider needed to deliver Firm Requirements Power and Surplus Firm Power to Ashland's Transfer Service PODs listed in Exhibit E.

If at any time Ashland is not purchasing a specific ancillary service from Transmission Services to deliver Firm Requirements Power and Surplus Firm Power to one or more of the PODs listed in Exhibit E, then Ashland shall pay Power Services any applicable charge(s) for such ancillary service to deliver power to the POD(s) in accordance with the applicable BPA Power Rate Schedules and GRSPs.

14.6.2 **Low Voltage Delivery**

Low voltage delivery is transmission service over the Low Voltage Segment by any Third-Party Transmission Provider's system. For low voltage delivery to identified PODs in Exhibit E, Ashland shall pay Power Services the applicable Transfer Service Delivery Charge rate, or its successor, consistent with the applicable BPA Power Rate Schedules and GRSPs. BPA shall pass through to Ashland any costs associated with delivery to identified PODs in Exhibit E over a Low Voltage Segment that is not subject to the Transfer Service Delivery Charge.

14.6.3 **Direct Assignment Costs**

Ashland shall pay BPA for all directly assigned costs consistent with: (1) Transmission Services' "BPA Facility Ownership and Cost Assignment Guidelines" or its successor, and (2) the "Supplemental Guidelines for Direct Assignment of Facilities Costs Incurred Under Transfer Agreements" under the applicable BPA Power Rate

Schedules and GRSPs. Such costs include but are not limited to: facility, system and generation interconnection study costs, construction costs, upgrade costs, and expansion costs, or other capital costs for facilities directly associated with service to any Ashland PODs assessed by the Third-Party Transmission Provider to BPA. BPA shall pass through to Ashland any credits received by BPA from the Third-Party Transmission Provider from the payment of such directly assigned costs.

14.6.4 **Penalties Assessed By the Third-Party Transmission Provider**
BPA has the right to pass through to Ashland any penalty charges assessed by the Third-Party Transmission Provider that are associated with BPA's acquisition of Transfer Service to the PODs identified in Exhibit E, except to the extent the penalty is a result of a BPA error. Such charges may include but are not limited to power factor penalties or excessive energy imbalance penalties.

14.6.5 **Removal of PODs**
BPA may terminate deliveries at a POD if Ashland consents to the termination or if the Parties determine that Ashland's requirements for power at such point may be adequately supplied under reasonable conditions and circumstances at different POD(s): (1) directly from the Federal Columbia River Transmission System, (2) indirectly from the facilities of another transmission owner/operator, or (3) both.

14.6.6 **Annexed Loads**
BPA shall arrange and pay for Transfer Service to serve Ashland's Annexed Load subject to the limitations in this section 14.6 and Exhibit G. Ashland shall provide BPA written notice of any Annexed Load acquired greater than one Average Megawatt as soon as possible, but no later than 180 days prior to the commencement of service to the Annexed Load. However, BPA's obligation to provide Transfer Service to Ashland's Annexed Load shall be limited as set forth in section 6.2.7 of BPA's Provider of Choice Policy, March 2024, as amended or revised.

14.6.7 **Non-Federal Deliveries**
Subject to the limitations in this section 14.6 and Exhibit G, BPA agrees to acquire and pay the Third-Party Transmission Provider for Transfer Service to deliver Transfer Service Eligible Resources to Ashland's Transfer Service PODs, as listed in Exhibit E, in an amount not to exceed Ashland's Total Retail Load on an hourly basis.

If Ashland has or is acquiring a Transfer Service Eligible Resource and Ashland has requested that BPA assist in the acquisition of transmission services for such resource, then the Parties shall revise section 7 of Exhibit J to include specific terms and conditions under which BPA will obtain Transfer Service on a Third-Party

Transmission Provider's system for delivery of that resource to Ashland's system.

14.6.7.1 BPA shall pass through to Ashland the cost of Transfer Service assessed by the Third-Party Transmission Provider for: (1) any service to a Planned NLSL or an NLSL pursuant to section 1 of Exhibit D where Ashland has elected to serve the NLSL with a Transfer Service Eligible Resource, regardless of the Delivery Plan for such resource, (2) any Transfer Service Eligible Resource serving a portion of Ashland's Total Retail Load that Ashland is obligated to serve with BPA-provided electric power pursuant to this Agreement, or (3) any Transfer Service Eligible Resource that Ashland is not acquiring and paying for transmission service from Transmission Services for such Transfer Service Eligible Resource.

14.6.7.2 Ashland shall notify BPA if it intends to acquire any new non-federal resources serving Ashland's Transfer Service PODs with a nameplate capability under 1 MW. If BPA notifies Ashland that the new non-federal resource is subject to requirements from the Third-Party Transmission Provider, then such resource shall be treated as a Transfer Service Eligible Resource and subject to the requirements in this section 14.6.7 and Exhibit G. BPA may require metering and scheduling for any such non-federal resources consistent with the metering and scheduling requirements for Dedicated Resources.

14.6.8 **Unavailability of Transmission Service**

14.6.8.1 BPA shall acquire and pay for Ashland's firm Transfer Service when firm transmission is available. If a Third-Party Transmission Provider: (1) has indicated that long-term firm transmission service necessary to deliver power to any portion of Ashland's load served by Transfer Service is unavailable and (2) identifies upgrades that are necessary to deliver power to Ashland on firm transmission to such load on a long-term basis, then BPA shall attempt to acquire non-firm transmission, or other mutually agreed to interim solution, from the Third-Party Transmission Provider to serve Ashland's load on an interim basis until the identified upgrades are completed and firm transmission is available.

(1) If a Third-Party Transmission Provider has indicated that neither firm nor non-firm transmission service necessary to deliver power to any portion of Ashland's load served by Transfer Service is available, then (A) BPA shall have no obligation to deliver power under this Agreement to serve

such load until that Third-Party Transmission Provider is able to provide transmission service and (B) Ashland shall not continue forward to serve the load in excess of available transmission service from that Third-Party Transmission Provider.

(2) If a Third-Party Transmission Provider identifies upgrades necessary to deliver power on firm transmission to any portion of Ashland's load served by Transfer Service on a long-term basis and Ashland declines to pay any costs or deposits that the Third-Party Transmission Provider requires to proceed with the upgrades consistent with section 14.6.3, then (A) BPA shall have no obligation to deliver power under this Agreement to serve such load, and (B) Ashland shall not continue forward to serve the load in excess of available transmission service from that Third-Party Transmission Provider.

(3) Notwithstanding the above, if a Third-Party Transmission Provider has determined transmission service is unavailable and Ashland continues forward to serve the load in excess of the available transmission service, then BPA shall pass through to Ashland any charges related to transmission service to Ashland's load that the Third-Party Transmission Provider has indicated is unavailable.

14.6.8.2 Prior to any deliveries to any portion of Ashland's load served by Transfer Service using non-firm transmission or other mutually agreed to interim solution, pursuant to this section 14.6.8, BPA will inform Ashland of the terms of service associated with such non-firm transmission arrangements, or other mutually agreed to interim solution, and the Parties shall include such terms in Exhibit D.

14.6.8.3 BPA shall not be liable for any damages incurred by Ashland associated with the Third-Party Transmission Provider's inability to provide firm or non-firm transmission, BPA's inability to acquire transmission service, curtailment of non-firm transmission service, or unserved load.

14.6.9 **Changes to Ashland's Third-Party Transmission Provider Transmission Needs**
As soon as possible, Ashland shall notify and coordinate with BPA for any significant anticipated changes that would require Ashland to need additional transmission from a Third-Party Transmission Provider. In the event that multiple customers require and request capacity on any portion of the Third-Party Transmission Provider

system, BPA shall address requests, including those in section 14.6.8, on a first come first served basis.

If Ashland fails to notify and coordinate with BPA for any transmission needs greater than one megawatt, then for up to five years, BPA, in its sole discretion, may pass through any Third-Party Transmission Provider costs, including the cost of Transfer Service, related to the transmission needs that Ashland failed to communicate.

14.6.10 If, during the term of this Agreement, Ashland becomes entirely directly-connected to BPA's transmission system and is served entirely without Transfer Service, then upon notification from BPA, this Agreement shall be amended to remove Transfer Service-related provisions, including the provisions of this section 14.6 and Exhibit G.

15. METERING

15.1 Measurement

By September 30, 2027, the Parties shall ensure that meters are installed on all PODs listed in Exhibit E, consistent with the requirements of this section 15. Unless otherwise stated in Exhibit E, the amount of power measured by such meters shall be used by BPA for billing purposes. If the Parties agree that metering is economically or technologically impractical, then:

(1) the Parties shall use scheduled amounts to measure the amount of power purchased if such power is scheduled into or out of Ashland's service territory; or

(2) the Parties shall use mutually acceptable load profiles to measure the amount of power purchased if such power is not scheduled; or

(3) the Parties shall use meter data provided by Ashland to BPA in a mutually agreed manner to measure the amount of power purchased.

If the metering equipment associated with the meters listed in Exhibit E fails to properly measure or record the interval readings, then BPA shall follow the Metering Usage Data Estimation Provision of BPA's applicable Power Rate Schedules and GRSPs to determine the appropriate billing adjustment.

The rights to locate meters and access facilities granted to BPA pursuant to this section 15 are subject to the terms of any applicable agreement between Ashland and Transmission Services addressing the location, cost responsibility, access, maintenance, testing, and liability of the Parties with respect to meters.

15.2 **BPA Owned Meters**
At BPA's expense, BPA shall operate, maintain, and replace, as necessary, all metering equipment owned by BPA that is needed to plan, schedule, and bill for Ashland's power needs under this Agreement consistent with Ashland's Network Operating Agreement, BPA's Metering Application Requirements, or their successors, or other agreements Ashland has with BPA. Ashland authorizes BPA to maintain and replace any BPA owned metering equipment on Ashland's facilities that is reasonably necessary to forecast, plan, schedule, and bill for power. With reasonable notice from BPA, and for the purpose of implementing this provision, Ashland shall grant BPA reasonable physical access to BPA owned meters at BPA's request, consistent with Ashland's Network Operating Agreement, BPA's Metering Application Requirements, or their successors, or other agreements Ashland has with BPA.

If, at any time, either Party determines that a BPA owned meter is defective or inaccurate, then BPA shall adjust, repair, or replace the meter to provide accurate metering as soon as practical consistent with Ashland's Network Operating Agreement, BPA's Metering Application Requirements, or their successors, or other agreements Ashland has with BPA. Ashland shall have the right to witness any meter tests conducted by BPA on BPA owned meters listed in Exhibit E. The exercise of such right shall be conducted consistent with the applicable requirements, if any, of Ashland's Network Operating Agreement, BPA's Metering Application Requirements, or their successors, or other agreements Ashland has with BPA.

15.3 **Non-BPA Owned Meters**

15.3.1 **Non-BPA Owned Meters Owned by Ashland**
At Ashland's expense, Ashland shall operate, maintain, and replace, as necessary, all non-BPA metering equipment owned by Ashland that is needed by BPA to forecast, plan, schedule, and bill for power for:

(1) points of interconnection between Ashland's system and parties other than BPA;

(2) all loads that require separate measurement for purposes of forecasting, planning, scheduling, or billing for power; and

(3) Generating Resources and Energy Storage Devices listed in Exhibit A and Exhibit J, respectively that are interconnected to Ashland's system.

For the purpose of inspection, Ashland shall grant BPA reasonable physical access to Ashland meters at BPA's request, consistent with Ashland's Network Operating Agreement, BPA's Metering Application Requirements, or their successors, or other agreements Ashland has with BPA.

If, at any time, BPA or Ashland determines that a Ashland owned meter listed in Exhibit E is defective or inaccurate, then Ashland shall adjust, repair, or replace the meter, or shall make commercially reasonable efforts to arrange for the completion of such actions, to provide accurate metering as soon as practical. BPA shall have the right to witness any meter tests conducted by Ashland on Ashland owned meters listed in Exhibit E. The exercise of such right shall be conducted consistent with the applicable requirements, if any, of Ashland's Network Operating Agreement, BPA's Metering Application Requirements, or their successors, or other agreements Ashland has with BPA.

15.3.2 **Non-BPA Owned Meters Not Owned by Ashland**
For non-BPA owned meters not owned by Ashland, and excluding such in section 15.3.3 below, needed by BPA to forecast, plan, schedule and bill for power under this Agreement, Ashland shall make commercially reasonable efforts to arrange with the owner(s) of such meters for the meters to be operated, maintained and replaced, as necessary, for the measurements described above in sections 15.3.1(1) and 15.3.1(2) and for any Generating Resources listed in Exhibit A and Energy Storage Devices listed in Exhibit J that require metering.

If, at any time, it is determined that a non-BPA owned meter not owned by Ashland listed in Exhibit E is defective or inaccurate, then Ashland shall make commercially reasonable efforts to arrange with the owner of the meter to adjust, repair, or replace the meter, to provide accurate metering as soon as practical. To the extent possible, BPA may witness any meter tests on non-BPA owned meters not owned by Ashland listed in Exhibit E, consistent with Ashland's Network Operating Agreement, BPA's Metering Application Requirements, or their successors, or other agreements Ashland has with BPA as well as any applicable agreements Ashland may have with the owner of the meter.

15.3.3 **Non-BPA Owned Meters Owned by a Third-Party Transmission Provider**
For non-BPA owned meters owned by a Third-Party Transmission Provider for which BPA holds a transmission contract for service to Ashland load, the metering arrangements shall be between BPA and the Third-Party Transmission Provider.

15.4 **New Meters**
A separate agreement addressing the location, cost responsibility, access, maintenance, testing, and liability of the Parties with respect to new meters shall be between Ashland and Transmission Services.

All new and replaced meters installed by either Party shall meet the American National Standard Institute standards and the Requirements for Instrument Transformers, or their replacement as specified in BPA's applicable metering procedures and requirements posted to BPA's publicly accessible metering services website as of the date of installation.

15.5 **Metering an NLSL**
In addition to the provisions contained in this section 15, any loads that are monitored by BPA for an NLSL determination and any NLSLs shall be metered pursuant to section 20.3.3.

15.6 **Metering Exhibit**
The Parties shall provide meter data to one another as specified in section 17.3. BPA shall list Ashland's PODs, POMs, Interchange Points, as applicable, and related information in Exhibit E.

16. BILLING AND PAYMENT

16.1 **Billing**
BPA shall electronically bill Ashland monthly for all products and services, including any charges and credits incurred, provided during the preceding month(s). However, if electronic transmittal of the bill is not possible, then BPA shall mail a physical copy of the bill to Ashland. BPA may send Ashland an estimated bill prior to a final bill and may send subsequent revisions if needed. The Issue Date is the date BPA sends the bill to Ashland.

16.2 **Payment**
Ashland shall pay all bills electronically in accordance with instructions on the bill. Payment of all bills, whether estimated or final, must be received by the 20th day after the Issue Date of the bill (Due Date). If the 20th day is a Saturday, Sunday, or federal holiday, then the Due Date is the next Business Day.

If Ashland has made payment on an estimated bill then:

(1) if the amount of the final bill exceeds the amount of the estimated bill, then Ashland shall pay BPA the difference between the estimated bill and final bill by the final bill's Due Date; or

(2) if the amount of the final bill is less than the amount of the estimated bill, then BPA shall pay Ashland the difference between the estimated bill and final bill by the 20th day after the final bill's Issue Date. If the 20th day is a Saturday, Sunday, or federal holiday, BPA shall pay the difference by the next Business Day.

16.3 **Late Payments**
If Ashland has not paid its bill in full by the Due Date, BPA shall apply a daily interest charge to any unpaid balance equal to the higher of:

(1) the Prime Rate (as reported in the Wall Street Journal or successor publication in the first issue published during the month in which payment was due) plus four percent, divided by 365; or

(2) the Prime Rate times 1.5, divided by 365.

16.4 **Failure to Pay**
If Ashland has not paid its bill in full by the Due Date, then BPA shall notify Ashland of nonpayment. Ashland shall have 45 calendar days after receipt of the written notice to cure its nonpayment by making payment in full. If Ashland does not provide full payment within the 45-day cure period, then BPA shall send an additional written notice of nonpayment to Ashland. Ashland shall then have three Business Days after receipt of the additional written notice to provide payment. If Ashland has not provided payment within three Business Days after receipt of the additional written notice and BPA determines in its sole discretion that Ashland is unable to make the payments owed, then BPA may terminate this Agreement pursuant to section 23. Written notices sent under this section 16.4 must comply with section 1 of Exhibit I.

16.5 **Disputed Bills**

16.5.1 If Ashland disputes any portion of a charge or credit on Ashland's estimated or final bills, Ashland shall provide written notice to BPA with a copy of the bill noting the disputed amounts. Notwithstanding whether any portion of the bill is in dispute, Ashland shall pay the entire bill by the Due Date. This section 16.5.1 does not allow Ashland to challenge the validity of any BPA rate.

16.5.2 Unpaid amounts on a bill (including both disputed and undisputed amounts) are subject to the late payment charges provided above. Notice of a disputed charge on a bill does not constitute BPA's agreement that a valid claim under contract law has been stated.

16.5.3 If the Parties agree, or if after a final determination of a dispute pursuant to section 19, Ashland is entitled to a refund of any portion of the disputed amount, then BPA shall make such refund with simple interest computed from the date of receipt of the disputed payment to the date the refund is made. The daily interest rate shall equal the Prime Rate (as reported in the Wall Street Journal or successor publication in the first issue published during the month in which payment was due) divided by 365.

17. INFORMATION EXCHANGE AND CONFIDENTIALITY

17.1 **General Requirements**
Upon request, each Party shall provide the other Party any information that is necessary to administer this Agreement and to forecast Ashland's Total Retail Load, forecast BPA system load, comply with North American Electric Reliability Corporation (NERC) reliability standards, prepare bills, resolve billing disputes, administer Transfer Service, forecast and monitor large loads and NLSLs, and otherwise implement this Agreement. For example,

this obligation includes, but is not limited to: (1) load and resource data relating to large loads and NLSLs; (2) transmission and power scheduling information; (3) load and resource metering information (such as customer system one-line and metering diagrams, loss factors, historical hourly load and resource data, etc.); and, (4) Energy Storage Device data.

In addition, Ashland shall provide information BPA requests about Dedicated Resources and Consumer-Owned Resources serving On-Site Consumer Load for purposes of meeting: (1) BPA's statutory obligations under Section 7(b) of the Northwest Power Act and (2) regional resource adequacy programs and market participation.

The Parties shall make best efforts to provide information requested under this section 17.1 within the reasonable time frames specified in the requests. If Ashland fails to provide BPA with information Ashland is required to provide pursuant to this Agreement and the absence of such information makes it impossible for BPA to perform a calculation, make a determination, or take an action required under this Agreement, then BPA may suspend its obligation to perform such calculation, make such determination, or take such action until Ashland has provided such information to BPA.

17.2 **Reports**

17.2.1 Within 30 calendar days after final approval of Ashland's annual financial report and statements by Ashland's authorized officer, Ashland shall either e-mail them to BPA at kslf@bpa.gov or, if any of the information is publicly available, then Ashland shall notify BPA of its availability.

17.2.2 Within 30 calendar days after its submittal to the Energy Information Administration (EIA), or its successor, Ashland shall e-mail a copy of its Annual Form EIA-861 Reports to BPA at kslf@bpa.gov. If Ashland is not required to submit such reports to the EIA, then this requirement does not apply.

17.2.3 By November 30, 2028, and by November 30 each year thereafter, Ashland shall provide to the Pacific Northwest Utilities Conference Committee (PNUCC), or its successor, forecasted loads, Energy Storage Devices, and resources data to facilitate a region-wide assessment of loads and resources in a format, length of time, and level of detail specified in PNUCC's Northwest Regional Forecast Data Request.

After consultation with the Northwest Power and Conservation Council's (Council) Resource Adequacy Advisory Committee, or a successor, BPA may require Ashland to submit additional data to Council that BPA determines is necessary for the Council to perform a regional resource adequacy assessment.

The requirements of this section 17.2.3 are waived if Ashland: (1) purchases all the power to serve its Total Retail Load from BPA and (2) uses no Energy Storage Device(s) to serve its Total Retail Load.

Notwithstanding the above, in no event shall Ashland be obligated under this section 17.2.3 to provide PNUCC or the Council an unaggregated load forecast or other unaggregated data that is specific to an individual end-use consumer or potential end-use consumer of Ashland, including no obligation to provide the identities of such end-use consumers.

Ashland may require PNUCC or Council to execute a commercially reasonable non-disclosure agreement consistent with the terms of section 17.6 before providing such entities the data and information required pursuant to this section 17.2.3, as applicable.

17.2.4 If Ashland is required by applicable law, their transmission provider, or directive (i.e. utility board resolution) to prepare and publish long-term integrated resource plans or resource forecasts, then Power Services may request and Ashland shall provide Power Services with updated copies of such.

17.3 **Meter Data**

17.3.1 In accordance with section 15 and Exhibit E, the Parties shall notify each other of any changes to PODs, POMs, Interchange Points and related information for which each Party is responsible. Ashland shall ensure BPA has access to all data from load, Energy Storage Device, and resource meters that BPA determines are necessary to administer this Agreement including to forecast, plan, schedule, and bill under this Agreement. Access to these data shall be on a schedule agreed to by the Parties. Meter data include, but are not limited to: Ashland's actual amounts of energy used, expended, or stored for loads, resources, and Energy Storage Devices, and the physical attributes of Ashland's meters.

BPA shall provide Ashland access to and Ashland may view meter data from the meters listed in Exhibit E with an active Customer Portal agreement, or its successor.

17.3.2 Ashland consents to allow Power Services to receive the following information from Transmission Services and BPA's metering function: (1) Ashland's meter data, as specified in section 17.3.1, section 15, and Exhibit E, and (2) notification of outages or load shifts.

17.3.3 When the following events are planned to occur on Ashland's system that will affect the load measured by the meters listed in Exhibit E:

(1) installation of a new meter,

(2) changes or updates to an existing meter not owned by BPA,

(3) any planned line or planned meter outages, and

(4) any planned load shifts from one POD to another,

then Ashland shall provide BPA with advance notice by e-mailing BPA at mdm@bpa.gov and the contacts shown in section 1 of Exhibit I.

Ashland shall follow all applicable metering procedures and requirements posted to BPA's publicly accessible metering services website. Such requirements include, but are not limited to, specifying the number of required advanced days' notice for the events listed above.

This section 17.3.3 is not intended to apply to retail meters not listed in Exhibit E.

17.3.4 If an unplanned load shift or outage occurs, materially affecting the load measured by the meters listed in Exhibit E, then Ashland shall e-mail BPA at: (1) mdm@bpa.gov, and (2) the contacts shown in section 1 of Exhibit I within 72 hours after the event.

17.4 **Data for Determining CHWM**
Upon request, Ashland shall provide to BPA any load and resource information that BPA determines is reasonably necessary to calculate Ashland's CHWM. This may include historical load data not otherwise available to BPA and other data necessary to allow BPA to adjust for weather normalization.

17.5 **Total Retail Load Forecast**
By December 31, 2026, and by each December 31 of each Forecast Year, the Parties shall work together to determine and establish a forecast of Ashland's monthly energy and Ashland's system coincidental peak of Ashland's Total Retail Load for the upcoming ten Fiscal Years.

17.6 **Transparency of Net Requirements Process**
By July 31, 2028, and by July 31 of each Rate Case Year thereafter, BPA shall make the following information publicly available to Ashland and all other BPA regional utility customers with a CHWM:

(1) Ashland's measured Total Retail Load data for the previous two Fiscal Years in monthly energy amounts and monthly customer-system peak amounts, and

(2) Ashland's Dedicated Resources for the previous two Fiscal Years in monthly energy and peak amounts as listed in section 5 of Exhibit A.

Ashland waives all claims of confidentiality regarding the data described above.

17.7 **Confidentiality**
Before Ashland provides information to BPA that is confidential, or is otherwise subject to a privilege or nondisclosure, Ashland shall clearly designate such information as confidential. BPA shall notify Ashland as soon as practicable of any request received under the Freedom of Information Act (FOIA), or under any other federal law or court or administrative order, for any confidential information. BPA shall release such confidential information consistent with FOIA or if required by any other federal law or court or administrative order. BPA shall limit the use and dissemination of confidential information within BPA to employees who need it for purposes of administering this Agreement.

17.8 **Resources Not Used to Serve Total Retail Load**
Ashland shall list in section 6 of Exhibit A all Generating Resources Ashland owns that are: (1) not Specified Resources listed in section 2 of Exhibit A, and (2) greater than 1.000 megawatt of nameplate capability. At BPA's request, Ashland shall provide BPA with additional data if needed to verify the information listed in section 6 of Exhibit A.

18. UNCONTROLLABLE FORCES

18.1 A Party shall not be in breach of an obligation under this Agreement to the extent its failure to fulfill the obligation is due to an Uncontrollable Force. "Uncontrollable Force" means an event beyond the reasonable control, and without the fault or negligence, of the Party claiming the Uncontrollable Force, that prevents that Party from performing its obligations under this Agreement and which that Party could not have avoided by the exercise of reasonable care, diligence and foresight. Uncontrollable Forces include each event listed below, to the extent it satisfies the foregoing criteria, but are not limited to these listed events:

(1) any curtailment or interruption of firm transmission service on BPA's or a Third-Party Transmission Provider's System that prevents delivery of Firm Requirements Power sold under this Agreement to Ashland;

(2) any failure of Ashland's distribution or transmission facilities that prevents Ashland from delivering power to end-users;

(3) strikes, work stoppage, or terrorist acts;

(4) floods, earthquakes, other natural disasters, epidemics, or pandemics; and

(5) final orders or injunctions issued by a court or regulatory body having subject matter jurisdiction which the Party claiming the Uncontrollable Force, after diligent efforts, was unable to have stayed, suspended, or set aside pending review by a court having subject matter jurisdiction.

18.2 Neither the unavailability of funds or financing, nor conditions of national or local economies or markets shall be considered an Uncontrollable Force. The economic hardship of either Party shall not constitute an Uncontrollable Force. Nothing contained in this provision shall be construed to require either Party to settle any strike or labor dispute in which it may be involved.

18.3 If an Uncontrollable Force prevents a Party from performing any of its obligations under this Agreement, such Party shall:

(1) promptly notify the other Party of such Uncontrollable Force by any means practicable and confirm such notice in writing as soon as reasonably practicable;

(2) use commercially reasonable efforts to mitigate the effects of such Uncontrollable Force, remedy its inability to perform, and resume full performance of its obligation hereunder as soon as reasonably practicable;

(3) keep the other Party apprised of such efforts on an ongoing basis; and

(4) provide written notice of the resumption of performance.

Written notices sent under this section must comply with section 1 of Exhibit I.

18.4 The Parties shall keep each other apprised of the status of any Uncontrollable Force once invoked.

19. GOVERNING LAW AND DISPUTE RESOLUTION

This Agreement shall be interpreted consistent with and governed by federal law. Ashland and BPA shall identify issue(s) in dispute arising out of this Agreement and make a good faith effort to negotiate a resolution of such disputes before either may initiate litigation or arbitration. Such good faith effort shall include discussions or negotiations between the Parties' executives or managers. Pending resolution of a contract dispute or contract issue between the Parties or through formal dispute resolution of a contract dispute arising out of this Agreement, the Parties shall continue performance under this Agreement unless to do so would be impossible or impracticable. Unless the Parties engage in binding arbitration as provided for in this section 19, the Parties reserve their rights to individually seek judicial resolution of any dispute arising under this Agreement.

19.1 **Judicial Resolution**
Final actions subject to Section 9(e) of the Northwest Power Act are not subject to arbitration under this Agreement and shall remain within the exclusive jurisdiction of the United States Court of Appeals for the Ninth Circuit. Such final actions include, but are not limited to, the establishment and the implementation of rates and rate methodologies. Any dispute regarding any rights or obligations of Ashland or BPA under any rate or rate methodology, or BPA policy, including the implementation of such policy, shall not be subject to arbitration under this Agreement. For purposes of this section 19, BPA policy means any written document adopted by BPA as a final action in a decision record or record of decision that establishes a policy of general application or makes a determination under an applicable statute or regulation. If BPA determines that a dispute is excluded from nonbinding arbitration under this section 19, then Ashland may apply to the federal court having jurisdiction for an order determining whether such dispute is subject to nonbinding arbitration under this section 19.

19.2 **Arbitration**
Any contract dispute or contract issue between the Parties arising out of this Agreement, which is not excluded by section 19.1 above, shall be subject to arbitration, as set forth below.

Ashland may request that BPA engage in binding arbitration to resolve any dispute. If Ashland requests such binding arbitration and BPA determines in its sole discretion that binding arbitration of the dispute is appropriate under BPA's Binding Arbitration Policy or its successor, then BPA shall engage in such binding arbitration, provided that the remaining requirements of this section 19.2 and sections 19.3 and 19.4 are met. BPA may request that Ashland engage in binding arbitration to resolve any dispute. In response to BPA's request, Ashland may agree to binding arbitration of such dispute, provided that the remaining requirements of this section 19.2 and sections 19.3 and 19.4 are met. Before initiating binding arbitration, the Parties shall draft and sign an agreement to engage in binding arbitration, which shall set forth the precise issue in dispute, the amount in controversy and the maximum monetary award allowed, pursuant to BPA's Binding Arbitration Policy or its successor.

Nonbinding arbitration shall be used to resolve any dispute arising out of this contract that is not excluded by section 19.1 above and is not resolved via binding arbitration, unless Ashland notifies BPA that it does not wish to proceed with nonbinding arbitration.

19.3 **Arbitration Procedure**
Any arbitration shall take place in Portland, Oregon, unless the Parties agree otherwise. The Parties agree that a fundamental purpose for arbitration is the expedient resolution of disputes; therefore, the Parties shall make best efforts to resolve an arbitrable dispute within one year of initiating arbitration. The rules for arbitration shall be agreed to by the Parties.

19.4 **Arbitration Remedies**
The payment of monies shall be the exclusive remedy available in any arbitration proceeding pursuant to this section 19. This shall not be interpreted to preclude the Parties from agreeing to limit the object of arbitration to the determination of facts. Under no circumstances shall specific performance be an available remedy against BPA.

19.5 **Finality**

19.5.1 In binding arbitration, the arbitration award shall be final and binding on the Parties, except that either Party may seek judicial review based upon any of the grounds referred to in the Federal Arbitration Act, 9 U.S.C. §1-16 (1988). Judgment upon the award rendered by the arbitrator(s) may be entered by any court having jurisdiction thereof.

19.5.2 In nonbinding arbitration, the arbitration award is not binding on the Parties. Each Party shall notify the other Party within 30 calendar days, or such other time as the Parties otherwise agreed to, whether it accepts or rejects the arbitration award. Subsequent to nonbinding arbitration, if either Party rejects the arbitration award, either Party may seek judicial resolution of the dispute, provided that such suit is brought no later than 395 calendar days after the date the arbitration award was issued.

19.6 **Arbitration Costs**
Each Party shall be responsible for its own costs of arbitration, including legal fees. Unless otherwise agreed to by the Parties, the arbitrator(s) may apportion all other costs of arbitration between the Parties in such manner as the arbitrator(s) deem reasonable taking into account the circumstances of the case, the conduct of the Parties during the proceeding, and the result of the arbitration.

20. STATUTORY PROVISIONS

20.1 **Retail Rate Schedules**
Ashland shall make its retail rate schedules available to BPA, as required by section 5(a) of the Bonneville Project Act, P.L. 75-329, within 30 calendar days of each of Ashland's retail rate schedule effective dates. This requirement may be satisfied by Ashland informing BPA of its public website where such information is posted and kept current.

20.2 **Insufficiency and Allocations**
If BPA determines, consistent with Section 5(b) of the Northwest Power Act and other applicable statutes, that it will not have sufficient resources on a planning basis to serve its loads after taking all actions required by applicable laws then BPA shall give Ashland a written notice that BPA may restrict service to Ashland. Such notice shall be consistent with BPA's insufficiency and allocations methodology, published in the Federal Register

on March 20, 1996, and shall state the effective date of the restriction, the amount of Ashland's load to be restricted and the expected duration of the restriction. BPA shall not change that methodology without the written agreement of all public body, cooperative, federal agency and investor-owned utility customers in the Region purchasing electric power from BPA under Section 5(b) of the Northwest Power Act. Such restriction shall take effect no sooner than five years after BPA provides notice to Ashland. If BPA imposes a restriction under this provision then the amount of Firm Requirements Power that BPA is obligated to provide and that Ashland is obligated to purchase pursuant to section 3 and Exhibit C shall be reduced to the amounts available under such allocation methodology for restricted service.

20.3 **New Large Single Loads and CF/CTs**

20.3.1 **Customer Notice of Large Loads and Determination of an NLSL**

Ashland shall provide reasonable notice to BPA of any expected increase in a single load that may qualify as a Potential NLSL, Planned NLSL, or NLSL.

Pursuant to this section 20.3, BPA shall determine if any load associated with a single facility that is capable of growing ten Average Megawatts or more in a consecutive 12-month period is a Potential NLSL or an NLSL. Pursuant to this section 20.3, the Parties shall determine if any load associated with a single facility is a Planned NLSL.

Ashland's Potential NLSLs, Planned NLSLs, and NLSLs shall be subject to monitoring as determined necessary by BPA. For the purposes of section 2.71, this section 20.3, and section 1 of Exhibit D, ten Average Megawatts in a consecutive 12-month monitoring period equates to 87,600,000 kilowatt-hours in any consecutive 12-month period with 365 days and 87,840,000 kilowatt-hours for any consecutive 12-month period with 366 days.

In accordance with BPA's NLSL Policy and the terms of this section 20.3, BPA may determine that a load is an NLSL as follows:

20.3.1.1 Pursuant to Section 3(13) of the Northwest Power Act, BPA shall determine an increase in production load to be an NLSL if any load associated with a new facility, an existing facility, or an expansion of an existing facility, which is not Contracted For, or Committed To (CF/CT), as determined by the Administrator, by a public body, cooperative, investor-owned utility, or federal agency customer prior to September 1, 1979, will result in an increase in power requirements of such customer of ten Average Megawatts or more in any consecutive 12-month period.

20.3.1.2 For the sole purpose of computing the increase in energy consumption between any two consecutive 12-month periods of comparison under this section 20.3.1, BPA shall determine if the reductions in the end-use consumer's load associated with a facility during the first 12-month period of comparison are due to unusual events reasonably beyond the control of the end-use consumer, and, if so, BPA shall compute the energy consumption as if such reductions had not occurred.

20.3.1.3 The Parties may agree that the applicable increase in load of installed production equipment at a facility will equal or exceed ten Average Megawatts consumption over any 12 consecutive months and that such production load constitutes an NLSL. Any such agreement will be a binding NLSL determination, and BPA shall add the NLSL to section 1 of Exhibit D. Alternatively, the Parties may agree that the load at a facility is expected to become an NLSL during the facility's next consecutive 12-month monitoring period and that such load is a Planned NLSL. BPA shall add the Planned NLSL to section 1 of Exhibit D.

20.3.1.4 Unless the Parties agree pursuant to section 20.3.1.3 above, BPA shall determine whether a new load or an increase in existing load at a facility is an NLSL. If BPA determines that the load at a facility is an NLSL, then BPA shall notify Ashland and BPA shall add the NLSL to section 1 of Exhibit D if such is not already in Exhibit D after the facility determination pursuant to section 20.3.2.

20.3.1.5 BPA shall list Ashland's CF/CT loads, Potential NLSLs, Planned NLSLs, and NLSLs in section 1 of Exhibit D.

20.3.2 **Determination of a Facility**
BPA shall make a written determination as to what constitutes a single facility for the purpose of identifying an NLSL. BPA's determination will be made by applying some or all of the following criteria:

(1) whether the load is operated by a single end-use consumer;

(2) whether the load is in a single location;

(3) whether the load serves a manufacturing process which produces a single product or type of product;

(4) whether separable portions of the load are interdependent;

(5) whether the load is separately metered from other loads;

(6) whether the load is contracted for, served or billed as a single load under Ashland's customary billing and service policy or practices;

(7) consideration of the facts from previous similar situations; and

(8) any other factors the Parties determine to be relevant.

20.3.3 **Access and Metering**
Upon BPA request, Ashland shall provide physical access to its substations and other service locations where BPA needs to perform inspections or gather information for purposes of implementing Section 3(13) of the Northwest Power Act. Such BPA inspections may include but are not limited to those needed to make a facility, final NLSL, or CF/CT determination. Ashland shall coordinate with the end-use consumer to provide BPA, at reasonable times, physical access to inspect a facility for these purposes.

For any load that is monitored by BPA for an NLSL determination, and for any load at any facility that was determined by BPA to be an NLSL, BPA may, in its sole discretion, install BPA owned meters. If the Parties agree, Ashland may install meters meeting specifications BPA provides to Ashland. Ashland and BPA shall enter into a separate agreement for the location, ownership, cost responsibility, access, maintenance, testing, replacement and liability of the Parties with respect to such meters. Ashland shall coordinate with BPA and the end-use consumer to arrange for metering locations that allow accurate measurement of the load at a facility. Ashland shall arrange for BPA to have physical access to such meters and Ashland shall ensure BPA has access to all meter data for loads that are monitored under this section 20.3 and section 1 of Exhibit D that BPA determines are necessary to forecast, plan, schedule, and bill for power.

20.3.4 **Billing for Large Loads Capable of Growing By More Than 10 aMW in 12-Month Monitoring Period**
At the time a load starts to increase, if BPA does not determine that such increase in load is a Planned NLSL or an NLSL, then BPA shall bill Ashland for the increase in load at a facility at the applicable PF rates during any consecutive 12-month monitoring period.

If BPA later determines that the increase in load is an NLSL, then BPA shall revise Ashland's monthly bills from the monitoring period to reflect the difference between the assessed PF rates and the applicable NR Rates in effect for the monitoring period in which the increase takes place. Ashland shall pay the balance on each revised bill, which will include simple interest on the assessed amount. BPA shall compute simple interest on the assessed amount from the original Due Date of any bill that included days from the applicable monitoring period to the Due Date of the revised bill that will be issued. The daily interest rate shall equal the Prime Rate (as reported in the Wall Street Journal or successor publication in the first issue published during the month in which the monitoring period began) divided by 365. After BPA's NLSL determination, Ashland shall make a service request or election for the NLSL pursuant to section 20.3.6.

If BPA concludes in its sole judgment that Ashland has not fulfilled its obligations, or has not been able to obtain access or information from the end-use consumer under this section 20.3, then BPA may determine any large load capable of growing ten Average Megawatts or more in a consecutive 12-month period or any Potential NLSL subject to monitoring to be an NLSL, in which case Ashland shall be billed and pay in accordance with the preceding paragraph. Such NLSL determination shall be final unless Ashland proves to BPA's satisfaction that the applicable increase in load did not equal or exceed ten Average Megawatts in any 12-month monitoring period.

20.3.5 **Load Status at the End of the Consecutive 12-Month Monitoring Period**

At the end of each consecutive 12-month monitoring period of a load at a facility, BPA will determine if the metered load at the facility has grown by ten Average Megawatts or more during the preceding consecutive 12-month monitoring period. To determine load growth for a facility determined to be a CF/CT, BPA will subtract the amount of firm energy contracted for, or committed for the facility, as stated in section 1 of Exhibit D, from the metered load at the facility for the preceding consecutive 12-month monitoring period.

20.3.5.1 **Load Growth By 10 Average Megawatts or More**

If the load at a facility has grown by ten Average Megawatts or more in the preceding consecutive 12-month monitoring period, then the facility is an NLSL. BPA shall notify Ashland of the NLSL designation and shall update section 1 of Exhibit D. Any future increases in the load shall be part of the NLSL.

20.3.5.2 **Load Growth Less Than 10 Average Megawatts**

If the load at a facility has grown by less than ten Average Megawatts in the preceding consecutive 12-month monitoring period, then BPA shall notify Ashland that the load remains a Potential NLSL or Planned NLSL, and BPA may continue to monitor the load growth in the subsequent consecutive 12-month monitoring period. BPA shall also determine if liquidated damages are applicable pursuant to section 1 of Exhibit D.

If the load at a facility has grown by less than ten Average Megawatts in the preceding consecutive 12-month monitoring period(s), then BPA will track the cumulative total load at the facility from one monitoring period to the next. For purposes of this section 20.3 and section 1 of Exhibit D, the cumulative total load, including load increases and load reductions, from the prior 12-month monitoring period(s) will be referred to as the "Cumulative Prior Load". At the end of each 12-month monitoring period, BPA shall update section 1 of Exhibit D with the amount of Ashland's Cumulative Prior Load and include the amount of Cumulative Prior Load in the calculation of Ashland's Firm Requirements Power eligible for service at BPA's PF rates for the subsequent consecutive 12-month monitoring period.

20.3.5.3 **Load at a Facility Included in Customer's Firm Requirement Power**
For purposes of this section 20.3 and section 1 of Exhibit D, the amount of Cumulative Prior Load of a Potential NLSL or Planned NLSL when BPA determines the facility to be an NLSL will be the fixed amount of Ashland's load at a facility that BPA will include in its calculation of Ashland's Firm Requirements Power eligible for service at BPA's PF rates. BPA may adjust the fixed amount of Ashland's load at a facility that BPA will include in its calculation of Ashland's Firm Requirements Power eligible for service at BPA's PF rates if Ashland's load at the facility reduces by 10 aMW below the fixed amount.

Upon BPA's determination that a monitored load is an NLSL, all measured amounts of such NLSL that exceed the load at the facility that is included in Ashland's Firm Requirements Power calculation shall be part of Ashland's NLSL, which will be served in accordance with this section 20.3 and section 1 of Exhibit D.

As applicable, BPA shall update the table in section 1.5.2 of Exhibit D with the fixed amount of load at the facility to be included in the calculation of Ashland's Firm Requirements Power eligible for service at BPA's PF rates.

20.3.6 **Service Options for Planned NLSLs and NLSLs**
Ashland may:

(1) serve any Planned NLSL or NLSL with Dedicated Resource or Consumer-Owned Resource amounts added to Exhibit A that are not already being used to serve Ashland's Total Retail Load in the Region. If Ashland elects to serve its NLSL with Dedicated Resource or Consumer-Owned Resource Amounts, then such election shall be binding on Ashland for the remaining term of this Agreement; or

(2) request to have BPA serve any Planned NLSL or NLSL at the applicable NR Rate consistent with section 20.3.7 below.

If Ashland serves any Planned NLSL or NLSL with Committed Power Purchase Amounts, then Ashland shall provide BPA with information necessary for BPA's compliance with regional resource adequacy planning requirements pursuant to section 22.1 and section 5 of Exhibit J.

If Ashland has existing Planned NLSLs or NLSLs as of the Effective Date of this Agreement, and if Ashland has not notified BPA which service option above it chooses for each applicable Planned NLSL or NLSL above by the start of the CHWM Load Process for FY 2029, then Ashland's default election for all such existing Planned NLSLs and NLSLs shall be consistent with section 20.3.6(1) above.

If Ashland changes its purchase obligation pursuant to section 11 of this Agreement, and (1) Ashland has requested and BPA has started an NLSL service study or (2) Ashland has Planned NLSLs or NLSLs served by BPA at the NR Rate, then BPA will assess future service for such Planned NLSLs or NLSLs on a case-by-case basis.

20.3.7 **Request for NLSL Service Study, Summary Report, and NLSL Service Election**

If Ashland would like BPA to serve a Planned NLSL or an NLSL at the NR Rate, then Ashland shall submit a written request to BPA for an NLSL service study no sooner than the Effective Date of this Agreement.

Ashland shall provide BPA all information requested by BPA necessary to study Ashland's Planned NLSL or NLSL. After BPA determines it has all necessary information, BPA shall conduct an NLSL service study that may last up to three years from the date of Ashland's request.

During the study period, BPA shall: (1) assess the ability of BPA to serve the Planned NLSL or NLSL with firm power and (2) periodically keep Ashland apprised of its study progress. BPA shall bill Ashland and Ashland shall pay all costs associated with the NLSL service study, including but not limited to staff time and third-party costs associated with completing a study.

Once BPA completes the NLSL service study, BPA will provide Ashland with the NLSL service study summary report for BPA to make power available to serve the NLSL with firm power at the NR Rate. The NLSL service study summary report will state the conditions of BPA making power available to serve the NLSL such as: the anticipated date BPA could provide power, costs arrangements, any BPA resource acquisition needs, any additional information required, and any identified constraints that may be known.

Power Services will coordinate with Transmission Services to complete and implement any NLSL service study to identify anticipated timing of available transmission to incorporate any new resource acquisition into the FCRPS for any new resources Power Services forecasts. Coordination between Power Services, Transmission Services and Ashland is necessary to facilitate arrangements between Ashland and Transmission Services for delivery of Firm Requirements Power to Ashland to serve a Planned NLSL or an NLSL under Ashland's transmission service agreement with Transmission Services.

Within 90 calendar days of receipt of the NLSL service study summary report, Ashland shall elect in writing to: (1) have BPA serve the Planned NLSL or NLSL at the NR Rate starting on the date stated in the summary report and consistent with section 20.3.6(2) above; or (2) continue to serve the Planned NLSL or NLSL with non-federal resource(s) consistent with section 20.3.6(1) above. Such election shall be binding on Ashland for the remaining term of this Agreement.

If Ashland elects to have BPA serve the Planned NLSL or NLSL at the NR Rate, then the Parties will revise Exhibit D to include the terms and conditions of the NLSL service study summary report, including a provision for liquidated damages, or develop a stand-alone agreement with such terms.

20.3.8 **Planned NLSL and NLSL Service During the Study Period and Until the NR Service Start Date**

While BPA conducts an NLSL service study and until Ashland's elected service start date at the NR Rate, Ashland may serve its Planned NLSL or NLSL with Dedicated Resource or Consumer-Owned Resource amounts consistent with section 20.3.6(1). BPA shall revise section 4 or 7.4 of Exhibit A to include such resources.

At any time while BPA is conducting an NLSL service study, Ashland may request BPA discontinue the NLSL service study and elect to serve the Planned NLSL or NLSL with Dedicated Resource or Consumer-Owned Resource amounts for the term of this Agreement. If a Planned NLSL becomes an NLSL during the NLSL study period, BPA shall update Exhibit D to reflect the change.

20.3.9 **Submittal of Initial Forecast**

If Ashland is serving any Planned NLSLs or NLSLs with Dedicated Resource or Consumer-Owned Resource amounts, then by June 30 of each year, unless another date is agreed to by the Parties, Ashland shall provide BPA with forecasted energy amounts for such resources for each Diurnal period and peak amounts for each month to serve any

Planned NLSLs and NLSLs for the upcoming Fiscal Year. BPA shall use Ashland's initial forecast to determine the Dedicated Resource or Consumer-Owned Resource amounts required to serve the Planned NLSLs and NLSLs. However, if BPA determines Ashland's initial forecast to be unreasonable, then BPA may replace Ashland's initial forecast with a final forecast that BPA develops. If Ashland is serving any Planned NLSLs or NLSLs with Dedicated Resource or Consumer-Owned Resource amounts, then BPA shall revise section 4 or 7.4 of Exhibit A to state such amounts by September 1 of each year.

20.3.10 **Consumer-Owned Resources Serving a Planned NLSL or an NLSL**

20.3.10.1 **Consumer-Owned Resources**
Ashland's consumer may serve a Planned NLSL or an NLSL with a Consumer-Owned Resource if the following criteria are met:

(1) the Consumer-Owned Resource and its expected generation amounts are indicated in section 7.4 of Exhibit A as serving a specific Planned NLSL or NLSL;

(2) the Consumer-Owned Resource is physically located within Ashland's service territory;

(3) the Consumer-Owned Resource is within the same Balancing Area Authority as the Planned NLSL or NLSL; and

(4) the Consumer-Owned Resource is metered, regardless of nameplate size, and the meter data is communicated in accordance with section 15 and section 17 of the body of this Agreement.

If Ashland serves a Planned NLSL or an NLSL with a Consumer-Owned Resource, then Ashland may be required to purchase NR Support Services pursuant to requirements in the applicable Power Rate Schedules and GRSPs.

For purposes of determining Ashland's monthly power billing determinants, the load at a facility will be calculated by subtracting the actual generation from Ashland's Consumer-Owned Resource(s) identified in section 7.4 of Exhibit A from the metered hourly load of any Planned NLSL or NLSL listed in Exhibit D.

The generation from such Consumer-Owned Resources may not exceed the Planned NLSL or NLSL being served on any hour. BPA may adjust Ashland's power billing determinants to account for hourly excess Consumer-Owned Resource generation and may assess other charges or penalties in accordance with any applicable BPA Power Rate Schedules and GRSPs.

20.3.10.2 **On-Site Renewable Resource/Cogeneration Exception**
For purposes of this section 20.3.10.2, on-site means within the physical footprint of the NLSL facility as determined by BPA in the facility determination process.

Ashland may request to have BPA serve an NLSL at a PF equivalent rate, as established in the applicable 7(i) Process, if the following criteria are met:

(1) Ashland's end use consumer applies an on-site renewable resource or on-site cogeneration resource to reduce the load at a facility, that is otherwise not eligible to be served at PF rates, to less than ten Average Megawatts in a consecutive 12-month period,

(2) the on-site renewable resource or on-site cogeneration resource applied to the NLSL is behind Ashland's meter to the load at the facility, and

(3) the on-site renewable resource or on-site cogeneration resource is continuously applied to serve the NLSL, consistent with BPA's NLSL Policy and BPA's Provider of Choice Contract Record of Decision (ROD), August 2025, as amended or replaced.

If Ashland meets the criteria above and BPA grants Ashland's request for the on-site renewable/cogeneration exception, then BPA shall: (1) list the Consumer-Owned Resource serving the NLSL in section 7.4 of Exhibit A and (2) revise section 1 of Exhibit D to add the on-site renewable resource or cogeneration facility and the requirements for such service.

20.4 **Priority of Pacific Northwest Customers**
The provisions of Sections 9(c) and 9(d) of the Northwest Power Act and the provisions of the Pacific Northwest Consumer Power Preference Act as amended by the Northwest Power Act, as implemented pursuant to BPA's 5(b)/9(c) Policy, are incorporated into this Agreement by reference. Ashland, together with other customers in the Region, shall have priority to electric power consistent with such provisions.

20.5 **Prohibition on Resale**
Ashland shall not resell Firm Requirements Power except to serve Ashland's Total Retail Load or as otherwise permitted by federal law.

20.6 **Use of Regional Resources**

20.6.1 Within 60 calendar days prior to the start of each Fiscal Year, Ashland shall provide notice to BPA of any firm power from Ashland's Generating Resources during its term, listed in Exhibit A that has been used to serve firm consumer load in the Region and that Ashland plans to export for sale outside the Region in the next Fiscal Year. Firm power includes firm energy and firm peaking capability.

BPA may request and Ashland shall provide within 30 calendar days of such request, additional information on Ashland's sales and dispositions of non-federal resources if BPA has information that Ashland may have made such an export and not notified BPA. BPA may request and Ashland shall provide within 30 calendar days of such request, information on the planned use of any or all of Ashland's Generating Resources.

During any Rate Period that Ashland has no purchase obligation for Firm Requirements Power under section 3, Ashland shall have no obligation to notify BPA of its exports under this section; provided, however, Ashland shall provide notification of all applicable exports in Rate Periods when it has a purchase obligation.

20.6.2 Ashland shall be responsible for monitoring any firm power from Generating Resources it sells in the Region to ensure such firm power is planned to be used to serve firm consumer load in the Region.

20.6.3 Subject to the 5(b)/9(c) Policy, if Ashland fails to report to BPA in accordance with section 20.6.1 above, any of its planned exports for sale outside the Region of firm power from a Generating Resource that has been used to serve firm consumer load in the Region, and BPA makes a finding that an export which was not reported was made, then BPA shall decrement the amount of its Firm Requirements Power sold under this Agreement by the amount and for the duration of the export that was not reported and by any continuing export amount. Decrements under the preceding sentence shall be first to power that would otherwise be provided at the applicable firm power rate, as determined by BPA. When applicable, such decrements shall be identified in section 3.2 of Exhibit A.

20.6.4 For purposes of this section 20.6, an export for sale outside the Region means a contract for the sale or disposition of firm power from a Generating Resource during its term that has been used to serve firm consumer load in the Region, which contract will be performed in a manner that such output is no longer used or not planned to be used solely to serve firm consumer load in the Region. Delivery of firm power outside the Region under a seasonal exchange agreement that is made consistent with BPA's 5(b)/9(c) Policy will not be considered an export. Firm power from a Generating Resource used to serve firm consumer load in the Region means the firm generating or load carrying capability of a Generating Resource as established under the resource planning criteria generally used within the Region.

20.6.5 For purposes of this section 20.6, if Ashland has notified BPA that it will join and participate in an organized market using non-federal firm power produced by a Generating Resource dedicated to supply its Total Retail Load as identified in Exhibit A, then to the extent the organized market operates geographically both within and outside the Region, Ashland's participation in such market will not be considered an export outside the Region, provided Ashland's dedicated non-federal power obligation remains unchanged from the amount identified in Exhibit A. Ashland's participation in an organized market shall not increase the firm energy requirements of Ashland or other customers of the Administrator, as determined by the Administrator.

20.7 **BPA Appropriations Refinancing**
The Parties agree that the provisions of section 3201(i) of the Bonneville Power Administration Refinancing section of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (BPA Refinancing Act), P.L. 104-134, 110 Stat. 1321, 350, as stated in the United States Code on the Effective Date, are incorporated by reference and are a material term of this Agreement.

21. STANDARD PROVISIONS

21.1 **Amendments**
Except where this Agreement explicitly allows for one Party to unilaterally amend a provision or exhibit, no amendment of this Agreement shall be of any force or effect unless set forth in writing and signed by authorized representatives of each Party. Upon Ashland's request, and to the extent BPA determines it is practicable, BPA shall provide Ashland a reasonable opportunity to review any unilateral provision or exhibit revisions, or the data that will be input into an exhibit revision, prior to BPA making such unilateral revisions.

21.2 **Entire Agreement and Order of Precedence**
This Agreement, including documents expressly incorporated by reference, constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement. It supersedes all previous communications, representations, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement. The body of this Agreement shall prevail over the exhibits to this Agreement in the event of a conflict.

21.3 **Assignment**
This Agreement is binding on any successors and assigns of the Parties. Neither Party may otherwise transfer or assign this Agreement, in whole or in part, without: (1) the other Party's written consent, which shall not be unreasonably withheld; and (2) the written consent of the United States Department of Rural Utilities Service. Without limiting the foregoing, BPA's refusal to consent to assignment shall not be considered unreasonable if, in BPA's sole discretion: (1) the sale of power by BPA to the assignee would violate any applicable statute, or (2) such sale might adversely affect the tax-exempt status of bonds issued as part of an issue that finances or refinances the Columbia Generating Station or that such sale might limit the ability to issue future tax-exempt bonds to finance or refinance the Columbia Generating Station. Ashland may not transfer or assign this Agreement to any of its retail consumers.

21.4 **No Third-Party Beneficiaries**
This Agreement is made and entered into for the sole benefit of the Parties, and the Parties intend that no other person or entity shall be a direct or indirect beneficiary of this Agreement.

21.5 **Waivers**
No waiver of any provision or breach of this Agreement shall be effective unless such waiver is in writing and signed by the waiving Party, and any such waiver shall not be deemed a waiver of any other provision of this Agreement or of any other breach of this Agreement.

21.6 **BPA Policies**
Any reference in this Agreement to BPA policies, including any revisions, does not constitute agreement of Ashland to such policy by execution of this Agreement, nor shall it be construed to be a waiver of the right of Ashland to seek judicial review of any such policy.

21.7 **Rate Covenant and Payment Assurance**
Ashland agrees that it shall establish, maintain and collect rates or charges sufficient to assure recovery of its costs for power and energy and other services, facilities and commodities sold, furnished or supplied by it through any of its electric utility properties. BPA may require additional forms of payment assurance if: (1) BPA determines that such rates and charges may not be adequate to provide revenues sufficient to enable Ashland to make the payments required under this Agreement, or (2) BPA identifies in a letter to Ashland that BPA has other reasonable grounds to conclude that Ashland may not be able to make the payments required under this Agreement. If Ashland does not provide payment assurance satisfactory to BPA, then BPA may terminate this Agreement. Written notices sent under this section must comply with section 1 of Exhibit I.

21.8 **Procedure in the Event of Federal Base System Resource Loss**
BPA shall provide notice to Ashland if BPA expects the loss of Federal Base System Resource, as defined in Section 3(10) of the Northwest Power Act, that: (1) is in excess of 450 aMW in a single year and is expected to last for a period of five or more years, and (2) the replacement cost of which would be included in the Tier 1 Cost Pool.

BPA shall conduct a public process to discuss targeted policy and CHWM Contract amendments if, within 30 calendar days of such notice provided in this section 21.8, a majority of CHWM Contract customers, or their representatives, indicate in writing to BPA the customer's support to open a public process to discuss targeted policy and contract amendments. For purposes of calculating utility count under this section, JOE Members will be counted individually.

22. PARTICIPATION IN WRAP

BPA is participating in the Western Resource Adequacy Program (WRAP) with its first binding season occurring prior to October 1, 2028. If BPA ceases to participate in WRAP, then BPA shall provide advance notice to Ashland of the date that BPA's participation will end.

The remainder of this section 22 will not apply if BPA is not participating in WRAP.

22.1 **Responsibilities and Provision of Information Necessary for WRAP Participation**
BPA shall be solely responsible for fulfilling its contractual obligations to WRAP and shall provide WRAP with any necessary data regarding Ashland's load and resources in compliance with WRAP requirements. Consistent with this section 22, section 17, and section 5 of Exhibit J, Ashland shall provide BPA with any necessary and requested information, forecasts, and attestations associated with Ashland's Dedicated Resources and Consumer-Owned Resources serving On-Site Consumer Load.

22.1.1 By October 1, 2027, BPA shall notify Ashland of its preferred mode of communication for WRAP-related information.

22.1.2 BPA may request a signed Joint Contract Accreditation Form (JCAF) from Ashland for any Dedicated Resources or Consumer-Owned Resources serving On-Site Consumer Load relevant to the WRAP. Ashland shall provide BPA with a signed JCAF(s) no later than 30 calendar days following such request and by the dates established in section 5 of Exhibit J. JCAFs provided under this section shall comply with the requirements of WRAP and shall be updated as appropriate to meet WRAP requirements.

22.2 **WRAP-Related Charges Under a Sharing Event**
If BPA incurs any charges from WRAP attributed to Ashland's Dedicated Resources or Consumer-Owned Resources serving On-Site Consumer Load, then BPA shall pass through such charges, or the portion of such charges

related to Ashland's resources, to Ashland, subject to the terms of section 5 of Exhibit J.

If BPA does not incur a charge from the WRAP entity but does incur a WRAP-related cost attributed to Ashland's Dedicated Resources or Consumer-Owned Resources serving On-Site Consumer Load, then BPA may assess a charge pursuant to BPA's applicable Power Rate Schedules and GRSPs and as established in a 7(i) Process.

22.3 **WRAP and Resource-Related Exhibit Revisions**
By June 30, 2027, Ashland and BPA shall review and make any necessary revisions to Exhibit J to adjust the terms and conditions to implement this section 22. Such revision may include terms and conditions such as, but not limited to: BPA's preferred mode of communication, Ashland notices relevant to WRAP, pass through charges for resources (subject to the limitations in section 22.2 above), terms related to JCAFs, load exclusions, and any other terms necessary to facilitate BPA's participation in WRAP.

In addition, if after June 30, 2027 Ashland elects to apply a Dedicated Resources or Consumer-Owned Resources serving On-Site Consumer Load to load for the first time, then Ashland and BPA shall review and make any necessary revisions to Exhibit J to adjust the terms and conditions to implement this section 22.

22.4 **Load Exclusions**
For purposes of this section 22, "load exclusion" means a distinct and separately metered load of Ashland for which BPA is not the exclusive wholesale provider and that is excluded from BPA's WRAP participation.

Ashland's request for a load exclusion, and BPA's decision of whether to allow such load exclusion, shall be pursuant to section 5 of Exhibit J.

23. FUTURE AMENDMENT FOR DAY-AHEAD MARKET IMPLEMENTATION
If BPA decides, or has decided, to join a day-ahead market to serve Ashland's load, then BPA shall conduct a public process to discuss implementation details of BPA's decision and work with customers to determine: (1) any necessary amendments to the Provider of Choice power sales agreements, including any necessary to align with an updated Transmission Services tariff and settlements under an organized market, and (2) the anticipated timeline for executing such amendments. Such public process shall not be construed as reconsideration of BPA's market decision. Any amendments negotiated during such public process shall be limited to those necessary to implement a day-ahead market and shall not be conditioned by either Party on modification to any other provision under this Agreement not related to implementing a day-ahead market. Following the conclusion of such public process, BPA shall issue the final amendment template and, based on the agreed-upon timeline, prepare and offer Ashland a contract amendment using the amendment template. Ashland's agreement to such amendment consistent with this section 23 shall not be unreasonably withheld.

Following BPA joining a day-ahead market to serve Ashland's load and the Parties amend this Agreement pursuant to this section 23, BPA shall also conduct a public process on the topic of settlements for the Slice Product in the day-ahead market that BPA joins.

24. TERMINATION

BPA may terminate this Agreement if:

(1) Ashland fails to make payment as required by section 16.4, or

(2) Ashland fails to provide payment assurance satisfactory to BPA as required by section 21.7.

Such termination is without prejudice to any other remedies available to BPA under law.

25. SIGNATURES

This Agreement may be executed in several counterparts, all of which taken together will constitute one single agreement, and may be executed by electronic signature and delivered electronically. The Parties have executed this Agreement as of the last date indicated below.

CITY OF ASHLAND		UNITED STATES OF AMERICA Department of Energy Bonneville Power Administration	
By	______________	By	______________
Name	Sabrina Cotta *(Print/Type)*	Name	Kevin Mozena *(Print/Type)*
Title	City Manager	Title	Account Executive
Date	______________	Date	______________

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Exhibit A
NET REQUIREMENTS AND RESOURCES

1. NET REQUIREMENTS

BPA shall establish Ashland's Net Requirement based on its Total Retail Load minus: (1) Ashland's Dedicated Resources determined pursuant to section 3.3 of the body of this Agreement and listed in sections 2, 3, and 4 of this exhibit, and (2) Consumer-Owned Resources determined pursuant to section 3.6 of the body of this Agreement and listed in sections 7.1, 7.3, and 7.4 of this exhibit. The Parties shall not add or remove resource amounts to change Ashland's purchase obligations from BPA under section 3.1 of the body of this Agreement except in accordance with sections 3.4.2, 3.5, 3.6 and 10 of the body of this Agreement.

2. LIST OF SPECIFIED RESOURCES

Ashland does not have any Specified Resources at this time.

3. COMMITTED POWER PURCHASE AMOUNTS

3.1 Committed Power Purchase Amounts Used to Serve Total Retail Load

3.1.1 Shape of Committed Power Purchase Amounts

BPA shall calculate Ashland's Committed Power Purchase Amounts using the Flat Annual Shape monthly shape and the selected Diurnal shape listed below. BPA shall update the table below consistent with section 3.4.2 of the body of this Agreement.

Shape of Committed Power Purchase Amounts		
Monthly Shape	**Diurnal Shape Choice**	
Flat Annual Shape	**HLH Diurnal Shape**	**Flat Within-Month Shape**
X		X
X		X
X		X
X		X

3.1.2 Committed Power Purchase Amounts

Ashland does not have any Committed Power Purchase Amounts at this time.

3.2 Committed Power Purchase Amounts for 9(c) Export Decrements

Ashland does not have any Committed Power Purchase Amounts for 9(c) export decrements at this time.

4. DEDICATED RESOURCE AMOUNTS USED TO SERVE PLANNED NLSLs AND NLSLs

Ashland does not have any Dedicated Resource amounts serving a Planned NLSL or an NLSL at this time, in accordance with sections 3.5.8 and 20.3 of the body of this Agreement.

5. TOTAL DEDICATED RESOURCE AMOUNTS

Ashland does not have any Dedicated Resource amounts at this time.

6. LIST OF RESOURCES NOT USED TO SERVE TOTAL RETAIL LOAD

Pursuant to section 17 of the body of this Agreement, Ashland does not own any Generating Resources that are: (1) not Specified Resources listed in section 2 of Exhibit A, and (2) greater than 1.000 megawatt of nameplate capability.

7. LIST OF CONSUMER-OWNED RESOURCES

7.1 Consumer-Owned Resources Serving On-Site Consumer Load

Pursuant to section 3.6 of the body of this Agreement, Ashland does not have any Consumer-Owned Resources serving On-Site Consumer Load at this time.

7.2 Consumer-Owned Resources Serving Load Other than On-Site Consumer Load

Pursuant to section 3.6 of the body of this Agreement, Ashland does not have any Consumer-Owned Resources serving load other than On-Site Consumer Load at this time.

7.3 Consumer-Owned Resources Serving Both On-Site Consumer Load and Load Other than On-Site Consumer Load

Pursuant to section 3.6 of the body of this Agreement, Ashland does not have any Consumer-Owned Resources serving both On-Site Consumer Load and load other than On-Site Consumer Load at this time.

7.4 Consumer-Owned Resources Serving Planned NLSL or NLSL

Pursuant to section 20.3.10 of the body of this Agreement, Ashland does not have any Consumer-Owned Resources serving a Planned NLSL or an NLSL at this time.

8. TABLES FOR HLH DIURNAL SHAPE

8.1 Specified Resources

If Ashland elects the HLH Diurnal Shape for its Specified Resources, then Ashland shall fill in a table with monthly LLH and HLH amounts for each year of the upcoming Rate Period for each Specified Resource. The monthly LLH and HLH distributions shall be the same across all years of a Rate Period. Ashland shall submit the tables to BPA when Ashland makes its reshaping elections. BPA shall update the appropriate Dedicated Resource amounts pursuant to Ashland's submitted elections and consistent with section 3.4.2 of the body of this Agreement.

8.2 **Committed Power Purchase Amounts**

If Ashland elects the HLH Diurnal Shape for its Committed Power Purchase Amounts, then Ashland shall submit to BPA in writing its elected ratios of megawatt-hours per hour in HLH to megawatt-hours per hour in LLH by October 31 of a Rate Case Year. Ashland shall submit to BPA twelve monthly ratios and such monthly ratios shall apply for all years of the corresponding Rate Period. BPA shall update the table below pursuant to Ashland's submitted elections and consistent with section 3.4.2 of the body of this Agreement. BPA shall calculate Ashland's Committed Power Purchase Amounts using the ratios in the table below.

HLH Diurnal Shape for Committed Power Purchase Amounts												
Rate Period	**HLH to LLH Ratios (HLH:LLH)**											
	Oct	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**
FY 2029 – FY 2030												
FY 2031 – FY 2032												
FY 2033 – FY 2034												
FY 2035 – FY 2036												
FY 2037– FY 2038												
FY 2039 – FY 2040												
FY 2041– FY 2042												
FY 2043 – FY 2044												

9. REVISIONS

BPA shall unilaterally revise this exhibit to reflect: (1) Ashland's elections regarding the application and use of all resources owned by Ashland and Ashland's retail consumers and (2) BPA's determinations relevant to this exhibit and made in accordance with this Agreement. All other changes to this Exhibit A will be made by mutual agreement of the Parties.

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Exhibit B
CONTRACT HIGH WATER MARKS

1. CONTRACT HIGH WATER MARK (CHWM)

1.1 **CHWM Amount**
By September 30, 2026, BPA shall fill in the table below with Ashland's CHWM. Once established, BPA may only adjust Ashland's CHWM as permitted pursuant to section 1.2 of this exhibit.

CHWM (annual aMW) [1/]**:**	
Note: BPA shall round the number in the table above to three decimal places. [1/] CHWM amount effective October 1, 2028.	

1.2 **CHWM Adjustments**
BPA shall determine any adjustments to Ashland's CHWM pursuant to this section 1.2. BPA shall notify Ashland of any adjustments and the date such adjustment will be effective.

1.2.1 **Corrections for NLSLs**
If after BPA establishes Ashland's CHWM pursuant to section 7 of the body of this Agreement, BPA determines that a load included in Ashland's Total Retail Load in the CHWM calculation was an NLSL or became an NLSL in FY 2023, then BPA shall adjust Ashland's CHWM by removing the FY 2023 load associated with the NLSL from Ashland's weather normalized Total Retail Load. BPA shall revise the table in section 1.1 of this Exhibit B with the adjusted CHWM and its effective date. BPA shall provide Ashland written notice of the CHWM adjustment and its effective date, and will provide Ashland with a revised Exhibit B. In the event of an adjustment, and subject to any applicable statute of limitations, Ashland shall pay any charges calculated by BPA to account for the ineligible PF rate purchases dating back to October 1, 2028.

1.2.2 **Annexed Load**
If Ashland annexes load from a utility that has a CHWM Contract, then BPA shall increase Ashland's CHWM in an amount determined as follows:

(1) If Ashland and the other utility involved in the annexation agree on the amount of the CHWM transfer to Ashland, then BPA shall adopt that amount if BPA determines such amount is reasonable.

(2) If Ashland and the other utility cannot agree on the amount of the CHWM transfer to Ashland, or if BPA determines the amount agreed to in section 1.2.2(1) of this exhibit is unreasonable, then BPA shall calculate the amount of

Ashland's CHWM transfer using the following formula; provided however that BPA may adjust the calculated amount to reflect (A) the division of Dedicated Resources between the utilities and (B) other pertinent information provided by Ashland and the other utility:

$$\left[\frac{\text{Annexed Load minus annexed NLSLs, if any}}{\text{Other utility's pre-annexation Total Retail Load minus total NLSLs, if any}}\right] \times \left[\text{Other utility's pre-annexation CHWM}\right]$$

In no event shall the total CHWM amount of Ashland and the other utility after the transfer exceed the total CHWM amount of Ashland and the other utility prior to the transfer.

BPA shall revise the table in section 1.1 of this Exhibit B with the adjusted CHWM which will be effective on the date that Ashland begins service to the Annexed Load.

1.2.3 **Ceded Load**

If another utility with a CHWM Contract annexes load of Ashland, then BPA shall reduce Ashland's CHWM in an amount determined as follows:

(1) If Ashland and the other utility involved in the annexation agree on the amount of the CHWM transfer to the other utility, then BPA shall adopt that amount if BPA determines such amount is reasonable.

(2) If Ashland and the other utility cannot agree on the amount of the CHWM transfer to the other utility, or if BPA determines the amount agreed to in section 1.2.3(1) of this exhibit is unreasonable, then BPA will calculate the amount of Ashland CHWM transfer using the following formula; provided however, BPA may adjust the calculated amount to reflect (A) the division of Dedicated Resources between the utilities and (B) other pertinent information advanced by Ashland and the other utility:

$$\left[\frac{\text{Annexed Load minus annexed NLSLs, if any}}{\text{Ashland's pre-annexation Total Retail Load minus total NLSLs, if any}}\right] \times \left[\text{Ashland's pre-annexation CHWM}\right]$$

In no event shall the total CHWM amount of Ashland and the other utility after the transfer exceed the total CHWM amount of Ashland and the other utility prior to the transfer.

BPA shall revise the table in section 1.1 of this Exhibit B with the adjusted CHWM which will be effective on the date that the annexing utility begins service to the Annexed Load.

1.2.4 **Court Order on Annexation**
BPA shall adjust Ashland's CHWM due to annexation if BPA's Administrator determines that a court order requires BPA to do so. BPA shall revise the table in section 1.1 of this Exhibit B with the adjusted CHWM and its effective date. BPA shall provide Ashland written notice of the CHWM adjustment and revised Exhibit B as soon as reasonably practical.

1.2.5 **Small Utility Adjustment**
BPA shall determine in its sole discretion whether Ashland qualifies for the Small Utility Adjustment. If Ashland is eligible for the Small Utility Adjustment, then BPA shall also determine Ashland's Maximum Potential CHWM for purposes of this section 1.2.5. For purposes of this section 1.2.5, "Maximum Potential CHWM" means the lesser of: (1) double Ashland's CHWM as calculated in the FY 2026 CHWM Calculation Process, or (2) 5 aMW. By September 30, 2026, BPA shall fill in the table below indicating such eligibility and Ashland's Maximum Potential CHWM.

Eligible for Small Utility Adjustment	**Maximum Potential CHWM**

If Ashland is eligible for the Small Utility Adjustment as indicated above, then during each Above-CHWM Load Process BPA shall determine whether an adjustment is needed and calculate such adjustment as provided below. Any such adjustment would be added to Ashland's CHWM.

(1) BPA will determine whether Ashland's Preliminary Net Requirement exceeds its CHWM.

(2) If Ashland's Preliminary Net Requirement is less than its CHWM, then BPA shall make no adjustment to Ashland's CHWM.

(3) If Ashland's Preliminary Net Requirement exceeds its CHWM, then BPA shall calculate a CHWM adjustment in an amount equal to the difference between Ashland's Preliminary Net Requirement and its CHWM not to exceed Ashland's Maximum Potential CHWM stated above.

(4) If a proposed CHWM adjustment under section 1.2.5(3) above would exceed Ashland's Maximum Potential CHWM, then BPA

shall reduce such adjustment to an amount resulting in a CHWM that equals Ashland's Maximum Potential CHWM.

(5) If Ashland's CHWM has been adjusted pursuant to section 1.2.5(4) above, then BPA shall make no additional change to Ashland's CHWM except as otherwise provided for in this Exhibit B.

For any Rate Period that BPA adjusts Ashland's CHWM pursuant to this section 1.2.5, BPA shall revise the table in section 1.1 of this Exhibit B with the adjusted CHWM to be effective at the start of the next Rate Period. BPA shall provide Ashland written notice of the CHWM adjustment and revised Exhibit B. For purposes of the Tier 1 Marginal Energy True-Up rate, Ashland's CHWM shall be the Maximum Potential CHWM as stated above.

2. REVISIONS

BPA shall unilaterally revise this exhibit pursuant to section 1 of this exhibit. All other changes to this Exhibit B will be made by mutual agreement of the Parties.

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Exhibit C
PURCHASE OBLIGATIONS

1. FIRM REQUIREMENTS POWER AT TIER 1 RATES

The portion of Ashland's purchase obligation that is priced at Tier 1 Rates is established in section 8.1(1) of the body of this Agreement.

2. FIRM REQUIREMENTS POWER AT TIER 2 RATES

2.1 **One-Time Above-CHWM Load Service Elections**

Pursuant to section 9.2 of the body of the Agreement, Ashland shall elect one of the following four options below to serve its Above-CHWM Load which shall apply for the term of the Agreement except when Ashland elects to change its Tier 2 Long-Term Rate purchase election amount pursuant to the terms and conditions of sections 2.3.2 and 2.3.3 of this exhibit.

BPA shall revise this exhibit by March 31, 2027, to indicate Ashland's initial election and purchase obligation by adding an "X" to the box next to the applicable option below.

Initial Election ☐ (1) **Option A. All Tier 2 Long-Term Rate option**

Ashland shall purchase and BPA shall serve all of Ashland's Above-CHWM Load with Firm Requirements Power priced at the Tier 2 Long-Term Rate.

Initial Election ☐ (2) **Option B. Fixed Tier 2 Long-Term Rate option then flexible option**

Ashland shall purchase and BPA shall provide up to a fixed Average Megawatt amount of Ashland's Above-CHWM Load with Firm Requirements Power sold at the Tier 2 Long-Term Rate. Any remaining Above-CHWM Load will be served with: (1) Firm Requirements Power at the Tier 2 Short-Term Rate, (2) Firm Requirements Power at a Tier 2 Vintage Rate, if applicable, (3) Dedicated Resources, or (4) a combination of amounts of (1), (2) and (3).

At the time of election as stated in section 9.3 of the body of this Agreement, Ashland shall notify BPA of the fixed Average Megawatt amount of its Above-CHWM Load BPA will serve up to with Firm Requirements Power sold at a Tier 2 Long-Term Rate. BPA shall update the following table to state such amount.

Fixed aMW Amounts - Tier 2 Long-Term Election								
Fiscal Year	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Annual aMW								
Fiscal Year	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
Annual aMW								
<u>Note</u>: The amount in the table should be rounded to three decimal places.								

Initial Election ☐ (3) **Option C. Fixed flexible option then Tier 2 Long-Term Rate option**

Ashland shall elect up to a fixed Average Megawatt amount of Above-CHWM Load that will be served with: (1) Firm Requirements Power at the Tier 2 Short-Term Rate, (2) Firm Requirements Power at a Tier 2 Vintage Rate, if applicable, (3) Dedicated Resources, or (4) a combination of amounts of (1), (2) and (3).

At the time of election, Ashland shall notify BPA of the fixed Average Megawatt amount of its Above-CHWM Load that will be served up to under the flexible option for the duration of the contract. BPA shall update the following table to state such amounts.

Ashland shall purchase and BPA shall serve any remaining Above-CHWM Load with Firm Requirements Power sold at the Tier 2 Long-Term Rate.

Fixed aMW Amounts - Flexible Election								
Fiscal Year	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Annual aMW								
Fiscal Year	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
Annual aMW								
Note: the amount in the table should be rounded to three decimal places.								

Initial Election ☐ (4) **Option D. All flexible option**

Ashland's Above-CHWM Load shall be served with (1) Firm Requirements Power at the Tier 2 Short-Term Rate, (2) Firm Requirement Power at a Tier 2 Vintage Rate, if applicable, (3) Dedicated Resources, or (4) a combination of amounts of (1), (2) and (3).

If Ashland fails to notify BPA of its Above-CHWM Load service election pursuant to section 9.2 of the body of this Agreement, then Ashland shall be deemed to have elected option D under section 2.1 of this exhibit and Ashland shall serve all of its Above-CHWM Load amounts with the options stated in section 2.1(4) above.

Ashland's total Tier 2 Rate purchase obligation amount(s) that BPA shall provide and Ashland shall purchase consistent with sections 3.1 and 3.2 of the body of this Agreement shall be stated in the table below in section 2.9.

2.2 **Rounding Option**

If Ashland elects option B, C, or D under section 2.1 above, then by July 31, 2027, Ashland may elect to have BPA serve up to 0.999 aMW of its Above-CHWM Load through the Tier 1 Rate design, pursuant to the PRDM, for the term of the Agreement. No later than March 31, 2028, BPA shall indicate Ashland's election for all Rate Periods through the term of the Agreement in the table below.

By July 31 of each Forecast Year, Ashland may notify BPA if it wants to change its rounding option election, and BPA shall update the table below to reflect such change by March 31 following Ashland's notification.

Rate Period	**Rounding Option Elected**
BP-29	
BP-31	
BP-33	
BP-35	
BP-37	
BP-39	
BP-41	
BP-43	
Note: Add X if customer elects rounding option.	

2.3 **Tier 2 Long-Term Rate**

2.3.1 **Election Opportunity and Tier 2 Long-Term Rate Purchase Obligation Amount**
Ashland may elect to purchase Firm Requirements Power at the Tier 2 Long-Term Rate to serve its Above-CHWM Load by selecting options A, B or C under section 2.1 of this exhibit. If Ashland elects option A, B or C, then BPA shall update the table below by March 31 of each Rate Case Year to state the amount of Firm Requirements Power Ashland is obligated to purchase at the Tier 2 Long-Term Rate for the upcoming Rate Period as follows.

If Ashland elects option A under section 2.1, then the amount of Firm Requirements Power Ashland is obligated to purchase at the Tier 2 Long-Term Rate shall equal Ashland's Above-CHWM Load amount, calculated for each Fiscal Year of the applicable Rate Period, as stated in the table in this section 2.3.1.

If Ashland elects option B under section 2.1, then the amount of Firm Requirements Power Ashland is obligated to purchase at the Tier 2 Long-Term Rate shall be the lesser of Ashland's Above-CHWM Load amount, calculated for each Fiscal Year of the applicable Rate Period, or the fixed Average Megawatt amount elected under the Tier 2 Long-Term option stated in the table in section 2.1(2) above.

If Ashland elects option C under section 2.1, then the amount of Firm Requirements Power Ashland is obligated to purchase at the Tier 2 Long-Term Rate shall equal the amount of Ashland's Above-CHWM Load, calculated for each Fiscal Year of the applicable Rate Period, that exceeds the fixed Average Megawatt amount to be served under the flexible option as stated in the table in section 2.1(3) above.

Tier 2 Long-Term Rate Purchase Obligation Amount								
Fiscal Year	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Annual aMW								
Fiscal Year	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
Annual aMW								
Note: Fill in the table above with the annual Average Megawatts, rounded to three decimal places.								

2.3.2 **Right to Reduce Tier 2 Long-Term Rate Election Amount Without a Fee**

Ashland shall have a one-time right to request to reduce its Tier 2 Long-Term Rate election amount under options A, B, or C, without any charges or fees, if: (1) Ashland submits a written request to BPA prior to August 1, 2027, and (2) BPA has not acquired power for the purposes of serving Ashland's Tier 2 Long-Term Rate purchase obligation.

BPA, in its sole discretion, shall determine whether Ashland's request to reduce its Tier 2 Long-Term Rate election amount meets the notice requirements. BPA shall notify Ashland if the request does not meet the notice requirements.

If BPA determines that Ashland's request meets the notice requirements, then BPA shall reduce Ashland's Tier 2 Long-Term Rate election amount. By March 31, 2028, BPA shall: (1) update the applicable table(s) in section 2 of this exhibit with Ashland's updated Tier 2 Long-Term Rate election amount, and (2) update Ashland's election in section 2.1 if applicable.

2.3.3 **Right to Reduce Tier 2 Long-Term Election Amount with a Fee**

2.3.3.1 **Changes to Tier 2 Long-Term Elections**

Regardless of any reduction made pursuant to section 2.3.2 above, over the remaining term of the Agreement Ashland shall have a one-time right to reduce its Tier 2 Long-Term Rate election amount under section 2.1 above, including reducing such amount to zero.

2.3.3.2 **Notification and Service Options**

Ashland shall notify BPA in writing of its one-time election to reduce the amount of power Ashland is obligated to purchase under section 2.3.3.1 above no less than three years prior to the start of the Rate Period that its election would be effective.

Ashland's election under section 2.3.3.1 above shall be binding for the remaining term of the Agreement.

If Ashland elects to reduce its Tier 2 Long-Term Rate election amount pursuant to section 2.3.3.1 above, then Ashland shall serve the amount of the reduction with: (1) Firm Requirements Power at the Tier 2 Short-Term Rate, (2) Firm Requirement Power at a Tier 2 Vintage Rate, if applicable, (3) Dedicated Resources, or (4) a combination of amounts of (1), (2) and (3).

Ashland shall notify BPA of its intent to serve its Above-CHWM Load with one of the four options listed in section 2.3.3.2 consistent with the terms and conditions stated in section 2 of Exhibit C.

2.3.3.3 **Exhibit Updates**
By March 31 following Ashland's election notice under section 2.3.3.2 above, BPA shall: (1) update the applicable table(s) in section 2 of this exhibit, with Ashland's updated Tier 2 Long-Term Rate election amount, and (2) update Ashland's election in section 2.1 of this exhibit. BPA will update Exhibit A with any changes to Ashland's Dedicated Resource amounts.

2.3.3.4 **Charges to Change Tier 2 Long-Term Election Amount**
Ashland shall pay any charges that apply as a result of Ashland exercising the one time right to change its Tier 2 Long-Term Rate election amount under this section 2.3.3. BPA shall calculate such charges pursuant to the PRDM and the applicable Power Rate Schedules and GRSPs. BPA shall not make payment to Ashland as a result of BPA reducing the fixed up to Average Megawatt amounts of Firm Requirements Power that Ashland is obligated to purchase at Tier 2 Long-Term Rates.

2.4 **Tier 2 Short-Term Rate**
Subject to the limitations in section 2.4.1 below, Ashland may elect to purchase Firm Requirements Power at Tier 2 Short-Term Rates by electing option B, C or D under section 2.1 above.

If Ashland elects options B, C or D, then by July 31, 2027, and by July 31 of each Forecast Year, Ashland shall notify BPA of the amount of its Above-CHWM Load it requests for BPA to serve, if any, at the Tier 2 Short-Term Rate for the following Rate Period. Subject to the limitations in section 2.4.2 below, BPA shall update the table below by March 31 of each Rate Case Year to state the amount of power Ashland is obligated to purchase at the Tier 2 Short-Term Rate as follows.

If Ashland elects option B under section 2.1, then the amount of Firm Requirements Power Ashland may request to purchase at the Tier 2 Short-Term Rate shall not exceed the difference between Ashland's Above-CHWM Load, calculated for each Fiscal Year of the applicable Rate Period, and the fixed Average Megawatt amount elected under the Tier 2 Long-Term option stated in the table in section 2.1(2) above.

If Ashland elects option C under section 2.1, then the amount of Firm Requirements Power Ashland may request to purchase at the Tier 2 Short-Term Rate, shall not exceed the lesser of Ashland's Above-CHWM Load amount calculated for each Fiscal Year of the applicable Rate Period or the fixed up to Average Megawatt amount to be served under the flexible option as stated in the table in section 2.1(3) above.

If Ashland elects option D under section 2.1, then the amount of Firm Requirements Power Ashland may request to purchase at the Tier 2 Short-Term Rate, shall not exceed Ashland's Above-CHWM Load amount, calculated for each Fiscal Year of the applicable Rate Period.

Tier 2 Short-Term Rate Purchase Obligation Amounts								
Fiscal Year	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Annual aMW								
Fiscal Year	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
Annual aMW								
Note: Fill in the table above with annual Average Megawatts, rounded to three decimal places.								

2.4.1 **Limitations on Tier 2 Short-Term Rate Amounts**
BPA shall attempt to acquire power to serve Ashland's total amount of load requested to be served with Firm Requirements Power at the Tier 2 Short-Term Rate. If BPA is unable to acquire power, at any price, and cannot meet all customers' requests to purchase power at the Tier 2 Short-Term Rate, then each applicable Rate Period BPA: (1) shall notify Ashland of the unavailability of power at the Tier 2 Short-Term Rate and (2) may limit the amount of Firm Requirements Power at the Tier 2 Short-Term Rate that Ashland can purchase. If BPA receives multiple requests to provide Firm Requirements Power at the Tier 2 Short-Term Rate for the same Rate Period, and if BPA is only able to acquire power to serve a portion of the total requests for power priced at the Tier 2 Short-Term Rate, then BPA shall proportionally reduce all requests for the Rate Period on a pro rata basis.

By March 31, 2028 and by March 31 of each Rate Case Year thereafter, BPA shall notify customers of the unavailability or pro-rata reduction of power available at the Tier 2 Short-Term Rate.

2.4.2 **Determining Pro-Rata Shares of Amounts at Tier 2 Short-Term Rate**
If necessary pursuant to section 2.4.1 above, BPA shall determine Ashland's pro-rata amount of power available for purchase at a Tier 2 Short-Term Rate for the applicable Rate Period based on (1) the actual amounts BPA is able to acquire to meet all customers' aggregate requests for service at a Tier 2 Short-Term Rate and (2) the total amount of Firm Requirements Power requested at the Tier 2 Short-Term Rate in section 2.4 each Rate Period. BPA will adjust individual amounts of Firm Requirements Power at the Tier 2 Short-Term Rate downward by the ratio between sections 2.4.2.(1) and 2.4.2.(2) above to calculate the amounts of the proportional share adjustment.

In the event BPA adjusts amounts at the Tier 2 Short-Term Rate downward, Ashland shall apply Dedicated Resources to serve the portion of its election at the Short-Term Tier 2 Rate that BPA is unable to supply. BPA will update amounts in Exhibit A in accordance with section 2.6 below.

2.4.3 **Failure to Make an Election**
If Ashland fails to make an election and does not notify BPA of its Tier 2 Short-Term Rate election amounts pursuant to section 2.4 above, then BPA shall enter "zero" for the applicable Fiscal Years of the Rate Period. Ashland shall serve its remaining Above-CHWM Load amounts with Dedicated Resources to meet its Above-CHWM Load and any amounts will be updated in Exhibit A in accordance with section 2.6 below.

2.4.4 **Liability**
In no event shall BPA make payment to Ashland as a result of Ashland electing to reduce the amounts of Firm Requirements Power that Ashland is obligated to purchase at Tier 2 Short-Term Rates. In no event shall BPA make payment to Ashland if it is unable to secure power to meet requests for purchases at the Tier 2 Short-Term Rate.

2.5 **Tier 2 Vintage Rate Alternative**
If Ashland elects option B, C, or D under section 2.1 above, then Ashland is eligible to purchase Firm Requirement Power at a Tier 2 Vintage Rate, if offered by BPA, as described in this section 2.5. For purposes of this section 2.5, "Vintage Resource" means the output of a physical resource that BPA determines, in its sole discretion, to acquire for a period of greater than three years and that forms the cost basis for pricing Firm Requirements Power subject to an established Tier 2 Vintage Rate. BPA may offer to sell Firm Requirements Power at a Tier 2 Vintage Rate whenever it acquires a Vintage Resource.

BPA shall notify customers with a CHWM Contract at least 60 calendar days prior to making a Request For Offer (RFO) for a Vintage Resource. Within

30 calendar days of such notice, Ashland shall notify BPA of the amount of Firm Requirements Power it will purchase from BPA at a Tier 2 Vintage Rate associated with the Vintage Resource.

Following the close of the RFO, BPA shall determine, in its sole discretion, whether to proceed with acquiring the Vintage Resource. If BPA decides to proceed with acquiring the Vintage Resource, then BPA will notify Ashland of the available quantity, if any, of Firm Requirement Power that customer is eligible to purchase at the Tier 2 Vintage Rate, and the estimated Tier 2 Vintage Rate. Ashland shall execute a Statement of Intent, as stated in section 2.5.1 below, to purchase identified amounts of Firm Requirements Power at the applicable Tier 2 Vintage Rate. The Statement of Intent will include the process and timing to elect the Vintage Alternative and execute a Statement of Intent.

2.5.1 **Statement of Intent**
If Ashland elects to purchase Firm Requirements Power from BPA at Tier 2 Vintage Rates, then Ashland shall sign a Statement of Intent provided by BPA which will state the amount of power Ashland commits to purchase at a Tier 2 Vintage Rate. The Statement of Intent will be binding unless BPA does not complete the acquisition of the Vintage Resource consistent with section 2.5.3 below.

2.5.2 **Tier 2 Vintage Rate**
BPA shall determine the applicable Tier 2 Vintage Rate in accordance with the PRDM and applicable Power Rate Schedules and GRSPs. BPA will restate in the Statement of Intent the applicable Tier 2 Vintage Rate for the Vintage Resource.

2.5.3 **BPA Acquisition of Vintage Resource**
If BPA acquires the Vintage Resource, then BPA shall notify Ashland that the acquisition is complete and update the table in section 2.5.8 below with the amount of Firm Requirements Power sold at a Tier 2 Vintage Rate and the contract number for the Statement of Intent. If BPA does not complete the acquisition of the Vintage Resource, then BPA shall notify Ashland, and the Statement of Intent will become null and void. If BPA does not complete the acquisition, then Ashland's current elections for service to its Above-CHWM Load above shall continue to apply.

2.5.4 **Additional Provisions Applicable to the Statement of Intent**

2.5.4.1 **Additional Terms and Conditions in Statement of Intent**
In addition to paying the Tier 2 Vintage Rate, Ashland will also be subject to such additional terms and conditions associated with its selection of the Tier 2 Vintage Rate as described in the Statement of Intent. Such additional terms may include, but are not limited to, liquidated damages, if applicable, associated with the purchase of the Vintage Resource.

2.5.4.2 **Duration of Statement of Intent**
The Tier 2 Vintage Resource amounts applied to serve Ashland's Above-CHWM Load under this Agreement will not apply beyond the expiration of this Agreement, except as stated in the Statement of Intent.

2.5.4.3 **Maximum Amount of Firm Requirements Power at Tier 2 Vintage Rate**
The maximum amount of Firm Requirements Power Ashland is eligible to purchase at a Tier 2 Vintage Rate will be equal to the annual maximum forecast of Ashland's flexible Above-CHWM Load amounts of Ashland's election under section 2.1, minus any Dedicated Resources serving Ashland's Above-CHWM Load. BPA will develop the annual maximum forecast of Ashland's flexible Above-CHWM Load amounts at the time BPA issues the RFO for the Vintage Resource. Such forecast shall apply for the term of BPA's acquisition of the Vintage Resource or the term of this Agreement, whichever terminates first.

2.5.4.4 **Commencement of the Vintage Resource**
Ashland's Statement of Intent shall include procedures for how BPA will address the availability and timing of a Vintage Resource, if the timing of such Vintage Resource is not concurrent with the timing of any elections made by Ashland in sections 2.1 and 2.4 of this exhibit.

2.5.5 **Multiple Requests for Vintage Resource**
Ashland's Statement of Intent shall include procedures for how BPA will address multiple requests for Firm Requirements Power sold by BPA at a Tier 2 Vintage Rate if the aggregate amount of customer requests exceeds the amount of the Vintage Resource.

2.5.6 **Tier 2 Vintage Amounts in Excess of Above-CHWM Load**
If Ashland purchases an amount of power from BPA at a Tier 2 Vintage Rate that exceeds its current Above-CHWM Load, then BPA, in its sole discretion, may either:

(1) determine any amount of power that exceeds Ashland's Above-CHWM Load as surplus power and provide such to Ashland at a surplus rate equivalent to the applicable Tier 2 Vintage Rate to be managed by Ashland; or

(2) in accordance with section 10 of this exhibit, and pursuant to the PRDM, provide a remarketing service for the power that exceeds Ashland's Above-CHWM Load until Ashland's Above-CHWM Load can accommodate the contracted amount of power purchased at the Tier 2 Vintage Rate.

2.5.7 **Treatment of Tier 2 Vintage Rate and Tier 2 Short-Term Rate Purchase Obligations**
In addition to the right to purchase power at a Tier 2 Vintage Rate established in this section 2.5, Ashland may have the opportunity to purchase Firm Requirements Power at Tier 2 Vintage Rates regardless of whether Ashland is purchasing power at Tier 2 Short-Term Rates, if BPA determines, in its sole discretion, to offer Ashland a Statement of Intent that would provide Ashland the opportunity to purchase Firm Requirements Power at Tier 2 Vintage Rates.

Any election by Ashland to purchase Firm Requirements Power at Tier 2 Vintage Rates shall not relieve Ashland of any obligation to purchase Firm Requirements Power at another Tier 2 Rate.

Any amounts of power that Ashland is obligated to purchase at a Tier 2 Vintage Rate or Tier 2 Short-Term Rate that exceeds its Above-CHWM Load will be treated pursuant to section 2.5.6 above.

2.5.8 **Tier 2 Vintage Rate Elections, Amounts and Exhibit Updates**
If applicable, BPA shall update the table below within 90 calendar days of signing the Statement of Intent, with Ashland's Tier 2 Vintage Rate purchase obligation amounts.

Ashland's Annual Amounts at Tier 2 Vintage Rate. Statement of Intent Contract No. «##PS-#####»								
Fiscal Year	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Annual aMW								
Fiscal Year	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
Annual aMW								
Note: Fill in the table above with annual Average Megawatts, rounded to three decimal places. Leave FY blank when not purchasing at a Tier 2 Vintage Rate. Include SOI number(s) in table title.								

By September 15 of each Fiscal Year or immediately following the establishment of a Tier 2 Vintage Rate for which Ashland signed a Statement of Intent, BPA shall update the table in section 2.8.2 with Ashland's Tier 2 Vintage Rate purchase obligation amounts.

2.6 **Obligation to Apply Dedicated Resources**
Ashland shall apply Dedicated Resources to serve the portion of its Above-CHWM Load that exceeds the sum of all Ashland's purchase obligations at Tier 2 Rates under sections 2.3, 2.4, and 2.5 above. BPA shall add Ashland's Dedicated Resources to section 2 and section 3 of Exhibit A.

2.7 **Above-CHWM Load Liability**
If Ashland annexes load from another customer with a CHWM Contract that had Above-CHWM Load served with Firm Requirements Power purchased at a Tier 2 Long-Term Rates, Tier 2 Short-Term Rate or a Tier 2 Vintage Rate,

then Ashland shall pay any costs that BPA determines apply as a result of such annexation. BPA shall determine such costs, if any, during the 7(i) Process that follows Ashland's notice of annexation. BPA shall include such cost identified through the 7(i) Process on Ashland's bill. In no event shall BPA make payment to Ashland as a result of Ashland reducing its amounts of Firm Requirements Power.

2.8 **This section intentionally left blank.**

2.9 **Amounts of Power to be Billed at Tier 2 Rates**

By March 31, 2028 and by March 31 of each Rate Case Year thereafter, BPA shall update the table in section 2.9 of this exhibit, consistent with Ashland's elections for the upcoming Rate Period, with: (1) the planned annual average amounts of Firm Requirements Power that Ashland shall purchase at the Tier 2 Long-Term Rate, Tier 2 Short-Term Rate, and Tier 2 Vintage Rate, if applicable, and (2) any remarketed Tier 2 Rate purchase amounts in accordance with section 10 of the body of this Agreement.

By March 31, 2028, and by March 31 of each Rate Case Year thereafter, BPA shall update the table below with such amounts for each year of the upcoming Rate Period consistent with sections 2.3, 2.4 and 2.5 of this exhibit. The difference between Above-CHWM Load and Tier 2 Rate amounts will be served pursuant to section 2.6 of this exhibit.

Annual Amounts Priced at Tier 2 Rates (aMW)								
Fiscal Year	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
No Tier 2 at this time								
Remarketed or Surplus Power Vintage Rate Amounts								
Firm Requirements Power at Tier 2 Rates								

Annual Amounts Priced at Tier 2 Rates (aMW)								
Fiscal Year	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**
No Tier 2 at this time								
Remarketed or Surplus Power Vintage Rate Amounts								
Firm Requirements Power at Tier 2 Rates								

Notes:
1. List each applicable Tier 2 rate in the table above. For the first applicable Tier 2 rate replace **No Tier 2 at this time** with the name of the applicable Tier 2 rate. For each additional Tier 2 rate, add a new row above the **Remarketed Amounts** row. If Ashland elects not to purchase at Tier 2 rates, then leave **No Tier 2 at this time** in the table and leave the remainder of the table blank.
2. Fill in the table above with annual Average Megawatts rounded to three decimal places.
3. Fill in Firm Requirements Power at Tier 2 Rates as the sum of all Tier 2 Rate amounts less any Remarketed or Surplus Tier 2 Vintage Rate amounts.

3. REVISIONS

BPA shall unilaterally revise this exhibit to reflect: (1) Ashland's elections regarding service to its Above-CHWM Load, and (2) BPA's determinations relevant to this exhibit and made in accordance with this Agreement. All other changes to this Exhibit C will be made by mutual agreement of the Parties.

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Exhibit D
ADDITIONAL PRODUCTS AND SPECIAL PROVISIONS

1. CF/CT AND NEW LARGE SINGLE LOADS

1.1 CF/CT Loads
Ashland has no loads identified that were CF/CTs as of September 1, 1979, as defined in Section 3(13)(A) of the Northwest Power Act.

1.2 Potential NLSLs
Ashland has no identified Potential NLSLs.

1.3 Planned NLSLs

1.3.1 Planned NLSLs Served by BPA
Ashland has no Planned NLSLs served by BPA.

1.3.2 Planned NLSLs Served with Dedicated Resource or Consumer-Owned Resource Amounts
Ashland has no Planned NLSLs served with Dedicated Resource or Consumer-Owned Resource amounts.

1.4 NLSLs

1.4.1 NLSLs Served by BPA
Ashland has no NLSLs served by BPA.

1.4.2 NLSLs Served by Dedicated Resource or Consumer-Owned Resource Amounts
Ashland has no NLSLs served with Dedicated Resource or Consumer-Owned Resource amounts.

1.4.3 Renewable Resource/Cogeneration Exception
Ashland's end-use consumer is not currently applying an on-site renewable resource or cogeneration facility to an NLSL.

2. REVISIONS
BPA shall unilaterally revise section 1, CF/CT and New Large Single Loads to reflect BPA's determinations made in accordance with section 20.3 of the body of the Agreement and section 1 of this Exhibit D. All other changes to this Exhibit D will be made by mutual agreement of the Parties.

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Exhibit E
METERING

1. METERING

BPA POD Name	BPA POD Number	BPA POM Name	BPA POM Number	POD Location Description	POD Voltage kV	POM Location Description	Direction for PF Billing Purposes	WECC Balancing Authority	Manner Of Service	Manner Of Service Description	Metering Loss Adjust-ment	Exception

2. REVISIONS

Each Party shall notify the other with any requests to update this exhibit. The Parties shall coordinate and seek mutual agreement on any such requested exhibit revisions. Upon such agreement, or if the agreement is unreasonably withheld or delayed, BPA shall revise this exhibit to accurately reflect what BPA determines are the actual characteristics of PODs and meter information described in this exhibit. Unless the Parties otherwise agree, BPA shall not revise the exhibit any sooner than 60 calendar days after the request to update this exhibit. BPA shall provide Ashland with a revised Exhibit E. The effective date will be the date stated at the top of the revised exhibit.

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Exhibit F
TRANSMISSION SCHEDULING SERVICE

1. DEFINITIONS, PURPOSE AND PARAMETERS

1.1 Definitions

1.1.1 "Balancing Authority" means the responsible entity that integrates resource plans ahead of time, maintains demand and resource balance within a Balancing Authority Area, and supports interconnection frequency in real time.

1.1.2 "Balancing Authority Area" means the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

1.1.3 "Electronic Tag" or "E-Tag" means an electronic record that contains the details of a transaction to transfer energy from a source point to a sink point where the energy is scheduled for transmission across one or more Balancing Authority Area(s), consistent with all relevant WECC, NAESB, NERC and FERC requirements.

1.1.4 "Heavy Load Hours" or "HLH" means hours ending 0700 through 2200 hours Pacific Prevailing Time (PPT), Monday through Saturday, excluding holidays as designated by the North American Electric Reliability Corporation (NERC).

1.1.5 "Interchange Points" means the points where Balancing Authority Areas interconnect and at which the interchange of energy between Balancing Authority Areas is monitored and measured.

1.1.6 "Light Load Hours" or "LLH" means: (1) hours ending 0100 through 0600 and 2300 through 2400 hours PPT, Monday through Saturday, and (2) all hours on Sundays and holidays as designated by NERC.

1.1.7 "Open Access Transmission Tariff" or "OATT" means the terms and conditions of point-to-point and network integration transmission services, ancillary services, and generator interconnections offered by BPA or a Third-Party Transmission Provider.

1.1.8 "Planned Transmission Outage" means an event that reduces the transmission capacity on a segment of the transmission path used to deliver Ashland's Dedicated Resource prior to the initial approval of the E-Tag.

1.1.9 "Transmission Curtailment" means an event that is initiated by a transmission provider through a curtailment to the E-Tag as a result of transmission congestion or an outage on the path used to deliver Ashland's Dedicated Resource.

1.1.10 "Transmission Curtailment Management Service" or "TCMS" means the service BPA will provide to customers with a qualifying resource when a Transmission Curtailment occurs between such resource and the customer load.

1.1.11 "Transmission Event" means a Planned Transmission Outage or a Transmission Curtailment.

1.1.12 "Transmission Scheduling Service" or "TSS" means the power scheduling service that BPA provides to Ashland that allows BPA to manage certain aspects of Ashland's BPA NT Agreement with Transmission Services, to allow BPA to use the inherent flexibilities of Ashland's network rights in combination with other network customers' rights to manage BPA's power resources efficiently, and to provide seamless scheduling for Transfer Service customers.

1.1.13 "Transmission Scheduling Service-Full" or "TSS-Full" means the Transmission Scheduling Service for a specific Dedicated Resource or Consumer-Owned Resource serving On-Site Consumer Load where BPA performs all necessary scheduling, including the creation and maintenance of E-Tags for such resource.

1.2 **Transmission Scheduling Service-Full (TSS-Full)**
This section 1.2 shall apply to any of Ashland's Dedicated Resource(s) and Consumer-Owned Resource(s) serving On-Site Consumer Load listed as purchasing TSS-Full in section 1 of Exhibit J.

Beginning October 1, 2028, and through the term of this Agreement, Power Services shall provide and Ashland shall purchase TSS-Full for its Dedicated Resource(s) and Consumer-Owned Resource(s) serving On-Site Consumer Load listed as purchasing TSS-Full in section 1 of Exhibit J. Power Services shall schedule Ashland's BPA-provided power, Dedicated Resource(s) and Consumer-Owned Resource(s) serving On-Site Consumer Load to Ashland's Total Retail Load under Ashland's BPA NT Agreement with Transmission Services and/or other transmission agreement(s). Power Services shall not provide TSS-Full for anything other than delivery to Ashland's Total Retail Load.

Power Services shall perform all necessary prescheduling and real-time scheduling functions, and make other arrangements and adjustments, consistent with any RSS products and any other products and services Ashland is purchasing from Power Services. Ashland shall continue to be responsible for all non-scheduling provisions of its transmission agreement(s) used to serve Ashland's Total Retail Load, in accordance with the applicable OATT, including, but not limited to, the designation and undesignation of Network Resources, as defined by the applicable OATT.

Ashland shall be subject to the rates, terms and conditions for TSS-Full specified in BPA's applicable Power Rate Schedules and GRSPs.

1.3 **This section intentionally left blank.**

2. ASSIGNMENT OF SCHEDULING RIGHTS

Ashland agrees that:

(1) Power Services is the scheduling entity for service taken under Ashland's BPA NT Agreement with Transmission Services;

(2) Power Services has the right to acquire and manage secondary service under Ashland's NT Agreement with Transmission Services pursuant to section 28.4 of the BPA OATT as necessary to fulfill Power Services' obligations under this Agreement. If necessary, Ashland will retain the right to acquire secondary service under their BPA NT Agreement with Transmission Services to deliver any Dedicated Resources to their load; and

(3) prior to Power Services providing TSS, Power Services will provide Transmission Services notice of (1) and (2) above.

In the event that Transmission Services requires direct engagement from Ashland on (1) or (2), Ashland shall notify Transmission Services directly.

Upon request, Ashland shall provide copies of any transmission agreement(s) used to serve Ashland's Total Retail Load. Additionally, over the term of this Agreement, Ashland shall provide Power Services with any additional transmission agreements Ashland enters into which are used for service to its Total Retail Load and all amendments and modifications to current copies of Ashland's transmission agreement(s).

3. LOAD FORECAST

Ashland shall cooperate with BPA to provide any information BPA determines is necessary to support BPA's forecast of Ashland load to provide TSS. If any load specific information is needed for developing a daily or hourly load forecast, then Ashland shall provide such information in a timely manner.

4. SCHEDULING OF ASHLAND'S RESOURCES

This section 4 shall not apply to any of Ashland's Dedicated Resource(s) and Consumer-Owned Resource(s) serving On-Site Consumer Load that BPA has determined, based on the OATT and business practices of the relevant Third-Party Transmission Provider(s), do not require an E-Tag as specified in the table in section 1 of Exhibit J.

4.1 **Prescheduling for TSS-Full Resources**

Ashland shall submit a delivery schedule to Power Services for each of its Dedicated Resources and Consumer-Owned Resources serving On-Site Consumer Load for delivery to its Total Retail Load which shall include information such as the source, any points of receipt, any Open Access Same-time Information System (OASIS) reservation reference numbers needed for the delivery of such resources, the daily megawatt profile, and all purchasing selling entities in the path. This delivery schedule shall be submitted to Power Services by the earlier of one hour prior to the close of the firm transmission prescheduling deadline associated with the transmission agreement(s) used to deliver power to Ashland's Total Retail Load, or 1100 hours Pacific Prevailing Time (PPT) on the preschedule day. However, if any of Ashland's Dedicated Resources or Consumer-Owned Resources serving On-Site Consumer Load are to be delivered over secondary network transmission pursuant to section 4.3.3.1.2 below, then Ashland shall submit its delivery schedule for such resource to Power Services by 1300 hours PPT on the preschedule day.

Ashland shall submit all required prescheduled information in a format specified by Power Services.

At Power Services' request, Ashland shall provide Power Services information on real power losses associated with Ashland's transmission agreement(s).

4.1.1 **Real-Time Scheduling**
Power Services shall accept megawatt adjustments to each of Ashland's Dedicated Resources and Consumer-Owned Resources serving On-Site Consumer Load schedule(s) up to the earlier of 45 minutes prior to the hour of delivery or 25 minutes prior to the earliest of the transmission real-time scheduling deadlines associated with delivery of power to Ashland's Total Retail Load.

Ashland shall submit all required real-time scheduling information in a format specified by Power Services.

4.2 **This section intentionally left blank.**

4.3 **Transmission Curtailments**

4.3.1 **Transmission Curtailment Management Service (TCMS)**
As a feature of TSS, BPA shall provide TCMS for certain Ashland Dedicated Resources that require an E-Tag for delivery. TCMS coverage shall apply when Transmission Events impact eligible resources, with certain limitations as described throughout this section 4.3. TCMS and Transmission Events do not apply to Consumer-Owned Resources serving On-Site Consumer Load.

In accordance with the BPA OATT, TCMS coverage shall not apply while Transmission Services is redispatching Ashland's Dedicated Resource(s) to serve Ashland's load during a Transmission Event.

4.3.2 **Curtailment and Outage Terms and Conditions for Resources without TCMS**
This section 4.3.2 shall apply to Ashland's Dedicated Resources for which Power Services is not providing TCMS coverage.

4.3.2.1 If a Transmission Curtailment occurs prior to 45 minutes before the hour of delivery, then Ashland shall be responsible for securing replacement energy or alternate transmission, arranging delivery to the Balancing Authority Area in which Ashland is located, and notifying Power Services of the revised delivery schedule prior to 45 minutes before the hour of delivery.

If Power Services is unable to secure secondary network transmission for the replacement resource because Ashland did not notify Power Services of the revised delivery schedule prior to 45 minutes prior to the hour of delivery or secondary network transmission is unavailable, then Ashland shall be subject to charges consistent with the provisions of this Agreement and all related products and BPA's applicable Power Rate Schedules and GRSPs, including Unauthorized Increase Charges.

4.3.2.2 Power Services shall not accept replacement delivery schedules for Transmission Curtailments that occur less than 45 minutes before the delivery hour. Ashland shall be subject to charges consistent with the provisions of this Agreement and all related products and BPA's applicable Power Rate Schedules and GRSPs, including Unauthorized Increase Charges.

4.3.2.3 If a Planned Transmission Outage is announced prior to Ashland's submission of a delivery schedule in pre-schedule, then Ashland shall be responsible for securing replacement energy or alternate transmission, arranging delivery to the Balancing Authority Area in which Ashland is located, and notifying Power Services of the revised delivery schedule prior to the preschedule deadline described in section 4.1 of this exhibit.

4.3.3 **TCMS Coverage Eligibility, Determination and Termination**

4.3.3.1 **Eligibility of Resources for TCMS Coverage**

4.3.3.1.1 **Firm Transmission**
Power Services shall provide TCMS coverage for Ashland's Dedicated Resource if such resource has been granted firm transmission by all applicable transmission providers.

4.3.3.1.2 **Mid-C Resource Over Non-Firm**
Power Services shall provide TCMS coverage for Ashland's Dedicated Resource if:

(1) such resource is: (A) a Western Systems Power Pool (WSPP) Schedule C market purchase delivered to the scheduling point of Mid-C Remote, NW Hub, BPAT.CHPD, BPAT.GCPD, or BPAT.DOPD; (B) a WSPP Schedule C market purchase from BPA at BPA Power (which does not need to be delivered to Mid-C); or (C) a market purchase under the Edison Electric Institute Master Power Purchase & Sale Agreement, Version 2.1 or its successor, Schedule P: "Firm (LD)" or "Firm (No Force Majeure)" delivered to the scheduling point of Mid-C Remote, NW Hub, BPAT.CHPD, BPAT.GCPD, or BPAT.DOPD. BPA will allow such Mid-C market purchases to be scheduled from Mid-C to BPA Power, as applicable, over non-firm secondary network transmission. And,

(2) Ashland revises Exhibit D to include the terms and conditions of a Mid-C Resource Over Non-Firm exchange of power with BPA.

For purposes of this Agreement, such resource will be referred to as "Mid-C Resource Over Non-Firm".

4.3.3.1.3 **Actively Obtaining Firm Transmission**
Power Services may, on a case-by-case basis and with certain limitations on the service, provide TCMS coverage for Ashland's Dedicated Resource that has not yet been granted firm network transmission by all applicable transmission providers if Power Services and Ashland are actively engaged in the process of obtaining firm network transmission. Power Services and Ashland shall work cooperatively to obtain firm network transmission for the Dedicated Resource pursuant to the terms and conditions of section 3 of Exhibit G. Power Services shall have sole discretion in determining whether or not Power Services and Ashland are actively engaged in the process of obtaining firm network transmission.

However, when making this determination Power Services shall use criteria including but not limited to: (1) the date Ashland requests that Power Services pursue firm network transmission; (2) the planned start date for service from the Dedicated Resource; (3) the location of the resource; (4) the potential for Transmission Curtailments associated with delivering the resource on non-firm transmission; (5) the status of any ongoing OASIS requests and studies related to the resource; and (6) the length of time Power Services and Ashland have been in the process of obtaining firm network transmission.

4.3.3.2 **BPA's Determination for TCMS Coverage**
If Ashland notifies Power Services that it is pursuing firm network transmission with all applicable transmission providers, then Power Services shall provide Ashland with a determination of whether or not it may purchase such TCMS within 30 calendar days following Power Services' receipt of Ashland's notice.

4.3.3.3 **Termination of TCMS Coverage**
If, consistent with section 4.3.3.1.3 above, BPA is providing TCMS coverage to Ashland for a Dedicated Resource that has not been granted firm network transmission by Transmission Services and a request for firm network transmission for such Dedicated Resource is withdrawn, or if such request is declined or invalidated without a timely resubmission of a similar request, then Ashland shall notify BPA immediately and BPA shall terminate the provision of TCMS for Ashland's Dedicated Resource ten Business Days after such notification.

If, consistent with section 4.3.3.1.3 above, BPA is providing TCMS coverage to Ashland for a Dedicated Resource that has not been granted firm network transmission and BPA offers a revision to Exhibit J to add such resource to Ashland's section 7 of Exhibit J, and such revision to Exhibit J is not executed by Ashland within 30 calendar days of the offer, then BPA shall terminate the provision of TCMS for Ashland's Dedicated Resource ten Business Days following the aforementioned 30 day period.

4.3.4 **Curtailment and Outage Terms and Conditions for Resources with TCMS Coverage**
For Dedicated Resources that BPA is providing TCMS coverage for pursuant to the terms and conditions of section 4.3.3 above, however not including Mid-C Resources Over Non-Firm, BPA shall make

replacement power available and not assess an Unauthorized Increase Charge for failure to deliver a Dedicated Resource associated with a Transmission Event through the duration of the Transmission Event, if any of the following occur:

(1) the Transmission Event affects any firm Point-to-Point Transmission used to deliver the resource to Ashland's load; or,

(2) the Transmission Event affects the secondary network transmission used to deliver the resource to Ashland's load; or,

(3) Transmission Services has curtailed firm network transmission pursuant to section 33.6 or 33.7 of the BPA OATT; or,

(4) the Transmission Event affects the firm network transmission obtained by Power Services from a Third-Party Transmission Provider and used to deliver the resource to Ashland's load.

For Mid-C Resources Over Non-Firm, in accordance with section 4.3.3.1.2 above, with TCMS coverage, BPA shall not assess an Unauthorized Increase Charge during any Transmission Event consistent with the "Transfer Service Customers' Non-Federal Market Purchase Exchange" terms and conditions in Exhibit D. Such Exhibit D language may be added to this Agreement consistent with section 4.3.3.1.2 above.

During any Planned Transmission Outage that impacts Ashland's Dedicated Resource with TCMS coverage, BPA may, at BPA's sole discretion, obtain alternate transmission from such resource to Ashland's load. If a Planned Transmission Outage affects a Dedicated Resource with TCMS coverage, then Power Services shall notify Ashland of such Planned Transmission Outage.

If a Planned Transmission Outage is cancelled or adjusted such that Ashland is able to deliver any portion of the resource to load normally during any portion of the previously announced Planned Transmission Outage, then Ashland shall do so.

4.3.4.1 **Limitations on the Frequency of TCMS Coverage**
If Ashland is purchasing TCMS for a Dedicated Resource with firm transmission from all applicable providers, then BPA shall provide TCMS without the following limits identified in this section 4.3.4.1.

If, pursuant to section 4.3.3 above, BPA has allowed Ashland to purchase TCMS for a resource that has not yet been granted firm network transmission but Ashland is actively engaged in the process of obtaining firm network transmission, then throughout each Fiscal Year for each such resource, BPA shall periodically assess how frequently TCMS has been needed during that Fiscal Year. If BPA determines that in such Fiscal Year TCMS has been used to replace such Dedicated Resource in ten separate occurrences, where each occurrence TCMS was used was due to a separate Transmission Event on a different day, and for a cumulative total of at least 168 hours, BPA may terminate Ashland's TCMS coverage for such resource 30 calendar days after providing notice to Ashland.

4.3.4.2 **TCMS Payment Obligations**
Ashland shall be subject to charges for TSS, including applicable costs for TCMS, consistent with the provisions of this Agreement and BPA's applicable Power Rate Schedules and GRSPs, including any applicable Unauthorized Increase Charges. Additionally, during a Transmission Event, BPA shall not assess an Unauthorized Increase Charge on a Dedicated Resource with TCMS coverage; provided, however if Ashland applies a Mid-C Resource Over Non-Firm with TCMS coverage, then BPA shall not assess an Unauthorized Increase Charge if a Transmission Event affects the secondary network transmission used to deliver the power between Mid-C or BPA Power and Ashland's load.

4.3.5 **TCMS Coverage after Termination**
If TCMS coverage is terminated, pursuant to section 4.3.3 or 4.3.4.1 of this exhibit, Ashland shall be responsible for obtaining replacement power during any Transmission Event that impacts such Dedicated Resource and for any applicable Unauthorized Increase Charges that may apply pursuant to section 4.3.2 above.

In addition, for any resource for which BPA has terminated TCMS coverage due to frequency of use, as described in section 4.3.3 or 4.3.4.1 of this exhibit, BPA shall allow Ashland to resume purchasing TCMS for the resource only after Ashland notifies BPA that such resource has obtained firm network transmission.

5. E-TAGS
To the extent E-Tags are required by transmission provider(s), Power Services shall create all E-Tags necessary for delivery of energy to Ashland's Total Retail Load.

6. GENERATION IMBALANCE
Ashland shall be responsible for costs associated with deviations between the scheduled Dedicated Resources and Consumer-Owned Resources serving On-Site Consumer Load for an hour and the actual generation produced across such hour; provided, however, if Ashland submits a delivery schedule consistent with all provisions of this exhibit and BPA receives that delivery schedule, and a generation imbalance results from a BPA scheduling error, then BPA shall accept responsibility for the generation imbalance associated with the BPA scheduling error.

7. CHARGES

If Ashland fails to submit prescheduling or real-time scheduling information to BPA as required and by the deadlines in section 4 of this exhibit, then Ashland may be subject to applicable Unauthorized Increase Charges, consistent with BPA's applicable Power Rate Schedules and GRSPs.

8. AFTER THE FACT

BPA and Ashland shall reconcile all transactions, schedules and accounts at the end of each month (as early as possible within the first ten calendar days of the next month). BPA and Ashland shall verify all transactions pursuant to this Agreement as to product or type of service, hourly amounts, daily and monthly totals, and related charges.

9. REVISIONS

BPA may unilaterally revise this exhibit:

(1) to implement changes that BPA determines are reasonably necessary to allow it to meet its power and scheduling obligations under this Agreement, or

(2) to comply with requirements of Western Electricity Coordinating Council (WECC), North American Energy Standards Board (NAESB), or NERC, WRAP or their successors or assigns.

BPA shall provide a draft of any unilateral revisions of this exhibit to Ashland, with reasonable time for comment, prior to BPA providing written notice of the revision. Such revisions will be effective no sooner than 45 calendar days after BPA provides written notice of the revisions to Ashland unless, in BPA's sole judgment, less notice is necessary to comply with an emergency change to the requirements of WECC, NAESB, NERC, WRAP or their successors or assigns. In such circumstances, BPA shall specify the effective date of such revisions.

All other changes to this Exhibit F will be made by mutual agreement of the Parties.

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Exhibit G
TERMS RELATED TO TRANSFER SERVICE

As provided by section 14.6.7 of the body of this Agreement, if Ashland acquires a Transfer Service Eligible Resource, then BPA's support and financial assistance to Ashland shall be consistent with the terms and conditions in this exhibit.

1. DEFINITIONS

1.1 "Fiscal Year Transfer Cap" means the annual Average Megawatt cap described in section 2 of this exhibit. The Fiscal Year Transfer Cap establishes the limit under which BPA will provide financial support for Transfer Service to customers' Network Resources.

1.2 "Initial Transfer Study Deposit" means the amount of dollars required by a Third-Party Transmission Provider to initiate a Transfer Study.

1.3 "Last Transfer Segment" means the transmission and/or distribution facilities of the Third-Party Transmission Provider that (1) interconnect directly to a customer's transmission or distribution facilities, (2) interconnect to BPA transmission facilities that subsequently interconnect with a customer's transmission or distribution facilities, or (3) for deliveries to Transfer Service PODs where BPA uses the facilities of multiple Third-Party Transmission Providers, as noted in Exhibit E, to deliver Firm Requirements Power and Surplus Firm Power from the Primary Points of Receipt to the required facilities of each of these Third-Party Transmission Providers.

1.4 "Network Load" shall have the meaning as defined in the Federal Energy Regulatory Commission's (FERC's) current pro forma Open Access Transmission Tariff (OATT), or its successor.

1.5 "Network Resource" shall have the meaning as defined in the current FERC pro forma OATT, or its successor. In addition, the term "Network Resource" means any Transfer Service Eligible Resource that has been acquired by a customer and for which the customer has begun the process of acquiring firm transmission to serve the customer's Transfer Service POD(s).

1.6 "Transfer Market Purchase" means, for purposes of this Exhibit G, a power purchase or resource that a customer uses to displace a Network Resource.

1.7 "Transfer Request" means the written notification by BPA to a Third-Party Transmission Provider to start the required process to accommodate new or modified Transfer Service.

1.8 "Transfer Study" means a system impact study, feasibility study, facilities study, or other such study required by a Third-Party Transmission Provider following submission of a Transfer Request.

2. ESTABLISHED CAPS AND LIMITATIONS

2.1 This section 2.1 shall not apply for any Transfer Service Eligible Resource: (1) serving a Planned NLSL or an NLSL pursuant to section 1 of Exhibit D and for which BPA is passing through the cost of Transfer Service pursuant to section 14.6.7.1, (2) serving a portion of Ashland's Total Retail Load that Ashland is obligated to serve with BPA-provided electric power pursuant to this Agreement, or (3) that Ashland is not acquiring and paying for transmission service from Transmission Services for that Transfer Service Eligible Resource. For all other Transfer Service Eligible Resources, BPA shall provide financial support for the transmission capacity associated with the Transfer Service Eligible Resource to all Transfer Service customers up to a maximum of 41 MW per Fiscal Year, cumulative over the duration of this Agreement. This cumulative megawatt limit is shown in the table below.

Fiscal Year	Per Year MW Limit	Cumulative MW Limit
FY 2029	41	41
FY 2030	41	82
FY 2031	41	123
FY 2032	41	164
FY 2033	41	205
FY 2034	41	246
FY 2035	41	287
FY 2036	41	328
FY 2037	41	369
FY 2038	41	410
FY 2039	41	451
FY 2040	41	492
FY 2041	41	533
FY 2042	41	574
FY 2043	41	615
FY 2044	41	656

2.2 Application of section 14.6.7 of the body of this Agreement and section 3.2 of this exhibit shall be on a first come, first served basis in each year based on the date each request is received by BPA. Requests not met, in whole or in part, in any Fiscal Year will have priority over subsequent requests the following year. Once granted, BPA shall honor such request for the duration of the resource acquisition period, not to exceed the term of this Agreement.

3. TRANSFER SERVICE FOR TRANSFER SERVICE ELIGIBLE RESOURCES

The terms and conditions of this section 3 are intended to serve as an enabling agreement under which BPA will offer specific terms for delivering Network Resources to Ashland's Transfer Service PODs, as identified in Exhibit E. Each Network Resource serving Ashland's Transfer Service PODs will result in specific terms and conditions, negotiated by the Parties, and be included in section 7 of Exhibit J.

3.1 Obtaining Transfer Service Support

3.1.1 Customer Application

Ashland shall have the right to request Transfer Service support over the Last Transfer Segment from BPA for the delivery of any Transfer Service Eligible Resource that Ashland intends to acquire to serve its Transfer Service POD(s), provided that such request shall be for service of at least one year in duration. Ashland's request shall comply with the requirements of this section 3.1 and shall be subject to the limitations of section 2 of this exhibit.

To request Transfer Service support from BPA for delivery of any Transfer Service Eligible Resource, Ashland shall complete and submit to BPA the application form that BPA shall make available at a publicly accessible website.

Ashland's submission of the application to BPA begins the process of acquiring firm transmission for the Transfer Service Eligible Resource. From the submission forward, the Transfer Service Eligible Resource will be referred to as a Network Resource. Ashland shall submit its completed application form to BPA at least one year prior to the date Ashland anticipates it will start receiving energy from its Network Resource and BPA shall acquire, if possible, firm transmission service for Ashland's Network Resource over the Last Transfer Segment.

On a case-by-case basis, BPA may, but is not obligated to, consider Transfer Service support requests to obtain firm transmission service for a Network Resource made less than one year prior to the date Ashland anticipates it will start receiving energy from that Network Resource.

3.1.2 BPA Notice and Completing Customer Application

Within ten Business Days of BPA's receipt of Ashland's application, BPA shall notify Ashland as to the status of the application. Such notice shall inform Ashland of the following: (1) whether the information provided in the submitted application form is sufficient for BPA to request firm transmission service for Ashland's Network Resource, (2) whether the amount of Transfer Service requested for Ashland's Network Resource exceeds, or partially exceeds, the current Fiscal Year Transfer Cap, and (3) whether the amount of Transfer Service requested for Ashland's Network Resource exceeds, or partially exceeds BPA's forecast of Ashland's minimum hourly load for Ashland's Transfer Service POD(s).

If BPA determines the information in Ashland's application is insufficient, then BPA may ask Ashland for additional information to support BPA's efforts to secure firm transmission service. Ashland shall provide BPA with the requested information within ten Business Days or within such time as the Parties may agree.

If Ashland's request exceeds or partially exceeds the current Fiscal Year Transfer Cap, then Ashland shall notify BPA within ten Business Days after receipt of BPA's notification whether Ashland will withdraw or proceed with its application.

If Ashland's request exceeds or partially exceeds BPA's forecast of their minimum hourly load for Ashland's Transfer Service POD(s), then Ashland shall revise its application within ten Business Days after receipt of BPA's notification so that the Network Resource does not exceed or partially exceed its minimum load.

3.1.3 **Obtaining Firm Transmission Service**
Once the Parties have completed the requirements in sections 3.1.1 and 3.1.2 of this exhibit, BPA shall pursue designation of the Network Resource and request firm transmission service from the Third-Party Transmission Provider. If the Third-Party Transmission Provider requests from BPA more information than Ashland provided in its completed application form, then the Parties shall obtain and provide such information to the Third-Party Transmission Provider within ten Business Days of the Third-Party Transmission Provider's request.

If the Third-Party Transmission Provider informs BPA that studies are, or construction may be, required to provide firm transmission service for Ashland's Network Resource, then BPA shall notify Ashland of such studies or construction requirements. If, based on such studies or construction, Ashland chooses to withdraw its request, then Ashland shall notify BPA within five Business Days of receiving notice from BPA of such requirements. If no notice of withdrawal is received, then BPA shall proceed with firm transmission service acquisition for Ashland's Network Resource and BPA shall pass through to Ashland all study and construction related costs the Third-Party Transmission Provider charges to BPA.

BPA shall make reasonable efforts to coordinate with Ashland and the Third-Party Transmission Provider to complete the firm transmission service acquisition process as described in this section 3.1.3.

3.1.4 **Unavailable Firm Transmission Service for a Network Resource**
If the Third-Party Transmission Provider has not agreed to provide firm transmission services for Ashland's Network Resource within the requested timeframe, then BPA shall not be liable to Ashland for any costs or penalties Ashland may incur associated with the lack of firm transmission service. Further, BPA shall not be obligated to obtain Transfer Service for such Network Resource. Ashland may submit a

subsequent request for such Network Resource or another resource pursuant to section 3.1.1 of this exhibit. Such subsequent request may obligate BPA to obtain Transfer Service pursuant to terms of this exhibit and section 14 of the body of this Agreement.

BPA shall pass through to Ashland any costs assessed by the Third-Party Transmission Provider regarding Ashland's request for Transfer Service support, regardless of whether firm transmission service is obtained for Ashland's Network Resource.

3.2 **Parties' Payment Obligations**
Once BPA has obtained firm transmission service for Ashland's Network Resource from the Third-Party Transmission Provider, the Parties shall be responsible for costs as follows:

3.2.1 **Customer Obligations**
Ashland shall be responsible for acquiring firm transmission service, and paying for all costs associated with such firm transmission service, necessary to deliver the Network Resource across all intervening transmission systems to the Last Transfer Segment. These costs may include but are not limited to all costs related to transmission, system impact studies, facilities studies, interconnection studies, generation imbalance, and any ongoing costs associated with Ashland's Network Resource interconnection.

3.2.2 **BPA Obligations**
BPA's obligation to acquire and pay for the Transfer Service costs pursuant to section 14.6 of the body of this Agreement for Ashland's Transfer Service Eligible Resources is limited to Network Resources delivered over the Last Transfer Segment.

BPA shall have no obligation to acquire or pay for Transfer Service for Transfer Service Eligible Resources if the Parties have not agreed to include such Transfer Service Eligible Resource and the applicable terms and conditions in section 7 of Exhibit J.

3.2.3 **Customer Obligation to Pay BPA**
BPA shall pass through to Ashland and Ashland shall pay BPA certain Transfer Service costs associated with any Network Resource pursuant to this exhibit and section 14.6 of the body of this Agreement and stated in section 7 of Exhibit J.

3.2.3.1 **Pass Through of Network Resource Specific Ancillary Services and Other Costs**
BPA shall pass through to Ashland any costs of ancillary services associated with Transfer Service for Ashland's Network Resource(s).

BPA shall also pass through to Ashland the costs of all other transmission services for Network Resource deliveries including, but not limited to: redispatch costs, congestion management costs, costs associated with adding the Transfer Service Eligible Resource generation as a Network Resource, any costs associated with generation interconnection, direct assigned system upgrade costs, and distribution and low-voltage charges, if applicable.

Such pass through of costs shall be set forth in section 7 of Exhibit J.

3.2.4 **Reimbursement of Transfer Costs Above Fiscal Year Transfer Cap**
If BPA's Fiscal Year Transfer Cap will be exceeded by Ashland's Network Resource and Ashland elects to have BPA obtain firm transmission service for Ashland's Network Resource pursuant to section 3.1.2 of this exhibit, then BPA shall pass through to Ashland all charges assessed by the Third-Party Transmission Provider associated with the delivery of that portion of Ashland's Network Resource which exceeds the Fiscal Year Transfer Cap. Ashland's reimbursement of costs shall continue until such time as the Fiscal Year Transfer Cap increases and all of Ashland's Network Resource may be accommodated under the Fiscal Year Transfer Cap, as described in section 2.2 of this exhibit.

3.3 **Network Resource Section of Exhibit J**
Consistent with the requirements of this exhibit, the Parties shall include the details and any additional terms and conditions of Transfer Service for each Network Resource that Ashland is using to serve its Transfer Service POD(s) in the Network Resource section 7 of Exhibit J.

3.3.1 **Requirements for Adding the Network Resource to Section 7 of Exhibit J**
Once Ashland's Network Resource has firm transmission from the Third-Party Transmission Provider, the Parties shall revise section 7 of Exhibit J to add resource-specific information regarding charges and the terms and conditions for the delivery of Ashland's Network Resource, including the cost responsibilities for delivering the Network Resource.

3.3.2 **Revisions to Ashland's Network Resource**
If any information for Ashland's Network Resource in section 7 of Exhibit J changes at any time during the term of this Agreement, then the Party that is aware of such change shall notify the other Party. The Parties shall revise the information for Ashland's Network Resource consistent with the change. Such information may require additional changes to the designation of the Network Resource and may require a new Transfer Request.

3.4 **Other Requirements and Limitation on Network Resources**

3.4.1 **Hourly Transfer Service Limit**
Ashland's hourly right to Transfer Service for the Network Resource(s) shall not exceed Ashland's Transfer Service POD(s) on any hour.

3.4.2 **Resource Removal**
BPA shall not obtain or pay for Transfer Service for that portion of Ashland's Network Resource, or a former Network Resource, that has been removed pursuant to section 10 of the body of this Agreement. If a Network Resource has been removed or is no longer being used to serve Ashland's Transfer Service POD(s), then BPA may permanently or temporarily undesignate such Network Resource.

3.4.3 **Generation Metering Requirements**
Ashland shall ensure that any Network Resource that is a Generating Resource meets the metering requirements specified in section 15 of the body of this Agreement and any metering requirements of the generation host Balancing Authority and the Third-Party Transmission Provider.

3.4.4 **Scheduling Requirements**
Ashland shall be responsible for managing its Network Resource consistent with Exhibit F.

3.5. **Undesignation of Network Resource**
After BPA has obtained Network Resource designation for Ashland's Transfer Service Eligible Resource from the Third-Party Transmission Provider, BPA shall not undesignate such Network Resource except pursuant to section 3.4.2 of this exhibit or for the purposes of accommodating Ashland's load growth planning. Such undesignation and any subsequent designation shall be consistent with Exhibit A and section 3.1 of this exhibit.

Following any undesignation of a Network Resource, the Parties shall revise section 7 of Exhibit J to reflect such undesignation.

3.6 **Transfer Market Purchases**
After BPA has obtained firm transmission service for Ashland's designated Network Resource, Ashland may use a Transfer Market Purchase to displace the designated Network Resource, which BPA shall schedule on secondary network service, provided that:

(1) such Transfer Market Purchase is only scheduled in preschedule and not modified in real time, consistent with section 4 of Exhibit F, and such Market Purchase is at least one calendar day in duration;

(2) the megawatt amount of the Transfer Market Purchase does not exceed the amount of the Network Resource that Ashland would have scheduled to its load;

(3) Ashland does not, under any circumstances, remarket its Network Resource or perform any other operation that would cause BPA to be in violation of its obligations under the Third-Party Transmission Provider's OATT;

(4) Ashland is responsible for acquiring transmission service, and paying for the costs associated with such transmission service, necessary to deliver the Transfer Market Purchase to the Last Transfer Segment. These costs include, but are not limited to, any additional energy imbalance, redispatch, and Unauthorized Increase Charges that result from a transmission curtailment that impacts the resulting secondary network schedule; and,

(5) Ashland shall pay all cost obligations described in section 3.2 of this exhibit.

If Ashland violates any of the criteria listed above, BPA shall immediately cease obtaining Transfer Service for Ashland for purposes of displacing Ashland's Network Resource(s) with Transfer Market Purchases. Such prohibition shall apply to all Network Resources listed in section 7 of Exhibit J, and the prohibition shall continue for the remaining term of this Agreement unless otherwise agreed by BPA in BPA's sole discretion. BPA shall pass through to Ashland all penalties, or other assessed costs, that result from Ashland violating the conditions of this section 3 and section 7 of Exhibit J.

3.7 **Transfer Service Using Non-OATT Agreements**
When BPA provides Transfer Service to Ashland pursuant to a non-OATT agreement, and notwithstanding the OATT-specific definitions, descriptions and procedures defined in this exhibit, BPA shall, at its sole discretion, determine the appropriate Transfer Service arrangement for Ashland's Network Resource. In such instance, Ashland's Transfer Service Eligible Resource shall have characteristics comparable to a Network Resource, and Ashland shall comply with the timelines and information sharing requirements described in section 3.1 of this exhibit and shall be responsible for direct payment and pass through costs on an equivalent basis to what is described in section 3.2 of this exhibit.

3.8 **Duties of Cooperation**
The Parties shall cooperate to establish the protocols, provisions, and other arrangements that are reasonably necessary to:

(1) manage any particular characteristic of Ashland's Network Resource(s), and

(2) ensure that BPA is able to meet its obligations to the Third-Party Transmission Provider as set out in the applicable transmission service contract.

Such protocols, provisions, and other arrangements shall be reflected in section 7 of Exhibit J.

Requests by either Party for expedited provision of information shall not be unreasonably denied.

4. TERMS AND CONDITIONS FOR ACQUIRING NEW OR MODIFIED TRANSFER SERVICE

4.1 BPA's Agreement to Pursue New or Modified Transfer Service

4.1.1 Ashland may request that BPA submit a Transfer Request to a Third-Party Transmission Provider. BPA will consult with Ashland to determine the information needed to submit such Transfer Request. The Parties shall confirm, in writing, their intent to pursue a Transfer Study, if required, including the information to be included in the Transfer Request and the amount of the Initial Transfer Study Deposit. Within 30 calendar days after the Parties consult, BPA shall submit a Transfer Request to the Third-Party Transmission Provider based on the information provided.

4.1.2 If the Third-Party Transmission Provider requests more information than BPA-provided in the Transfer Request, then the Parties shall obtain and provide such information to the Third-Party Transmission Provider within ten Business Days of the Third-Party Transmission Provider's request.

If the Third-Party Transmission Provider informs BPA that a Transfer Study is required, then BPA shall notify Ashland of such study. If, based on such Transfer Study requirement, Ashland chooses to withdraw its request, then Ashland shall notify BPA within five Business Days of receiving notice from BPA of such requirements. If no notice of withdrawal is received, then BPA shall continue to proceed with the Transfer Study. If Ashland informs BPA it does not wish to proceed, then BPA shall withdraw the Transfer Request from the Third-Party Transmission Provider.

4.1.3 BPA shall initially pay the Third-Party Transmission Provider for all costs associated with the Transfer Request or the Transfer Study. BPA shall pass through all such costs to Ashland, subject to the limitations set forth in section 4.2 of this exhibit.

4.1.4 BPA's obligations under this section 4 are limited to submitting a Transfer Request to, or requesting a Transfer Study from, a Third-Party Transmission Provider and initially incurring any costs associated with such requests. BPA shall not be held liable to Ashland for any acts, omissions, or failures by the Third-Party Transmission Provider related to any Transfer Requests or Transfer Studies. BPA shall not be required to take any further action as a result of this section 4, including but not limited to any of the following:

(1) renewing or modifying the Transfer Service agreement between BPA and the Third-Party Transmission Provider;

(2) negotiating or entering into a new transmission arrangement between BPA and the Third-Party Transmission Provider; or

(3) agreeing to or incurring costs associated with any construction, upgrades, or other improvements to Ashland's, BPA's, or the Third-Party Transmission Provider's facilities. The Parties shall revise Exhibit D to include terms and conditions associated with any direct assignment of such costs.

4.1.5 If, for any reason, the Third-Party Transmission Provider requires BPA to agree to any of the actions identified in section 4.1.4 above, then BPA may withdraw the Transfer Request and terminate the Transfer Study immediately after providing Ashland notice of its intent to do so.

4.2 **Coordination of Costs Beyond the Initial Transfer Study Deposit**
As stated in section 4.1.3 of this exhibit, BPA shall pass through to Ashland all costs associated with a Transfer Request or Transfer Study. BPA shall notify and request confirmation related to a Transfer Request or Transfer Study from Ashland pursuant to the notification provisions of section 4.2.1 below.

4.2.1 If BPA is notified that the costs associated with a Transfer Request or Transfer Study are likely to exceed the Initial Transfer Study Deposit, prior to BPA taking any action that would result in BPA incurring costs that exceed the Initial Transfer Study Deposit, then BPA shall notify and request confirmation from Ashland to determine if Ashland would like to proceed. BPA will notify Ashland in writing as soon as practicable following notice of such additional costs from the Third-Party Transmission Provider. If the amount of such costs is not known, then the following additional provisions shall apply:

(1) BPA may request an estimate of such costs from the Third-Party Transmission Provider and provide that estimate to Ashland; or

(2) BPA may estimate the amounts of such costs and provide those amounts to Ashland.

Estimates under sections 4.2.1(1) and 4.2.1(2) above, if any, shall not be binding on BPA and shall not alter Ashland's obligation to pay or reimburse BPA for the final actual costs.

4.2.2 Ashland shall notify BPA in writing by the date specified by BPA in the notice in section 4.2.1 of this exhibit (which shall not be less than seven Business Days) regarding whether BPA should or should not agree to incur such costs.

(1) If BPA receives a timely notice as stated in this section 4.2.2 in which Ashland requests that BPA agree to incur the costs identified in a notice as stated in section 4.2.1, then BPA shall agree to incur the costs.

(2) If BPA receives a timely notice as stated in this section 4.2.2 in which Ashland requests that BPA not agree to incur a cost identified in a notice as stated in section 4.2.1 of this exhibit, then: (A) BPA shall not agree to incur such costs; and (B) BPA shall have the right to immediately withdraw the Transfer Request and terminate the Transfer Study process.

(3) If BPA does not receive a timely notice as stated in section 4.2.1 of this exhibit, then BPA shall have the right to continue the Transfer Study process and pass through the additional costs to Ashland.

5. REVISIONS

Revisions to this Exhibit G will be made by mutual agreement of the Parties.

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Exhibit H
RENEWABLE ENERGY CERTIFICATES AND ENVIRONMENTAL ATTRIBUTES

1. PURPOSE AND INTENT; DISCLAIMER

The Parties acknowledge that: different jurisdictions, regulatory programs, and entities (federal, state, county, cities, and others) have different definitions for environmental attributes, renewable energy credits/certificates, emissions credits, and similar instruments; the various jurisdictions, programs, and entities are inconsistent in how they define and address these concepts; and these concepts are continually evolving. Accordingly, through this Agreement BPA does not attempt to define these concepts other than by reference to how they may be defined by others, and BPA does not represent or warrant that the items conveyed in this Exhibit H are suitable for a particular purpose or regulatory program. Whatever the regulatorily-defined environmental and non-power characteristics are of the power that customers buy from BPA, the purpose and intent of this Exhibit H is to convey to Ashland, in accordance with this Exhibit H, all Environmental Attributes, if any, and to the extent they exist, associated and commensurate with the physical amount of power Ashland buys from BPA and the Attribute Pools associated with Ashland's purchase obligation under this Agreement. This Exhibit H accomplishes this by BPA: (1) agreeing to register applicable generation, (2) providing for the creation of an Environmental Attribute Accounting Process, (3) producing Inventories of RECs based on power generated, (4) committing to transfer Ashland's share of RECs based on its BPA power purchases and as determined in accordance with this Exhibit H to Ashland, (5) committing to provide an emissions accounting and non-emitting generation accounting for customers' use, and (6) undertaking the other actions identified in this exhibit below.

2. DEFINITIONS

2.1 "Attribute Pools" means the results calculated in the Environmental Attribute Accounting Process whereby the physical resources and forecasted power deliveries associated with each of BPA's rates and firm power obligations are determined for the upcoming Rate Period.

2.2 "Emissions Allowance" means an authorization in a given jurisdiction to emit a specified amount of carbon dioxide equivalent or other measurement of greenhouse gases, and documented as an emissions credit, certificate, or similar instrument.

2.3 "Environmental Attribute Accounting Process" means the public process BPA will conduct each Rate Case Year, after the conclusion of each routine power rate 7(i) Process, during which the allocation methodology and Attribute Pools for BPA's Environmental Attributes for the upcoming Rate Period will be determined.

2.4 "Environmental Attributes" means the environmental and non-power characteristics of power, however defined or titled and arising under any federal, state, or local law or regulation, including but not limited to current or future certificates, credits, benefits, and avoided emissions attributable to the generation of energy from a resource. Environmental Attributes do not include the tax credits associated with such resource. One megawatt-hour of energy generation from a resource is associated with one megawatt-hour of Environmental Attributes.

2.5 "Inventory" or "Inventories" means the Environmental Attributes, including RECs, that are attributable to the output of generation resources, by Attribute Pool(s).

2.6 "Renewable Energy Certificates" or "Renewable Energy Credits" or "RECs" means the tradeable certificates, credits, documentation, or other evidence that demonstrates: (1) that the electricity was generated from a renewable or non-emitting energy generating unit and (2) proof of ownership of the Environmental Attributes of such generated electricity in a REC tracking system. Some jurisdictions and regulatory programs may interpret a REC to include the emissions avoided by the generation of electricity by a renewable or non-emitting generating unit. For purposes of such situations, the Parties' intent is that the RECs conveyed herein include the associated Environmental Attributes; however, this conveyance is not intended to impact BPA's reporting in any generation-based emission programs where REC retirement is not required. One megawatt-hour of energy generation from a resource registered with the tracking system under section 5 is associated with one REC.

2.7 "Retire" or "Retirement" means an action taken to remove a REC from circulation within a REC tracking system.

3. ENVIRONMENTAL ATTRIBUTE INVENTORY AND ACCOUNTING

The Parties acknowledge that the Environmental Attribute accounting outlined below will be provided consistent with physical deliveries of power.

3.1 **Registration of Renewable Energy Generating Units**

BPA shall take all reasonable steps to register the applicable renewable energy generating units in BPA's system mix, including any hydro resources, with the tracking system selected under section 5 of this Exhibit H.

3.2 **Environmental Attribute Accounting Process**

Starting after issuance of the Final ROD of the BP-29 power rate 7(i) Process, and after the issuance of the Final ROD in each subsequent routine power rate 7(i) Process thereafter through the term of the Agreement, BPA shall conduct an Environmental Attribute Accounting Process for each upcoming Rate Period.

3.3 **REC Inventory Accounting**

No later than April 15, 2030, and by each April 15 over the remaining term of this Agreement, BPA shall calculate its Inventory for RECs for each Attribute Pool created during the prior calendar year in the applicable Environmental Attribute Accounting Process for the applicable Rate Period.

3.4 **Emission Accounting**
No later than June 1, 2029 and by each June 1 thereafter, and as an outcome of the Environmental Attribute Accounting Process, BPA will provide emission accounting information and, if applicable, will provide such information consistent with state rules.

3.5 **Non-Emitting Electric Generation Accounting**
No later than June 1, 2029 and by each June 1 thereafter, and as an outcome of the Environmental Attribute Accounting Process, BPA will provide non-emitting electric generation accounting information and, if applicable, will provide such information consistent with state rules.

4. CUSTOMER'S SHARE OF RECS

All capitalized terms used in this paragraph and the related underlying processes described in this paragraph shall be as defined, determined and calculated under Ashland's Regional Dialogue CHWM Contract. By April 15, 2029, BPA shall transfer to Ashland or manage a pro rata share of Available Tier 1 RECs from calendar year 2028 based on Ashland's FY 2028 RHWM divided by the total FY 2028 RHWMs of all customers with Regional Dialogue CHWM Contracts. BPA shall also transfer to Ashland its share of Tier 2 RECs, if applicable, generated during calendar year 2028. Ashland agrees that its REC transfer or management election (WREGIS account, WREGIS subaccount, or remarketing) for Fiscal Year 2028 shall apply for all calendar year 2028.

By April 15, 2030, and by each April 15 over the remaining term of this Agreement, BPA shall determine Ashland's share of RECs as a pro rata share of the actual megawatt-hours of power Ashland purchased from BPA the prior calendar year under this Agreement. Ashland's pro rata share of each Inventory of RECs shall be calculated as the actual megawatt hours of power Ashland purchased from BPA under this Agreement during the prior calendar year from the applicable Attribute Pool divided by the sum of all power purchased from BPA for the applicable Attribute Pool.

5. TRANSFER AND TRACKING OF RECS

By December 1, 2029, Ashland shall provide written notice to BPA stating which one of the three options below it elects for the transfer of Ashland's share of RECs, for the remaining term of the Agreement. However, Ashland may change its transfer election for the remaining term of the Agreement by providing written notice to BPA of such change by December 1, 2030 or by any December 1 over the remaining term of the Agreement.

(1) BPA shall transfer Ashland's share of RECs into Ashland's own Western Renewable Energy Generation Information System (WREGIS) account, which shall be established by Ashland; or

(2) BPA shall transfer Ashland's share of RECs into a BPA-managed WREGIS subaccount. Such subaccount shall be established by BPA on Ashland's behalf and the terms and conditions of which shall be determined by the Parties in a separate agreement; or

(3) BPA shall transfer Ashland's share of RECs into a third party-managed WREGIS account. Ashland shall notify BPA of the third-party WREGIS account number in its notice provided pursuant to this section 5.

By April 15, 2030, and by each April 15 over the remaining term of this Agreement, BPA shall transfer Ashland's share of RECs from the prior calendar year to Ashland via WREGIS in accordance with its transfer election.

If Ashland's WREGIS account number has changed, then Ashland shall notify BPA of such change by December 1, 2028 and by each December 1 over the remaining term of this Agreement.

All references to WREGIS in this Exhibit H should be understood to mean WREGIS or a comparable commercial tracking system. BPA may change commercial tracking systems with reasonable advance notice to Ashland. In such case, the Parties shall establish a comparable process for BPA to provide Ashland its share of RECs.

6. FEES

BPA shall pay any reasonable fees associated with: (1) the transfer of Ashland's RECs into any WREGIS account or WREGIS subaccount and (2) the establishment of any WREGIS subaccounts in Ashland's name pursuant to section 5 of this exhibit. Ashland shall pay all other fees associated with any WREGIS or successor commercial tracking system, including WREGIS Retirement, reserve, and export fees.

7. EMISSION ALLOWANCES

7.1 BPA Compliance with Emission Allowance Program(s)

If over the term of this Agreement BPA incurs an emissions compliance obligation placed on electricity importers that provide power to Ashland's service territory, and if based on that compliance program:

(1) BPA is obligated to obtain Emission Allowances sufficient to cover power purchased under this Agreement to Ashland, and

(2) Ashland is eligible to receive Emission Allowances at no cost from Ashland's applicable jurisdiction and which can be used directly for compliance,

then Ashland shall transfer, or otherwise provide, Emission Allowances to BPA on the schedule and in the amount agreed to by BPA and Ashland that is sufficient to satisfy BPA's compliance obligations that arise in order to serve Ashland's load in its state.

The Parties shall revise section 7.2 below to include the specific terms and conditions, such as the calculation of the Emission Allowances to be transferred, and cost responsibilities, if any, associated with the transfer of Emission Allowances to BPA.

If Ashland elects to not revise this Exhibit H to include applicable special provisions in section 7.2 below, then BPA shall apply and Ashland shall pay the applicable Emissions Allowance costs through charges established in the BPA Power Rate Schedules and GRSPs.

7.2 **Transfer of Emission Allowances to BPA**
Placeholder for special provisions.

8. REVISIONS

BPA may unilaterally revise this exhibit:

(1) to add or remove the terms and conditions of Ashland's WREGIS subaccount following either Ashland's election of a WREGIS subaccount pursuant to section 5 of this exhibit or either Party's notice for termination of a WREGIS subaccount; and

(2) to incorporate any significant edits related to a change to the commercial tracking system, pursuant to the last paragraph of section 5 of this exhibit.

All other changes to this Exhibit H will be made by mutual agreement of the Parties. As discussed in section 1 of this exhibit, BPA and Ashland acknowledge that the regulatory concepts covered in this exhibit are not well settled and are continually evolving. Accordingly, if future regulatory concepts change such that the spirit and intent of this exhibit are not being met, then BPA agrees to discuss such situations with customers and, as needed, to attempt in good faith to agree on mutually acceptable amendments to this exhibit.

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Exhibit I
NOTICES AND CONTACT INFORMATION

1. NOTICES AND CONTACT INFORMATION

1.1 **Notices**
Any notice required under this Agreement that requires such notice to be provided under the terms of this section shall be provided in writing to the other Party in one of the following ways:

(1) delivered in person;

(2) by a nationally recognized delivery service with proof of receipt;

(3) by United States Certified Mail with return receipt requested;

(4) electronically, with verification of the electronic notice's origin, date, time of transmittal and receipt; or

(5) by another method agreed to by the Parties.

Notices are effective when received.

1.2 **Contact Information**
The Parties shall deliver notices to the following people and address(es):

If to Ashland:

City of Ashland
20 E Main Street
Ashland, OR 97520-1814
Attn: Sabrina Cotta
City Manager
Phone: (541) 552-2106
E-Mail: sabrina.cotta@ashland.or.us

If to BPA:

Bonneville Power Administration
905 NE 11th Avenue
PO Box 3621
Portland, OR 97208-3621
Attn: Kevin Mozena – PSE-6
Account Executive
Phone: (503) 230-4585
E-Mail: kimozena@bpa.gov

Additional Ashland Contact:

City of Ashland
20 E Main Street
Ashland, OR 97520-1814
Attn: Tom McBartlett
Director of Electric Utilities
Phone: (541) 552-2314
E-Mail: mcbartlettt@ashland.or.us

Additional BPA Contact:

Bonneville Power Administration
905 NE 11th Avenue
PO Box 3621
Portland, OR 97208-3621
Attn: Scott K. Wilson – PSW-6
Western Power Customer Services Manager
Phone: (503) 230-7638
E-Mail: skwilson@bpa.gov

2. OPERATIONAL CONTACT INFORMATION

As applicable, the Parties shall notify the following people using the following methods for operations related to this Agreement, including scheduling:

If to Ashland:	**If to BPA:**
Not Applicable Or another mutually agreed upon form of notification.	Preschedule E-Mail: PBLPresched@bpa.gov Real Time: See E-Tag for contact Or another mutually agreed upon form of notification.

3. REVISIONS

Each Party shall notify the other Party of changes to their contact information above. After such notice, BPA may unilaterally revise section 1.2 and section 2 of this exhibit to reflect such changes to the Parties' contact information. All other changes to this Exhibit I will be made by mutual agreement of the Parties.

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Exhibit J
SUPPORT SERVICES; ADDITIONAL RESOURCE AND ENERGY STORAGE DEVICE REQUIREMENTS

1. CUSTOMER RESOURCE ELECTIONS AND REQUIREMENTS SUMMARY

Elected Services by Resource					Resource Services and Requirements	
Resource Name	TSS Election		Applied to Tier 1 Allowance Amount	RSS Elections	Requires E-Tag	Flexible Resource Requirements
	TSS-Full	TSS-Partial				

2. TIER 1 ALLOWANCE AMOUNT

Ashland's total amount of Specified Resources that are applied to the Tier 1 Allowance Amount, as identified in section 2.1 of Exhibit A, are stated below. BPA shall calculate the Tier 1 Allowance Amount limit in accordance with section 3.5.2 of the body of this Agreement. If Ashland's CHWM changes, then BPA shall revise the Tier 1 Allowance Amount and Tier 1 Allowance Amount limit in the table below in accordance with section 3.5.2 of the body of this Agreement.

Tier 1 Allowance Amount (MW)	Tier 1 Allowance Amount Limit (MW)

3. RESOURCE SUPPORT SERVICES

3.1 BPA shall develop Support Services consisting of RSS and other Support Services to support eligible Dedicated Resources listed in section 2 and 3 of Exhibit A and eligible Consumer Owned Resources Serving On-site Consumer Load listed in section 7 of Exhibit A.

RSS may include, but are not limited to, providing forced outage services, services for generation that produces secondary energy, or services to support variable generation. Other Support Services may include, but are not limited to, scheduling services and curtailment management services. BPA shall offer an amendment to this Agreement with RSS and other Support Services contract provisions by July 31, 2026. Prior to that date, BPA shall provide Ashland a reasonable opportunity to provide input into the development or refinement of Support Services and the related contract provisions. BPA shall make RSS and other Support Services available starting in FY 2029.

3.2 If Ashland adds a New Resource to meet its obligations to serve Above-CHWM Load, consistent with the notice requirements in section 3.5.1 of the body of this Agreement, then Ashland may purchase RSS or a combination of RSS and other Support Services from BPA to support such resource.

4. EXISTING DISPATCHABLE RESOURCE CAPACITY SHAPING REQUIREMENTS

Ashland does not have any Existing Resources that are Dispatchable Resources.

5. RESOURCE ADEQUACY REQUIREMENTS AND SUBMITTALS

BPA acknowledges that the resource adequacy compliance requirements in this section 5 of Exhibit J are evolving. Accordingly, if future requirements change such that the intent of this section 5 is not being met, then BPA agrees to discuss such situations with customers and develop revisions to this section 5. In accordance with sections 17 and 22 of the body of the Agreement, the following shall apply.

5.1 Resource Adequacy Submittals for Dedicated Resources and Consumer-Owned Resources Serving On-Site Consumer Load

5.1.1 For all Ashland's Dedicated Resources and Consumer-Owned Resources serving On-Site Consumer Load, Ashland shall submit to BPA the QCC values and JCAF(s) for the Generating Resource(s) Ashland will provide to meet its Dedicated Resource and Consumer-Owned Resource serving On-Site Consumer Load amounts for any Fiscal Year as follows.

For the winter WRAP season shown in the table below, such submittal shall be by November 1 prior to the Fiscal Year in which Ashland has a Dedicated Resource or Consumer-Owned Resource serving On-Site Consumer Load amount.

For the summer WRAP season shown in the table below, such submittal shall be by June 1 prior to the Fiscal Year in which Ashland has a Dedicated Resource or Consumer-Owned Resource serving On-Site Consumer Load amount.

WRAP Seasons	
Summer	June - September
Winter	November – March

5.1.2 Beginning October 1 immediately preceding the start of the winter season in which Ashland has a Dedicated Resource or Consumer-Owned Resource serving On-Site Consumer Load amount, and beginning May 1 immediately preceding the start of the summer season in which Ashland has a Dedicated Resources or Consumer-Owned Resource serving On-Site Consumer Load amount, Ashland shall submit a generation schedule for such Generating Resource(s), in hourly amounts, no later than one month in advance of each operating day. Such generation schedule can be for each hour of the entire WRAP summer or winter season or for each hour of each individual future day of the season.

5.1.3 On each preschedule day of the applicable WRAP season, Ashland shall submit a generation schedule for the Generating Resource(s) Ashland will provide to meet its Dedicated Resource and Consumer-Owned Resource serving On-Site Consumer Load amounts, as applicable, in hourly amounts for the day of delivery.

5.1.4 If BPA determines that Ashland does not need to provide certain information required in sections 5.1.1, 5.1.2, and 5.1.3 above, then BPA shall revise the table below to list any resources and information that Ashland does not need to provide.

Resource Name	Resource and Information Exemptions

5.2 **Resource Adequacy Services**
Unless a self-supply option is available and elected by Ashland, Ashland shall purchase Support Services for the following resources for resource adequacy planning purposes: (1) New Resource amounts serving Above-CHWM Load and (2) Consumer-Owned Resources serving On-Site Consumer Load except for those listed in section 7.4 of Exhibit A, in accordance with the applicable Power Rate Schedules and GRSPs.

Ashland shall be responsible for any resource adequacy-related planning obligations for any Planned NLSL or NLSL served by Dedicated Resource amounts or Consumer-Owned Resources listed in section 7.4 of Exhibit A.

5.3 **WRAP Load Exclusions**

5.3.1 By July 31, 2027, and by July 31 of each Forecast Year thereafter, Ashland may request that BPA allow a load exclusion. Upon receipt of such request, BPA will analyze Ashland's request, including impacts to BPA's ability to maintain resource adequacy and reliability, and any potential cost shifts to BPA and other BPA customers. In its sole discretion, BPA may: (1) allow a requested load exclusion, (2) allow a requested load exclusion subject to conditions designed to offset any negative impacts the requested load exclusion may have on the reliability of the power system or to share costs; or (3) decline a requested load exclusion.

By October 15 of the Rate Case Year following the request, BPA shall provide Ashland notice of its decision regarding the requested load exclusion, including a summary of its analysis and any conditions. By January 31 of that Rate Case Year, the Parties shall revise section 5.3.2 of this exhibit to state the terms and conditions of any allowed load exclusion. Such load exclusions will be effective on October 1 following the Exhibit J revision and shall remain in effect for the duration of that Rate Period. If the Parties do not revise Exhibit J pursuant to this section by January 31 of the applicable

Rate Case Year, then BPA shall not allow the requested load exclusion for the upcoming Rate Period.

5.3.2 Ashland does not have a WRAP load exclusion at this time.

5.4 **Submittal Method**
No later than October 1, 2027, and in accordance with section 22.1.1 of the body of this Agreement, BPA shall update this section 5.4, and section 2 of Exhibit I as applicable, with BPA's preferred mode of communication for WRAP-related information.

5.5 **Pass-through Charges**
Pursuant to section 22.2 of the body of this Agreement, BPA shall pass through WRAP charges to Ashland in instances where the charge is related to one or more of the following: (1) non-performance of Ashland's resource as planned; (2) failure to meet the requirements of sections 5.1.1, 5.1.2, 5.1.3 and 5.2 above.

If BPA finds that only a portion of such WRAP charge is related to one of the conditions above, then BPA shall pass through only the portion related to such conditions. BPA shall not pass through charges that are related to the failure of BPA-provided Support Services.

For any single instance of a pass-through charge for WRAP, BPA shall waive a related charge that BPA determines to be duplicative to other charges assessed.

6. ENERGY STORAGE DEVICES
The data included in this section 6 is intended for informational purposes.

6.1 **Definitions**
For purposes of this section 6, the following terms shall have the meaning as defined.

6.1.1 "Cycle" means an Energy Storage Device has discharged an amount of energy equal to its maximum rated storage capacity and been recharged to 100 percent of that rated capacity.

6.1.2 "Cycles per Day" means the number of times, or fraction thereof, that an Energy Storage Device can complete a Charge Cycle within a normal 24-hour period.

6.1.3 "Hours of Maximum Discharge" means the number of hours, or fraction thereof, an Energy Storage Device can discharge at its Maximum Single Hour Discharge.

6.1.4 "Maximum Charge Rate" means the maximum rate at which an Energy Storage Device can be charged from either a full or partial discharge to either a higher level of charge or a full charge, in percentage of full charge per hour.

6.1.5 "Maximum Single Hour Discharge" means the maximum megawatt-hours that an Energy Storage Device is rated for discharge on a single hour.

6.1.6 "Round Trip Efficiency" means the percent of energy used in charging an Energy Storage Device that later can be discharged to the alternating current electrical system.

6.1.7 "Storage Capacity" means the megawatt-hours of energy an Energy Storage Device is designed and rated to be able to store and discharge to the alternating current electrical system on an ongoing basis.

6.2 **Notice of Energy Storage Device Connection**
Ashland shall provide notice to BPA of its or its consumer's intent to connect an Energy Storage Device to Ashland's distribution system. Such notice shall be provided no fewer than 30 calendar days prior to the Energy Storage Device connection and shall include the information specified in section 6.3.1.3 below. BPA will populate the table in section 6.3.1.3 within 60 calendar days of receiving the notice.

6.3 **List of Ashland and Consumer-Owned Energy Storage Devices**
Ashland does not have any Energy Storage Devices at this time.

7. NON-FEDERAL NETWORK RESOURCE INFORMATION FOR TRANSFER SERVICE

Ashland does not have any non-federal Network Resources at this time.

8. REVISIONS

BPA shall unilaterally revise this exhibit to reflect: (1) Ashland's resource elections and requirements in section 1 of this exhibit; (2) Ashland's Tier 1 Allowance Amount in section 2 of this exhibit; (3) resource adequacy requirements in section 5 of this exhibit; and (4) updates or additions to Energy Storage Devices in section 6 of this exhibit. Additionally, BPA shall unilaterally revise section 3, Resource Support Services, of this exhibit to implement an established BPA rate for such products or services.

All other changes to this Exhibit J will be made by mutual agreement of the Parties.

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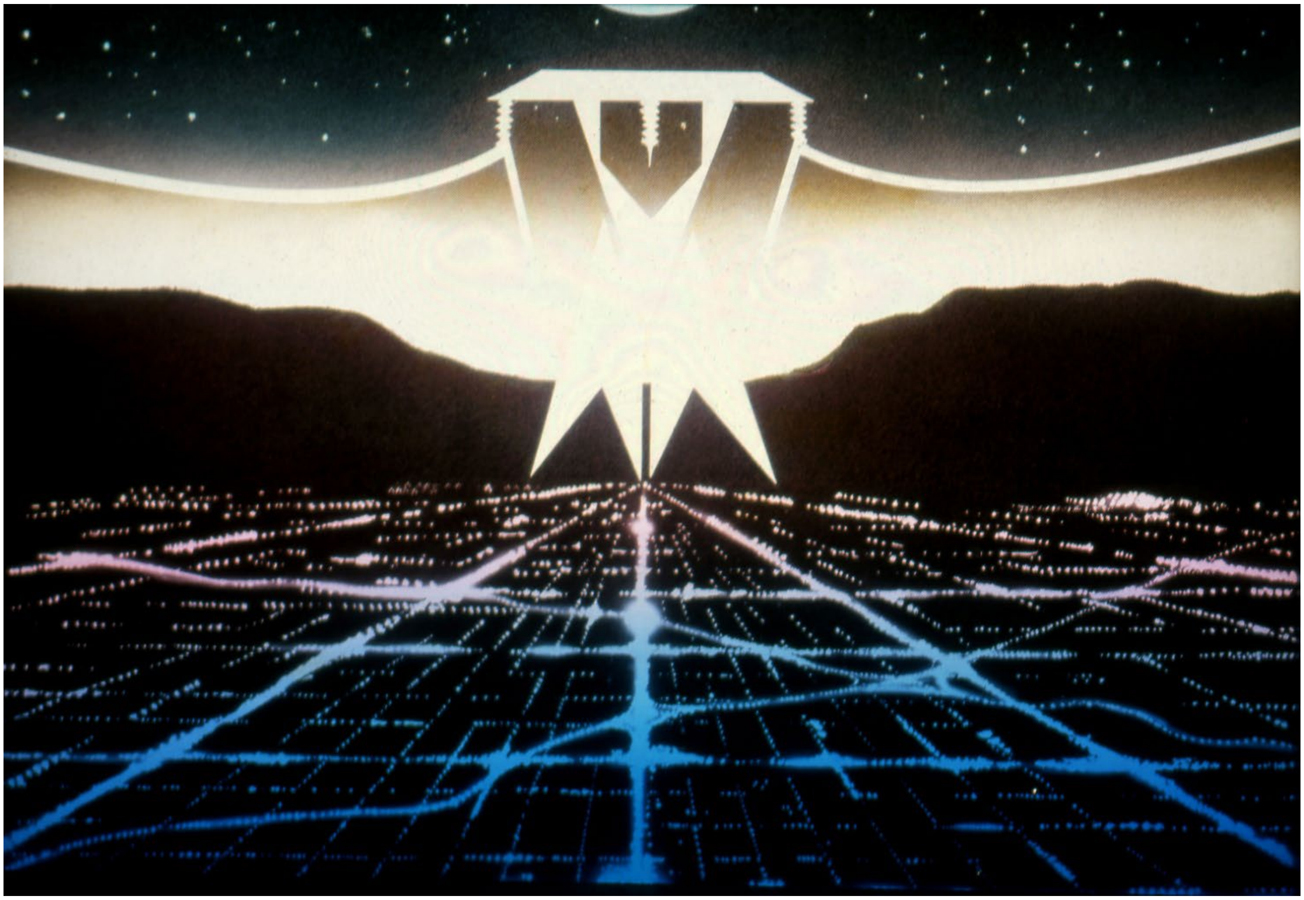

2029 PUBLIC RATE DESIGN METHODOLOGY

Final

PRDM-26-A-03-E01

September 2025

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TABLES

FIGURES

1 BACKGROUND AND PURPOSE

Section 7(b)(1) of the Northwest Power Act requires BPA to establish a "rate or rates" for the sale of firm electric power to meet the "general requirements" load of public body, cooperative, and federal agency customers (public customers, or "Publics"). 16 U.S.C. § 839e(b)(1). The public customers' "general requirements" load is the electric power they purchase from the Administrator under Section 5(b) of the Northwest Power Act, excluding new large single loads. *Id.* at § 839e(b)(4).

This Public Rate Design Methodology (PRDM) is the rate methodology BPA will use beginning FY 2029-30 to develop the Section 7(b) rate for the general requirements of Publics with Contract High Water Mark (CHWM) Contracts. For purposes of the PRDM, the Section 7(b) rate is referred to as the Priority Firm Power (PF) rate. Consistent with Section 7(b) and the rate design discretion afforded to the Administrator by Section 7(e) of the Northwest Power Act, the PF rate design, as described herein, will be composed of two tiers. The first tier (Tier 1 Rates) sets rates designed to recover the costs associated with serving a public customer's general requirements load that is designated as CHWM Load under the terms of the public customer's CHWM Contract. The second tier (Tier 2 Rates) sets rates designed to recover the costs associated with serving a public customer's general requirements load that is designated as Above-Contract High Water Mark (Above-CHWM) Load under the terms of the public customer's CHWM Contract. The PRDM specifies how PF rates will be developed by BPA under these two tiers, with the objective of ensuring—to the maximum extent practical—that Tier 1 Rates do not include costs of serving a public customer's Above-CHWM Load.

Other (not Core Rate Design) rate adjustments, charges, and special provisions, as well as the rate design applicable to products and services not included in the PRDM, will be established in each 7(i) Process.

1.1 Two-Year Rate Periods

BPA determinations of specific rate levels will be made in a manner consistent with the PRDM in the respective 7(i) Process during the term of this PRDM. Under the PRDM, BPA will set power rates for Rate Periods no longer than two years.

1.2 Duration of the PRDM

This PRDM will be effective October 1, 2028, and will apply until all contracts that sell power at rates set pursuant to the PRDM have expired.

1.3 Scope of PRDM References and Descriptions

The PRDM addresses cost allocation and rate design of the PF rates applicable to the general requirements of public customers taking service under a CHWM Contract. It does not address the cost allocation or rate design of any other rate. Throughout the PRDM, there are references to BPA's power costs in aggregate, or to elements of BPA's power costs that are not recovered solely through the PF rates applicable to the PRDM. All costs BPA functionalizes to Power Services will be included in the Revenue Requirement Table established in each 7(i) Process. Each line item on the Revenue Requirement Table will be allocated to matching line items on the Allocated Tiered Cost Table (Table 2-1) established for each rate pool. The Cost Pools on the Allocated Tiered Cost Table for the PF rate pool will establish the treatment of costs to be recovered through either the various Tier 1 Rates or the various Tier 2 Rates. These Cost Pools on the Allocated Tiered Cost Table do not address BPA power costs on the Revenue Requirement Table that are to be recovered through (allocated to) other rates, such as the New Resources Firm Power (NR) rate or the Industrial Firm Power (IP) rate.

To the extent the PRDM refers to costs beyond those to be recovered through tiered PF rates, this is not intended to imply that tiered PF rates will be designed to recover those costs. Rather, these statements should be understood in the context of the sequential process. That is, BPA will first determine its overall total system costs, then functionalize those costs to Power Services and Transmission Services, and then allocate the total Power system costs among its applicable rates *(e.g.,* PF, PF Exchange, IP, NR, FPS, others), in accordance with the rate directives of Section 7 of the Northwest Power Act. The provisions of the PRDM apply after this allocation, and only apply to the portion of costs and revenues allocated to PF rate(s) receiving service under a CHWM Contract. (See Figure 2-1.) The PRDM does not address issues relating to other BPA rates, except the PF Exchange Rate for Publics with CHWM Contracts as described in Section 8.4.1.

2 COST ALLOCATIONS

The PRDM specifies how costs will be allocated to the Tier 1 Cost Pools and the Tier 2 Cost Pools that are used to calculate the Tier 1 and Tier 2 Rates. BPA will set all its rates, including the Tier 1 and Tier 2 Rates, in each 7(i) Process.

2.1 Cost Allocation Principles

The following principles were applied in developing the PRDM Cost Allocation Method and will be used for allocating costs that are not specifically addressed in the PRDM.

1) Tiering is a ratemaking construct implemented through an allocation of costs rather than an allocation of power.
2) Costs not otherwise expressly allocated in the PRDM will be allocated to Cost Pools based on the principles of cost causation, meaning the costs will be allocated to the Cost Pool(s) that benefit from or cause such costs.
3) Tier 1 Costs will be kept separate and distinct from Tier 2 Costs. Tier 1 Costs will be recovered through the Tier 1 Rates. Tier 2 Costs will be recovered through Tier 2 Rates, except when necessary to ensure BPA's cost recovery during a Rate Period or to conform to court ruling as provided for in Chapter 9.
4) Tier 2 Cost Pools will be kept separate from one another. Each Tier 2 Rate will recover only the costs of the applicable Tier 2 Cost Pool. BPA will seek to recover all costs of the applicable Tier 2 Cost Pool from customers purchasing power from that Tier 2 Cost Pool before proposing any reallocation of costs to the Composite Cost Pool.
5) Cost separation between the Cost Pools will not affect the operation or dispatch of the Federal Columbia River Power System (FCRPS).

6) The ratemaking separation of costs between Tier 1 and Tier 2 Cost Pools, and among the Tier 2 Cost Pools, will not necessarily be the same as BPA's accounting treatment of the costs. When differences arise between ratemaking and accounting, the ratemaking allocations determined in accordance with this chapter will govern BPA's ratemaking.
7) BPA's allocation of costs among the Composite, Non-Slice, and Slice Cost Pools will recognize the types of costs distinct to the type of service associated with each Cost Pool.
8) The public customers have entered into a long-term CHWM Contract with BPA, which commits the public customer to purchase (and BPA to supply) electric power for the duration of the contract (as described therein) at rates that recover BPA's total system costs consistent with Section 7 of the Northwest Power Act. As partial consideration for this long-term commitment, and the long-term commitments in the CHWM Contract incorporating the PRDM, the revenues and costs associated with the sales of secondary energy will be treated in the following manner:
    a) all revenues forecast by BPA from its sale of secondary energy produced by the Federal Base System and other resources acquired by the Administrator will continue to be credited to power rates pursuant to Northwest Power Act Section 7(g) against costs that are properly allocated to rates for recovery from sales of power for use within the region; and
    b) costs and benefits of the sale of or inability to sell excess electric power allocated under Section 7(g) of the Northwest Power Act will be allocated to the Cost Pools to which the costs of the resources that generate such excess electric power are allocated, consistent with Section 7 of the Northwest Power Act.

9) The tiered rate treatment described in this PRDM will preserve consistency with generally accepted ratemaking principles.

10) The allocation of costs and revenues as described in the PRDM does not prescribe any particular conveyance of environmental and/or other attributes associated with power purchased from BPA.

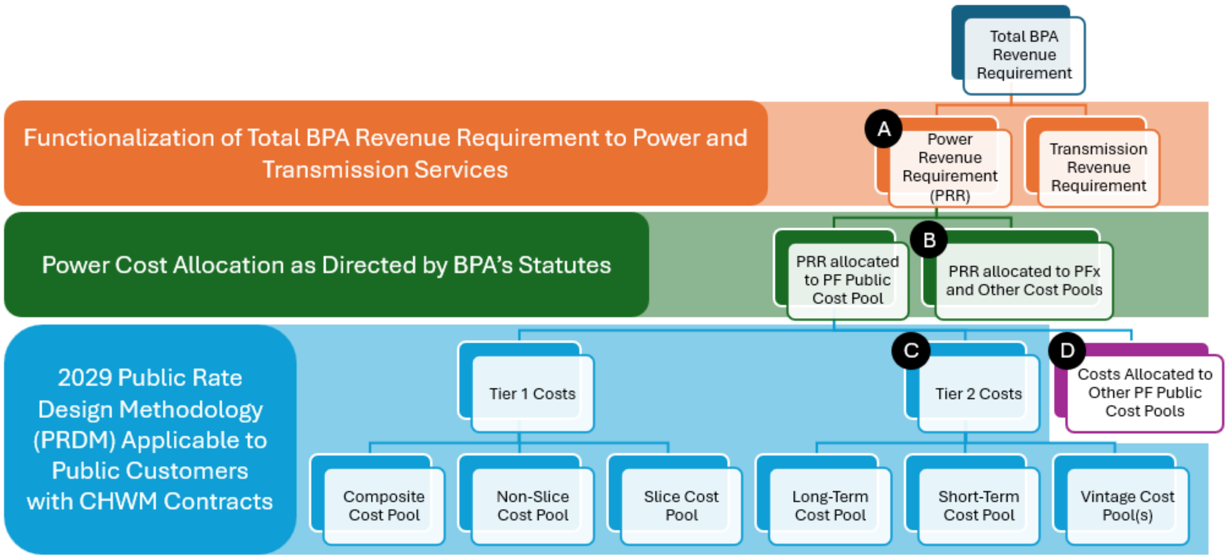
2.2 Cost Allocation Method and Allocated Tiered Cost

In each 7(i) Process under the PRDM, BPA will allocate Tier 1 Costs among three Tier 1 Cost Pools for determining Tier 1 Rates, and Tier 2 Costs to one or more Tier 2 Cost Pools corresponding to each Tier 2 Rate Alternative. The Tier 1 Cost Pools are the Composite Cost Pool, Slice Cost Pool, and Non-Slice Cost Pool. The allocation of costs to Cost Pools is a ratemaking exercise that is performed in a 7(i) Process according to the directives in Section 7 of the Northwest Power Act.

The Tier 1 Cost Pools will be determined by starting with the Power Revenue Requirement and subtracting the portion of the Power Revenue Requirement recovered from BPA's other power rates, as directed by BPA's statutes. The remaining Power Revenue Requirement will be recovered from the PF Public Cost Pool.

The portion of the PF Public Cost Pool that is allocated to the Tier 2 Cost Pools, as well as any portion of the PF Public Cost Pool allocated to non-CHWM PF Public Customers, will then be subtracted from the PF Public Cost Pool. The remaining portion of the PF Public Cost Pool will be allocated to Tier 1 Cost Pools. The Tier 1 Costs are then sub-allocated to the three Tier 1 Cost Pools—the Composite Cost Pool, the Slice Cost Pool, and the Non-Slice Cost Pool. (See Figure 2-1.)

Figure 2-1.
Soup-to-Nuts Power Cost Allocation



Consistent with Figure 2-1 above, BPA's Tier 1 Costs are calculated as:

$$Tier\ 1\ Costs = A - B - C - D$$

Where:

A = The Power Revenue Requirement.

B = The portion of Power Revenue Requirement allocated to BPA's other Cost Pools as directed by BPA's Statutes.

C = The portion of the PF Public Cost Pool identified as Tier 2 Costs.

D = The portion of the PF Public Cost Pool allocated to other non-CHWM PF Public Customers.

2.2.1 Cost Allocation Proof

The mathematical, illustrative, summarizing, and accounting methods used to solve for Tier 1 and Tier 2 Rates in each 7(i) Process may vary. Therefore, to ensure that the

PF Public rates are set in accordance with Section 7 of the Northwest Power Act and the Principles in Section 2.1 of this chapter, BPA will conduct a cost allocation proof in every 7(i) Process. The proof will verify that the total costs recovered from all PF Public rates is equal to only the portion of BPA's total power costs that, in accordance with Section 7 of the Northwest Power Act, are to be recovered from PF Public rates.

2.2.1.1 The Composite Cost Pool

Section A of the Allocated Tiered Cost Table 2-1 sets out the categories of costs that are allocated to the Composite Cost Pool, including all Tier 1 Costs and Tier 1 Credits functionalized by BPA to Power, except for any Tier 1 Costs or Tier 1 Credits that BPA has determined meet the specified criteria for inclusion in either the Slice Cost Pool or the Non-Slice Cost Pool, as set forth in Sections 2.2.1.2 and 2.2.1.3. The administrative costs (primarily staffing costs) of surplus marketing and administering all CHWM Contracts and rates, including potential future contracts that are applicable to the PRDM, will be allocated to the Composite Cost Pool.

2.2.1.2 The Slice Cost Pool

Section B of the Allocated Tiered Cost Table is designed to include the costs that are allocated to the Slice Cost Pool, including all Tier 1 Costs and Tier 1 Credits that are specifically and uniquely attributable to the Slice Product. If, during the term of CHWM Contracts (including potential future contracts that incorporate the PRDM), BPA undertakes actions that are specifically and uniquely attributable to the Slice Product (for example, customer-requested software enhancements specific to the Slice Product), then BPA will allocate the costs of undertaking these actions to the Slice Cost Pool unless BPA and the Slice Customers have made separate payment arrangements. Such costs would be treated as New Expenses under the PRDM for allocation purposes. Similarly, if in the future there are New Credits attributable to the Slice Product only, these New Credits would be allocated to the Slice Cost Pool.

2.2.1.3 The Non-Slice Cost Pool

Section C of the Allocated Tiered Cost Table sets out the categories of costs that are allocated to the Non-Slice Cost Pool, including all Tier 1 Costs and Tier 1 Credits that are specifically and uniquely attributable to the Load Following or Block Products. The Non-Slice Cost Pool includes the costs and credits of converting resource output into load service (*e.g.*, Balancing Power Purchases); the costs of Tier 1 risk mitigation not recovered through rates for the Slice Product; and the costs or credits arising from Tier 1 Non-Slice capacity acquisitions (*see* Section 3.5). Except as otherwise provided in Section 2.4, the Non-Slice Cost Pool also includes the Tier 1 Secondary Energy Credit, which includes any costs or credits specifically attributable to BPA's marketing of Tier 1 Secondary Energy and excludes administrative costs allocated to the Composite Cost Pool.

2.2.1.4 Tier 2 Cost Pools

Section D of the Allocated Tiered Cost Table sets out the costs that are allocated to the Tier 2 Cost Pools. Such costs include all Tier 2 Costs that are attributable to resources and services that BPA forecasts for ratemaking purposes to use for serving load at a Tier 2 Rate. Included in Table 2-1, Section D, are Support Services costs used to set the Tier 2 Rates. BPA will include a uniform adder, the Overhead Cost Adder, in the Tier 2 Cost Pools. BPA will credit the forecast revenue from the Overhead Cost Adder to the Composite Cost Pool. *See* Section 5.2 for a fuller discussion of costs allocated to Tier 2 Cost Pools and Section 5.2.3 for discussion of the Overhead Cost Adder. Any uses of Tier 1 System

Resources to serve load at a Tier 2 Rate, as forecast for ratemaking purposes, will be priced in accordance with Chapter 5.

2.2.2 Allocated Tiered Cost Table

The Allocated Tiered Cost Table 2-1 sets out the cost categories that will be used for allocating costs in each 7(i) Process. Any changes to the Allocated Tiered Cost Table to accommodate New Expenses or New Credits will be made pursuant to Section 2.3. Any changes to the Allocated Tiered Cost Table to accommodate a need to allocate a Tier 2 Cost to a Tier 1 Cost Pool will be pursuant to Section 2.6. All other changes to the Allocated Tiered Cost Table will be pursuant to Chapter 9. The addition of new Tier 2 Cost Pools will not be considered a change to the Allocated Tiered Cost Table for purposes of Chapter 9.

BPA will conform the description or grouping of costs in the Allocated Tiered Cost Table 2-1 to the grouping of costs in the Power Services Statement of Revenues and Expenses, but changes to line-item descriptions or groupings in the Power Services Statement of Revenues and Expenses will not change the Cost Pools to which the underlying costs are assigned. If modifications to BPA's Power Services Statement of Revenues and Expenses change the categorization of costs, then the manner of maintaining the separation of costs for purposes of the PRDM will be addressed in the next 7(i) Process following the modification. Such modifications will not change the underlying allocation of costs to the respective Cost Pools, which form the basis for setting Tier 1 and Tier 2 Rates.

2.3 Inclusion of New Expenses or New Credits

BPA will allocate New Expenses or New Credits to the Cost Pools based on the cost allocation principles in Section 2.1. BPA will propose an allocation of the New Expenses and New Credits to the appropriate Cost Pools in a 7(i) Process.

2.4 Tier 1 Secondary Energy Credit

The Slice Product includes an advance sale of surplus energy, which is delivered when and if available. Consequently, the Composite Cost Pool and Slice Cost Pool do not contain any cost or credit, except administrative costs, associated with Tier 1 Secondary Energy. When Load Following and Block Products do not receive Tier 1 Secondary Energy as an advance sale of surplus energy, the Non-Slice Cost Pool will be allocated a Tier 1 Secondary Energy Credit. Such Tier 1 Secondary Energy Credit can take the form of a fixed credit based on forecast, a variable credit based on actuals, or a combination of the two. Notwithstanding any other provision in this PRDM, and irrespective of whether BPA allocates Section 7(b)(2) trigger amounts to BPA surplus sales, BPA will seek to ensure comparable treatment with respect to Tier 1 Secondary Energy as between the Slice and Non-Slice Cost Pools.

Tier 1 Secondary Energy Credit associated with the Unused CHWM will be included in the Composite Cost Pool rather than the Non-Slice Cost Pool. BPA or public customers may also propose in a 7(i) Process that portions of the Tier 1 Secondary Energy Credit be reallocated to the Composite Cost Pool as supported by Section 2.1, such as when a market, operations, or other decision causes a portion of the advanced sale of secondary energy associated with the Slice Product to otherwise be credited to the Non-Slice Cost Pool or when a condition exists that causes revenue to be allocated to the Non-Slice Cost Pool when a reallocation to the Composite Cost Pool would be more appropriate.

2.5 Interest Earned on the Bonneville Fund

BPA will allocate to the Non-Slice Cost Pool a credit equal to the total anticipated credit earned on Bonneville Fund balances attributed to the Power function.

2.6 BPA Actions Prior to Allocating Tier 2 Cost to a Tier 1 Cost Pool

If, for purposes of ensuring cost recovery, BPA determines that it must reallocate to any Tier 1 Cost Pool costs that would otherwise be allocated to any Tier 2 Cost Pool under the PRDM, to the extent practicable, BPA will reallocate such costs only after taking the following actions:

1) BPA will make reasonable efforts to recover the costs from the party(s) that would otherwise be responsible for such costs. Such efforts may include making demand on any available credit support and pursuing legal action when BPA determines it is appropriate.
2) BPA will make good faith efforts to reduce the costs that are proposed to be reallocated, so as to offset the cost that would otherwise occasion the need for a reallocation to ensure cost recovery.
3) Prior to a BPA proposal in a 7(i) Process to reallocate costs from a Tier 2 Cost Pool to any Tier 1 Cost Pool, BPA will convene a public meeting with customers and interested parties to discuss the proposal and to elicit alternatives to reallocating the costs. If an alternative cost recovery mechanism appears to be viable, BPA would propose such an alternative cost recovery mechanism in the next 7(i) Process.
4) If BPA determines in a 7(i) Process that it must reallocate costs to a Tier 1 Cost Pool that would otherwise be allocated to any Tier 2 Cost Pool, the presumption will be that such costs are to be allocated to the Composite Cost Pool unless it is determined in the 7(i) Process that the costs should be allocated to another Tier 1 Cost Pool based on the allocation principles in Section 2.1.

These actions, or disputes over whether the Administrator has satisfied them, do not override and will not be allowed to frustrate the Administrator's responsibility to recover costs and timely repay the U.S. Treasury.

2.7 Slice True-Up

Slice Customers will have an annual Slice True-Up Charge for costs and credits allocated to the Composite Cost Pool (*see* Table 2, Section A) and to the Slice Cost Pool (*see* Table 2, Section B). The annual Slice True-Up Charge will be calculated for each Fiscal Year as soon as BPA's audited actual financial data are available (usually in November). Actual expenses during a Fiscal Year to implement a request of and for the benefit of an individual Slice Customer will be billed and paid in accordance with the contract governing the implementation of such request.

The Slice True-Up Charge for each customer will be the sum of the Composite Cost Pool True-Up Charge and the Slice Cost Pool True-Up Charge calculated for each Slice Customer. BPA will provide Slice Customers a preliminary estimate of the Slice True-Up Charge before completion of BPA's financial audit for each Fiscal Year. BPA will notify Slice Customers of their Slice True-Up Charge that is calculated after audited actual financial data are available. The Slice True-Up Charge is included in customer bills in the month (or months) following notification.

The Composite Cost Pool True-Up Charge and the Slice Cost Pool True-Up will be added together if both are negative or both are positive, and will be netted against each other if one adjustment is positive (adjustment is a charge) and the other adjustment is negative (adjustment is a credit). The result of this summing or netting, as applicable, will be the final Slice True-Up Charge.

2.8 Slice True-Up Composite Cost Pool Charge

The Slice True-Up Composite Cost Pool Charge is applicable to the Slice Product. The Slice True-Up Composite Cost Pool Charge can be either positive or negative and is calculated as the Slice True-Up Composite Cost Pool Billing Determinant multiplied by the Slice True-Up Composite Cost Pool Rate.

2.8.1 Slice True-Up Composite Cost Pool Billing Determinant

For each Slice Customer, the annual Slice True-Up Composite Cost Pool Billing Determinant will be calculated as:

$$STUcomp_{BD} = Slice\% \times \left(\sum CHWM - UCHWM\right)$$

Where:

$STUcomp_{BD}$ = A Slice Customer's annual Slice True-Up Composite Cost Pool Billing Determinant in kWh applicable to the Slice True-Up Composite Cost Pool Rate in mills/kWh in a Fiscal Year

$Slice\%$ = A customer's Slice percentage in that Fiscal Year

$\sum CHWM$ = sum of all customer CHWMs in that Fiscal Year

$UCHWM$ = the actual Unused CHWM for a Fiscal Year as adjusted for actual loads effectively served at Tier 1 rates

2.8.2 Slice True-Up Composite Cost Pool Rate

The Slice True-Up Composite Cost Pool Rate is calculated by subtracting 1) the forecast annual expenses and revenue credits allocated to the Composite Cost Pool for the applicable Fiscal Years of the Rate Period from 2) the actual expenses and revenue credits in the applicable Fiscal Year of the Rate Period that are allocable to the Composite Cost Pool. This difference is then divided by the total amount of actual Tier 1 MWhs sold in the same Fiscal Year at Tier 1 rates, as adjusted by the Tier 1 Marginal Energy True-Up, to calculate the mills/kWh Slice True-Up Composite Cost Pool Rate.

$$STUcomp_R = \frac{(CCP_{Actual} - \ CCP_{Forecast})}{(\sum CHWM - UCHWM)}$$

Where:

$STUcomp_R$ = the Slice True-Up Composite Cost Pool Rate in mills/kWh applicable to a Slice Customer's kWh Composite Cost Pool Slice True-Up Billing Determinant in a Fiscal Year

CCP_{Actual} = the actual expenses and revenue credits in the applicable Fiscal Year of the Rate Period that are allocable to the Composite Cost Pool

$CCP_{Forecast}$ = the forecast annual expenses and revenue credits in the applicable Fiscal Year of the Rate Period allocated to the Composite Cost Pool

$\sum CHWM$ = sum of all customer CHWMs in that Fiscal Year

$UCHWM$ = the actual Unused CHWM for a Fiscal Year as adjusted for actual loads effectively served at Tier 1 rates

2.8.2.1 Treatment of Firm Surplus and Secondary Adjustment Line Item

As part of the Slice True-Up Composite Cost Pool Charge, the Firm Surplus and Secondary Adjustment (from Unused CHWM) line item in Table 2-1 will be revised to reflect the actual effective Unused CHWM for each Fiscal Year and the resulting revenue difference between a sale at the posted Slice True-Up Composite Cost Pool Rate and at the 7(i) Process-determined value of Unused CHWM. The dollar amount calculated, which may be positive or negative, will be used to adjust the forecast Firm Surplus and Secondary Adjustment (from Unused CHWM) line item to calculate the actual Firm Surplus and Secondary

Adjustment (from Unused CHWM) line item used to calculate the Composite Cost Pool Slice True-Up Rate.

2.8.2.2 Treatment of Other Revenue Credit Line Items

As part of the Composite Cost Pool True-Up, some rate revenue credit line items in Table 2-1, such as IP and NR revenue line items, may be subject to true-up as determined in each 7(i) Process. When a revenue credit line item is subject to true-up that varies because the actual amount of power sold is different than the forecast amount of power sold, the forecast revenue credit will be adjusted to account for the revenue difference assuming an increased or decreased market power sale—such as a kWh decrease in a NR power sale and an equal kWh increase in a market power sale, or vice versa. The revenue difference calculated, using the formula established in each 7(i) Process, which may be positive or negative, will be used to adjust the forecast revenue credit line items to calculate the actual revenue credit line items used to calculate the Composite Cost Pool Slice True-Up Rate.

2.8.2.3 Minimum Required Net Revenue Line Items

The actual expenses and revenue credits allocable to the Composite Cost Pool include a component for any amount by which BPA's actual cash requirements exceed the total actual non-cash expenses in the Composite Cost Pool in a given Fiscal Year. This is called the Minimum Required Net Revenue (MRNR). When BPA's actual cash requirements do not exceed the total actual non-cash expenses in the Composite Cost Pool, MRNR will equal zero. Any revisions to this MRNR treatment will be proposed by BPA in a 7(i) Process.

2.8.3 Slice True-Up Slice Cost Pool Charge

The annual Slice True-Up Slice Cost Pool Charge for the Slice Cost Pool will be calculated by 1) subtracting (i) the forecast annual expenses and revenue credits allocated to the Slice Cost Pool for the applicable Fiscal Years of the Rate Period from (ii) the actual expenses and revenue credits that are allocable to the Slice Cost Pool in the applicable Fiscal Year of the Rate Period and 2) multiplying the difference from step 1 above by each customer's Slice Percentage pursuant to Exhibit K (or its replacement) of the Slice Contract divided by the sum of all Slice Percentages for that Fiscal Year pursuant to Exhibit K (or its replacement) of the Slice Contract. The dollar amount calculated, which may be positive or negative, constitutes the Slice True-Up Slice Cost Pool Charge for the Slice Cost Pool.

2.8.4 Treatment of New Costs and New Credits, and Costs and Revenues Not Subject to Slice True-Up

In the annual Slice True-Up Charge, BPA may make an interim allocation of New Expenses or New Credits for which categories do not exist on Table 2-1. If BPA makes such an interim allocation among the Cost Pools, it will do so based on the PRDM cost allocation principles (*see* Section 2.1). BPA will make a final decision on the allocation of New Expenses or New Credits among the Cost Pools in the next scheduled power rate 7(i) Process. If the cost allocation finally adopted in the 7(i) Process is different from the interim allocation implemented by BPA through the Slice True-Up Charge, the Slice Customers will be compensated or charged based on their over-payment or under-payment, in either case with interest (at the rate specified in the Slice Customer's CHWM Contract) from the first calendar day of the Fiscal Year in which the Slice True-Up Charge containing the interim allocation was calculated to the due date of the bills containing payment(s) or credit(s) related to the final allocation.

For forecast expenses or revenue credits allocated to either the Composite Cost Pool or the Slice Cost Pool that are not subject to the Slice True-Up Charge, for purposes of all Slice True-Up Charge calculations the actual expenses and revenue credits allocable to such Cost Pools for each Fiscal Year will be deemed to be equal to the forecast of such expenses or revenue credits in the applicable 7(i) Process. The expenses and revenue credits that are not subject to true-up to actual expenses and revenue credits in the Slice True-Up Charge will be determined in each 7(i) Process.

2.8.5 Slice True-Up Charge Settlement

The final Slice True-Up Charge for each customer will be applied either as a one-month credit (if the adjustment is negative) or as a three-month charge (if the adjustment is positive) spread equally across the three months following the month the final Slice True-Up Charge is determined by BPA. Slice Customers have the option to pay the entire charge in one month.

Interest will be computed and added to the Slice True-Up Charge for each Slice Customer at the rate and for the period specified in the Slice Customer's CHWM Contract.

Any adjustments to the billed Slice True-Up Charge will be determined by BPA upon the later to occur of 1) BPA's issuance of its written final resolutions of Slice True-Up Charge issues at conclusion of the Cost Verification Process or 2) BPA's issuance of a written decision by the Administrator that affirms or rejects (in whole or in part) the recommendation of the third-party expert, all as set forth in Appendix B.

2.8.6 Cost Verification Process for the Slice True-Up Charge

BPA will conduct a Cost Verification Process that will permit Slice Customers and other customers to assess whether BPA has correctly calculated the amount of each expense or revenue credit subject to the Slice True-Up Charge, and whether the final Slice True-Up Charge contains only those expenses and revenue credits permitted to be included in—and does not contain any expenses or revenue credits excluded from—the Slice Rate pursuant to the PRDM. The Cost Verification Process will not enable customers to question or dispute BPA's accounting policies and standards, management decisions, or other policies. The Cost Verification Process for the Slice True-Up Charge will be conducted in accordance with Appendix B to this PRDM.

2.9 Cost Review Public Process

BPA will conduct, outside the PRDM, a Cost Review Public Process. This public process will include periodic meetings to allow customers and interested parties to review and obtain information from BPA, such as BPA's financial performance, comparison of BPA's actual costs to its forecast costs, and assignment of costs among cost categories and Cost Pools. For any issues raised in this Cost Review Public Process, BPA will determine if resolution is needed in a 7(i) Process.

Table 2-1. ALLOCATED TIERED COSTS

(Blackened row indicates that item is wholly assigned to another Cost Pool.)

A. Composite Cost Pool

	A	B	C	D	E	F
	COSTS AND RATE ADJUSTMENTS	Year 1 Forecast	Actual Data	Year 2 Forecast	Actual Data	Total Rate Period
1	**COMPOSITE COST**					
2	**Operating Expenses**					
3	**Power System Generation Resources**					
4	**Operating Generation**					
5	COLUMBIA GENERATING STATION (WNP-2)					
6	BUREAU OF RECLAMATION					
7	CORPS OF ENGINEERS					
8	CRFM STUDIES					
9	LONG-TERM CONTRACT GENERATING PROJECTS					
10	**Sub-Total**					
11	**Operating Generation Settlement Payment and Other Payments**					
12	COLVILLE GENERATION SETTLEMENT					
13	SPOKANE LEGISLATION PAYMENT					
14	**Sub-Total**					
15	**Non-Operating Generation**					
16	TROJAN DECOMMISSIONING					
17	WNP-1&3 DECOMMISSIONING					
18	**Sub-Total**					
19	**Gross Contracted Power Purchases**					
20	PNCA HEADWATER BENEFITS					
21	OTHER POWER PURCHASES (Designated Obligations or Purchases)					
22	HEDGING/MITIGATION (NON-SLICE COST)					
23	OTHER POWER PURCHASES (NON-SLICE COST)					
24	**Sub-Total**					
25	**Bookout Adjustment to Power Purchases (omit)**					
26	**Augmentation Power Purchases (omit - calculated below)**					
27	AUGMENTATION POWER PURCHASES					
28	**Sub-Total**					
29	**Exchanges and Settlements**					
30	RESIDENTIAL EXCHANGE PROGRAM (REP)					
31	OTHER SETTLEMENTS					
32	**Sub-Total**					
33	**Renewable Generation**					
34	RENEWABLES (excludes KIII)					
35	**Sub-Total**					
36	**Generation Conservation**					
37	CONSERVATION ACQUISITION					
38	CONSERVATION INFRASCTRUCTURE					
39	LOW INCOME WEATHERIZATION & TRIBAL					
40	ENERGY EFFICIENCY DEVELOPMENT					
41	DISTRIBUTED ENERGY RESOURCES					
42	LEGACY					
43	MARKET TRANSFORMATION					
44	**Sub-Total**					
45	**Power System Generation Sub-Total**					
46						
47	**Power Non-Generation Operations**					
48	**Power Services System Operations**					
49	EFFICIENCIES PROGRAM					
50	INFORMATION TECHNOLOGY					
51	GENERATION PROJECT COORDINATION					
52	ASSET MGMT ENTERPRISE SVCS					
53	SLICE IMPLEMENTATION (SLICE COST)					
54	**Sub-Total**					
55	**Power Services Scheduling**					
56	OPERATIONS SCHEDULING					
57	OPERATIONS PLANNING					
58	**Sub-Total**					

	A	B	C	D	E	F
	COSTS AND RATE ADJUSTMENTS	Year 1 Forecast	Actual Data	Year 2 Forecast	Actual Data	Total Rate Period
59	**Power Services Marketing and Business Support**					
60	GRID MOD					
61	EIM INTERNAL SUPPORT					
62	POWER INTERNAL SUPPORT					
63	COMMERCIAL ENTERPRISE SVCS					
64	OPERATIONS ENTERPRISE SVCS					
65	POWER R&D					
66	SALES & SUPPORT					
67	STRATEGY, FINANCE & RISK MGMT (REP support costs included here)					
68	EXECUTIVE AND ADMINISTRATIVE SERVICES (REP support costs included here)					
69	CONSERVATION SUPPORT					
70	**Sub-Total**					
71	**Power Non-Generation Operations Sub-Total**					
72	**Power Services Transmission Acquisition and Ancillary Services**					
73	TRANSMISSION and ANCILLARY Services - System Obligations					
74	3RD PARTY GTA WHEELING					
75	POWER 3RD PARTY TRANS & ANCILLARY SVCS (Composite Cost)					
76	POWER 3RD PARTY TRANS & ANCILLARY SVCS (Non-Slice Cost)					
77	TRANS ACQ GENERATION INTEGRATION					
78	EESC CHARGES (Composite)					
79	TELEMETERING/EQUIP REPLACEMT					
80	**Power Services Trans Acquisition and Ancillary Serv Sub-Total**					
81	**Fish and Wildlife/USF&W/Planning Council/Environmental Req**					
82	**Fish & Wildlife**					
83	**USF&W Lower Snake Hatcheries**					
84	**Planning Council**					
85	**Fish & Wildlife RDC Funds**					
86	**Lower Snake Hatcheries RDC Funds**					
87	**Fish and Wildlife/USF&W/Planning Council Sub-Total**					
88	**BPA Internal Support**					
89	**Additional Post-Retirement Contribution**					
90	**Agency Services G&A (excludes direct project support)**					
91	**BPA Internal Support Sub-Total**					
92	**Bad Debt Expense (Composite Cost)**					
93	**Bad Debt Expense (Non-Slice Cost)**					
94	**Other Income, Expenses, Adjustments**					
95	**Depreciation (Composite Cost)**					
96	**Depreciation (Non-Slice Cost)**					
97	**Amortization**					
98	**Accretion (CGS)**					
99	**Total Operating Expenses**					
100						
101	**Other Expenses and (Income)**					
102	Net Interest Expense					
103	LDD					
104	Irrigation Rate Discount Costs					
105	Revenues, PRDM Rate Impact Credit, Mitigation (RIC-M)					
106	Costs, PRDM Rate Impact Credit, Mitigation (RIC-M)					
107	FPS (Surplus)/Shortfall					
108	7(c)(2) Delta Allocation					
109	7(b)(2) / 7(b)(3) Protection Amount					
110	7(b)(2) Industrial Adjustment					
111	**Sub-Total**					
112	**Total Expenses**					
113						
114	**Revenue Credits**					
115	Generation Inputs for Ancillary, Control Area, and Other Services Revenues					
116	Downstream Benefits and Pumping Power revenues					
117	4(h)(10)(c) credit					
118	PRSC Net Credit (Composite)					
119	Colville and Spokane Settlements					

	A	B	C	D	E	F
	COSTS AND RATE ADJUSTMENTS	Year 1 Forecast	Actual Data	Year 2 Forecast	Actual Data	Total Rate Period
120	Energy Efficiency Revenues					
121	PF Load Forecast Deviation Liquidated Damages					
122	Miscellaneous revenues					
123	Renewable Energy Certificates					
124	Net Revenues from other Designated BPA System Obligations (Upper Baker)					
125	RSS Revenues					
126	Firm Surplus and Secondary Adjustment (from Unused CHWM)					
127	Balancing Augmentation Adjustment					
128	Transmission Loss Adjustment					
129	Tier 2 Rate Adjustment					
130	NR Revenues					
131	**Total Revenue Credits**					
132						
133	**Augmentation Costs**					
134	Tier 1 Augmentation Resources (includes Augmentation RSS and Augmentation RSC adders)					
135	Augmentation Purchases					
136	**Total Augmentation Costs**					
137						
138	**DSI Revenue Credit**					
139	Revenues 12 aMW @ IP rate					
140	**Total DSI revenues**					
141						
142	**Minimum Required Net Revenue Calculation**					
143	Principal Payment of Fed Debt for Power					
144	Repayment of Non-Federal Obligations (EN Line of Credit)					
145	Repayment of Non-Federal Obligations (CGS, WNP1, WNP3, N. Wasco, Cowlitz Falls)					
146	Irrigation assistance					
147	**Sub-Total**					
148	Depreciation					
149	Amortization					
150	Accretion					
151	Capitalization Adjustment					
152	Amortization of Refinancing Premiums/Discounts (MRNR - Reverse Sign)					
153	Amortization of Cost of Issuance (MRNR-reverse sign)					
154	Cash freed up by DSR refinancing					
155	Gains/Losses on Extinguishment					
156	Non-Cash Expenses					
157	Prepay Revenue Credits					
158	Non-Federal Interest (Prepay)					
159	Contribution to decommissioning trust fund					
160	Gains/losses on decommissioning trust fund					
161	Interest earned on decommissioning trust fund					
162	Revenue Financing Requirement					
163	Capital Financing (RCD)					
164	Other Adjustments					
165	Payments for Litigation Stay Agreements					
166	**Sub-Total**					
167	Principal Payment of Fed Debt plus Irrigation assistance exceeds non-cash expenses					
168	Minimum Required Net Revenues					
169						
170	**Total Composite Cost**					

B. Slice Cost Pool

	A	B	C	D	E	F
	COSTS AND RATE ADJUSTMENTS	Year 1 Forecast	Actual Data	Year 2 Forecast	Actual Data	Total Rate Period
1	**SLICE COST**					
2	Slice Implementation Expenses					
3	Total Slice Cost					

C. Non-Slice Cost Pool

	A	B	C	D	E	F
	COSTS AND RATE ADJUSTMENTS	Year 1 Forecast	Actual Data	Year 2 Forecast	Actual Data	Total Rate Period
1	**NON-SLICE COST**					
2	Other Power Purchases (Balancing)					
3	Other Power Purchases (Capacity)					
4	Hedging/Mitigation					
5	Transmission & Ancillary Services (Non-Slice Cost)					
6	Third Party Trans & Ancillary Services					
7	Bad Debt Expense (Non-Slice Cost)					
8	Depreciation (Non-Slice Cost)					
9	Interest Earned on BPA Fund for Power					
10	Planned Net Revenues for Risk					
11	Accrual revenues (MRNR adjustment, if applicable)					
12	PRDM Rate Impact Credit, Capacity (RIC-C)					
13	PRDM Rate Impact Credit, Joint Operating Entity (RIC-J)					
14	Less Revenue Credits:					
15	Tier 1 Secondary Revenue Credit (less Secondary associated with Unused CHWM)					
16	Demand Revenue					
17	Peak Load Variance Revenue					
18	Marginal Energy True-Up Net Revenue					
19	Total Non-Slice Cost					

D. Tier 2 Cost Pool

	A	B	C	D	E	F
	COSTS AND RATE ADJUSTMENTS	Year 1 Forecast	Actual Data	Year 2 Forecast	Actual Data	Total Rate Period
1	**Tier 2 Cost (calculated for each T2 Rate)**					
2	Acquisition Costs					
3	BPA Overhead Costs					
4	Support Services Adder					
5	Tier 2 Long-Term Change Fee and Change Charge					
6	Other costs, including risk-related, if appropriate					
7	Total Tier 2 Cost					

3 RESOURCES AND AUGMENTATION

This chapter describes how BPA will identify the resources whose costs will be recovered through Tier 1 rates as established in each 7(i) Process. This chapter also identifies types of augmentation, and the cost allocation and rate treatment applicable to each type of augmentation. Lastly, this chapter specifies how BPA will track various types of resource acquisitions.

3.1 Tier 1 System Resources

In each 7(i) Process, BPA will update the list of resources that are considered Tier 1 System Resources for setting the Tier 1 rates and establishing the amount of firm power provided through the Slice Product. Tier 1 System Resources are the resources listed in Table 3-1, Tier 1 System Resources, as updated for any new resources, including market purchases, that BPA determines are needed to meet its CHWM obligations. The firm power of the Tier 1 System Resources will be determined in each 7(i) Process and is defined as the Tier 1 Firm System Output.

The resources listed in Table 3-1 will not be removed, and the Portion of Resource identified for each resource listed in Table 3-1 will not be decreased, for the duration of this PRDM. If there is a cessation of firm power from any such resource, the firm power output from the resource will be set to zero as determined in the 7(i) Process. The firm power from a given Tier 1 System Resource may change over time as determined in each 7(i) Process. The output for each resource and Portion of Resource listed in Table 3-1 so determined will be included in the Tier 1 Firm System Output used to determine whether any new resources, including market purchases, must be added to Table 3-1 for BPA to meet its CHWM obligations. BPA will only add new resources, including market purchases, to the resources listed in Table 3-1 to the extent BPA determines that it is necessary to meet BPA's CHWM obligations after accounting for the Tier 1 Firm System Output of the then existing Tier 1 System Resources and BPA's Designated System Obligations. Unlike Tier 1 System Resources, resources listed in Tables 3-3, 3-4, and 3-5 will include a purpose and that purpose can be changed as determined in a 7(i) Process.

3.2 System Obligations

3.2.1 Designated System Obligations

Designated System Obligations, as listed in Table 3-2, Designated System Obligations, are BPA obligations that: 1) are directly assigned to, or from, the generation output or capability of the Tier 1 System Resources, or 2) are incurred because of contracts, operational obligations, memorandums of agreement, treaties, statutes, regulations, court orders, or executive orders, as individual obligations or in combination, that create a firm obligation for the Tier 1 System Resources. Designated System Obligations also include the portion (if any) of the Tier 1 System Resources that BPA uses to source generation inputs for BPA's ancillary and control area service obligations, transmission losses, capacity for the Western Resource Adequacy Program (WRAP) (or its successor), Support Services, or other reserve obligations. These obligations are considered firm obligations of the system regardless of weather, water, or economic conditions. These obligations may involve energy, capacity, or a combination of the two.

Designated System Obligations can vary from year to year and change over time. Any costs related to, or revenues recovered from, Designated System Obligations will be allocated to the Composite Cost Pool.

Designated System Obligations may continue where a successor contract replaces an expiring listed contract. The Designated System Obligations listed on Table 3-2 will not be removed for the duration of this PRDM. If there is a cessation of any such Designated System Obligation, the obligation amount will be set to zero when the obligation expires. Table 3-2 may be updated to include new Designated System Obligations.

3.2.2 New Designated System Obligations

Customers with CHWM Contracts should have as much certainty as reasonably possible about Designated System Obligations. Accordingly, BPA will, if practicable, hold a public process before adopting a new Designated System Obligation. Where holding such a process is not practicable before adopting a new Designated System Obligation, BPA will hold such process before a new Designated System Obligation is added to Table 3-2 and will document any change in the next applicable 7(i) Process.

3.2.3 Large Designated System Obligation Increases

If BPA forecasts a 10 percent or greater increase in total Designated System Obligations over the most recently published forecast of Designated System Obligations, then BPA shall notify all customers with CHWM Contracts of such change as soon as practical. Upon written request of not less than 25 percent of the customers with CHWM Contracts (by utility count), BPA will hold a public process on the matter.

In such a public process, BPA will hold at least one open meeting to: 1) in the case of new Designated System obligations, review the need and the forecast amount of such obligation; and 2) in the case of existing Designated System Obligations, review BPA's forecast of the obligation amounts. BPA will consider written comments submitted in connection with such meeting(s). BPA will respond to reasonable requests to provide information that is non-confidential and is reasonably related to BPA's determination of new and existing Designated System Obligations and the forecast obligation amounts. Issues related to cost allocation, rate impacts, or rate treatment of changes to Designated System Obligations will not be addressed in such process, but rather in the appropriate 7(i) Process.

3.3 Augmentation

There are two types of augmentation used for purposes of this PRDM: CHWM Modeled Augmentation and Rate Period Augmentation.

3.3.1 CHWM Modeled Augmentation

CHWM Modeled Augmentation is a PRDM construct used to establish the CHWM System, the simulated Slice capability, and to equitably allocate costs between Slice and Non-Slice rates. CHWM Modeled Augmentation is not a forecast of physical resources needed for load-resource balance. CHWM Modeled Augmentation is greater than zero when the sum of customer annual CHWMs and the Designated System Obligations is greater than the Tier 1 Firm System Output.

$$CHWM\ Modeled\ Augmentation = Max(0\,, \sum CHWM_{all} + DSO - T1FSO)$$

where:

$\sum CHWM_{all}$ = annual sum of CHWMs for all customers

DSO = Designated System Obligations

$T1FSO$ = Tier 1 Firm System Output

CHWM Modeled Augmentation is an annual average modeled amount of power needed to meet the sum of customer CHWMs and the Designated System Obligations with the Tier 1

System Resources. Any Unused CHWM will be used to offset the CHWM Modeled Augmentation. That is, CHWM Modeled Augmentation offset by Unused CHWM will reduce the Unused CHWM amount debited from the Non-Slice Cost Pool and credited to the Composite Cost Pool. CHWM Modeled Augmentation will be included as an annual flat block of power for calculating the simulated Slice capability and the portion of a customer's Net Requirement met with the Slice Product.

3.3.2 Rate Period Augmentation

Rate Period Augmentation is the forecast annual average amount of power needed to be in load and resource balance after considering all of BPA's resources (*see* Tables 3-1, 3-3, 3-4, and 3-5) and obligations (*e.g.*, Designated System Obligations, power needed to serve loads under Section 5 of the Northwest Power Act). The cost of Rate Period Augmentation will be based on the expected cost of a flat annual block of power determined in each 7(i) Process for the applicable Fiscal Year and allocated to the Composite Cost Pool. The forecast costs of augmentation may be subject to the Slice True-Up as determined in each 7(i) Process.

3.4 Balancing Power Purchases

In each 7(i) Process, BPA will forecast its Balancing Power Purchase costs. Balancing Power Purchases are distinct from Rate Period Augmentation in that they are power purchases or resource acquisitions forecast by BPA in a 7(i) Process to be made by BPA for periods within a year during which BPA's resource capability is insufficient to meet BPA's obligations for that period. Such Balancing Power Purchases will not be included when calculating Rate Period Augmentation. BPA's Balancing Power Purchase costs may include procured contract purchases as well as a forecast of future procurements. The cost of BPA's Balancing Power Purchases will be allocated to the Non-Slice Cost Pool. The Composite Cost Pool may include a debit with an equal and opposite credit to the Non-Slice

Cost Pool to account for any Balancing Power Purchase costs associated with rates other than Tier 1 Non-Slice rates. For example, such a Composite to Non-Slice Cost Pool adjustment would be needed if NR-rate-related Balancing Power Purchase costs are being allocated to the Non-Slice Cost Pool when NR rate revenue is allocated to the Composite Cost Pool. Any such adjustment would be established through the 7(i) Process.

3.5 Tier 1 Non-Slice Capacity Acquisitions

BPA may make capacity resource acquisitions for meeting its Tier 1 Non-Slice load obligations. To the extent BPA makes these type of resource acquisitions, it will list these resources in Table 3-3 as updated each 7(i) Process. The cost of Tier 1 Non-Slice Capacity Acquisitions will be allocated to the Non-Slice Cost Pool.

3.6 Tier 2 Acquisitions

BPA may make resource acquisitions (energy, capacity or a combination of both) for purposes of meeting its Tier 2 Load obligations. To the extent BPA makes these type of resource acquisitions, it will list these Tier 2 Acquisitions in Table 3-4 with a note regarding the resource's originally purchased purpose, *e.g.,* to serve loads under a specific Tier 2 Rate Alternative. Table 3-4 will be updated each 7(i) Process. The cost of Tier 2 Acquisitions will be allocated to the applicable Tier 2 Cost Pool.

3.7 All Other Resource Acquisitions

BPA may make resource acquisitions (energy, capacity or a combination of both) for purposes other than to meet its PF load obligations served at Tier 1 and Tier 2 rates. All Other Resource Acquisitions will be listed in Table 3-5 with a note regarding the resource's originally purchased purpose, *e.g.,* to serve loads at NR rates. To the extent a resource is originally intended to be used for multiple purposes, the resources will be listed multiple times with each specific purpose and portion included. This may result in the same resource being listed in Tables 3-1, 3-3, and 3-4, and multiple times in Table 3-5. Consistent with the statutory functionalization and allocations depicted in Figure 2-1, any costs related to All Other Resource Acquisitions and revenues recovered as a result of making All Other Resource Acquisitions, will be allocated to the Composite Cost Pool.

Table 3-1. TIER 1 SYSTEM RESOURCES

1	**Regulated Hydro Projects**	**Expiration**	**Portion of Resource**	**Resource Type**
2	Albeni Falls	n/a	100%	Hydro
3	Bonneville	n/a	“	“
4	Chief Joseph	n/a	“	“
5	Dworshak	n/a	“	“
6	Grand Coulee	n/a	“	“
7	Hungry Horse	n/a	“	“
8	Ice Harbor	n/a	“	“
9	John Day	n/a	“	“
10	Libby	n/a	“	“
11	Little Goose	n/a	“	“
12	Lower Granite	n/a	“	“
13	Lower Monumental	n/a	“	“
14	McNary	n/a	“	“
15	The Dalles	n/a	“	“
16	**Independent Hydro Projects**	**Expiration**		
17	Anderson Ranch	n/a	100%	Hydro
18	Big Cliff	n/a	“	“
19	Black Canyon	n/a	“	“
20	Boise River Diversion	n/a	“	“
21	Chandler	n/a	“	“
22	Cougar	n/a	“	“
23	Cowlitz Falls	6/30/2032	“	“
24	Detroit	n/a	“	“
25	Dexter	n/a	“	“
26	Foster	n/a	“	“
27	Green Peter	n/a	“	“
28	Green Springs – USBR	n/a	“	“
29	Hills Creek	n/a	“	“
31	Lookout Point	n/a	“	“

32	Lost Creek	n/a	“	“
33	Minidoka	n/a	“	“
34	Palisades	n/a	“	“
35	Roza	n/a	“	“
36	**Other Projects**	**Expiration**		“
37	Columbia Generating Station	n/a	100%	Nuclear
38	Dworshak/Clearwater Small Hydropower	n/a	“	Hydro
39	Fourmile Hill Geothermal	(year to year)	“	Geothermal
41	**Contract Purchases**	**Expiration**		
42	Priest Rapids CER for Canada	Treaty Entitlement Return	100%	Hydro
43	Rock Island #1 CER for Canada	Treaty Entitlement Return	“	Hydro
44	Rock Island #2 CER for Canada	Treaty Entitlement Return	“	Hydro
45	Rock Reach CER for Canada	Treaty Entitlement Return	“	Hydro
46	Wanapum CER for Canada	Treaty Entitlement Return	“	Hydro

Table 3-2. DESIGNATED SYSTEM OBLIGATIONS

1	Obligation	Contract Number	Expiration Date
2	BPA to BRCJ	14-03-49151	8/23/2024
3	BPA to BRCJ	14-03-17506	12/31/2023
4	BPA to BRCR	14-03-73152	Mutually agreed
5	BPA to BREG	14-03-49151	8/23/2024
6	BPA to BRGC	14-03-001-12160	6/30/2017
7	BPA to BROP	14-03-79239	Mutually agreed
8	BPA to BRSI	14-03-49151	8/23/2024
9	BPA to BRSID	14-03-99106	Mutually agreed
10	BPA to BRSV	14-03-63656	Mutually agreed
11	BPA to BRTD	14-03-32210	Mutually agreed
12	BPA to BRTV	14-03-49151	8/23/2024
13	BPA to BRYK	00PB-12132	9/30/2011 (year to year)
14	BPA to BCHA Canadian Entitlement	99EO-40003	9/15/2024 (contract expected to be replaced)
15	BPA to SPP Harney Wells	88BP-92436	2/25/2018 (contract expected to be replaced)
16	Federal System Intertie Transmission Losses	n/a	(year to year)
17	WRAP Capacity	n/a	Ongoing
18	Non-Power Uses Agreement	n/a	(year to year)
19	Summer Storage Agreement	n/a	(year to year)
20	Arrow Local	n/a	(year to year)
21	Upper Baker	05PB-11542	(year to year)
22	AOP’s/Entity Agreements	n/a	(year to year)
23	DOP’s/Entity Agreements	n/a	(year to year)
24	Power/Transmission Services MOA for generation inputs for ancillary, control, and other services	07PB-11856	9/30/2009 (contract expected to be replaced)

1	Obligation	Contract Number	Expiration Date
25	Federal system transmission losses for power deliveries	n/a	(year to year)
26	Interchange	n/a	(year to year)
27	Loop flow support	n/a	(year to year)
28	Voltage support (VAR)	n/a	(year to year)
29	Project use loads not included in USBR	n/a	(year to year)
30	Support Services	n/a	(year to year)
31	Other reserve obligation	n/a	(year to year)

Table 3-3. TIER 1 NON-SLICE CAPACITY ACQUISITIONS

1	Resource	Contract #	Expiration	Portion of Resource	Resource Type
2	To be determined		n/a	100%	
3			n/a		
4			n/a		

Table 3-4. TIER 2 ACQUISITIONS

1	Resource	Contract #	Expiration	Purpose	Portion of Resource	Resource Type
2	To be determined		n/a		100%	
3			n/a			
4			n/a			

Table 3-5. ALL OTHER RESOURCE ACQUISITIONS

1	Resource	Contract #	Expiration	Purpose	Portion of Resource	Resource Type
2	To be determined		n/a		100%	
3			n/a			
4			n/a			

4 TIER 1 RATE DESIGN

The Tier 1 Rate design described in this chapter consists of four Core Rate Design charges: Tier 1 Energy Charges, Tier 1 Marginal Energy True-Up, Tier 1 Demand Charges, and Tier 1 Peak Load Variance Charges.

The Tier 1 Rate design also includes three Core Rate Design Rate Impact Credits: the RICc, the RICm, and the RICj. The RICc ensures customer's forecast BP-29 Rate Period capacity needs are charged the embedded cost of capacity. The RICm gradually transitions customers' effective rate changes under the Tiered Rate Methodology (TRM) to the PRDM. The RICj mitigates changes to Tier 1 Demand Charges particular to a JOE that took power under the TRM.

In the case of a JOE, unless noted otherwise, all charges and credits described in this chapter will be applied by member utility, not applied in member utility aggregate.

4.1 Tier 1 Energy Charges

The Tier 1 Energy Charges are calculated by multiplying Tier 1 energy rates (mills/kWh) by the quantity of Tier 1 energy (kWh) associated with the applicable PF product. The number of Tier 1 energy rates, and thereby Tier 1 Energy Charges, applicable during a Rate Period will be determined in each 7(i) Process; the PRDM does not dictate that a particular number of Tier 1 Energy Charges be implemented.

The Tier 1 Energy Charges will recover costs and credits allocated to the Composite, Non-Slice, and Slice Cost Pools. The Tier 1 Energy Charges that recover costs allocated to the Composite Cost Pool apply to the Slice, Load Following, and Block Products. The Tier 1 Energy Charges that recover costs and credits allocated to the Non-Slice Cost Pool apply to

Load Following and Block Products. The Tier 1 Energy Charges that recover costs and credits allocated to the Slice Cost Pool apply to the Slice Product.

4.1.1 Tier 1 Energy Charge Billing Determinants

The quantity of Tier 1 energy that forms the basis for the Tier 1 Energy Charge Billing Determinant is defined as follows:

- A customer's Tier 1 Actual Hourly Load will be used to calculate the Tier 1 Energy Charge Billing Determinants applicable to Load Following and Block products—including the portion of Block that is purchased with the Slice Product.
- A customer's Firm Slice Amount will be used to calculate the Tier 1 Energy Charge Billing Determinants applicable to the Slice Product.

4.1.2 Tier 1 Composite Energy Rate

BPA will establish in each 7(i) Process either: 1) a Tier 1 Composite Energy Rate for each year of the Rate Period, or 2) a single Tier 1 Composite Energy Rate for the Rate Period. In either case, the Tier 1 Composite Energy Rate will be calculated as a single monthly rate to collect costs allocated to the Composite Cost Pool and is applicable to the Load Following, Block and Slice Products (mills/kWh). For the Load Following and Block Products, the Tier 1 Composite Energy Rate will be combined into and recovered from Tier 1 Non-Slice Energy Rates as discussed in Section 4.1.3 below. For the Slice Product, the Tier 1 Composite Energy Rate will serve as a standalone flat rate across the year.

If BPA establishes a Tier 1 Composite Energy Rate for each year of the Rate Period, BPA will use the following formula:

$$T1CompositeEnergyRate = \frac{CCP_F}{\Sigma T1EBD_F}$$

where:

$T1CompositeEnergyRate$ = the Tier 1 Composite Energy Rate expressed in mills/kWh.

CCP_F = the forecast total annual expenses and revenue credits in the applicable Fiscal Year of the Rate Period allocated to the Composite Cost Pool

$\Sigma T1EBD_F$= sum of forecast Tier 1 Energy Billing Determinants for Load Following, Block, and Slice Products in kWh

If BPA establishes a single Tier 1 Composite Energy Rate for the Rate Period, such rate will be calculated using the costs allocated to the Composite Cost Pool for the Rate Period in the numerator and the applicable Tier 1 Energy Billing Determinants for the Rate Period in the denominator.

4.1.3 Tier 1 Non-Slice Energy Rates

BPA will establish in each 7(i) Process either: 1) a set of Tier 1 Non-Slice Energy Rates for each year of the Rate Period, or 2) a single set of Tier 1 Non-Slice Energy Rates for the Rate Period. In either case, the Tier 1 Non-Slice Energy Rates (mills/kWh) will be calculated to recover costs and credits allocated to the Non-Slice Cost Pool and will be combined with the Tier 1 Composite Energy Rate as discussed in Section 4.1.2 above. The Tier 1 Non-Slice Energy Rates are applicable to the Load Following and Block Products. Tier 1 Non-Slice Energy Rates will be shaped across the year using a fixed scalar (mills/kWh) addition or subtraction from expected market-based prices as determined in each 7(i) Process. The Tier 1 Non-Slice Energy Rates can be positive or negative values.

BPA will use a Monthly/Diurnal market-based price to shape the Tier 1 Non-Slice Energy Rates (*i.e.,* one HLH and one LLH for each of the 12 months for a total of 24 market-based prices each year) unless BPA develops a different market-based price approach in a 7(i) Process (for example, more or less granular).

If BPA establishes a set of Tier 1 Non-Slice Energy Rates for each year of the Rate Period, the following formula is equal to the annual average equivalent of the Tier 1 Non-Slice Energy prior to shaping.

$$T1NonSliceEnergyRate = \frac{\left(NSCP_F + (T1CompositeEnergyRate \times \Sigma T1EBD_{F.NS})\right)}{\Sigma T1EBD_{F.NS}}$$

where:

T1NonSliceEnergyRate = the annual average equivalent of the Tier 1 Non-Slice Energy Rates, expressed in mills/kWh, before being shaped, using a fixed scalar, to the market-based price as established in each 7(i) Process

$T1CompositeEnergyRate$ = the Tier 1 Composite Energy Rate expressed in mills/kWh

$NSCP_F$= the forecast total annual expenses and revenue credits in the applicable Fiscal Year of the Rate Period allocated to the Non-Slice Cost Pool

$\Sigma T1EBD_{F.NS}$= sum of forecast Tier 1 Energy Billing Determinants for Load Following and Block Products in kWh

If BPA establishes a single set of Tier 1 Non-Slice Energy Rates for the Rate Period, such rates will be calculated using the costs allocated to the Non-Slice Cost Pool and the

Composite Cost Pool for the Rate Period in the numerator and the applicable Tier 1 Energy Billing Determinants for the Rate Period in the denominator.

4.1.4 Tier 1 Slice Energy Rate

BPA will establish in each 7(i) Process either: 1) a Tier 1 Slice Energy Rate for each year of the Rate Period, or 2) a single Tier 1 Slice Energy Rate for the Rate Period. In either case, the Tier 1 Slice Energy Rate will be calculated as a single monthly rate to collect costs allocated to the Slice Cost Pool and applicable to the Slice Products (mills/kWh). The Tier 1 Slice Energy Rate can be a positive or negative value.

If BPA establishes a Tier 1 Slice Energy Rate for each year of the Rate Period, BPA will use the following formula:

$$T1SliceEnergyRate = \frac{SCP_F}{\Sigma T1EBD_{F.S}}$$

where:

$T1SliceEnergyRate$ = the Tier 1 Slice Energy Rate expressed in mills/kWh

SCP_F = the forecast total annual expenses and revenue credits in the applicable Fiscal Year of the Rate Period allocated to the Slice Cost Pool

$\Sigma T1EBD_{F.NS}$= sum of forecast Tier 1 Energy Billing Determinants for the Slice Product in kWh

If BPA establishes a single Tier 1 Slice Energy Rate for the Rate Period, such rate will be calculated using the costs allocated to the Slice Cost Pool for the Rate Period in the numerator and the applicable Tier 1 Energy Billing Determinants for the Rate Period in the denominator.

4.2 Tier 1 Marginal Energy True-Up Charge

At the end of each Fiscal Year, BPA will calculate a Tier 1 Marginal Energy True-Up Charge. The Tier 1 Marginal Energy True-Up will be applicable to the Load Following, Block and Slice Products. The Tier 1 Marginal Energy True-Up could be either a credit or a charge depending on actual energy use, CHWM amounts, and the directional difference between Tier 1 Rates and market prices. The purpose of the Tier 1 Marginal Energy True-Up is to: 1) provide customers full access to their CHWM; 2) ensure that a market-based energy rate is applied to energy use in excess of a customer's CHWM; 3) incent accurate load forecasts; 4) appropriately account for forecast directional differences between Tier 1 Rates and market prices; and 5) in the case of the Slice Product, streamline, or potentially eliminate, the need for a separate Requirement Slice Output (RSO) Test under the CHWM Contract for the Slice Product by ensuring that RSO purchased by a Slice Customer that is not used to serve the customer's Total Retail Load is purchased at market-based energy rates rather than at Tier 1 Rates.

The final Tier 1 Marginal Energy True-Up may be either a charge or a credit to a customer. If a charge, such charge shall be applied as a three-month charge spread equally across the three months following the month the final Tier 1 Marginal Energy True-Up Charge is determined by BPA. If a credit, BPA will pay any amounts owed to the customer in a single first-month bill credit. No interest will apply for charges or credits provided in this manner.

4.2.1 Tier 1 Marginal Energy True-Up Billing Determinant for the Load Following Product

The Tier 1 Marginal Energy True-Up Billing Determinant for the Load Following Product is calculated using the following equations:

Condition 1: If a Load Following Customer has Above-CHWM Load and the annual sum of a customer's Tier 1 Actual Hourly Load is less than its CHWM, then the Tier 1 Marginal Energy True-Up Billing Determinant is equal to:

$$METU_{BD} = Minimum(ACHWM, CHWM - \Sigma T1AHL_A) \times -1$$

where:

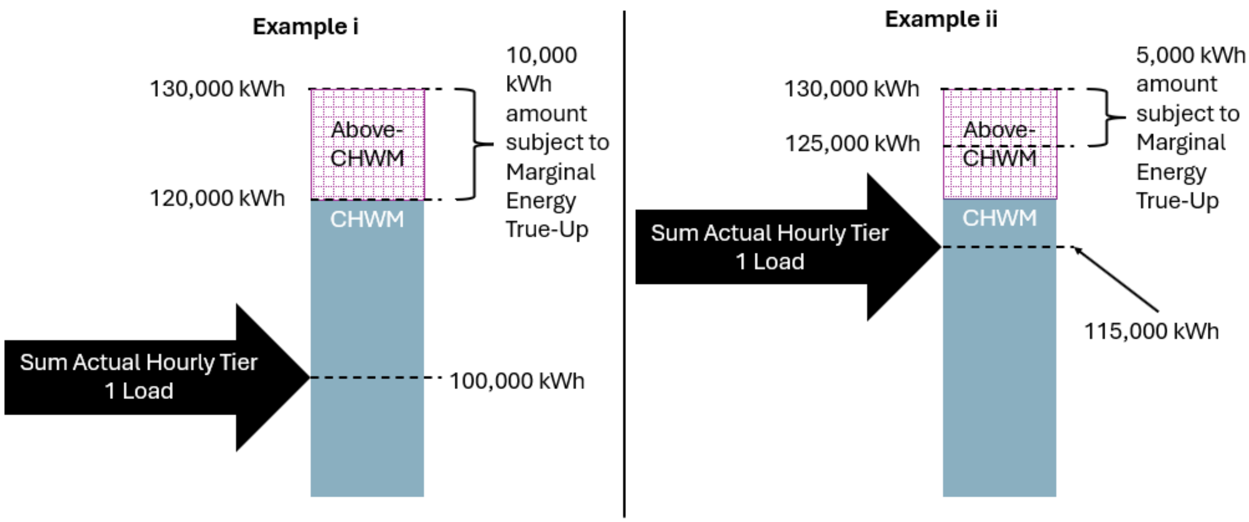
$METU_{BD}$= Tier 1 Marginal Energy True Up Billing Determinant in kWh

$ACHWM$ = the customer's Above Contract High Water Mark Load in annual kWh

$CHWM$ = the customer's Contract High Water Mark Load in annual kWh

$\Sigma T1AHL_A$= the customer's annual sum of Tier 1 Actual Hourly Load in kWh

Figure 4-1. Load Following Condition 1, Examples



Condition 2: If a Load Following Customer's annual sum of a customer's Tier 1 Actual Hourly Load is greater than its CHWM, then the Tier 1 Marginal Energy True-Up Billing Determinant is equal to:

$$METU_{BD} = \Sigma T1AHL_A - CHWM$$

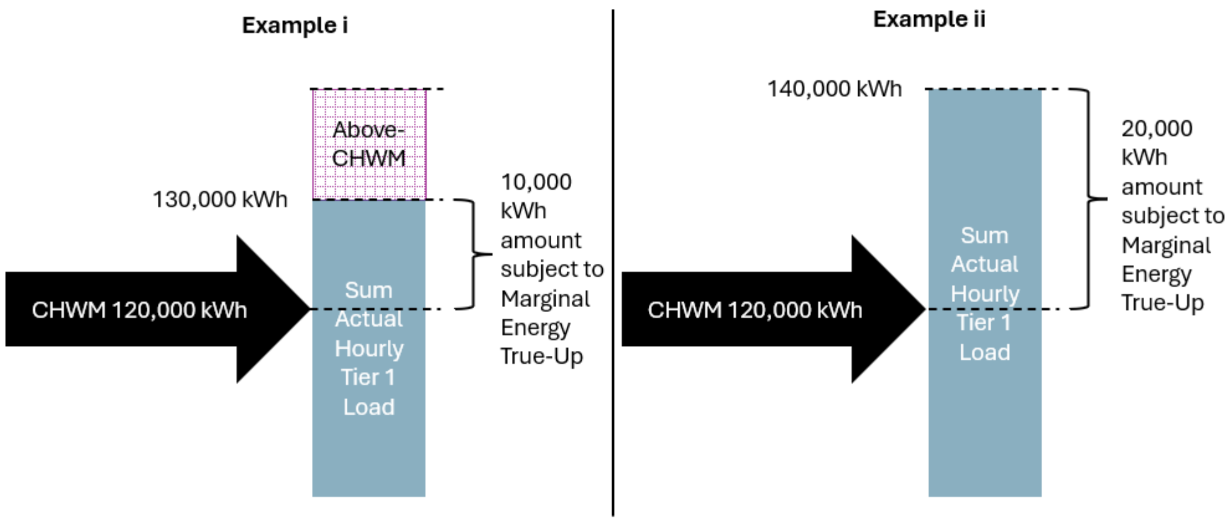
where:

$METU_{BD}$= Tier 1 Marginal Energy True Up Billing Determinant in kWh

$\Sigma T1AHL_A$= the customer's annual sum of Tier 1 Actual Hourly Load in kWh

$CHWM$ = the customer's Contract High Water Mark Load in annual kWh

Figure 4-2. Load Following Condition 2, Examples



If neither Condition 1 nor Condition 2 apply, then the Load Following Customer's Tier 1 Marginal Energy True-Up Billing Determinant is zero.

4.2.2 Tier 1 Marginal Energy True-Up Billing Determinant for Block and Slice Products

The Tier 1 Marginal Energy True-Up for Block and Slice Products is calculated using the following equations:

Condition 1: If a Block or Slice Customer has no Above-CHWM Load and an Actual Annual Net Load that is greater than its Forecast Tier 1 Annual Net Load, then the Tier 1 Marginal Energy True-Up Billing Determinant is equal to:

$$METU_{BD} = Minimum(ANL_A - ANL_F, CHWM - ANL_F) \times -1$$

where:

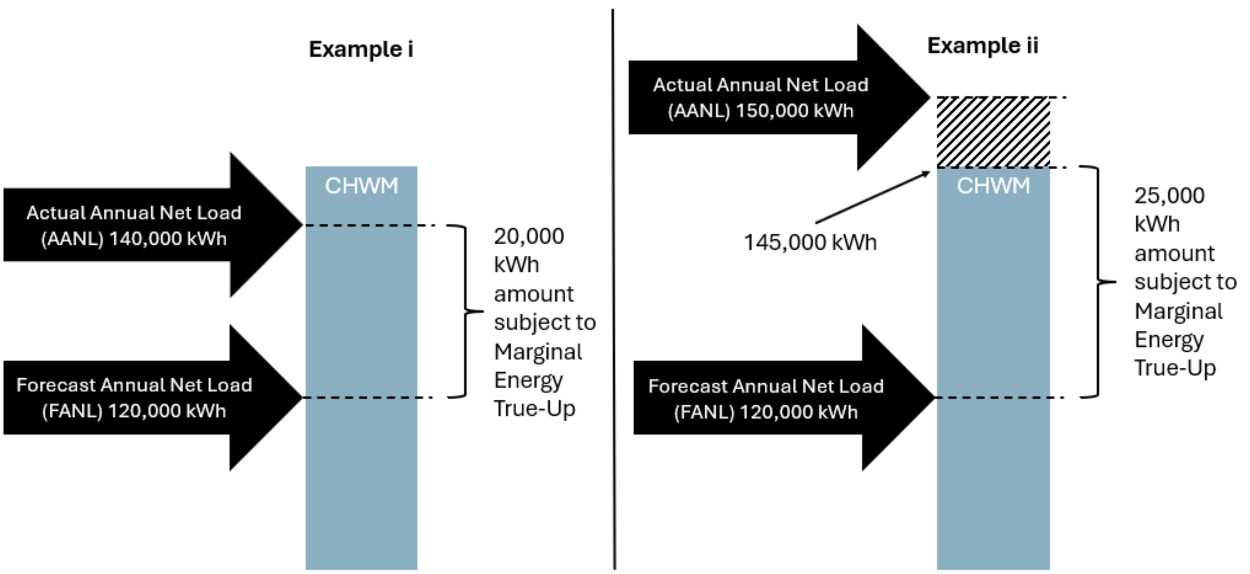
$METU_{BD}$ = Tier 1 Marginal Energy True Up Billing Determinant in kWh

ANL_A = the customer's Actual Annual Net Load in annual kWh

ANL_F = the customer's Forecast Annual Net Load in annual kWh

$CHWM$ = the customer's Contract High Water Mark Load in annual kWh

Figure 4-3. Block and Slice Condition 1, Examples



Condition 2: If a Block or Slice Customer has no Above-CHWM Load and an Actual Annual Net Load that is less than its Forecast Annual Net Load, then the Tier 1 Marginal Energy True-Up Billing Determinant is equal to:

$$METU_{BD} = ANL_F - ANL_A$$

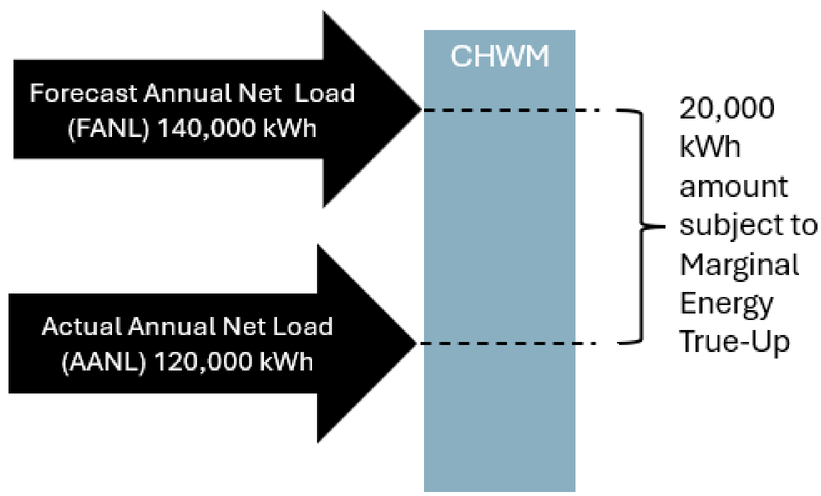
where:

$METU_{BD}$ = Tier 1 Marginal Energy True Up Billing Determinant in kWh

ANL_F = the customer's Forecast Annual Net Load in annual kWh

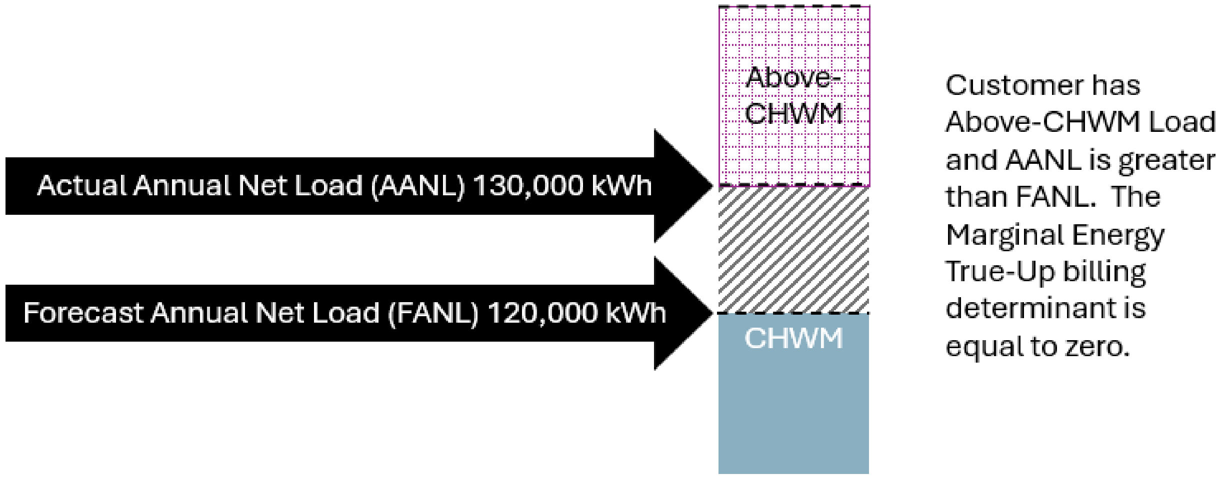
ANL_A = the customer's Actual Annual Net Load in annual kWh

Figure 4-4. Block and Slice Condition 2, Example



Condition 3: If a Block or Slice Customer has Above- CHWM Load and an Actual Annual Net Load that is greater than or equal to its Forecast Annual Net Load, then the Tier 1 Marginal Energy True-Up Billing Determinant is equal to zero.

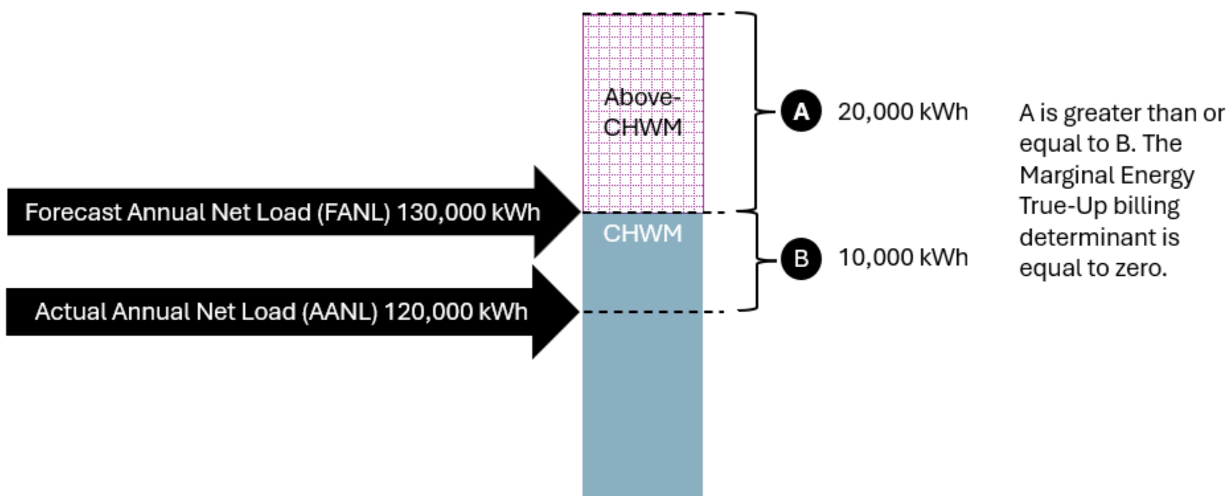
Figure 4-5. Block and Slice Condition 3, Example



Condition 4: If a Block or Slice Customer has Above-CHWM Load and an Actual Annual Net Load that is less than its Forecast Annual Net Load, then two checks will be evaluated to determine the Tier 1 Marginal Energy True-Up Billing Determinant.

Condition 4 Check 1: If the Block or Slice Customer's Above-CHWM Load is greater than or equal to its Forecast Annual Net Load minus its Actual Annual Net Load, then the Tier 1 Marginal Energy True-Up Billing Determinant is equal to zero.

Figure 4-6. Block and Slice Condition 4: Check 1, Example



Condition 4 Check 2: If the Block or Slice Customer's Above-CHWM Load is less than its FANL minus its AANL, then the Tier 1 Marginal Energy True-Up Billing Determinant is equal to:

$$METU_{BD} = ANL_F - ANL_A - ACHWM$$

where:

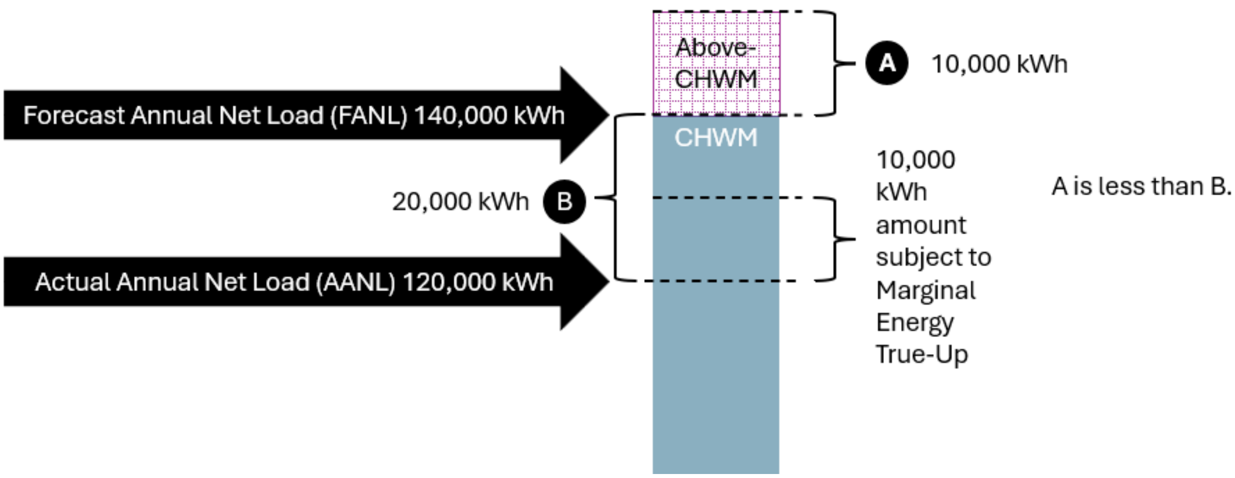
$METU_{BD}$ = Tier 1 Marginal Energy True Up Billing Determinant in kWh

ANL_F = the customer's Forecast Annual Net Load in annual kWh

ANL_A = the customer's Actual Annual Net Load in annual kWh

$ACHWM$ = the customer's Above Contract High Water Mark Load in annual kWh

Figure 4-7. Block and Slice Condition 4: Check 2, Example



4.2.3 Tier 1 Marginal Energy True-Up Rate

A customer's Tier 1 Marginal Energy True-Up Rate is the mills/kWh difference between a flat annual block of power purchased from BPA: 1) at its Tier 1 energy rates applicable to the Non-Slice Product, including a customer's Low Density Discount (LDD), RICc and RICm, and 2) the same amount of power had it been purchased at a market-based price. The Tier 1 Marginal Energy True-Up Rate can be negative or positive, and is specific to each customer. The market-based price will be established in each 7(i) Process. The formula BPA will use to calculate the customer's Marginal Energy True Up Rate is as follows:

$$METU_R = FB_{MKT} - \{(FB_{NS} \times [1 - LDD]) + RIC_C + RIC_M\}$$

where:

$METU_R$= a customer's Tier 1 Marginal Energy True Up Rate expressed in mills/kWh for a Fiscal Year

FB_{MKT} = the mills/kWh market price of a flat annual block of power as established in each 7(i) Process

FB_{NS} = mills/kWh cost of a flat annual block of power purchased at BPA's Tier 1 Non-Slice Energy Rates

LDD = a customer's Low Density Discount applicable to the Fiscal Year subject to the Tier 1 Marginal Energy True-Up

RIC_C= a customer's RICc for the Fiscal Year subject to the Tier 1 Marginal Energy True-Up expressed in mills/kWh

RIC_M = a customer's RICm for the Fiscal Year subject to the Tier 1 Marginal Energy True-Up expressed in mills/kWh

4.3 Tier 1 Demand Charge

The Tier 1 Demand Charge sends a long-run marginal price signal to customers to encourage the efficient use of capacity. The Tier 1 Demand Charge under this Section 4.3, together with Tier 1 Peak Load Variance Charges under Section 4.4, are also designed to recover the costs of BPA holding capacity to serve customer loads. Forecast revenues received from the Tier 1 Demand Charge are credited to the Non-Slice Cost Pool. The Tier 1

Demand Charge is applicable to the Load Following and Block Products. The Tier 1 Demand Charge is calculated as the Tier 1 Demand Charge Billing Determinant multiplied by the Tier 1 Demand Rate.

4.3.1 Tier 1 Demand Charge Billing Determinant

BPA will use two quantities to calculate a customer's monthly Tier 1 Demand Charge Billing Determinant: the customer's monthly Tier 1 Customer System Peak, and the customer's monthly average Tier 1 Actual Hourly Load. The following formula will be used to calculate a customer's monthly Tier 1 Demand Charge Billing Determinant:

$$T1DBD_{Mo} = T1CSP_{Mo} - T1AHL_{A.Mo}$$

where:

$T1DBD_{Mo}$= Tier 1 Demand Billing Determinant expressed in kW per month (kW/Mo)

$T1CSP_{Mo}$= Tier 1 Customer System Peak each month expressed in kW

$T1AHL_{Mo}$ = customer's average Tier 1 Actual Hourly Load each month expressed in akW

4.3.2 Tier 1 Customer System Peak

A customer's Tier 1Customer System Peak is equal to the customer's maximum Tier 1 Actual Hourly Load for each month.

4.3.3 Average Tier 1 Actual Hourly Load

The average Tier 1 Average Actual Hourly Load is calculated as the sum of the customer's Tier 1 Actual Hourly Load each month, expressed in kilowatt hours, divided by the total hours in the same month.

4.3.4 Tier 1 Demand Rates

There are 12 Tier 1 Demand Rates, one for each month of the year. Tier 1 Demand Rates will be based on the annual fixed costs (*e.g.*, capital, fixed fuel, and fixed operations and maintenance (O&M)) of the Marginal Capacity Resource, as adjusted for any offsetting fixed revenue of the Marginal Capacity Resource or potential multiple uses of that capacity, as determined in each 7(i) Process. The Marginal Capacity Resource may be based on BPA's Resource Program, BPA's actual acquisitions, or third-party sources. Third-party sources may include, but are not limited to, the Energy Information Administration, EPRI Technical Assessment Guide, the Northwest Power and Conservation Council, and Integrated Resource Plans of Pacific Northwest electric utilities.

The annual fixed costs of the Marginal Capacity Resource, as potentially adjusted downward to account for fixed revenue or multiple uses (for example, a battery used for shaping energy and voltage support), will be used to calculate an annual Tier 1 Demand Rate and will be shaped across the 12 months to create 12 monthly Tier 1 Demand Rates. The shape of the monthly Tier 1 Demand Rates will be established using monthly market-based prices, such as BPA's market energy price forecast or the monthly cost of capacity if a viable capacity market, or other mechanism valuing seasonable capacity, develops in the Pacific Northwest, as established in each 7(i) Process.

4.3.5 Tier 1 Demand Rate Adjustment Cap

Increases and decreases to the monthly Tier 1 Demand Rates will be limited to a maximum 10 percent (upward or downward) change every two years, with the exception of the Tier 1 Demand Rates set for the BP-29 Rate Period when the first Tier 1 Demand Rates under PRDM are established.

4.3.6 Capacity Credits

See Appendix E for the overall framework for how the Existing and New Capacity Credits apply.

4.3.6.1 Existing Capacity Credit

An Existing Capacity Credit will be applied when a Load Following Customer has a Dedicated Resource that is an Existing Resource that has a flexible resource capacity obligation under the Load Following Customer's CHWM Contract that is greater than the monthly average of the Existing Resource's Exhibit A energy obligation.

The amount of the Existing Capacity Credit will be established in each 7(i) Process as described in this paragraph. For any given month, the Existing Capacity Credit will be based on the embedded cost of Supplemental Operating Reserves, or its successor, adjusted to reflect the Tier 1 System Resources only, and shaped into months using each Rate Period's monthly Tier 1 Demand Rates described in this chapter. The Existing Capacity Credit may be discounted to the specific characteristics of each source of capacity to account for any potential limits in availability like frequency and duration of use. The Existing Capacity Credit may account for other operational characteristics of the capacity that add or subtract value. Any energy provided during a month using this flexible resource capacity will be credited to the customer at market-based rates as determined in each 7(i) Process. For any given month, BPA's use or nonuse of flexible resource capacity obligation under the Load Following Customer's CHWM Contract will not impact the measurement of the Tier 1 Customer System Peak and Tier 1 Actual Hourly Load.

4.3.6.2 New Capacity Credit

A customer can qualify for a New Capacity Credit by contractually committing to provide BPA access to capacity not otherwise committed to the customer's load which, as determined solely by BPA, either: 1) reduces the Administrator's capacity obligations, or 2) can be used by BPA to help meet the Administrator's capacity obligations. The allocation of the cost of providing the New Capacity Credit will be determined in each 7(i) Process and may be functionalized to Power, Transmission, or a partial allocation to both. When the cost is functionalized to the Power Revenue Requirement, that cost of providing the New Capacity Credit will be allocated consistent with the BPA's statutes, *see* Figure 2-1, and the principles in Section 2.1 above.

The amount of the New Capacity Credit will be established in each 7(i) Process and will be tailored to the amount and characteristics of the capacity provided. The New Capacity Credit will be based on the marginal cost of capacity, such as the Marginal Capacity Resource as used to establish the Tier 1 Demand Rates described in this chapter, and potentially discounted to the specific characteristics of each source of capacity to account for any potential limits in availability like frequency and duration of use. The New Capacity Credit may account for other operational characteristics of the capacity that add or subtract value, such as, but not limited to, accounting for any applicable energy value and recharge costs. The New Capacity Credit will also be constructed with consideration of the potential impact on the Tier 1 Customer System Peak and Tier 1 Actual Hourly Load to limit situations where BPA would pay the customer twice for the same capacity—once through the New Capacity Credit and again through a reduction in Tier 1 Demand and Tier 1 Energy Charge revenue—while also considering implementation ease and practicality.

4.4 Tier 1 Peak Load Variance Charge

The Tier 1 Peak Load Variance Charge(s) (PLVC), are applicable to the Load Following Product and to eligible Block Product customers that elect the Peak Load Variance Service (PLVS). The PLVC recovers the cost of holding capacity for load excursions outside BPA's expected P50 (50^{th} percentile which means that 50 percent of the peak load forecast will be equal to or exceed this value) peak load forecast up to BPA's P10 peak load forecast (10^{th} percentile which means that 10 percent of the peak load forecast will be equal to or exceed this value). Such additional capacity will be adjusted downward for the portion that is recovered through other charges, like Operating Reserves. The costs recovered through the PLVC will be established using BPA's embedded cost of Supplemental Operating Reserves, or its successor, adjusted to reflect the Tier 1 System Resources only, and shaped into months using each Rate Period's monthly Tier 1 Demand Rates. PLVC for the Load Following Product will: 1) reflect applicable load diversity benefits; 2) be evaluated using a monthly embedded cost of a shared pool of capacity; and 3) only apply in months where BPA establishes a capacity planning standard applicable to its PF Public load obligations as determined in each 7(i) Process.

The PLVC for the Load Following Product will be calculated using energy Billing Determinants expressed in kilowatthours and the rate will be expressed in a single mills/kWh. The PLVC rate design applicable to the Block Product will be established in each 7(i) Process. The specific loads to include the energy Billing Determinants and the rates used to calculate the PLVC will be established in each 7(i) Process and may be different as between the Load Following Product and the Block Product if planning, access to and use of PLVS capacity is determined to be materially different across the products (*i.e.*, the cost of PLVC will be set commensurate with the service provided). For example, if the Block Product can be used in a way that decreases load diversity and shared pool benefits or if the Block Product has access to PLVS capacity in months other than those where BPA establishes a capacity planning standard applicable to its PF Public load obligations. Revenue from the PLVC will be credited to the Non-Slice Cost Pool.

Energy provided through PLVS for the Load Following Product will be included in Tier 1 Actual Hourly Load, and will be subject to all other applicable Tier 1 rates. Energy provided through PLVS for the Block Product will be priced at a market-based energy rate as established in each 7(i) Process and will apply to any additional monthly energy taken through the PLVS above the customer's contractually defined Block amount. Energy provided through PLVS for the Block Product within its contractually defined Block amount will be treated as Block load served at Tier 1 Rates.

4.5 Tier 1 Rate Impact Credits

The Core Rate Design includes three Rate Impact Credits: the Rate Impact Credit for Capacity (RICc), the Rate Impact Credit, Mitigation (RICm), and the Rate Impact Credit for the JOE (RICj). The RICc ensures forecast BP-29 capacity needs are charged the embedded cost of capacity. The RICm is a rate design mitigation tool used for transitioning customers from rates in the TRM to rates in the PRDM, by tempering rate impacts over time. The RICj is a rate design mitigation tool used for transitioning a JOE (on behalf of its member) that paid rates under the TRM to the rate design under the PRDM, by tempering the Tier 1 Demand Charge rate impacts over time.

4.5.1 Rate Impact Credit, Capacity (RICc)

The RICc credits the customer's energy rate for the cost difference between the marginal Tier 1 Demand Rate and BPA's embedded cost of capacity applied to the customer's forecast BP-29 Rate Period capacity needs. A RICc is calculated for all customers regardless of

BP-29 Rate Period product choice but will only be applied to the Load Following Product and all of the Block Products except for the Block portion of the Slice Product. RICc is calculated using the effective rate difference resulting from an application of the marginal Tier 1 Demand Rate and BPA's embedded cost of capacity. The cost of the RICc will result in a reduction in the demand revenue credited to the Non-Slice Cost Pool.

The RICc for each Load Following Customer is equal to the difference between 1) the annual Tier 1 effective rate (mills/kWh) using BP-29 Rate Period forecast Billing Determinants applied to marginal Tier 1 Demand Rates for the subject Rate Period and 2) the annual Tier 1 effective rate (mills/kWh) using the same BP-29 Rate Period forecast Billing Determinants applied to an embedded cost of capacity rate. The embedded cost of capacity rate is calculated using the embedded cost of Supplemental Operating Reserves established for the BP-29 Rate Period, adjusted to only reflect the Tier 1 System Resources for the BP-29 Rate Period, and shaped into months using each Rate Period's monthly Tier 1 Demand Rates.

The RICc for Block and Slice Product customers is calculated the same as for a Load Following Customer, with the added assumption that each Block and Slice Product customer elected to take only the Block Product with a shaping capacity equal to the greater of: 1) the customer's shaping capacity amount elected in BP-29, or 2) the customer's maximum shaping capacity amount it is eligible to elect in BP-29, by month. See Appendix F, RICc Example Calculation. As an alternative, a Block or Slice Product customer can also elect, at CHWM Contract signing, to have its RICc calculated using FY 2029 Peak Net Requirement data and its FY 2029 weather-normalized loads as established through the BP-29 7(i) Process. If this alternative is elected, an interim RICc will be calculated for BP-29 based on the greater of the shaping amount elected or are eligible to elect as described above, and used until the weather-normalized loads and associated calculations can be completed.

The formula applied to all products is as follows:

$$RIC_c = Max\left\{0, \frac{\sum_{i=1}^{12}(DemandRate_i - ECC_i)\ \times\ DemandBD_i}{T1Energy_{RICc}}\right\}$$

where:

$RICc$ = is a customer's Rate Impact Credit for Capacity expressed in mills/kWh

i = a month of the year

$DemandRate_i$ = is the monthly Tier 1 Demand Rate applicable to each Rate Period expressed in mills/kW defined in section 4.3.4 above.

ECC_i= is the embedded monthly cost of capacity calculated for the BP 29 Rate Period, shaped to the monthly Tier 1 Demand Rates applicable to each Rate Period expressed in mills/kW

$DemandBD_i$ = is the customer's monthly BP-29 Rate Period forecast Tier 1 Demand Billing Determinants for a Load Following Customer or, for a Block and Slice Customer, the greater of 1) the customer's shaping capacity amount elected in BP-29, or 2) the customer's maximum shaping capacity amount it is eligible to elect in BP-29, by month

$T1Energy_{RICc}$= is the customer's sum of BP-29 Rate Period forecast Tier 1 energy

4.5.1.1 Recalculation of RICc

The RICc will be recalculated in each 7(i) Process based solely on changes to the marginal Tier 1 Demand Rates as prescribed in Section 4.3.4. above.

BPA may recalculate a Load Following Customer's RICc for application starting in the BP-31 Rate Period if BPA determines that a customer's BP-29 Rate Period forecast Tier 1 Demand Billing Determinants in any month is more than 15 percent different (larger or smaller) than the Billing Determinants that would result using the customer's weather-normalized FY 2029 load. In such a situation, the RICc for an applicable Load Following Customer would be recalculated using the formula in Section 4.5.1, but with the following changes: 1) the customer's BP-29 Rate Period forecast Tier 1 Billing Determinants ($DemandBD_i$) will be replaced with the customer's Tier 1 Billing Determinants calculated using weather-normalized actual FY 2029 load; and 2) the customer's sum of BP-29 Rate Period forecast Tier 1 energy ($T1Energy_{RICc}$) will be replaced with the customer's Tier 1 energy calculated using weather-normalized actual FY 2029 load.

A customer's RICc may also be adjusted, at BPA's sole discretion, in a 7(i) Process to account for the customer's demand response actions taken between FY 2025 and FY 2028 that can be quantifiably demonstrated by the customer to have materially changed the customer's BP-29 Rate Case forecast or its FY 2029 weather normalized loads.

4.5.1.2 Calculation of RICc for New Publics

When a New Public is formed entirely from another Existing Public customer with a RICc, the New Public's RICc will be set equal to the Existing Public's RICc. When a New Public is formed entirely from a combination of Existing Public customers, a Tier 1 Load weighted RICc will be calculated for the New Public. Under either scenario, the Existing Public customer's RICc will remain unchanged.

When a New Public is formed entirely from an entity other than an Existing Public, a RICc will be established for the New Public, and will be calculated as described in this section, except the underlying load forecast will be that associated with the first Rate Period in which the New Public is eligible to purchase power at BPA's Tier 1 Rates. When a New Public is formed in part by an entity other than an Existing Public and in part by Existing Public(s), BPA may, in its sole discretion, use a weighted average RICc methodology that takes into consideration the multiple sources of all the Tier 1 Load, or BPA may choose to calculate the RICc assuming the New Public was formed entirely from an entity other than an Existing Public.

4.5.1.3 Calculation of RICc for Existing-to-Existing Public Annexation

A customer's RICc will not be recalculated for the Existing Public that is having its Tier 1 Load reduced due to annexation. The Existing Public gaining Tier 1 Load as a result of the annexation will have its RICc recalculated based on the weighted average of 1) its prior-to-annexation Tier 1 Load and associated RICc, and 2) the annexed Tier 1 Load and the RICc associated with that load.

4.5.1.4 Product Switching and RICc

A RICc will not be recalculated because of a product switch.

4.5.2 Rate Impact Credit, Mitigation (RICm)

The Rate Impact Credit for Mitigation (RICm) phases in rate impacts attributed to rate design changes between the previous and current Core Rate Design charges (TRM to 2029 PRDM). The Core Rate Design charges under the TRM include: Customer Charges, Load Shaping Charges, and Tier 1 Demand Charges. The Core Rate Design charges under the PRDM include: Tier 1 Energy Charges, Tier 1 Marginal Energy True-Up, Tier 1 Demand Charge, and the Tier 1 Peak Load Variance Charge. Although the Tier 1 Marginal Energy True-Up and the Tier 1 Peak Load Variance Charge for the Block product are considered

Core Rate Design elements of the PRDM, these two are not considered for purposes of the RICm. The RICm will not measure any other potential sources of rate impacts, such as differences in the allocation of costs and credits, changes in the calculation of the Irrigation Rate Discount and changes in the Low Density Discount. The RICm will also not include the Tier 1 Peak Load Variance Charge for Block Customers that are either 1) not eligible to purchase; or 2) do not elect to purchase the PLVS for the BP-29 rate period. For Block Customers that are eligible and elect to purchase the PLVS for the BP-29 rate period, the RICm will be measured by assuming a PLVC that is the same as if the customer were purchasing the Load Following Product.

The RICm is a rate credit that can be either positive or negative and is specific to each customer (mills/kWh). The RICm sets a positive-cap, or ceiling, at the outset of the 2029 PRDM. The cost of that rate impact cap is allocated to customers with forecast negative rate impacts based on an effective negative-cap, or floor, for rate impacts at the outset of the 2029 PRDM. The negative-cap, or floor, is solved for by increasing the floor for all customers until the sum of the RICm charges (*e.g.*, negative credits) is equal to the sum of the RICm credits. The BP-29 rate impact positive-cap will be 2 percent. The RICm will be phased out in two-year increments after FY 2030 by adding 0.15 mills/kWh to each customer's negative RICm until the customer's RICm is zero or above. When a customer's two-year RICm flips from being negative to positive, that customer's RICm will be deemed fully phased out and be set to zero. A positive RICm will decline in direct proportion to the phase out of the aggregate cost of the RICm program. Therefore, among all customers, the cumulative positive and negative RICm amounts will be phased out in proportion to each other.

The phase out schedule applicable to customers with positive RICm Rates will be set in the BP-29 7(i) Process and fixed for the term of the contract. As the phase out schedule materializes over time, there will be differences in the aggregate RICm credits and RICm charges. Any such difference, positive or negative, will be allocated to the Composite Cost Pool.

4.5.2.1 Calculation of RICm for New Publics

A RICm will not be established for any New Public. Under no situation will an Existing Public customer's RICm be changed as a result of the formation of a New Public.

4.5.2.2 Calculation of RICm for Existing-Public to Existing-Public Annexation

A customer's RICm will not be recalculated for the Existing Public that is having its Tier 1 Load reduced due to annexation. The Existing Public gaining Tier 1 Load as a result of the annexation will have its RICm recalculated based on the weighted average of its prior annexation Tier 1 Load and associated RICm and the annexed Tier 1 Load and the RICm associated with that load.

4.5.2.3 Product Switching and RICm

In the event a customer with a negative RICm (*i.e.*, the RICm reduces the amount the customer pays BPA) switches products during the contract duration, their RICm will be eliminated starting in the Rate Period the product switch becomes effective. In the event a customer with a positive RICm (*i.e.*, the RICm increases the amount the customer pays BPA) switches products during the contract duration, their RICm will remain unchanged from the amounts and schedule as established through the BP-29 7(i) Process.

4.5.3 Rate Impact Credit, JOE (RICj)

The Rate Impact Credit for the JOE (RICj) phases in rate impacts attributed solely to changes to the Tier 1 Demand Charge calculations particular to the JOE from TRM and PRDM. The RICj credits the only JOE that paid rates under the TRM and is applicable only if that JOE elects the Load Following Product. It is a stream of bill credits phased down over time with a first-year bill credit that is calibrated to mitigate the rate impacts the JOE's members would experience as a result of changing the method used to calculate the JOE's demand Billing Determinant. The cost of the RICj would be allocated to the Non-Slice Cost Pool and would not impact any customer's Tier 1 Marginal Energy True-Up Rate. The RICj would be issued on the October bill of each Fiscal Year. The annual RICj is shown in Table 4-1. The RICj will be credited to the JOE, not member utilities.

Table 4-1. RATE IMPACT CREDIT FOR THE JOE SCHEDULE

Fiscal Year	RICj Amount
2029	$966,667
2030	$966,667
2031	$833,333
2032	$833,333
2033	$700,000
2034	$700,000
2035	$566,667
2036	$566,667
2037	$433,333
2038	$433,333
2039	$300,000
2040	$300,000
2041	$166,667
2042	$166,667
2043	$33,333
2044	$33,333

4.6 Tier 1 Other Charges

BPA will limit the rates and charges comprising the Tier 1 Rate to those detailed in this Chapter 4. These limitations pertain to the Core Rate Design charges and credits of the PRDM and do not encompass other adjustments, charges, credits, and special rate provisions (*e.g.*, customer-specific charges and credits, targeted adjustment charges, unauthorized increase charges, conservation charges, credits, or surcharges), or any other charges or credits allowed under Section 9.4.

These limitations do not apply to rate adjustments developed and assessed for risk mitigation (*e.g.*, application of a Cost Recovery Adjustment Clause (CRAC)), new or modified risk mitigation tools, or mid-Rate Period rate adjustments for cost recovery purposes. Further, the PRDM does not in any way limit or constrain the way in which BPA recovers its conservation costs from its customers.

In addition, BPA may also, without revising the PRDM, impose separate rates for product and service switching, which will be developed as needed in the applicable 7(i) Process. If, notwithstanding the limitations expressed here, BPA or a party in a 7(i) Process wishes to institute a new rate or charge, it may pursue a revision to this PRDM to reflect such new rate or charge in accordance with the provisions in Chapter 9.

4.7 Disaggregation of Risks within Tier 1 Non-Slice Products

Except for the Core Rate Design charges defined above, the PRDM will not further suballocate risk-related costs between or within products prior to September 30, 2041. This prohibition of a further suballocation of risk is limited to Tier 1 Rates and does not apply to any other rates, products, or services that BPA may provide, such as Tier 2 Rates and other PF and non-PF rates, products, and services. Any suballocation of risk in Tier 1

Rates after September 30, 2041, would be decided through a 7(i) Process. A proposal to change the suballocation of risk in the Tier 1 Rates after September 30, 2041, in a 7(i) Process, will not be considered a revision to the PRDM.

4.8 Cashflow Considerations

Because the Tier 1 Rate design may result in within-year cash flow impacts to customers, BPA may, if practicable and consistent with BPA's statutory obligation to ensure timely cost recovery, accommodate individual customer requests to reshape charges within the Fiscal Year to mitigate adverse cash flow effects on the customer. Such reshaping of charges must recover the same amount of dollars on a net present value basis within the Fiscal Year as would have been recovered without the reshaping. The reshaping of the payments must be mutually agreed upon by both BPA and the customer prior to the start of the Rate Period. Absent agreement, the customer will pay the Tier 1 Energy Charges without reshaping.

The reshaping of the Tier 1 Energy Charges will take into account the cash-flow impacts to the customer of a forecast of Tier 1 Energy Charges, a forecast of Tier 1 Demand Charges, and a forecast of Tier 1 Peak Load Variance Charges. The forecast cash-flow impacts to the customer will be mitigated by including fixed dollar monthly credits and debits that recover, in total, the same amount of dollars on a net present value basis. The fixed dollar monthly credits and debits will not impact any rate or Billing Determinant. To accommodate reshaping requests, BPA will take into account the potential offsetting impacts of multiple reshaping requests. BPA may prorate multiple reshaping requests if necessary to avoid or mitigate material adverse impacts on BPA's cash flow.

5 TIER 2 RATE DESIGN

Consistent with the provisions below, the specific rate designs for BPA's Tier 2 Rate Alternatives will be determined in each 7(i) Process. BPA's allocation of costs to the Tier 2 Cost Pools associated with the Tier 2 Rate Alternatives will be subject to the provisions of this PRDM. The allocation of Tier 2 Costs and the design of Tier 2 Rates will ensure to the maximum extent practical that the Tier 2 Rates will recover the full allocated cost of BPA service to planned Above-CHWM Load. Tier 1 System Resources will not be used in a manner that subsidizes the allocated costs of Tier 2 Rate service. All Tier 2 Cost Pools will include the marginal cost of meeting resource planning requirements as well as include the marginal cost of providing any applicable Support Services.

5.1 Tier 2 Construct

Each customer will elect, in its CHWM Contract, how its Above-CHWM Load will be served during the contract term. The customer will choose whether and how its Above-CHWM will be served by electing the Tier 2 Long-Term Path, the Tier 2 Flexible Above-CHWM Path, or a combination of the two paths. Above-CHWM Load under the Tier 2 Long-Term Path is served by BPA under its Tier 2 Long-Term Alternative at the Tier 2 Long-Term Rate. Above-CHWM Load under the Tier 2 Flexible Above-CHWM Path could be served by a combination of the customer's non-Federal resources, BPA's Tier 2 Short-Term Alternative at the Tier 2 Short-Term Rate, and BPA's Tier 2 Vintage Alternatives at the applicable Tier 2 Vintage Rate.

BPA will establish only one Tier 2 Long-Term Rate for each year, and one Tier 2 Short-Term Rate for each year. BPA may establish multiple Tier 2 Vintage Rates as BPA may provide multiple distinct Tier 2 Vintage Alternatives within a year, and each would have its own rate based on the cost of the resources specific to each distinct Tier 2 Vintage Alternative. Each customer electing a particular Tier 2 Rate Alternative will pay the rate associated with the

Tier 2 Rate Alternative Service. Each Tier 2 Rate will be established to recover all the Tier 2 Costs allocated to that Tier 2 Rate Alternative plus any adders to account for real power losses, overhead costs, other costs, and other services being provided from BPA to support power sold at each Tier 2 Rate. BPA will establish Tier 2 Rates based on the cost of providing a flat annual block of power.

Any Forecast Firm Inventory used to provide service at Tier 2 Rates will be priced at the marginal value of such power, except Forecast Firm Inventory used to provide service at the Tier 2 Long-Term Rate, which will be at a rate equivalent to BPA's Tier 1 Non-Slice Rates. Forecast Firm Inventory will be used to provide service at the Tier 2 Long-Term Rate when BPA has Forecast Firm Inventory, as determined in each 7(i) Process, and the Tier 2 Long-Term Rate has an otherwise unmet power need.

5.1.1 Tier 2 Amounts

The amount of power purchased by a customer under BPA's Tier 2 Rate Alternatives for each Rate Period will be established in the Above-CHWM Process consistent with each customer's Above-CHWM Load elections. The Above-CHWM Process concludes before Tier 2 Rates are set in the 7(i) Process. Above-CHWM Load served at Tier 2 Rates will be in fixed, annual amounts on a take-or-pay basis for each Fiscal Year of a Rate Period. To support operational convenience, a Load Following Customer that would have a portion of its Above-CHWM Load served under the Tier 2 Flexible Path can also elect to have up to 0.999 aMW of its Above-CHWM Load served through the Core Rate Design as described in Chapter 4. The 0.999 aMW election would apply to the JOE and not to each of the JOE's members.

5.2 Tier 2 Cost Basis

As described in Section 2.2.1.4, BPA will identify which of its costs are Tier 2 Costs and to which Tier 2 Cost Pool the costs will be allocated for calculating each Tier 2 Rate in the applicable 7(i) Process. Additionally, Section 3.6 contains guidance regarding the allocation of specific resource costs.

5.2.1 Tier 2 Cost Component Construct

The costs included in each of the Tier 2 Cost Pools will be BPA's costs associated with serving the customers who elect service at the corresponding Tier 2 Rate Alternative.

For a Tier 2 Rate Alternative based on block energy purchases from market sources, the costs allocated to that Cost Pool will include costs that BPA incurs to serve load at a set or variable price, with a combination of forward and spot purchases of block energy from the market. When this type of Tier 2 Rate is set, BPA may not have made all the market purchases needed to serve the loads at this rate. Consequently, this type of rate may be comprised of both known and projected costs of the energy from market purchases, a risk component to cover the expected risks of providing service at a set forward price (which could take the form of some combination of Planned Net Revenues for Risk (PNRR) and rate adjustments or true-ups), plus any adders to account for real power losses, risk, overhead costs, and other costs being incurred and services being provided by BPA to support power sold at that specific Tier 2 Rate. *See* Section 5.2.3 below for the construct of the Overhead Cost Adder.

For a Tier 2 Rate Alternative based on non-dispatchable resources, the costs allocated to that Tier 2 Cost Pool will include costs BPA incurs to serve load with a purchase of the specific non-dispatchable resource. These types of costs may include the cost of the resource purchase, transaction costs, the cost of providing Support Services, plus any adders to account for real power losses, risk, overhead costs, and other costs being incurred or services being provided by BPA to support power sold at that specific Tier 2 Rate. Transaction costs might include transmission and Balancing Authority Area charges for within-hour balancing. Transaction costs may be known or be based on projections that are trued up after the fact. The cost of providing Support Services would be at the same rates as those that would be applied to a customer's purchase of a non-dispatchable Non-Federal Resource to convert the resource delivery to the financial equivalent of a flat annual block.

For a Tier 2 Rate Alternative based on dispatchable resources, the costs allocated to that Tier 2 Cost Pool will include costs and risks that BPA incurs to serve load with a purchase of a dispatchable resource, with the customer assuming the operational risks. These types of costs include projected annual fixed costs (debt service and fixed operations and maintenance (O&M)) of the resource; the expected fuel and variable O&M costs of the resource based on its expected operation; a mechanism to true up the expected fuel and variable O&M costs to actual costs; the cost of operating reserves and replacement power for outages; a mechanism to compensate the customer for any savings from economic dispatch of the resource, including fuel remarketing proceeds; costs of transmission services, if any, to transmit power to the federal system; transaction costs; plus any adders to account for real power losses, risk, overhead costs, and other costs being incurred or services being provided by BPA to support power sold at that specific Tier 2 Rate.

A Tier 2 Alternative Cost Pool can include combinations of market purchases and resource costs, as described above. Tier 2 Rates can be fixed for a Rate Period or be subject to true-ups, surcharges, and other adjustments to support collecting BPA's cost of providing a

Tier 2 Rate Alternative from the customers who elect service at the corresponding Tier 2 Rate Alternative.

5.2.2 Tier 2 and Support Services

Tier 2 Rates based on the costs of resources acquired by BPA to serve Above-CHWM Loads will include appropriate Support Services charges necessary to price the service as if the resource output is serving a flat annual load. Support Services supplied by BPA for resources serving loads at Tier 2 Rates will ensure energy neutrality, and Support Services capacity-related charges will compensate the Composite Cost Pool for the value of the Support Services and for risk exposure incurred due to the provision of Support Services. Support Services may include energy-related and other charges. The revenue from these other charges will be allocated to the Cost Pool based on cost causation principles, such as allocating Support Services energy-related charges to the Non-Slice Cost Pool if BPA's Balancing Power Purchases costs, which are also allocated to the Non-Slice Cost Pool, are being impacted as a result of BPA providing Support Services. The forecast costs for Support Services used to calculate each Tier 2 Rate will be set in each 7(i) Process for each Rate Period.

5.2.3 Tier 2 Overhead Cost Adder

Each Tier 2 Cost Pool will include an Overhead Cost Adder. This adder will provide an offset to the Composite Cost Pool for the general and administrative (overhead) costs associated with BPA's provision of power at Tier 2 Rates. In each 7(i) Process, BPA will propose an Overhead Cost Adder to be applied to all power sold at Tier 2 Rates (mills/kWh). The adder will be set at a level that will reasonably compensate the Composite Cost Pool for the costs of providing the service, which BPA expects would be comparable to typical electricity broker fees.

5.3 Tier 2 Remarketing

If BPA remarkets a customer's Tier 2 purchase obligation pursuant to the CHWM Contract, then BPA will credit the proceeds to such customer (net of any remarketing costs as described in the next section). The customer must continue to pay for the entire purchase at the appropriate Tier 2 Rate.

5.3.1 Calculating Remarketed Tier 2 Rate Proceeds

If BPA remarkets for a customer any Tier 2 Rate Alternative purchase obligation, the proceeds (as established below) obtained from such remarketing will be netted against the customer's monthly bill. BPA will calculate the applicable rate(s) used to calculate the proceeds for the remarketed energy in each 7(i) Process. The total proceeds of the remarketed energy will be reduced for aggregated transaction costs, including, but not limited to, such costs as broker or other marketing fees, transmission costs, transmission losses, and odd lot remarketing costs. Transaction costs also could include a risk component or adjustment mechanism for the risk associated with the potential difference between forecast and actual market prices.

The customer will remain responsible for paying any charges and adjustments that otherwise would have been paid had BPA not had to provide remarketing. Remarketing of Tier 2 Rate Alternative purchase obligation amounts that include a transfer of Renewable Energy Credits (RECs) to the customer under the customer's CHWM Contract will not affect any transfer of RECs to the customer associated with such amounts. This procedure will be applied whether or not BPA actually remarkets the power or uses it for its own purposes.

5.4 Tier 2 Long-Term Alternative

5.4.1 Tier 2 Long-Term Change Fee and Charge

Pursuant to the terms in the customer's CHWM Contract, a customer may elect to change (cap or reduce) its Tier 2 Long-Term Alternative election. A Tier 2 Long-Term Change Fee and a Tier 2 Long-Term Change Charge will apply if this change in original election is made 1) after BPA acquires power for the purposes of serving Tier 2 Long-Term Path obligations, or 2) after July 31, 2027, whichever occurs first. The Tier 2 Long-Term Change Fee will be established in each 7(i) Process and will be no lower than 0.05 mills/kWh and no higher than 0.10 mills/kWh applied to the customer's Tier 1 Load amount for the Rate Period immediately following the election.

The Tier 2 Long-Term Change Charge will be based on costs BPA determines would otherwise be spread to other Tier 2 Long-Term Path customers, calculated independent to and without consideration of the Tier 2 Long-Term Change Fee, as a result of the change in election. The revenue received from the Tier 2 Long-Term Change Fee and the Tier 2 Long-Term Change Charge will be credited to the Tier 2 Long-Term Cost Pool.

5.4.2 Tier 2 Long-Term Cost Reallocation Provision

If the Tier 2 Long-Term Cost Pool contains costs and BPA has no load being served at the Tier 2 Long-Term Rate, BPA will reallocate such costs to all customers that elected any portion of their potential Above-CHWM Load to be served under the Tier 2 Long-Term Alternative. This reallocation will be spread across all such customers' Rate Period forecast Tier 1 Energy Charge Billing Determinants.

Similarly, if a subset of customers that elected BPA's Tier 2 Long-Term Alternative are determined to be bearing an inequitable amount of the costs allocated to the Tier 2 Long-

Term Cost Pool, BPA will determine, through the 7(i) Process, the portion of the Tier 2 Long-Term Cost Pool to be reallocated to all customers that elected any portion of their potential Above-CHWM Load be served under the Tier 2 Long-Term Alternative. This reallocation will be spread across all such customers' Rate Period forecast Tier 1 Energy Charge Billing Determinants.

5.5 Tier 2 Vintage Alternative

Pursuant to the terms in the customer's CHWM Contract, a customer may elect to serve its Above-CHWM load under the Tier 2 Flexible Above-CHWM Path. Included in the Tier 2 Flexible Above-CHWM Path is the eligibility to purchase power at a Tier 2 Vintage Rate.

A Tier 2 Vintage Rate will be established when BPA acquires a Vintage Resource(s) pursuant to the terms of the customer's CHWM Contract. The Tier 2 Vintage Rate will be based on the costs of the Vintage Resource(s) along with any associated services or costs. The applicable Tier 2 Vintage Rate determined by BPA shall be restated in the Statement of Intent as described in the CHWM Contract.

When a customer purchases power under a Tier 2 Vintage Alternative that is in excess of its then current Above-CHWM Load, BPA may treat such power as either: 1) a sale of surplus power sold at a surplus rate equivalent to the applicable Tier 2 Vintage Rate to be managed by the customer; or 2) excess power to be managed by BPA through a remarketing service (*see* Section 5.3) until the customer's load grows into its Tier 2 Vintage amount, as determined by BPA.

A formula or other special rate provision will be established in each 7(i) Process to address applicable credits and charges that may result when power delivery under a Tier 2 Vintage

Alternative begins within a Fiscal Year and when power delivery occurs earlier or later than planned.

6 SUPPORT SERVICES

Support Services are offered under the CHWM Contract and include multiple services that assist in the integration of Federal and non-Federal resources with load service. Support Services are available for all specified Non-Federal Resources that Load Following Customers contractually dedicate to serve their Total Retail Load (TRL), and for specified new renewable resources Block Customers contractually dedicate to serve their TRL.

Support Services include both Resource Support Services (RSS) and Other Support Services (OSS). RSS may include, but are not limited to, providing forced outage services, services providing additional federal capacity to help the customer meet its contractual obligations with BPA, or services to firm up variable generation. OSS may include but are not limited to scheduling services, curtailment management services, and/or market integration related services. See Appendix D for the overall framework of Support Services.

6.1 Support Services Pricing Principles

Support Services will be priced comparably across Load Following and Block Products. With one exception, the capacity component of each Support Service will be priced at a marginal cost of capacity, such as the Marginal Capacity Resource used to set the Tier 1 Demand Rates, and any applicable energy components will be priced at a market-based price of energy for the appropriate time period for the particular Support Service. The exception to the marginal cost of capacity pricing is for contractually required Resource Support Services applied to Existing Resources. In this situation, the capacity-based fee will be calculated using BPA's embedded cost of Supplemental Operating Reserves, or its successor, adjusted to reflect the Tier 1 System Resources only.

Other costs, such as the cost of providing scheduling services, could be based on relevant portions of the total BPA Revenue Requirement or on the cost charged by other entities to provide a similar service.

The price of capacity, the price of energy, and the allocation of any other costs for Support Services offered by BPA will be determined in each 7(i) Process. The revenue received from providing Support Services will be allocated to the Cost Pool based on cost causation principles—such as allocating capacity-related revenue to the Composite Cost Pool to compensate for the associated Designated System Obligation, or to the Non-Slice Cost Pool to offset impacts to BPA's Balancing Power Purchases costs that are otherwise allocated to the Non-Slice Cost Pool.

6.2 Treatment for Load Following Non-Dispatchable Dedicated Resources that are Existing Resources but Not Variable Energy Resources

BPA will apply a Forced Outage Reserves Service (FORS)-based fee to all Load Following Customer's Non-Dispatchable Dedicated Resources that are Existing Resources but not Variable Energy Resources. The capacity-based fee will be calculated using BPA's embedded cost of Supplemental Operating Reserves, or its successor, adjusted to reflect the Tier 1 System Resources only. The FORS-based fee allows an Existing Resource dedicated to a Load Following Customer's load that is Non-Dispatchable and not a Variable Energy Resource to produce generation below its Contract Exhibit A amounts under conditions defined in the CHWM Contract (such as megawatthour limits, frequency of occurrence, qualifying events, and notice requirements) and pay a market-based rate (inclusive of potential upward adjustments and other costs), as established in each 7(i) Process.

The FORS-based fee also allows eligible resources, as defined by the CHWM Contract, to receive a market-based energy credit (inclusive of potential downward adjustments and other costs), as established in each 7(i) Process, for amounts of energy produced by the resource in excess of its Exhibit A amounts. To avoid double counting, only Exhibit A amounts will be used for purposes of calculating Billing Determinants as described in Chapter 4 of this PRDM.

6.3 Treatment for Load Following Non-Dispatchable Dedicated Resources that are Existing Resources and are Variable Energy Resources

BPA will apply a capacity-based fee to all Load Following Customer's Non-Dispatchable Dedicated Resources that are both Existing Resources and Variable Energy Resources. The capacity-based fee will be calculated using BPA's embedded cost of Supplemental Operating Reserves, or its successor, adjusted to reflect the Tier 1 System Resources only. The capacity-based fee allows BPA to treat the resource as a firm resource for purposes of the Tier 1 Demand Charge, as described in Section 4.3. It also allows an Existing Resource dedicated to a Load Following Customer's load that is Non-Dispatchable and a Variable Energy Resource to produce generation below its Exhibit A amounts and pay a market-based rate (inclusive of potential upward adjustments and other costs), as established in each 7(i) Process.

The capacity-based fee also allows eligible resources, as defined by the CHWM Contract, to receive a market-based energy credit (inclusive of potential downward adjustments and other costs), as established in each 7(i) Process, for amounts of energy produced by the resource in excess of its Exhibit A amounts. The capacity-based fee will be calculated using BPA's embedded cost of Supplemental Operating Reserves, or its successor, adjusted to reflect the Tier 1 System Resources only.

To avoid double counting, only the Exhibit A amounts will be used for purposes of calculating Billing Determinants as described in Chapter 4 of this PRDM.

6.4 Treatment for Load Following Dispatchable Dedicated Resources that are Existing Resources

BPA may apply credits, charges, and require a Load Following Customer to purchase Support Services for Dispatchable Dedicated Resources that are Existing Resources. The purpose of the credits, charges, and services is to ensure, facilitate, or help a customer meet its contractual obligations with BPA, while also capturing the dispatchable energy and capacity value of the resource. A Load Following Customer's Dispatchable Dedicated Resources that are Existing Resources will come with contractual capacity-related obligations and will also be provided an Existing Capacity Credit as described in Section 4.3.6.1.

6.5 Treatment for Load Following Resources Serving Above-CHWM Load

BPA will apply credits, charges, and may require that a Load Following Customer purchase Support Services when its resources serving Above-CHWM Load are not provided in the shape of a flat annual block of power. The purpose of the credits, charges, and applicable services is to capture the value difference, both in energy and capacity, that the customer's resource serving Above-CHWM Load brings relative to a flat annual block of power.

7 RISK MITIGATION

In each 7(i) Process, BPA will establish risk mitigation mechanisms and set rates that are consistent with BPA's then-current agency financial risk standard(s), as set out in BPA's then-current financial plan and policies.

The CHWM Contract includes take-or-pay provisions that obligate each customer to pay its monthly BPA power bills calculated using the Tier 1 and Tier 2 Rates applicable to each customer.

7.1 Tier 1 Risk

Subject to Section 4.7, in each 7(i) Process, BPA will assess the risks related to the costs and revenues allocated to the Tier 1 Cost Pools, design risk mitigation measures, and set the Tier 1 Rates to meet BPA's risk standard(s). Such measures may include PNRR, Cost Recovery Adjustment Clauses (CRACs), true ups to actual costs, and other measures determined appropriate by BPA.

Subject to Section 4.7, the primary financial risk mitigation measures for the Slice Product are the transfer of the net secondary revenue risk to Slice purchasers (by providing them with secondary energy instead of a rate credit for anticipated net secondary revenues) and the Slice True-Up (*see* Section 2.7).

7.2 Tier 2 Risk

Risks in Tier 2 will be assessed in each 7(i) Process, both for each Tier 2 Rate Alternative and collectively for all Tier 2 Rate Alternatives, to determine if the terms and conditions have mitigated such risks sufficiently to meet BPA's risk standards. In addition to such terms and conditions, BPA will include in Tier 2 Rates any supplementary risk mitigation necessary to meet BPA's risk standards. Altogether, Tier 2 risk mitigation will be structured so that the risk associated with Tier 2 Rates will not increase the costs allocated to Tier 1 Cost Pools or require any enhancement of Tier 1 risk protection mechanisms beyond what would have been required absent sales at Tier 2 Rates. BPA recognizes that it may be limited in Tier 2 Rate offerings by the foregoing requirements that Tier 2 risks not increase costs allocated to Tier 1 or require enhancement of Tier 1 risk protections.

In each 7(i) Process, when there is more specificity about the resource and purchase costs allocated to the various Tier 2 Cost Pools, BPA will assess the risks of providing service at the various Tier 2 Rate Alternatives. BPA will propose risk mitigation tools for each Tier 2 Cost Pool (*e.g.*, PNRR, CRACs, and true ups to actual costs), as appropriate.

7.3 Assessment of Aggregate Risk

If, after assessing and mitigating risks for each Tier 1 Cost Pool and Tier 2 Cost Pool, BPA finds that Power function risks have not been adequately mitigated pursuant to BPA's risk standards, then BPA will allocate the remaining risk and any additional mitigation between the tiers in the applicable 7(i) Process, consistent with this PRDM.

8 OTHER RATE DESIGN

This chapter identifies and describes ancillary PF rates not otherwise described in Chapters 4 and 5. These include: Rates for Unanticipated Load, Low Density Discount, Irrigation Rate Discount, and PF Exchange.

8.1 Rates for Unanticipated Load

BPA will develop rates in the applicable 7(i) Process for service to unanticipated loads (*e.g.*, due to delay in the start-up of a specified new Non-Federal Resource). Unanticipated loads are public preference loads that BPA is obligated to serve under its statutes, but of which BPA has not had the notice to serve as required by the CHWM Contract or General Rate Schedule Provisions (GRSPs) for a customer to receive service at Tier 1 or Tier 2 Rates. The GRSPs developed in the applicable 7(i) Process will establish the terms and conditions for application of these rates, which are intended to reflect the costs associated with the power and services needed to serve such load.

Load that BPA does not have an obligation to serve may face an unauthorized increase (UAI) charge. For example, if a customer does not provide power for serving load when a Non-Federal Resource has an outage that is not supported by another service (e.g. FORS), and BPA delivers power to serve that load, such power deliveries would be charged the UAI.

8.2 Low Density Discount

In the applicable 7(i) Process, BPA will apply a long-term Low Density Discount (LDD) that will remain in effect for multiple Rate Periods to the extent permitted by Section 7(d)(1) of the Northwest Power Act. The LDD benefit to a JOE will be equivalent to the sum of LDD benefits calculated for all eligible individual members of the JOE. BPA will determine the LDD for the JOE based on each such individual utility member's LDD amount.

The LDD will apply to the following Tier 1 charges: Tier 1 Composite Energy Charge, the Tier 1 Non-Slice Energy Charge, the Tier 1 Slice Energy Charge, the Tier 1 Demand Charge, and the Tier 1 Peak Load Variance Charge. LDD will not apply to purchases of power for Above-CHWM Load. The cost of the LDD program will be allocated to the Composite Cost Pool. The discount will be determined using the LDD Percentage Discount Table, as published in the applicable GRSPs.

In the applicable 7(i) Process, BPA will apply an LDD Percentage Discount Table that is the same as or similar to the example in Appendix C. The table will be formulated so that the resulting LDD program cost is forecast to be between $42 million and $44 million on average per year during the BP-29 Rate Period. This program cost may include utility-specific adjustments intended to temporarily mitigate a loss in program benefits to a utility deemed to be materially impacted by the change in LDD methodology from the TRM to the PRDM. This program cost above is comparable to the program costs prior to the effective date of the PRDM.

The eligibility requirements of C/M (consumers per mile of line) and K/I (kWh to investment ratio) will initially be calculated in the same manner as was the case in BP-26 Rate Period. BPA may, in a later 7(i) Process, propose changes to the eligibility requirements, LDD Percentage Discount Table, and definitions. Additionally, the definitions in the GRSPs may be adjusted to accommodate changes to distribution systems, including underground distribution lines, where appropriate.

8.3 Irrigation Rate Discount

Beginning with the BP-29 Rate Period and continuing through the term of the CHWM Contracts, BPA will include an Irrigation Rate Discount (IRD) in BPA's wholesale power 7(i) Process initial rate proposals in the form of a fixed percentage discount on the Tier 1 Rates. Eligible irrigation loads will be identified in a customer's CHWM Contract and will not increase during the term of the contract. The discount will not apply to loads served at Tier 2 Rates.

The IRD benefit to a JOE will be equivalent to the sum of IRD benefits calculated for all eligible individual members of the JOE. BPA will determine the IRD benefit for the JOE based on each such individual utility member's IRD benefit.

In the BP-29 7(i) Process, BPA will calculate the fixed IRD percentage that will remain for the term of the CHWM Contract. The IRD percentage will be set by calculating the value that will result in a program cost of approximately $22 million in FY 2029, when applied to eligible irrigation loads in that year. This program cost above is comparable to the program costs prior to the effective date of the PRDM.

Each Rate Period, BPA will use the IRD percentage to set a mills/kWh discount rate that, when applied to qualified irrigation load, produces a dollar credit on eligible customers' power bills. The percentage will be multiplied by the sum of the forecast revenue that irrigation loads will pay through Tier 1 Rates, adjusted for any applicable LDD, divided by the sum of the irrigation loads (expressed in kWh) to derive the mills/kWh discount. This discount will be seasonally available to qualifying loads during May, June, July, August, and September.

The CHWM Contract will include the terms and conditions for the IRD. The CHWM Contract also will specify quantities, definitions, and conditions for a qualifying irrigation load. The discount rate to be applied to qualifying irrigation loads for the relevant Rate Period will be determined in the applicable 7(i) Process and will be included in the applicable GRSPs.

BPA will include in the FY 2029 proposed GRSPs the eligibility criteria for the IRD. To qualify for the IRD, the customer must meet one of the following criteria:

1) The customer must have participated in BPA's IRD program in FY 2028.
2) At least 75 percent of the customer's Total Retail Load must be placed on BPA starting October 1, 2028, and the customer's irrigation rate schedule sales, May through September in FY 2018-2022, divided by its TRL for FY 2018-2022, is at least 5 percent; or, if less than 5 percent, the average kilowatts used for May through September in FY 2018-2022 (25 months/5 years) is 7,500,000 kWh or more.

Eligibility evaluation will be determined differently for existing and newly eligible Irrigation Rate customers. Eligibility evaluation for existing IRD customers will occur at signing of the CHWM Contract. Eligibility for new Irrigation Rate customers will be evaluated 90 calendar days after BPA issues the final PRDM ROD in 2025. Newly eligible IRD customers' CHWM Contracts will be amended to reflect the eligible kilowatthour amounts.

For a Slice Customer, BPA will apply the percentage reduction to the lesser of the customer's qualifying irrigation load (kilowatthours) specified in its CHWM Contract or the sum of its monthly Block purchase at Tier 1 Rates plus the monthly Firm Slice Amount. No other charges or Billing Determinants will be affected.

There will be a true-up process at the end of each year's May through September irrigation season to ensure that the customer experienced the full amount of irrigation load stated in the CHWM Contract. If a customer's May through September measured irrigation load is less than the amount of load eligible for mitigation, a true-up calculation will determine the amount the customer owes BPA at end of the irrigation season. The details and requirements of the true-up will be described in the applicable 7(i) Process and included in the GRSPs for each applicable Rate Period.

BPA will require IRD participating customers to implement cost-effective conservation measures on eligible irrigation systems in their service territories, as described in the GRSPs. The conservation measures may be eligible for future BPA conservation programs; the amount of BPA support will be determined through the 7(i) Process.

8.4 Section 7(b)(2) Rate Test

8.4.1 PF Exchange Rate for Customers with CHWM Contract

The PF Exchange Rate is not applicable to PF customers with a CHWM Contract.

8.4.2 PF Exchange Rate for Customers without a CHWM Contract

For customers that have not signed a CHWM Contract and have signed a Residential Purchase and Sale Agreement (RPSA), BPA will establish a PF Exchange rate(s) in each 7(i) Process. Such rate(s) will be set consistent with the Northwest Power Act.

8.4.3 Section 7(b)(2) or Section 7(b)(3) Issues Not Addressed by PRDM

Notwithstanding any other provisions in this PRDM, this PRDM does not address, and therefore neither authorizes nor precludes, the allocation of Section 7(b)(2) trigger amounts to BPA surplus sales, including secondary energy sales under the Slice Product. Notwithstanding any other provisions in this PRDM, all issues pertaining to calculation of the Section 7(b)(2) rate test and allocation of the Section 7(b)(3) surcharge will be determined in the applicable 7(i) Process.

9 PRDM REVISION PROCESSES AND DISPUTE RESOLUTION

In this Chapter 9:

- **Customer** means a Public that purchases power from BPA at a Tier 1 Rate under a CHWM Contract.
- **Customer Group** means a group comprised of not less than 45 percent of the Customers (utility count) or 45 percent of the sum of the CHWMs.

For purposes of calculating utility count for a Customer Group or under Sections 9.2.2.2, 9.3.2.2, 9.4.2.2, 9.5.2, or 9.5.3, a JOE is counted by its component utilities.

9.1 General Provisions

9.1.1 Process Generally Applicable to Any PRDM Revision

No revision to this PRDM may be made without the introduction, consideration, and adoption of such revision in a 7(i) Process. BPA will comply with the applicable requirements of this Chapter 9 when proposing revisions to the PRDM. Should a proposed revision to the PRDM not satisfied the requirements for introduction in a 7(i) Process as set out herein, then BPA shall neither propose nor adopt such proposed revision in a 7(i) Process until the applicable requirements of this Chapter 9 are satisfied.

Except as provided in Sections 9.2 (Improvements/Enhancements) and 9.3.2 (Unintended Consequences that affect only Customers), nothing in this Chapter 9 limits the positions that a Customer may advocate in a 7(i) Process regarding the PRDM. Nothing in Chapter 9 either 1) precludes any party to a BPA 7(i) Process, other than a Customer, from making any proposal or offering any testimony or other evidence on any matter that may otherwise be raised in a BPA 7(i) Process or 2) constrains any person or entity, including a Customer, from taking any position with BPA on any issue outside of a 7(i) Process.

9.1.2 Core Provisions of the PRDM that May be Revised Only to Ensure Cost Recovery or Comply with Court Ruling

The provisions of the PRDM identified below cannot be revised except and unless the Administrator determines in accordance with the applicable procedures set forth in this Chapter 9 that BPA cannot otherwise timely recover its costs or that the change is necessary to effectively comply with a court ruling:

1) The Core Rate Design described in Chapter 4, consisting of the concept of three Tier 1 Energy Charges (Composite, Slice, and Non-Slice); the Tier 1 Marginal Energy True-Up; the Tier 1 Demand Charge; the Tier 1 Peak Load Variance Charge; and Tier 1 Credits, which include the RICc, RICm (including the RICm phase-out schedule established pursuant to Section 4.5.2), and RICj (including the RICj phase-down schedule established pursuant to Section 4.5.3).
2) The establishment of Tier 2 Rates, as set forth in Chapter 5.
3) Cost allocation principles set forth in Section 2.1.

9.1.3 Actions Not Considered to be a Revision to the PRDM

Subject to Section 9.1.2 and the express terms of the PRDM, the Administrator reserves the discretion he or she otherwise possesses under law to establish, undertake, or otherwise address the following, including through implementation of the PRDM consistent with the terms thereof for those matters governed by the PRDM, in appropriate cases:

1) Calculation of actual rate levels.
2) Any rate issues or, as applicable, such components of rates issues that are identified in this PRDM as specifically reserved for determination in a future 7(i) Process. These include, but are not limited to:

a) Allocation of costs consistent with Sections 2.1, 2.2, and 2.3 and the Allocated Tiered Cost Table, Table 2-1

b) The determination whether a line item in the Composite Cost Pool is subject to true-up (*see* Chapter 2).

c) The addition of new Tier 2 cost pools (*see* Section 2.2).

d) Methods used to solve for Tier 1 and Tier 2 Rates (*see* Section 2.2.1)

e) Modifications to BPA's Power Services Statement of Revenues and Expenses (*see* Section 2.2.2)

f) Allocations of New Expenses and New Credits (*see* Sections 2.3 and 2.8.4)

g) Proposals to reallocate portions of the Tier 1 Secondary Energy Credit to Composite Cost Pool (*see* Section 2.4)

h) Proposals for an alternative cost recovery mechanism (*see* Section 2.6)

i) True-up of rate revenue credits (*see* Section 2.8.2.2)

j) Revisions to MRNR treatment (*see* Section 2.8.2.3)

k) Expenses and revenue credits (*see* Section 2.8.4)

l) Resources considered Tier 1 System Resources and respective firm power (*see* Section 3.1)

m) Designated System Obligations and related issues (*see* Sections 3.2.2 and 3.2.3)

n) Forecasts of Rate Period Augmentation (*see* Section 3.3)

o) The determination whether forecast costs of augmentation are subject to the Slice True-Up (*see* Section 3.3.2).

p) Forecasts of Balancing Power Purchases and adjustments (*see* Section 3.4)

q) Updates to Table 3-3, 3-4, and 3-5 (*see* Section 3.5, 3.6, and 3.7)

r) Establishment of Tier 1 Energy Charges (*see* Section 4.1)

s) Establishment of Tier 1 Composite Energy Rates (*see* Section 4.1.2)

t) Establishment of Tier 1 Non-Slice Energy Rate (*see* Section 4.1.3)

u) Establishment of Tier 1 Slice Energy Rate (*see* Section 4.1.4)

v) Establishment of Tier 1 Marginal Energy True-Up Rate (*see* Section 4.2.3)

w) Adjustments to Marginal Capacity Resource and shape of monthly Tier 1 Demand Rates (*see* Section 4.3.4)

x) Establishment of Capacity Credits (*see* Section 4.3.6)

y) Capacity planning standards, PLVC Billing Determinants, and market-based energy rate (*see* Section 4.4)

z) RICc recalculations (*see* Section 4.5.1.1)

aa) Rates for New Publics (*see* Section 4.5.1.2)

ab) Recovery of conservation costs and rates for product and service switching (*see* Section 4.6)

ac) Suballocation of risk in Tier 1 Rates after September 30, 2041 (*see* Section 4.7)

ad) Forecast costs for Support Services (*see* Section 5.2.2)

ae) Determination of the Overhead Cost Adder to Tier 2 Cost Pools (*see* Section 5.2.3)

af) Calculations for remarketed energy (*see* Section 5.3.1) ag) Tier 2 Long-Term Change Fee and Charge(*see* Section 5.4.1)

ah) Design, pricing, and application of the Support Services rates (*see* Chapter 6)

ai) FORS-based fee (*see* Section 6.2)

aj) Risk mitigation (consistent with Chapter 7 and Section 4.7)

ak) Rates for Unanticipated Load (*see* Section 8.1)

al) Applicability of Low Density Discount (*see* Section 8.2)

am) Irrigation Rate Discount (*see* Section 8.3)

an) PF Exchange Rate treatment (*see* Section 8.4)

ao) Application of Sections 7(b)(2) and 7(b)(3) of the Northwest Power Act (*see* Section 8.4.3)

3) PRDM Exhibits will be filled in and revised consistent with the terms of the PRDM.
4) Such other actions described in the PRDM that are to be determined in a Section 7(i) Process.

The actions described in this Section 9.1.3 do not constitute a “revision” to the PRDM.

9.2 Improvements and Enhancements

9.2.1 Criteria and Conditions for Improvements and Enhancements

Revisions to the PRDM not covered by Section 9.4 (Cost Recovery/Court Ruling), 9.1.2 (Core Provisions), or 9.3 (Unintended Consequences) and that are proposed by BPA or a Customer Group to improve and enhance the PRDM (Improvement Proposal) must be made consistent with this Section 9.2.

9.2.2 Process for Improvements and Enhancements

BPA or a Customer Group may propose a revision to the PRDM as provided for in Section 9.2.1 only after complying with the requirements of this Section 9.2.2.

9.2.2.1 Notice

Before BPA or a Customer Group proposes in a 7(i) Process an Improvement Proposal, BPA or the Customer Group will notify all Customers of the Improvement Proposal in advance of the 7(i) Process and the proponent's reasons for: 1) why the Improvement Proposal will improve or enhance implementation of the PRDM in a way that will continue to effectuate its purposes but be more cost-effective and efficient, customer responsive, readily implementable, or capable of fulfilling the PRDM's purposes, and 2) how the value of the Improvement Proposal outweighs any harm created by it. The notice will specify the date by which each Customer may express its support for the Improvement Proposal, and the means for registering its support.

9.2.2.2 Customer Approval

BPA or the Customer Group may propose in a 7(i) Process the Improvement Proposal only if it is approved by Customers totaling both 1) at least 70 percent of Customers (utility count) and 2) at least 50 percent of the sum of the CHWMs, with both of the foregoing measured by the individual vote of each Customer. In determining the total, BPA shall count each abstention and absence of a vote as a vote that the Customer does not approve the Improvement Proposal.

In the event that the Customers approving the Improvement Proposal are less than the voting requirements of the preceding paragraph, then the Improvement Proposal will not be proposed in any 7(i) Process by BPA, the Customer Group, or any Customer until the voting requirements in this Section 9.2.2.2 above are satisfied.

In the event that the Customers approving the Improvement Proposal are equal to or more than the voting requirements of this Section 9.2.2.2, then BPA or the Customer Group may propose the Improvement Proposal in a 7(i) Process. The Improvement Proposal will be considered in the normal course through the 7(i) Process with a decision in the Administrator's Record of Decision.

9.3 Revisions for Unintended Consequences

9.3.1 Criteria and Conditions for Revisions for Unintended Consequences

With the exception of PRDM changes that are constrained by Section 9.1.2 (Core Provisions) or implementation of the PRDM reserved by Section 9.1.3 (Expressly Not Revisions), BPA may, in accordance with the applicable procedures of this Chapter 9, propose revisions in the PRDM: to address or avoid unintended consequences that put at risk the Principles and Goals underlying the PRDM as set forth in Section 1.1 of BPA's Provider of Choice Policy. Proposed revisions to accommodate BPA's participation in a day-ahead market will be considered "revisions for unintended consequences that *do not* affect others or general policies" and follow the processes in Section 9.3.2; *except that* proposed revisions that meet the criteria for "revisions to ensure cost recovery or comply with court ruling" and "revisions for unintended consequences that *do* affect others or general programs or policies" will be subject to Section 9.4 and Section 9.3.3, respectively. Nothing in this Section 9.3 constrains BPA's ability to propose revisions in the PRDM to ensure cost recovery or comply with a Court ruling that also accommodate BPA's participation in a day-ahead market; such proposals must comply with the requirements in Section 9.4.1. Similarly, nothing in this Section 9.3 constrains BPA's ability to propose revisions in the PRDM for unintended consequences that *do* affect others or general policies that also accommodate BPA's participation in a day-ahead market; such proposals must comply with the requirements in Section 9.3.3.

9.3.2 Process for Revisions for Unintended Consequences that *Do Not* Affect Others or General Policies

The procedures set forth in this Section 9.3.2 apply only to revisions to the PRDM as provided for in Section 9.3.1 that address or rectify unintended consequences of the PRDM that affect only Customers with CHWM Contracts, or that do not affect or affect only in a *de minimis* manner investor-owned utilities (IOU) or direct service industry (DSI) customers of BPA or BPA customers that are not eligible for or do not take service under CHWM Contracts ("Unintended Consequence Proposal"). Such procedures do not apply to, and an Unintended Consequence Proposal does not encompass, proposed revisions to the PRDM that are necessary to address or rectify unintended consequences of the PRDM that affect BPA programs or policies of general application (*e.g.*, the unintended consequence affects programmatic responsibilities such as fish and wildlife, conservation, or transmission).

BPA or a Customer Group may propose an Unintended Consequence Proposal in a 7(i) Process only after complying with the requirements of this Section 9.3.2.

9.3.2.1 Notice

Before such an Unintended Consequence Proposal is introduced in a 7(i) Process by BPA or a Customer Group, BPA will notify all Customers in advance of the 7(i) Process of the Unintended Consequence Proposal and the proponent's reasons for: 1) why the Unintended Consequence Proposal will address or rectify the unintended consequence that puts at risk the Principles and Goals underlying the PRDM as set forth in Section 1.1 of the Provider of Choice Policy, and 2) how the value of the Unintended Consequence Proposal outweighs any detriment created by it. The notice will specify the date by which each Customer may object to the Unintended Consequence Proposal and the means for registering its objection.

9.3.2.2 Customer Objection

BPA or the Customer Group may propose in a 7(i) Process the Unintended Consequence Proposal unless it is objected to by Customers totaling both 1) at least 70 percent of Customers (utility count) and 2) at least 50 percent of the sum of the CHWMs, with both of the foregoing measured by the individual vote of each Customer. In determining the total, BPA shall count each abstention and absence of a vote as a vote that the Customer does not object to the proposed change.

In the event that the Customers objecting to the Unintended Consequence Proposal equal or exceed the voting requirements of the preceding paragraph, then BPA, the Customer Group, or any Customer shall not propose in any 7(i) Process the Unintended Consequence Proposal until the voting requirements of this Section 9.3.2 are satisfied.

In the event that the Customers objecting to the Unintended Consequence Proposal are less than the voting requirements of this Section 9.3.2, BPA or the Customer Group may propose in a 7(i) Process the Unintended Consequence Proposal. The Unintended Consequence Proposal will be considered in the normal course through the 7(i) Process with a decision in the Administrator's Record of Decision.

9.3.3 Process for Revisions for Unintended Consequences that *Do* Affect Others or General Programs or Policies

Any proposals to revise the PRDM to address unintended consequences that affect others or general programs or policies (*i.e.,* within the scope of Section 9.3.1, but not within the scope of Section 9.3.2), may be proposed and considered in the normal course through the 7(i) Process, with a decision in the Administrator's Record of Decision.

9.3.3.1 Notice

Before such a proposal is considered in a 7(i) Process by BPA or a Customer Group, BPA will notify all Customers of the proposal and the proponent's reasons for: 1) why the proposal will address or rectify the unintended consequence that puts at risk the Principles and Goals underlying the PRDM as set forth in Section 1.1 of the Provider of Choice Policy and 2) how the value of the proposal outweighs any detriment created by it.

9.4 Revisions to PRDM to Ensure Cost Recovery or Comply with Court Ruling

9.4.1 Criteria and Conditions for Revisions for Cost Recovery or Court Ruling

BPA reserves the right to revise any part of this PRDM if the Administrator has determined in accordance with the applicable procedures set forth in Chapter 9 that: 1) BPA cannot timely and reasonably recover its costs without revising the PRDM; or 2) a revision to the PRDM is necessary to effectively comply with a court ruling. For purposes of this PRDM, reference to a court ruling will be deemed to include a ruling of the Federal Energy Regulatory Commission that disapproves or remands a BPA rate based on the PRDM.

9.4.2 Process for Revisions for Cost Recovery or Court Ruling

BPA will propose only those revisions under Sections 9.4.1 that are necessary to comply with a court ruling or ensure cost recovery (Recovery/Response Proposal) and will seek to limit both the number and scope of such revisions.

9.4.2.1 Preliminary Procedures Specific to Revisions for Cost Recovery

Before proposing any revision to the PRDM to ensure timely cost recovery, to the extent practicable BPA will take the following steps:

1) BPA will make reasonable efforts to recover the costs from the party(s) that would otherwise be responsible for such costs. Such efforts may include making demand on any available credit support and pursuing legal action when appropriate.
2) BPA will make good faith efforts to reduce BPA power costs so as to offset the cost that would otherwise occasion the need for a change in the PRDM to ensure cost recovery.
3) If the cost recovery problem is occasioned by the design of the PRDM, BPA will convene a public meeting with Customers and interested parties to discuss alternatives to a revision of the PRDM.
4) After taking such steps, BPA will issue a report to Customers and interested parties regarding the efforts, including those listed (1-3) above, that the Administrator has taken before resorting to a revision to the PRDM, and why the set of safeguards BPA followed when entering identified transactions (*e.g.*, service at a Tier 2 Rate) was not sufficient to avoid the cost recovery problem.

These criteria, or disputes over whether the Administrator has satisfied them, do not override and will not be allowed to frustrate the Administrator's responsibility to establish rates to recover costs and timely repay the U.S. Treasury.

9.4.2.2 Customer Petition for Mini-Trial Disputing Response/Recovery Proposal

Customers that are party to a 7(i) Process may petition for a Mini-Trial alleging the Recovery/Response Proposal is not necessary to ensure cost recovery or respond to a court ruling, and/or that the Recovery/Response Proposal is unreasonably disproportionate to what is needed to comply with the court ruling or to ensure cost recovery, compared to the alternative proposal(s), if any, offered by the Customer(s).

A written petition so disputing the Response/Recovery Proposal may only be filed with the Hearing Officer within 20 Business Days after submission of BPA's initial proposal in such 7(i) Process, or within 10 Business Days after an Administrator's Mini-Trial decision under Section 9.6 (4(C)). The petition may be filed only if it is approved by Customers totaling both 1) at least 70 percent of such Customers (utility count), and 2) at least 50 percent of the sum of the CHWMs, with both of the foregoing measured by the individual vote of each Customer.

Upon receipt of such petition, the Hearing Officer shall expeditiously schedule, consistent with the rate case schedule and the procedural requirements of Section 9.6 (Mini-Trial), a Mini-Trial regarding whether BPA's Response/Recovery Proposal is necessary to ensure cost recovery or respond to a court ruling as provided for in Section 9.4.1, and/or whether the Response/Recovery Proposal is unreasonably disproportionate to what is needed to comply with the court order or to ensure cost recovery, compared to the alternative proposal(s), if any, offered by the Customer(s).

If no such petition is timely filed, the Recovery/Response Proposal will be considered in the normal course through the 7(i) Process with a decision in the Administrator's Record of Decision.

9.5 Disputes Alleging Irreconcilable Conflict with the PRDM

9.5.1 Criteria and Conditions for Determining an Irreconcilable Conflict Exists

An Irreconcilable Conflict exists only when:

1) The PRDM clearly and unambiguously requires or prohibits an action, and an action or inaction proposed by BPA (BPA Position) is contrary to such requirement or prohibition; or
2) The PRDM is silent, ambiguous, or leaves a gap regarding the matter in question, and the BPA Position cannot be reconciled with any reasonable interpretation of what the PRDM does provide for.

9.5.2 Customer Petition for Mini-Trial Alleging Irreconcilable Conflict within a 7(i) Process

Customers that are party to a 7(i) Process may petition for a Mini-Trial alleging that a BPA Position in such 7(i) Process is in Irreconcilable Conflict with the PRDM.

A written petition so alleging may only be filed with the Hearing Officer within 20 Business Days after submission of BPA's initial proposal in a 7(i) Process. The petition may be filed only if it is approved by Customers totaling both 1) at least 70 percent of such Customers (utility count) and 2) at least 50 percent of the sum of the CHWMs of all such Customers, with both of the foregoing measured by the individual vote of each Customer. Such petition must allege that 1) a BPA Position in the 7(i) Process is in Irreconcilable Conflict with the

PRDM; 2) BPA has not sought to revise the PRDM to reconcile it with the BPA Position; and 3) such Customers oppose the BPA Position.

Upon receipt of such petition, the Hearing Officer shall expeditiously schedule, consistent with the rate case schedule and the procedural requirements of Section 9.6 (Mini-Trial), a Mini-Trial regarding whether the BPA Position is in Irreconcilable Conflict with the PRDM.

If no such petition is timely filed, the BPA Position will be considered in the normal course through the 7(i) Process with a decision in the Administrator's Record of Decision.

9.5.3 Customer Petition for Mini-Trial Alleging Irreconcilable Conflict Outside a 7(i) Process

Customers may petition for a Mini-Trial alleging that a BPA final action or inaction, other than the Administrator's Record of Decision following a 7(i) Process, is in Irreconcilable Conflict with the PRDM.

A written petition so alleging may only be submitted to the Administrator within 20 Business Days after a BPA final action or inaction. The petition may be filed only if it is approved by Customers totaling both 1) at least 70 percent of such Customers (utility count) and 2) at least 50 percent of the sum of the CHWMs of all such Customers, with both of the foregoing measured by the individual vote of each Customer. Such petition must allege that 1) a BPA final action or inaction is in Irreconcilable Conflict with the PRDM; and 2) such Customers oppose the BPA final action or inaction.

Upon receipt of such petition, the Administrator shall expeditiously schedule, consistent the procedural requirements of Section 9.6 (Mini-Trial), a Mini-Trial regarding whether the BPA final action or inaction is in Irreconcilable Conflict with the PRDM.

9.6 Mini-Trial Before the Administrator

If a Mini-Trial is scheduled pursuant to Section 9.4 (Cost Recovery/Court Ruling) or 9.5 (Irreconcilable Conflict), the following procedures will apply. A Mini-Trial pursuant to Section 9.4 (Cost Recovery/Court Ruling) or 9.5.2 (Irreconcilable Conflict Within 7(i) Process) will be a part of the 7(i) Process, and will be presided over by the Hearing Officer. A Mini-Trial Pursuant to 9.5.3 (Irreconcilable Conflict Outside 7(i) Process) will not be part of a 7(i) Process, and will be presided over by the Administrator. A Mini-Trial will consist of the following:

1) Parties shall file statements of position that summarize their arguments regarding the issue(s) in the underlying petition. Parties with like positions should attempt to consolidate their submissions.

2) Oral presentations, not to exceed two (2) days in total, will be scheduled before the Administrator, and such other BPA executives designated by the Administrator. The order of presentation will be: 1) the parties in opposition to the BPA Position, Recovery/Response Proposal, or BPA final action or inaction; 2) parties, if any, in support of the BPA Position, Recovery/Response Proposal, or BPA final action or inaction; and 3) rebuttal by parties in opposition. Parties' presentations may consist of testimony, oral argument, or a combination of both. The Administrator may ask any questions or engage in any discussion with any of the participating parties that he or she deems appropriate.

3) Within 15 Business Days of the oral presentations, unless extended by the Administrator for good cause, the Administrator shall provide a written statement that BPA maintains, modifies, or withdraws the BPA Position or Recovery/Response Proposal; or whether the BPA final action or inaction is in Irreconcilable Conflict with the PRDM. The Administrator shall summarize the basis for his or her decision. In a Mini-Trial pursuant to 9.4 (Cost Recovery/Court Ruling) or 9.5.2 (Irreconcilable Conflict Within 7(i) Process), the Administrator retains the ability to reach a different final decision at the conclusion of the 7(i) Process in the Administrator's Record of Decision.

4) In a Mini-Trial pursuant to 9.5.2 (Irreconcilable Conflict Within 7(i) Process), the Administrator may decide the BPA Position:

    a) is not in Irreconcilable Conflict with the PRDM;

    b) is in Irreconcilable Conflict with the PRDM, but BPA is now proposing to revise the PRDM as an Improvement Proposal under Section 9.2;

    c) is in Irreconcilable Conflict with the PRDM, but BPA is now proposing to revise the PRDM as an Unintended Consequence Proposal under Section 9.3.2 (Unintended Consequences that *Do Not* Affect Others or General Policies);

    d) is in Irreconcilable Conflict with the PRDM, but BPA is now proposing to revise the PRDM consistent with Section 9.3.3 (Unintended Consequence that affects others);

    e) is in Irreconcilable Conflict with the PRDM, but BPA is now proposing to revise the PRDM consistent with Section 9.4 (Cost Recovery/Court Ruling); or

    f) is in Irreconcilable Conflict with the PRDM, and BPA is withdrawing the BPA Position or Recovery/Response Proposal.

In the case of "b)," "c)," or "d)" (above), the Administrator's decision will be accompanied by the notice required in Sections 9.2, 9.3.2, or 9.3.3, as applicable. In the case of "e)" (above), the Administrator's decision will, to the extent practicable, be accompanied by the report in Section 9.4.2.1.
Consistent with Section 9.4.2.2, Customers will have 10 Business Days following the Administrator's decision to petition for a Mini-Trial regarding whether BPA's Response/Recovery Proposal is necessary to ensure cost recovery or respond to a court ruling as provided for in Section 9.4.1, and/or whether the Response/Recovery Proposal is unreasonably disproportionate to what is needed to comply with the court order or to ensure cost recovery, compared to the alternative proposal(s), if any, offered by the Customer(s).

5) A Mini-Trial pursuant to 9.4 (Cost Recovery/Court Ruling) or 9.5.2 (Irreconcilable Conflict Within 7(i) Process) provides an opportunity for Customers to directly address the Administrator early in the 7(i) Process, but does not limit the positions BPA or parties may take during the 7(i) Process. The BPA Position, Recovery/Response Proposal, or Unintended Consequence Proposal resulting from the Mini-Trial will be considered in the normal course through the 7(i) Process with a decision in the Administrator's Record of Decision.

6) In a Mini-Trial pursuant to 9.5.3 (Irreconcilable Conflict Outside 7(i) Process), if the Administrator determines the BPA final action or inaction is in Irreconcilable Conflict with the PRDM, BPA will take all necessary steps within its authority to revoke the BPA final action or inaction. BPA may seek to revise the PRDM using the procedures in this Chapter 9. In no event will the BPA final action or inaction, any decision made pursuant to this Section 9.6, or any action by BPA pursuant to such decision be construed to provide a basis for a claim of damages; liability for loss of profits; or special, incidental, or consequential damages.

Appendices

Appendix A
PRDM Definitions

"7(i) Process" means a public process conducted by BPA, pursuant to Section 7(i) of the Northwest Power Act, 16 U.S.C. § 839e(i), or its successor, to establish rates for the sale of power and other products.

"Above-CHWM Load" means the forecasted portion of a customer's Preliminary Net Requirement that is in excess of the customer's CHWM, if any, as determined in the Above-CHWM Load Process.

"Above-CHWM Load Process" means 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.

"Actual Annual Net Load" means a customer's measured annual Total Retail Load less Existing Resources, Specified Resources added to the Tier 1 Allowance Amount, the annual measured energy amount of NLSLs, Consumer-Owned Resources serving On-site Consumer Load, and Above-CHWM Load. This is used for calculating the Tier 1 Marginal Energy True-Up Charge for Block and Slice products, as described in Section 4.2.2.

"Additional Adjustment for Very Low-Densities" means an additional discount amount added to an eligible customer's Low Density Discount to account for the customer's very low system density.

"Agreed-Upon Procedures (AUPs)" means services that fall under the category of miscellaneous financial services provided to BPA by an external auditor that are covered contractually between BPA and an external auditor.

"All Other Resource Acquisitions" means the portion of BPA's resource acquisitions made for any purpose that is not a Tier 1 System Resource, Balancing Power Purchase, a Tier 1 Non-Slice Capacity Acquisition, or a Tier 2 Acquisition, as listed in Table 3-5.

"Allocated Tiered Cost Table" means the table that sets forth the expenses and revenue credits allocated to Publics with CHWM Contracts in the Cost Pools that result from application of the Cost Allocation Method.

"Average Megawatts" or "aMW" means the amount of electric energy in megawatt-hours (MWh) during a specified period of time, divided by the number of hours in that period.

"Balancing Authority" means the responsible entity that integrates resource plans ahead of time, maintains demand and resource balance within a Balancing Authority Area, and supports interconnection frequency in real time.

"Balancing Authority Area" means the collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

"Balancing Power Purchases" means a power purchases or resource acquisitions forecast by BPA in a 7(i) Process to be made by BPA for any portion of the upcoming Rate Period during which BPA's resource capability is insufficient to meet BPA's obligations for that period.

"Billing Determinant" means the measurement of a product or service to which a particular rate will be applied to define a particular charge or credit that BPA will bill to a customer, as established and defined in this PRDM.

"Block" or "Block Product" means a planned amount of Firm Requirements Power sold to a customer to meet a portion of its regional consumer load pursuant to BPA's power product defined in the Block purchase obligation and Slice/Block purchase obligation under the CHWM Contracts, including but not limited to stand-alone Block, shaped Block, Block with shaping capacity, and the Block portion of Slice/Block in this PRDM, unless specified otherwise.

"**Block Customer**" means a customer purchasing the Block Product.

"Bonneville Fund" means a continuing appropriation established by 16 U.S.C. § 838i(a) that is available to meet all of BPA's cash obligations. BPA's cash from all sources are deposited in and all BPA expenditures are made from a financial account held within the U.S. Treasury.

"Business Day(s)" means every Monday through Friday, except federal holidays.

"Contract High Water Mark" or "CHWM" means the amount of Firm Requirements Power (expressed in annual Average Megawatts) that a customer is eligible to access at Tier 1 Rates. The amount of Firm Requirements Power a customer purchases at Tier 1 Rates is limited to the lesser of its CHWM or its Net Requirement.

"Contract High Water Mark Contract" or "CHWM Contract" means the power sales agreement between a customer and BPA that contains a Contract High Water Mark (CHWM), and under which the customer purchases power from BPA at rates established by BPA in accordance with the PRDM.

"**CHWM Modeled Augmentation**" means a PRDM construct of a flat annual block of power used to establish the simulated Slice capability and equitably allocate costs between Slice and Non-Slice Cost Pools.

"CHWM System" means the annual Tier 1 Firm System Output, reduced for annual Designated System Obligations plus annual CHWM Modeled Augmentation as determined in each 7(i) Process.

“Composite Cost Pool” means the Tier 1 Cost Pool to which expenses and revenue credits are to be allocated in accordance with Sections 2.1 and 2.2.1.1, and which are set out in Table 2-1, Section A.

“Consumer-Owned Resource” shall have the meaning as defined in the CHWM Contract.

“Core Rate Design” means the Tier 1 Energy Charges, Tier 1 Marginal Energy True-Up, Tier 1 Demand Charge, and the Tier 1 Peak Load Variance Charge as well as the three Rate Impact Credits, RICc, RICm, and RICj.

“Cost Allocation Method” means the ratemaking step of assigning expenses and revenue credits to Cost Pools in the process of developing rates for BPA products and services in accordance with the PRDM.

“Cost Pool” means a grouping of costs and credits allocated to a specific product, service, or customer type.

“Cost Recovery Adjustment Charge (CRAC)” means a risk mitigation tool that adjusts rates pursuant to criteria determined by BPA in a 7(i) Process.

“Cost Review Public Process” means a public process that allows customers and interested parties to review and obtain financial information from BPA, see Section 2.9.

“Cost Verification Process” means a public process that permits customers and interested parties to review the Slice True-Up, see Section 2.8.6.

“Customer” meaning as described in Chapter 9 definition.

“Customer Group” meaning as described in Chapter 9 definition.

“Dedicated Resource” shall have the meaning as defined in the CHWM Contracts.

“Designated System Obligations” means the set of obligations specified in Table 3-2 that: 1) are directly assigned to the generation output or capability of the Tier 1 System

Resources; or 2) are incurred because of contracts, operational obligations, memorandums of agreement, treaties, statutes, regulations, court orders, or executive orders, individually or in combination, that create a firm obligation for the Tier 1 System Resources. Designated System Obligations also includes the portion of BPA's ancillary and control area service obligations that are provided from the Tier 1 System Resources.

"Direct-Service Industrial Customers (DSIs)" means the customers specified in Section 3(8) of the Northwest Power Act, 16 U.S.C. § 839a(8).

"Dispatchable Resource" means a Specified Resource from which generation amounts can be intentionally increased or decreased by the resource owner or operator, and which has capacity capability greater than the energy capability as defined in the CHWM Contract.

"Diurnal" means the division of hours within a month between Heavy Load Hours (HLH) and Light Load Hours (LLH).

"Exhibit A" means Exhibit A of a customer's CHWM Contract.

"Existing Capacity Credit" means a capacity credit applied when a Load Following Customer has a Dedicated Resource that is an Existing Resource and that has a peak capacity obligation under the Load Following Customer's Exhibit A that is greater than the monthly average of the Existing Resource's Exhibit A energy obligation, as described in Section 4.3.6.1.

"Existing Public" means that, within the PRDM for purposes of annexation considerations for the RICc and RICm, Existing Public is defined in ordinal relation to a new Public.

"Existing Resource" shall have the meaning as defined in the CHWM Contract.

"Federal Base System (FBS)" meaning as set forth in Section 3(10) of the Northwest Power Act, 16 U.S.C. § 839a(10).

"Federal Columbia River Power System (FCRPS)" means the integrated power system that includes, but is not limited to, the transmission system constructed and operated by BPA and the hydroelectric dams in the Pacific Northwest constructed and operated by the U.S. Army Corps of Engineers and the Bureau of Reclamation.

"Firm Power and Surplus (FPS)" means the Firm Power and Surplus Products and Service Rate Schedule, or its successor, as established in a Section 7(i) Process.

"Firm Slice Amount" means a customer's Slice Percentage multiplied by the CHWM System.

"Firm Surplus" means the amount of Forecast Firm Inventory remaining after all of BPA's power obligations are met as calculated in a 7(i) Process.

"Fiscal Year (FY)" means the period beginning each October 1 and ending the following September 30.

"Forced Outage Reserve Service (FORS)" means a service that provides an agreed-to amount of capacity and energy during forced outages and other specific events of a qualifying resource as defined in the CHWM Contract.

"Forecast Annual Net Load" means a customer's forecast annual Total Retail Load less Existing Resources, Specified Resources added to the Tier 1 Allowance Amount, Consumer-Owned Resources serving On-site Consumer Load, NLSLs, and Above-CHWM Load. This is used for calculating the Tier 1 Marginal Energy True-Up Charge for Block and Slice products, as described in Section 4.2.2.

"Forecast Firm Inventory" means a forecast quantity of firm power that remains after all obligations are met, except obligations served at a Tier 2 Rate as determined in each 7(i) Process. Forecast Firm Inventory is used solely for determining the Long-Term Tier 2 Rate, as described in Section 5.1.

"Forecast Year" means the Fiscal Year ending one full year prior to the commencement of a Rate Period.

"General Rate Schedule Provisions (GRSPs)" means BPA's published rate schedule as determined in each 7(i) Process.

"Heavy Load Hour (HLH)" means hours ending 0700 through 2200 hours Pacific Prevailing Time (PPT), Monday through Saturday, excluding holidays as designated by the North American Electric Reliability Corporation (NERC). BPA may propose to update this definition in a 7(i) Process to conform to standards of the Western Electricity Coordinating Council (WECC), North American Energy Standards Board (NAESB), or NERC.

"Improvement Proposal" meaning as described in Section 9.2.

"Industrial Firm Power (IP)" means the rate for firm power sold to a DSI Customer pursuant to Section 7(c) of the Northwest Power Act, 16 U.S.C. § 839e(c).

"Investor-Owned Utility (IOU)" means a privately owned or publicly traded utility organized under state law as a for-profit corporation to provide electric power service.

"Irreconcilable Conflict" meaning as described in Section 9.5.

"Irrigation Rate Discount (IRD)" means a rate discount provided to a qualifying customer with an eligible irrigation load.

"Joint Operating Entity (JOE)" means an entity that meets the requirements of Section 5(b)(7) of Northwest Power Act, 16 U.S.C. § 839c(b)(7).

"Light Load Hours (LLH)" means: 1) hours ending 0100 through 0600 and 2300 through 2400 hours PPT, Monday through Saturday, and 2) all hours on Sundays and holidays as designated by NERC. BPA may propose to update this definition in a 7(i) process to conform to standards of the WECC, NAESB, or NERC.

"Load Following Customer" means a customer purchasing the Load Following Product.

"Load Following" or "Load Following Product" means an amount of Firm Requirements Power sold to a customer to meet its Net Requirement pursuant to BPA's power product defined in the Load Following purchase obligation under the CHWM Contracts.

"Low Density Discount (LDD)" means the discount authorized by Section 7(d)(1) of the Northwest Power Act, 16 U.S.C. § 839e(d)(1).

"Marginal Capacity Resource" means a long-run capacity resource determined in each 7(i) Process for purposes of setting the Demand Rate, as described in Section 4.3.4.

"Minimum Required Net Revenue (MRNR)" means a component of the BPA Revenue Requirement added in a year when rates sufficient to recover accrued expenses would not generate sufficient cash flow to cover cash obligations.

"Mini-Trial" meaning as described in Section 9.6 definition.

"Net Requirement" means the amount of electric power that a customer may purchase from BPA to serve its Total Retail Load, minus amounts of its Dedicated Resources shown in Exhibit A, as determined consistent with Section 5(b)(1) of the Northwest Power Act.

"New Capacity Credit" means a capacity credit applicable to customers that provide BPA access to capacity not otherwise committed to the customer's load which, as determined solely by BPA, either: 1) reduces the Administrator's capacity obligations; or 2) can be used by BPA to help meet the Administrator's capacity obligations, as described in Section 4.3.6.2.

"New Credit" means an amount of revenue credited to the applicable Cost Pool but for which no credit category exists in Table 2-1.

"New Expense" means an expense allocable to the applicable Cost Pool but for which no expense category exists in Table 2-1.

"New Large Single Load (NLSL)" meaning as specified in Section 3(13) of the Northwest Power Act and in BPA's NLSL policy.

"New Public" means a Public that is not an Existing Public.

"New Resource Rate (NR)" means the rate for requirements firm power sold to an investor-owned utility (IOU) or Public customer pursuant to Section 7(f) of the Northwest Power Act, 16 U.S.C. § 839e(c).

"Non-Dispatchable Resource" shall have the meaning as defined in the CHWM Contract.

"Non-Federal Resource" means a generating facility or other source of electric power or capability not obtained from BPA.

"Non-Slice" or "Non-Slice Customer" means Load Following and Block, or Load Following Customer and Block Customer.

"**Non-Slice Cost Pool**" means the Tier 1 Cost Pool to which expenses and revenue credits are to be allocated by BPA in accordance with Sections 2.1 and 2.2.1.3, and which are set out on Table 2-1, Section C. The Non-Slice Cost Pool is the basis for the Non-Slice Customer Rate.

"Northwest Power Act" means the Pacific Northwest Electric Power Planning and Conservation Act, 16 U.S.C. § 839, Public Law No. 96-501, as amended.

"Notice" or "Notify" or "Notification" means communications posted electronically.

"On-Site Consumer Load" shall have the meaning as defined in the CHWM Contract.

"Overhead Cost Adder" means a uniform scalar, set by BPA in each 7(i) Process in accordance with Section 5.2.3, that is designed to compensate the Composite Cost Pool for the general and administrative (overhead) costs associated with BPA's provision of power at Tier 2 Rates.

"Peak Net Requirement" means a forecast monthly peak load (at 50 percent peak probability) less Dedicated Resource peak amounts as stated in each applicable customer's Exhibit A of the CHWM Contract.

"PF Exchange Rate" means a rate established pursuant to Section 7(b) of the Northwest Power Act that is applicable to customers participating in the Residential Exchange Program set forth in Section 5(c) of the Act.

"Planned Net Revenues for Risk (PNRR)" means a risk-mitigation tool defined in BPA's Financial Reserves Policy.

"Power Revenue Requirement" means the portion of the Total BPA Revenue Requirement functionalized to Power Services.

"Power Services" means the organization, or its successor organization, within BPA that is responsible for the management and sale of BPA provided electric power.

"Power Services Statement of Revenues and Expenses" means the financial report of the results of Power Services activities for the reporting period, including depreciation expense and interest. This is also known as the income statement.

"Preliminary Net Requirement" means a customer's annual Net Requirement prior to accounting for any New Resources a customer may elect to serve its Above-CHWM Load. Preliminary Net Requirement is calculated 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.

"Priority Firm Power (PF)" means PRDM's reference to the Section 7(b) rate, as described in the Northwest Power Act.

"Public" or "Public Customer" means a public body or cooperative utility or federal agency eligible to purchase requirements power from BPA pursuant to Section 5(b) of the Northwest Power Act.

"Public Rate Design Methodology (PRDM)" means the methodology describing the manner in which BPA will collect a portion of its Power Revenue Requirement from Public customers with a CHWM Contract through a combination of charges, credits, fees, and discounts, as well as the terms and conditions related to any potential changes to the methodology.

"Rate Impact Credit, Capacity (RICc)" means a dollar credit used to allocate the value of BPA's embedded cost of capacity, as described in Section 4.5.1.

"Rate Impact Credit, JOE (RICj)" means a dollar credit specific to the JOE to allow a gradual transition from BPA's TRM to the PRDM, as described in Section 4.5.3.

"Rate Impact Credit, Mitigation (RICm)" means a dollar credit to allow a gradual transition from BPA's TRM to the PRDM, as described in Section 4.5.2.

"Rate Period" means the period of time during which a specific set of rates established by BPA pursuant to this PRDM will remain in effect, as defined in Section 1.1.

"Rate Period Augmentation" means the forecast average annual amount of power necessary to achieve load and resource balance after considering all of BPA's resources (see Tables 3-1, 3-3, 3-4, and 3-5) and obligations (*e.g.*, Designated System Obligations, power needed to serve loads under Section 5 of the Northwest Power Act).

"Request for Offer (RFO)" means the method used by BPA to solicit bids or proposals from suppliers of power (energy, capacity, or both).

"Resource Support Services (RSS)" means a suite of services BPA Power Services provides to integrate federal and non-federal resources defined in the CHWM Contract and priced in each 7(i) Process consistent with Section 6.

"Revenue Requirement Table" means the table established in each 7i) Process setting forth all BPA expenses and revenue credits functionalized to Power Services that BPA will use when implementing the Cost Allocation Method. The line items on the Revenue Requirement Table are similar to those in the Allocated Tiered Cost Table, but without the Cost Pool distinctions.

"Slice Contract" means a CHWM Contract and all other agreements with Slice Customers that provide for the sale of the Slice/Block Product.

"Slice Cost Pool" means the Tier 1 Cost Pool to which costs and credits are to be allocated by BPA in accordance with Sections 2.1 and 2.2.1.2 that are specifically and uniquely attributable to the Slice Product, and which are set out on Table 2-1, Section B. The Slice Cost Pool is the basis for the Slice Customer Rate.

"Slice Customer" means a customer that is purchasing the Slice Product pursuant to the Slice/Block CHWM Contract.

"Slice Percentage" means the percentage used to determine the amount of the Slice Product a customer purchases, pursuant to its CHWM Contract.

"Slice Product" means the power product defined in the CHWM Contract with the Slice/Block purchase obligation.

"Slice True-Up Charge" means the sum of the Slice True-Up Composite Cost Pool Charge and the Slice True-Up Slice Cost Pool Charge, as described in Section 2.8.5.

"Slice True-Up Composite Cost Pool Billing Determinant" means a quantity expressed in kilowatthours that is multiplied by the Composite Cost Pool Slice True-Up Rate, which determines the Composite Cost Pool True-Up Charge, as described in Section 2.8.

"Slice True-Up Composite Cost Pool Rate" means a rate expressed in mills per kilowatthour that are multiplied by the Composite Cost Pool Slice True-Up Billing Determinant to establish the Composite Cost Pool Slice True-Up Charges, as described in Section 2.8.

"Slice True-Up Slice Cost Pool Charge" means a charge that accounts for differences between forecast and actual Slice Cost Pool line items, as described in Section 2.8.3.

"Specified Resources" shall have the meaning as defined in the CHWM Contract.

"Statement of Intent" shall have the meaning as defined in the CHWM Contract.

"Supplemental Operating Reserves" shall mean the capacity used by BPA to provide Operating Reserve – Supplemental Reserve Service pursuant to Schedule 6 of BPA's Open Access Transmission Tariff. Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service is provided by generating units that are online but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service.

"Support Services (SS)" means a suite of services BPA Power Services provides to customers as defined in the CHWM Contract and priced in each 7(i) Process consistent with Section 6.

"Tier 1 Actual Hourly Load" means the actual amount of a customer's electric load (measured in kilowatthours) that is recorded on the appropriate metering equipment, adjusted as specified in the applicable agreement, and that was served at Tier 1 Rates during the relevant hour. Generally, for a Load Following Customer, the Tier 1 Actual Hourly Load is the customer's Total Retail Load in each hour, less 1) the applicable Dedicated Resource amounts (excluding New and Existing Capacity Credit amounts) serving the customer's TRL in that hour; 2) power purchased at the NR Rate in that hour; 3) Consumer-Owned Resources serving On-site Consumer Load; and 4) power purchased at Tier 2 Rates in that hour. For the Block Product, the Tier 1 Actual Hourly Load is equal to the contractually established Block amount for each hour. The monthly maximum Actual Tier 1 Load for the Block Product is equal to the monthly maximum contractually established Block amount plus any contractually defined shaping capacity amount.

"**Tier 1 Allowance Amount"** shall have the meaning as defined in the CHWM Contract.

"**Tier 1 Composite Energy Charge**" means the product of a customer's Tier 1 Energy Charge Billing Determinant and the Tier 1 Composite Energy Rate, as described in Section 4.1.1 and 4.1.2.

"**Tier 1 Composite Energy Rate**" means the energy rate that recovers the costs and credits allocated to the Composite Cost Pool, as described in Section 4.1.2.

"Tier 1 Costs" means the expenses identified on Table 2-1 that are allocated to any Tier 1 Cost Pool. Table 2-1 specifies to which Tier 1 Cost Pool each Tier 1 Cost is to be allocated.

"Tier 1 Cost Pools" means the three Cost Pools to which BPA allocates Tier 1 Costs. The Tier 1 Cost Pools are the Composite Cost Pool, the Slice Cost Pool, and the Non-Slice Cost Pool.

"Tier 1 Credits" means the credits identified on Table 2-1 that are allocated to any Tier 1 Cost Pool. Table 2-1 specifies to which Tier 1 Cost Pool each Tier 1 Credit is to be allocated.

"Tier 1 Demand Charge" means the product of the Demand Charge Billing Determinant and the Tier 1 Demand Rate, as described in Section 4.3.

"Tier 1 Demand Charge Billing Determinant" means the measurement of capacity use associated with customer load served by the Load Following and Block Products, expressed in kilowatts per month, to which the Tier 1 Demand Rate will be applied, resulting in a Tier 1 Demand Charge billed by BPA, as described in Section 4.3.1.

"Tier 1 Demand Rate" means a rate expressed in mills per kilowatt per month applied to the Tier 1 Demand Charge Billing Determinant, resulting in a Tier 1 Demand Charge billed by BPA, as described in Section 4.3.4.

"Tier 1 Demand Rate Adjustment Cap" means a monthly limit on upward changes to the Demand Rate between Rate Periods, as described in Section 4.3.5.

"Tier 1 Energy Charges" means charges described in Section 4.1, determined in each 7(i) Process, and calculated by multiplying Tier 1 energy rates by Tier 1 Energy Charge Billing Determinants.

"Tier 1 Energy Charge Billing Determinants" means the quantity of Tier 1 energy, as described in Section 4.1.1

"Tier 1 Composite Energy Rate" means a rate that recovers the costs and credits allocated to the Composite Cost Pool, expressed in mills per kilowatthour, as described in Section 4.1.

"Tier 1 Load" means power sold at the Tier 1 Rate.

"Tier 1 Customer System Peak (CSP)" means a customer's maximum Actual Hourly Tier 1 Load (in kilowatts) in a month.

"Tier 1 Firm System Output" means the firm output of the Tier 1 System Resources adjusted for non-power constraints and not reduced for Designated System Obligations.

"Tier 1 Marginal Energy True-Up (METU)" means an end-of-Fiscal-Year process that evaluates the difference between forecast and actual energy usage and aligns that difference with appropriate Tier 1 rate and market-based pricing levels, as described in Section 4.2

“Tier 1 Marginal Energy True-Up Charge” means an annual charge or a credit that accounts for differences between forecast and actual energy, as described in Section 4.2.

“Tier 1 Marginal Energy True-Up Billing Determinant” means the measurement of energy expressed in kilowatthours to which the Tier 1 Marginal Energy True-Up Rate will be applied, resulting in a Tier 1 Marginal Energy True-Up Charge or Credit billed by BPA, as described in Sections 4.2.1 and 4.2.2.

“Tier 1 Marginal Energy True-Up Rate” means a rate expressed in mills per kilowatthour applied to the Tier 1 Marginal Energy True-Up Billing Determinant resulting in a Tier 1 Marginal Energy True-Up Charge or Credit billed by BPA, as described in Section 4.2.3.

“Tier 1 Non-Slice Capacity Acquisitions” means the portion of BPA’s capacity resource acquisition made exclusively for meeting its Tier 1 Non-Slice load obligations.

“**Tier 1 Non-Slice Energy Charge”** means the product of a customer’s Tier 1 Energy Charge Billing Determinant and the Tier 1 Non-Slice Energy Rate, as described in Section 4.1.1 and 4.1.3.

“Tier 1 Non-Slice Energy Rates” means the energy rates that recover costs and credits allocated to the Non-Slice Cost Pool and a portion of the costs and credits allocated to the Composite Cost Pool, as described in Sections 4.1.2 and 4.1.3.

“Tier 1 Peak Load Variance Charge (PLVC)” means a charge, or charges, for a PLVS, to be determined in each 7(i) Process in accordance with Section 4.4.

“Tier 1 Peak Load Variance Service (PLVS)” means a resource-capacity planning-based service for instances when planned load exceeds expected load forecast values.

"Tier 1 Rate" means the rates and charges in BPA's Wholesale Power Rate Schedules, established in accordance with the PRDM Chapter 4, as applicable, and its GRSPs (or their successors) established during a 7(i) Process.

"Tier 1 Secondary Energy" means the amount of electric energy BPA forecasts in a 7(i) Process that will be produced by the Tier 1 System Resources in excess of the Tier 1 Firm System Output.

"Tier 1 Secondary Energy Credit" means the revenue credit allocated to the Non-Slice Cost Pool from the disposition of Tier 1 Secondary Energy, as forecast in a 7(i) Process.

"Tier 1 Slice Energy Charge" means the product of a customer's Firm Slice Amount and the Slice Tier 1 Energy Rate, as described in Section 4.1.1 and 4.1.4.

"Tier 1 Slice Energy Rate" means rates expressed in mills per kilowatthour applied to the Slice Energy Billing Determinant, resulting in a Slice Tier 1 Charge billed by BPA, as described in Section 4.1.4

"**Tier 1 System Resources"** means the resources listed in Table 3-1, as updated for any new resources, including market purchases, that BPA determines are needed to meet its CHWM obligations.

"Tier 2 Costs" means the costs and credits that BPA will identify in Table 2-1 and allocate to the appropriate Tier 2 Cost Pool during the applicable 7(i) Process.

"Tier 2 Cost Pools" means the cost pools comprised of costs and revenues attributable to each Tier 2 Rate Alternative in accordance with Sections 2.1, 2.2.1.4, and 5.1, and which are set out on Table 2-1, Section D. Each respective Tier 2 Cost Pool is the basis for its associated Tier 2 Rate Alternative.

"Tier 2 Load" means power sold at the Tier 2 Rate.

"Tier 2 Long-Term Alternative" means a contractual option a customer elects for serving its Above-CHWM Load at the Tier 2 Long-Term Rate, as described in the CHWM Contract.

"Tier 2 Long-Term Change Charge" means a charge associated with a customer's election to change its Tier 2 Long-Term Alternative election as established in each 7(i) Process, as described in Section 5.4.1.

"Tier 2 Long-Term Change Fee" means a fee associated with a customer's election to change its Tier 2 Long-Term Alternative election as established in each 7(i) Process, as described in Section 5.4.1.

"Tier 2 Long-Term Charge" means the product of the Tier 2 Long-Term Rate and the amount of power to be purchased by a customer at the Tier 2 Long-Term Rate for each rate period consistent with the customer's Above-CHWM Load election, as described in Section 5.1.

"Tier 2 Long-Term Cost Pool" means the cost pool comprised of costs and revenues attributable to the Tier 2 Long-Term Rate in accordance with Sections 2.1, 2.2.1.4, 5.1, 5,2, and 5.3, and which are set out on Table 2-1, Section D. The Tier 2 Long-Term Cost Pool is the basis for the Tier 2 Long-Term Rate. .

"Tier 2 Long-Term Path" means a contractual option a customer elects for serving, all or a partial amount, of its Above-CHWM Load with power priced at the Tier 2 Long Term Rate as described in the CHWM Contract.

"Tier 2 Long-Term Rate" means rate or rates established in each 7(i) Process aimed at recovering only the costs of the Tier 2 Long-Term Cost Pool, expressed in mills per kilowatthours, which are multiplied by the amount of power to be purchased by a customer at the Tier 2 Long-Term Rate for each Rate Period consistent with the customer's Above-

CHWM Load election, as described in Sections 5.1 and 5.2, to determine the customer's Tier 2 Long-Term Charge.

"Tier 2 Flexible Above-CHWM Path" means a customer election to serve Above CHWM Load with 1) Firm Requirements Power at the Tier 2 Short Term Rate, 2) Firm Requirement Power at a Tier 2 Vintage Rate, if applicable, 3) Dedicated Resources, or 4) a combination of amounts of 1), 2) and 3), as stated in the CHWM Contract.

"Tier 2 Rate" means the rates and charges in BPA's Wholesale Power Rate Schedules, established in accordance with the PRDM Chapter 5, as applicable, and its GRSPs (or their successors) established during a 7(i) Process.

"Tier 2 Rate Alternative" means either a Tier 2 Short-Term Rate, a Tier 2 Long-Term Rate or a Tier 2 Vintage Rate at which customers may elect to purchase Firm Requirements Power as described in the CHWM Contract.

"Tier 2 Short-Term Alternative" means a contractual option a customer elects for serving its Above-CHWM Load at the Tier 2 Short-Term Rate, as described in the CHWM Contract.

"Tier 2 Short-Term Charge" means the product of the Tier 2 Short-Term Rate and the amount of power to be purchased by a customer at the Tier 2 Short-Term Rate for each Rate Period consistent with the customer's Above-CHWM Load election, as described in Section 5.1.

"Tier 2 Short-Term Cost Pool" means the cost pool comprised of costs and revenues attributable to the Tier 2 Short-Term Rate in accordance with Sections 2.1, 2.2.1.4, 5.1, 5,2, and 5.3, and which are set out on Table 2-1, Section D.   The Tier 2 Short-Term Cost Pool is the basis for the Tier 2 Short-Term Rate.

"Tier 2 Short-Term Rate" means a rate or rates established in each 7(i) Process aimed at recovering only the costs of the Tier 2 Short-Term Cost Pool which are multiplied by the amount of power to be purchased by a customer at the Tier 2 Short-Term Rate for each rate period consistent with the customer's Above-CHWM Load election, as described in Sections 5.1 and 5.2, to determine the customer's Tier 2 Short-Term Charge.

"Tier 2 Vintage Alternative" means a contractual option a customer elects for serving its Above-CHWM Load at a Tier 2 Vintage Rate.

"Tier 2 Vintage Charge" means the product of a Tier 2 Vintage Rate and the amount of power to be purchased by a customer at such Tier 2 Vintage Rate for each Rate Period consistent with the customer's Above-CHWM Load election, as described in Sections 5.1 and 5.5.

"Tier 2 Vintage Cost Pool(s)" means the cost pool(s) comprised of costs and revenues attributable to the Tier 2 Vintage Rate(s) in accordance with Sections 2.1, 2.2.1.4, 5.1, 5,2, 5.3, and 5.5, which are set out on Table 2-1, Section D. The Tier 2 Vintage Cost Pool(s) is the basis for the Tier 2 Vintage Rate(s).

"Tier 2 Vintage Rate" means a rate or rates established in each 7(i) Process aimed at recovering only the costs of the Tier 2 Vintage Cost Pool(s), which are multiplied by the amount of power to be purchased by a customer at the Tier 2 Vintage Rate for each Rate Period consistent with the customer's Above-CHWM Load election, as described in Sections 5.1, 5.2, and 5.5, to determine the customer's Tier 2 Vintage Charge.

"Tiered Rate Methodology (TRM)" means BPA's rate methodology applicable from October 1, 2012, through September 30, 2028.

"Total BPA Revenue Requirement" means the total amount of costs that BPA must recover as established in BPA's Revenue Requirement Study in a 7(i) Process.

"Total Retail Load (TRL)" means all retail electric power consumption, including electric system losses, within a customer's electrical system, excluding:

1) those loads BPA and the customer have agreed are non-firm or interruptible loads,
2) loads of other utilities served by such customer, and
3) any loads not on such customer's electrical system or not within such customer's service territory, unless specifically agreed to by BPA.

"Transmission Services" means the organization, or its successor organization, within BPA that is responsible for the management and sale of transmission service on the Federal Columbia River Transmission System.

"Unanticipated Load" means a load that BPA is obligated to serve under the Northwest Power Act, but for which BPA has not had notice to serve as required by the CHWM Contract or General Rate Schedule Provisions (GRSP) in order for a customer to receive service at Tier 1 Rate or Tier 2 Rate.

"Unanticipated Load Service Rate (ULS)" means a rate applied to Unanticipated Load.

"Unauthorized Increase (UAI)" means a charge applied to a customer taking more power from BPA than it is contractually entitled to take.

"Unused CHWM" means the difference between a customer's CHWM amount and the amount of power the customer is allowed to purchase at a Tier 1 Rate for a given rate period.

"Variable Energy Resource" means a Specified Resource where the energy output cannot be intentionally shifted between time periods or days, and which has capacity capability less than the energy capability as defined in CHWM Contract.

"Vintage Resource" means the output of a physical resource that BPA determines, in its sole discretion, to acquire for a period of greater than three years that forms the cost basis for pricing Firm Requirements Power subject to an established Tier 2 Vintage Rate.

APPENDIX B
COST VERIFICATION PROCESS FOR THE SLICE TRUE-UP ADJUSTMENT CHARGE

1. Slice True-Up Adjustment Charge and Agreed-Upon Procedures

a) Upon completion of the BPA annual audit, BPA will calculate the Slice True-Up Adjustment Charge for the Fiscal Year just concluded, consistent with the requirements of Section 2.7 of the PRDM and the Allocated Tiered Cost Table (Table 2-1 of the PRDM) as established in the applicable 7(i) Process. BPA will provide notification to the Slice Customers of the Slice True-Up Adjustment Charge applicable to all Slice Customers.

b) After such notification, BPA will post for review by customers the PRDM Cost Allocation Tables (i.e., Composite, Non-Slice, and Slice Cost Pools) reflecting the actual expenses and revenue credits from the Fiscal Year just concluded. The Slice True-Up Adjustment Charge applicable to each Slice Customer will not be posted. Following the posting of the Cost Allocation Tables, BPA will allow 15 Business Days for the identification by any customer of any Slice True-Up Adjustment issue for consideration by BPA for inclusion in the Agreed-Upon Procedures (AUPs). AUPs are defined as services falling under the category of miscellaneous financial services provided to BPA by an external auditor, which are covered contractually between BPA and an external auditor.

c) After the identification of such issues, BPA will draft the tasks to be included in the AUPs to address such issues. The proposed tasks will be posted for all customers to review together with a deadline (not to exceed 10 Business Days from the date of the posting) for requests to include additional tasks. Customers will have an opportunity to consult with BPA regarding the specific tasks for inclusion in the AUPs and to request the inclusion of tasks additional to the proposed tasks posted by BPA. BPA will finalize the AUPs, which will include all proposed tasks included in BPA's initial posting and any additional tasks requested by customers. However, BPA may exclude any requested additional task that BPA reasonably determines: 1) is without merit; 2) would be immaterial to the calculation of the Slice True-Up Adjustment; 3) is a matter outside the scope of the Slice True-Up calculations as provided in Section 1a; or 4) challenges an allocation between Slice and non-Slice Customers previously determined in a 7(i) Process. BPA will decide whether the AUPs will be performed by BPA's auditor or an external auditor selected by BPA.

d) The AUPs will describe the specific tasks to be performed, the deliverables expected, and the timeframe the auditor will have to complete the specific tasks. The AUPs are procedures for the performance of specific tasks that the auditor agrees to perform and that specify the depth and scope of the work to be performed. The AUPs are not subject to, and do not give rise to, audit standards, responsibilities, or liabilities, and the auditor will not express an audit opinion on the specific tasks performed under the AUPs. For the Slice True-Up Adjustment, the scope of work will be constrained to verify that BPA's Slice True-Up Adjustment contains only those expenses or revenue credits permitted to be included in—and does not contain any expenses or revenue credits that should be excluded from—the Slice Rate pursuant to the PRDM and the applicable Cost Allocation Table established in the applicable 7(i) Process. BPA and the auditor will determine the means used to perform the scope of work in the AUPs to minimize the workload of such AUPs. BPA's accounting policies and standards, management decisions, and other policies are not subject to review and question.

2. Cost Verification for Slice True-Up

a) The cost verification for Slice True-Up will commence after 1) completion of BPA's annual audit; 2) Slice Customers are notified of the Slice True-Up Adjustment

Charge; 3) all customers have been provided the opportunity to review the Cost Allocation Tables with Fiscal Year actual amounts listed in the applicable expense and revenue credit categories;(4) all customers have had an opportunity to address Slice True-Up Adjustment issues for consideration by BPA to be included in the AUPs and an opportunity to review the draft list of AUP tasks; 5) the auditor has completed all of the finalized tasks and provided to BPA the results of the AUPs; and 6) BPA has released the AUP results to all customers.

b) The auditor will have approximately 120 calendar days after the date Slice Customers receive their notification of the Slice True-Up Adjustment Charge for a Fiscal Year to complete the finalized tasks in the AUPs and provide the results to BPA.

3. Cost Verification Workshops

a) The cost verification workshops will be publicly noticed and open to all customers and interested parties. The first workshop will include BPA presentations on and its review of the calculation of the Slice True-Up Adjustment and the results of the AUPs. At this workshop, customers will review the materials presented and may pose questions.

b) BPA will establish a 15 Business Day comment period during which customers and interested parties may submit written comments on the AUP results and the issues that were raised during the initial workshop related to the Slice True-Up Adjustment.

c) Promptly following the close of the comment period pursuant to Section 3b, BPA will hold at least one follow-up workshop to address all issues raised during the initial workshop and the comment period. Upon customer request, if agreed to by

BPA, and if provided for in the retention agreement between BPA and the auditor, BPA will request that the auditor who performed the AUPs attend the follow-up workshop and provide clarification to questions raised related to the AUP results.

4. BPA's Draft Response, Third-Party Review Process, and BPA's Final Response

a) BPA will issue within 15 Business Days of the close of the last follow-up workshop a Draft Response addressing any submitted written comments on the AUP results and issues raised in the comment period. BPA will provide a copy of such draft response to all parties who submitted comments on BPA's initial response.

b) Any customer or interested party who is aggrieved by BPA's Draft Responses regarding the Slice True-Up Adjustment may request a neutral third-party non-binding review process by providing written notice, within 10 Business Days (notice period) of the issuance of the Draft Response, to BPA and all parties who submitted comments. The notice will contain a concise statement of each BPA Draft Response that is disputed and an explanation of the nature and basis of the grievance.

c) If no party requests the neutral third-party non-binding review process within the notice period, then neutral third-party review will be waived by all parties for all purposes for the applicable cost verification for Slice True-Up, and BPA will take the actions necessary to implement the decisions set out in its Draft Response document including, but not limited to, any further adjustment of payment(s) or credit(s) to Slice Customers.

d) Any issue raised pursuant to Section 4b above will be forwarded to the neutral third party for non-binding review unless BPA reasonably determines that such issue is inappropriate for third-party non-binding review because it concerns: 1) the allocation of a New Expense; 2) matters that are immaterial to the calculation of the

Slice True-Up Adjustment; or 3) matters that are outside the scope of the cost verification process for the Slice True-Up Adjustment as set forth in Section 1a above. Any such Slice True-Up Adjustment issues that are excluded from non-binding review will be determined by BPA without reference to the neutral third party, and BPA's decision will be part of and communicated at the same time as, BPA's Final Decision provided for in Section 4h below. If such issues excluded from non-binding review are subsequently decided in a 7(i) Process, and as a consequence of BPA's 7(i) Process review of the issue, different decisions are made and result in a different Slice True-Up Adjustment, the positive or negative difference will be either charged or credited, as the case may be, to the Slice Customers with interest as provided for consistent with the requirements of Section 2.8.4 of the PRDM.

e) In accordance with Section 4b, BPA will promptly – following the close of the notice period – notify each customer or interested party who is aggrieved by one or more of BPA's Draft Responses as to whether the issue(s) will be forwarded to a third-party non-binding review process. If there is to be a non-binding third-party review process, BPA will promptly appoint the neutral third party.

f) If the issue(s) is to be submitted to a third-party non-binding review process, the issue(s) will be submitted to the neutral third-party expert by written submission. Such written submissions shall be submitted to the third-party expert not later than 20 Business Days after the posting of the third-party appointment on the BPA website, and will not exceed 50 double-spaced pages (12 point font; 26 lines, except for single-spaced quotes), together with exhibits not in excess of 50 pages. The third-party expert may pose questions to any party making a submittal and may permit oral argument on some or all of the issues presented, at his or her discretion.

The third-party expert will issue a written opinion on all matters at issue within 30 Business Days of the later of the written submittals or oral argument.

g) The third-party expert must have a level of experience with the utility industry of not less than 10 years, with knowledge of accounting, cost allocation, and rate-setting methodology and practices. The third-party expert will be selected by BPA in consultation with the customers participating in the third-party non-binding process.

h) Upon completion of the third-party non-binding review process, BPA will provide a Final Response disposing of the issues and questions dealt with in the opinion of the third-party expert. In such Final Response, BPA may either adopt in whole or in part or reject in whole or in part the disposition of the issues and questions in the opinion of the third-party expert. The Final Response will also include BPA's decisions on the issues not referred to the third party pursuant to Section 4d above. Upon the issuance of such Final Response, BPA will take the actions necessary to implement the decisions set out in its Final Response document, including but not limited to any further adjustment of payment(s) or credit(s) to Slice Customers.

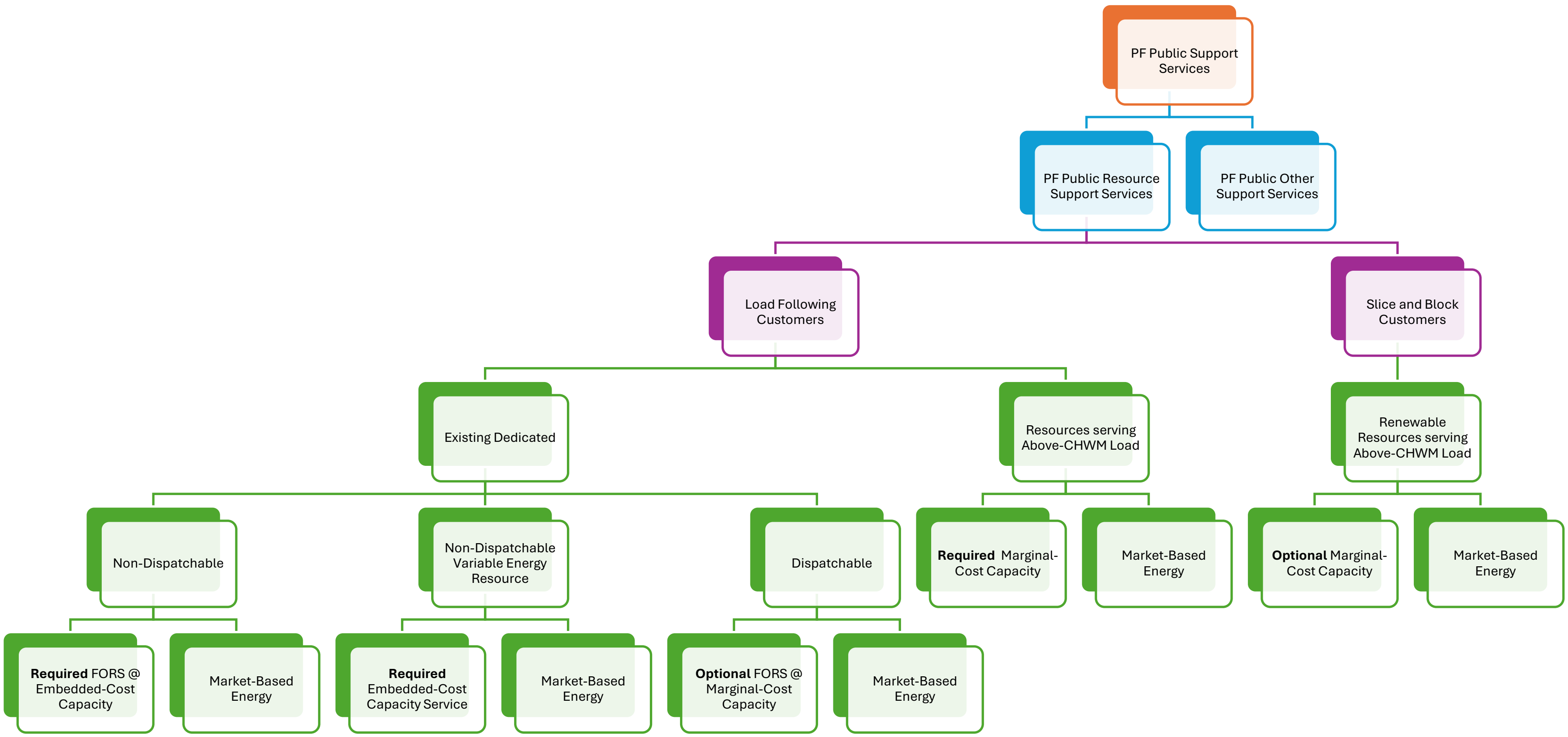
Appendix C
Determination of LDD Eligible Discount Percentage

An example LDD Percentage Discount Table with a specified maximum total eligible discount percentage is shown below. A table like it will be used to determine an eligible discount percentage for each customer. PRDM Chapter 8 must be consulted for a full description and necessary related information.

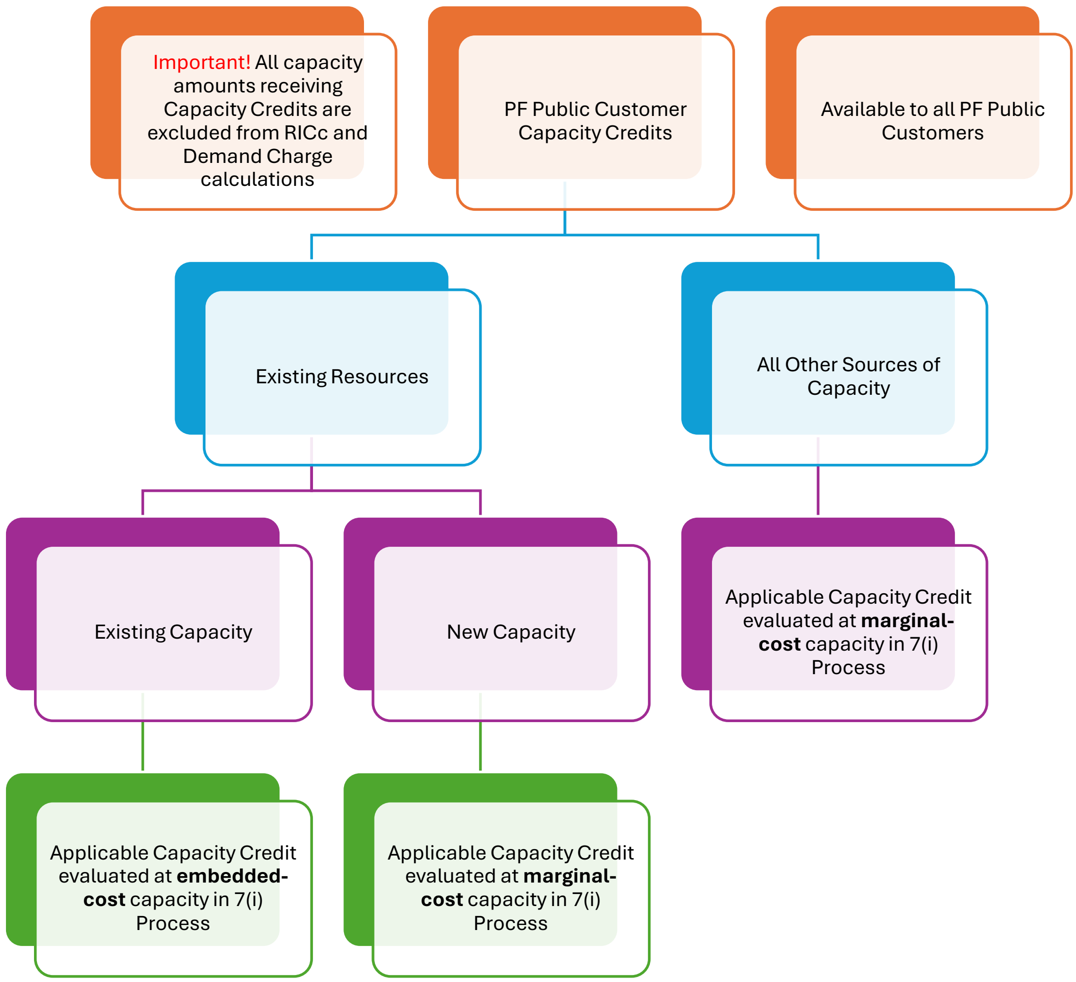
The eligible discount percentage will be the sum of the two potential discount percentages for which the customer qualifies. The total eligible discount percentage will not exceed 9 percent and may be adjusted pursuant to LDD Phase-In Adjustment, and Additional Adjustment for Very Low-Densities.

Percentage Discount	Applicable Range for kWh/Investment (K/I) Ratio	Applicable Range for Consumers/Mile (C/M) Ratio
0.0%	36 < X	12 < X
0.5%	33 < X ≤ 36	11 < X ≤ 12
1.0%	30 < X ≤ 33	10 < X ≤ 11
1.5%	27 < X ≤ 30	9 < X ≤ 10
2.0%	24 < X ≤ 27	8 < X ≤ 9
2.5%	21 < X ≤ 24	7 < X ≤ 8
3.0%	18 < X ≤ 21	6 < X ≤ 7
3.5%	15 < X ≤ 18	5 < X ≤ 6
4.0%	12 < X ≤ 15	4 < X ≤ 5
4.5%	9 < X ≤ 12	3 < X ≤ 4
5.0%	6 < X ≤ 9	2 < X ≤ 3
5.5%	3 < X ≤ 6	1 < X ≤ 2
6.0%	X ≤ 3	X ≤ 1

Appendix D
Support Services Framework



Appendix E
Capacity Credits Framework



Appendix F
RICc Example Calculation

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	Month	October	November	December	January	February	March	April	May	June	July	August	September
2	FY 2029 Hours	744	721	744	744	672	743	720	744	720	744	744	720
3	FY 2030 Hours	744	721	744	744	672	743	720	744	720	744	744	720
4	Example Demand Rate ($/kW/mo)	15.21	11.88	14.31	13.09	13.65	8.78	6.71	2.58	4.53	15.32	16.16	18.18
5	Example Embedded Cost of Capacity - ECC ($/kW/mo)	6.49	5.07	6.1	5.58	5.82	3.74	2.86	1.1	1.93	6.53	6.89	7.75
6	FY2029 Tier 1 Energy (kWh)	63,240,000	61,285,000	66,960,000	70,680,000	60,480,000	63,155,000	57,600,000	59,520,000	54,000,000	63,240,000	66,960,000	68,400,000
7	FY2030 Tier 1 Energy (kWh)	66,402,000	64,349,250	70,308,000	74,214,000	63,504,000	66,312,750	60,480,000	62,496,000	56,700,000	66,402,000	70,308,000	71,820,000
8	FY2029 Tier 1 Energy (aKW)	85,000	85,000	90,000	95,000	90,000	85,000	80,000	80,000	75,000	85,000	90,000	95,000
9	FY2030 Tier 1 Energy (aKW)	89,250	89,250	94,500	99,750	94,500	89,250	84,000	84,000	78,750	89,250	94,500	99,750
10													
11	FY2029 Greater of:												
12	FY2029 Elected Shaping Amount (kW)	15,000	15,000	22,500	31,667	10,000	4,474	-	-	-	4,474	22,500	10,556
13	FY2029 Eligible Shaping Amount Assuming 10% (kW)	8,500	8,500	9,000	9,500	9,000	8,500	8,000	8,000	7,500	8,500	9,000	9,500
14	FY2029 RICc DemandBD Value (kW)	15,000	15,000	22,500	31,667	10,000	8,500	8,000	8,000	7,500	8,500	22,500	10,556
15													
16	FY2030 Greater of:												
17	BP-29 FY2030 Elected Shaping Amount (kW)	15,750	15,750	23,625	33,250	10,500	4,697	-	-	-	4,697	23,625	11,083
18	FY2030 Eligible Shaping Amount Assuming 10% (kW)	8,925	8,925	9,450	9,975	9,450	8,925	8,400	8,400	7,875	8,925	9,450	9,975
19	FY2030 RICc DemandBD Value (kW)	15,750	15,750	23,625	33,250	10,500	8,925	8,400	8,400	7,875	8,925	23,625	11,083
20													
21	DemandRate minus ECC (row 4 minus row 5) ($/kW/mo)	8.72	6.81	8.21	7.51	7.83	5.04	3.85	1.48	2.6	8.79	9.27	10.43
22	FY2029 RICc Numerator ($)	$ 130,800	$ 102,150	$ 184,725	$ 237,817	$ 78,300	$ 42,840	$ 30,800	$ 11,840	$ 19,500	$ 74,715	$ 208,575	$ 110,094
23	FY2030 RICc Numerator ($)	$ 137,340	$ 107,258	$ 193,961	$ 249,708	$ 82,215	$ 44,982	$ 32,340	$ 12,432	$ 20,475	$ 78,451	$ 219,004	$ 115,599
24	Sum RICc Numerator ($)	$ 2,525,920											
25	Sum RICc Denominator (sum row 6 and row 7) (kWh)	1,548,816,000											
26	Customer RICc (mills/kWh)	**1.63**											

*As stated in Section 4.5.1, as an alternative to the above example calcuation, a Block or Slice Product customer can also elect, at CHWM Contract signing, to have its RICc calculated using FY 2029 Peak Net Requirement data and its FY 2029 weather-normalized loads as established through the BP-29 7(i) Process.

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Council Business Meeting

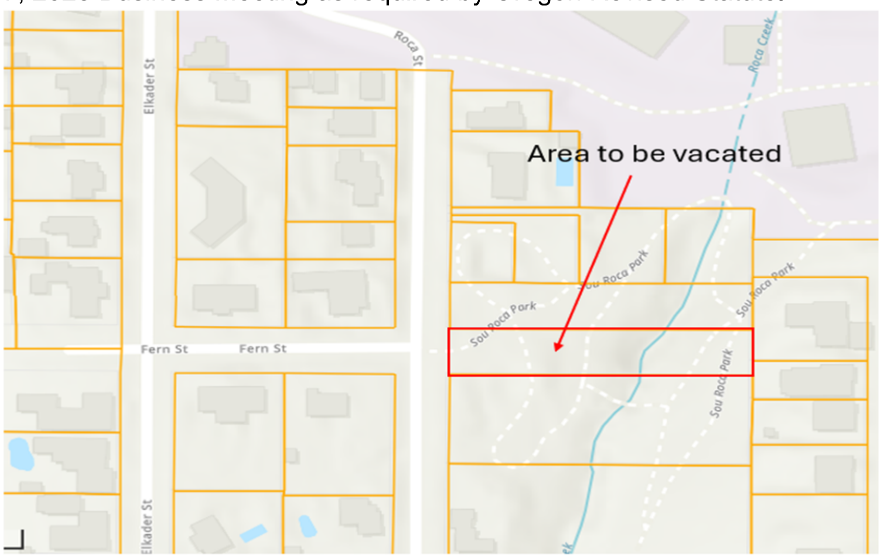
Date: October 21, 2025

Agenda Item	Second Reading of Ordinance 3276 - Vacating a Portion of the Fern Street Public Right of Way
Department	Public Works
From	Scott Fleury, Director

TIME ESTIMATE
Five minutes.

CATEGORY
Ordinance/Resolution - a motion is needed to adopt the ORD. or RESO.

SUMMARY
Before the Council is a request to approve the second reading of an ordinance that vacates a portion of the un-improved Fern Street Public Right of Way. The first reading was approved under a public hearing at the October 7, 2025 Business Meeting as required by Oregon Revised Statute.



POLICIES, PLANS & GOALS SUPPORTED
City Council:
4. *Evaluate real property and facility assets to strategically support city mission and goals.*

BACKGROUND AND ADDITIONAL INFORMATION
The City of Ashland was approached by representatives from Southern Oregon University (SOU) about initiating the vacation of an unimproved section of Fern Street right of way adjacent to parcels owned by SOU. Staff informed the SOU team of the process requirements involved in vacating public right of way which include:

1. Request the City Council initiate the Right of Way Vacation process (ORS 271.130)
2. Development of the legal description of the area to be vacated
3. Processing the request through the Planning Commission (Noticing and Public Hearing)
4. Processing the request through the City Council (Noticing, Public Hearing and Ordinance approval).
5. Recording all final documents including any easements needed to support infrastructure or pedestrian connectivity as requested by the Planning Commission.

Public Works performed an initial assessment to determine if a right of way vacation would be in the public's best interest. From a roadway connectivity standpoint there are significant physical and environmental constraints that create a barrier in connecting Fern Street to Madrone Street (Roca Canyon & Creek). There is a small section of storm drainage pipe in the unimproved right of way that can either have a public utility easement placed over it as part of the final documentation, or it can potentially be abandoned and connected to the system that runs down Roca Street and subsequently outfalls into Roca Creek. There are no other public utilities in the unimproved section of Fern Street and none are needed to support Ashland's existing infrastructure systems.

With this assessment completed staff felt comfortable bringing the request to begin the vacation initiation process to the City Council. The Council discussed and approved initiating the vacation process at the March 4, 2025 Business Meeting (Reference attached staff report).

After the Council approved the request to initiate the vacation, Public Works coordinated with Planning staff to follow through with the requirements of the Ashland Municipal Code (AMC) for vacating a public right of way.

Right of Way Vacation Requirements:
4.18.030 Review by Planning Commission
Upon receipt of the petition, the same shall be referred to the City Engineer for a determination of whether it contains the requested number of sworn signatures. The City Engineer shall return any petition not meeting the requirements of ORS 271.080, together with the filing fee to the petitioner. If the City Engineer determines that the petition is sufficient, it shall be referred to the City Planning Commission for its review and recommendation to the City Council. The Planning Commission shall submit its report to the City Council within sixty (60) days of receipt. Upon receipt of the report by the Commission, or if no report is received from the Commission upon the expiration of sixty (60) days, the City Manager shall set the matter for public hearing as set forth in ORS 271.100, et seq.

- **A Planning Commission meeting was scheduled and held on July 22, 2025 and no decision was made regarding a recommendation to vacate the right of way at that time. An additional meeting was held on August 26, 2025 and a formal recommendation regarding the vacation was made at that time.**
- **Planning Commission Motion:**

Commissioners Phillips/KenCairn m/s that the Commission recommend that the City Council approve the requested right-of-way vacation consistent with staff's recommendations with the following conditions: a pedestrian easement be provided extending from Roca Street to Madrone Street; the inclusion of a 10-foot public utility easement for a future storm-drain installation along the frontage of Roca Street as necessary; a deed restriction, for public use of the steep-slope area on eastern portion of the property and the riparian area along Roca Creek, shall be provided for permanent public access. Roll Call Vote: All AYES. Motion Passed 4-0.

4.18.040 Public Hearings
Public hearings shall be held as set forth in ORS 271.120, at which time the petitioner and all affected parties shall be afforded an opportunity to present their views either orally or in writing. The report of the Planning Commission, if any, shall be made a part of the record.

- **This was the action required of Council for the October 7, 2025 Business Meeting (First Reading).**
- **Since the approval process requires approval of an ordinance there is a required first and second reading in order to become legally binding.**

4.18.050 Action By Council

The City Council, after due consideration of testimony by affected parties, and the report of the Planning Commission may approve, reject, or modify the area proposed for vacation which in its sole judgment is deemed in the public interest.

Public Hearing – First Reading of Ordinance approval October 7, 2025
Second Reading - October 21, 2025

FISCAL IMPACTS

The only resource requirements were/are associated with staff time to bring the vacation forward through the Planning Commission and City Council. Southern Oregon University will be responsible for the development of new property deeds and recording the applicable documents with Jackson County. If the property is vacated, it will become private and assessable for property taxes as part of the individual tax lots the right of way is vacated too.

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS

I move to approve the second reading of Ordinance Number 3276 an Ordinance relating to the vacation of a portion of Fern Street.

REFERENCES & ATTACHMENTS

1. 10 21 2025 Fern Street Vacation Ordinance.ORD1
2. 03 04 2025 Initiate Fern Street Vacation

ORDINANCE NO. 3276

AN ORDINANCE RELATING TO THE VACATION OF A PORTION OF FERN STREET

Annotated to show deletions and additions to the Ashland Municipal Code sections being modified. Deletions are ~~**bold lined through**~~, and additions are **bold underlined.**

THE PEOPLE OF THE CITY OF ASHLAND DO ORDAIN AS FOLLOWS:

WHEREAS, The City of Ashland City Council initiated the vacation process as allowed by Oregon Revised Statutes (ORS) 271.130; and

WHEREAS, the Planning Commission of the City of Ashland has recommended that said portion of the roadway be vacated; and

WHEREAS, due notice of said petition for vacation has been given on September 20, 2025 in the manner and form required by law, and a hearing has been held thereon; and it appearing to the City Council of the City of Ashland that the public convenience and welfare will be served thereby and that this vacation is in the public interest.

THE PEOPLE OF THE CITY OF ASHLAND DO ORDAIN AS FOLLOWS:

SECTION 1. That the certain section of Fern Street located in the City of Ashland described as follows:

A Public Street Vacation of that portion of Fem Street between Roca Street and the easterly boundary of The Galey Addition to the City of Ashland, adjacent to those tracts of lands described as Lots 23, 24 & 25 within The Galey Addition to The City of Ashland laying situate within the Northwest Quarter of Section 15 in Township 39 South, Range 1 East of the Willamette Meridian in the City of Ashland, Jackson County, Oregon, being more particularly described and bounded as follows, to wit;

Commencing at a 1/2 inch iron pipe at the southeast corner of Roca Park Subdivision, recorded in Volume 18, Page 10 in the Plat Records of Jackson County, Oregon, situated on the east line of Lot 24 of the Galey Addition to the City of Ashland, recorded in Volume 3, Page 80 of said Plat Records; thence South 00°16'49" West, along said described east line, a distance of 59.94 feet to the southeast corner thereof, from which a 3/4 inch iron pipe bears North 89°43' 11" West, 1.15 feet therefrom, the POINT OF BEGINNING; thence South 00°16'49" West along the east line of Fern Street, a distance of 60.00 feet to intersect the south line of said street; thence North 89°40'30" West, along said south line, 329.97 feet to a point from which a 3/4 inch iron pipe bears North 68°38'31" West, 0.43 feet; thence North 00°16' 18" East, along the east line of Roca Street, 30.00 feet to the center line Fern Street; thence North 00°22'00" East continuing along the said east line, 30.00 feet to the southwest corner of Lot 23 of said plat; thence South 89°40' 30" East, along the north line of said described Fern Street, being 30.00 feet north of, parallel with and adjacent to the former centerline of Fern Street, a distance of 329.92 feet to the POINT OF BEGINNING.

Containing 0.45 acres or 19,797 square feet, more or less

SECTION 2. The City Recorder is hereby directed to deliver a certified copy of this Ordinance No. 3276 to the County Clerk, County Assessor, and County Surveyor of Jackson County, Oregon.

SECTION 3. Codification. In preparing this ordinance for publication and distribution, the City Recorder shall not alter the sense, meaning, effect, or substance of the ordinance, but within such limitations, may:

- **(a)** Renumber sections and parts of sections of the ordinance;
- **(b)** Rearrange sections;
- **(c)** Change reference numbers to agree with renumbered chapters, sections or other parts;
- **(d)** Delete references to repealed sections;
- **(e)** Substitute the proper subsection, section, or chapter numbers;
- **(f)** Change capitalization and spelling for the purpose of uniformity;
- **(g)** Add headings for purposes of grouping like sections together for ease of reference; and
- **(h)** Correct manifest clerical, grammatical, or typographical errors.

SECTION 4. Severability. Each section of this ordinance, and any part thereof, is severable, and if any part of this ordinance is held invalid by a court of competent jurisdiction, the remainder of this ordinance shall remain in full force and effect.

The foregoing ordinance was first ready by title only in accordance with Article X, Section 2(C) of the City Charter on the _______day of____________________, 2025, and duly PASSED and ADOPTED this _______day of____________________, 2025.

PASSED by the City Council this ________ day of _______________________, 2025.

ATTEST:

____
Alissa Kolodzinski, City Recorder

SIGNED and APPROVED this ________ day of __________________________, 2025.

Tonya Graham, Mayor

Reviewed as to form:

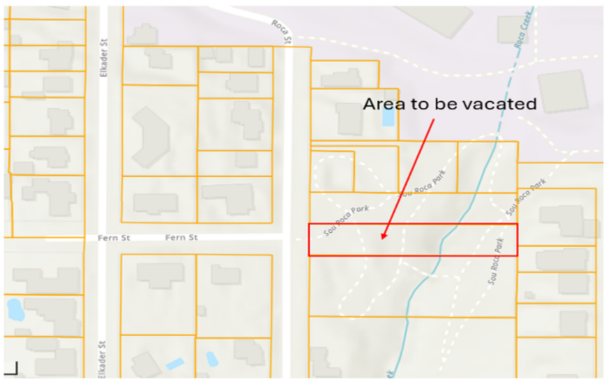
Johan Pietila, City Attorney

Council Business Meeting

Date: March 4, 2025

Agenda Item	Request of Council to Initiate Right of Way Vacation – Fern Street
From	Scott Fleury, Director
Contact	scott.fleury@ashland.or.us

SUMMARY
Before the Council is a request to initiate the vacation process for a portion of the public right of way. The right of way in question is a portion of Fern Street east of Elkader Street in between Southern Oregon University (SOU) owned properties. This is an un-improved non maintained right of way that basically provides for a storm drain line maintained by the City of Ashland.



POLICIES, PLANS & GOALS SUPPORTED
City Council:
4. *Evaluate real property and facility assets to strategically support city mission and goals.*

BACKGROUND AND ADDITIONAL INFORMATION
The City of Ashland was approached by SOU representatives inquiring into the possibility of the City initiating the vacation process for the un-improved section of Fern Street. Public Works staff discussed with City Adminstration and determined the appropriate course of action would be to bring the request forward to the City Council for consideration.The City Council can intiate a right of way vacation process as allowed by Oregon Revised Statute (ORS) 271.130, reference below.

271.130 Vacation on city governing body's own motion; appeal.
(1) **The city governing body may initiate vacation proceedings authorized by ORS 271.080 and make such vacation without a petition or consent of property owners.** Notice shall be given as provided by ORS 271.110, but such vacation shall not be made before the date set for hearing, nor if the owners of a majority of the area affected, computed on the basis provided in ORS 271.080, object in writing thereto, nor shall any street area be vacated without the consent of the owners of the abutting property if the vacation will substantially affect the market value of such property, unless the city governing body provides for paying damages. Provision for paying such damages may be made by a local assessment, or in such other manner as the city charter may provide.
(2) Two or more streets, alleys, avenues and boulevards, or parts thereof, may be joined in one proceeding, provided they intersect or are adjacent and parallel to each other.
(3) No ordinance for the vacation of all or part of a plat shall be passed by the governing body until the city recording officer has filed in the office of the city recording officer or indorsed on the petition for such vacation a certificate showing that all city liens and all taxes have been paid on the lands covered by the plat or portion thereof to be vacated.
(4) Any property owner affected by the order of vacation or the order awarding damages or benefits in such

vacation proceedings may appeal to the circuit court of the county where such city is situated in the manner provided by the city charter. If the charter does not provide for such appeal, the appeal shall be taken within the time and in substantially the manner provided for taking an appeal from justice court in civil cases.

Staff informed SOU representatives of the total process required for right of way vacations, which include public hearings at the Planning Commission and City Council along with development of the appropriate legal descriptions, updated property deeds and easements for utilities.

The specific requirements for right of way vacations are detailed in Ashland Municipal Code (AMC) Chapter 4.18 and Oregon Revised Statute (ORS) 271.080 thru 271.230.

Public Works performed an initial assessment to determine if a right of way vacation would be in the public interest. Due to topographic conditions and a lack of street features to the east, no current roadway would be expected to be developed. There is a storm drain line within the right of way and a public utility easement for it would need to be maintained moving forward if it were to be vacated. These documents would be reviewed and approved by City staff and the Legal Department prior to any final signatures or recordings.

4.18.010 Purpose
The purpose of this Chapter is to establish the procedure for processing requests for the vacation of public rights-of-way and places, and to require petitioners for vacation to deposit with the City Recorder a fee sufficient to cover the cost of publication, posting and other anticipated expenses as authorized by ORS 271.080, et seq.

4.18.020 Application
Any person interested in filing a petition for the vacation of all or part of any street, alley, or other public place, shall submit such petition in the form prescribed by the City Engineer pursuant to ORS 271.080, and upon filing of the petition shall deposit with the City Recorder a filing fee established by resolution of the City Council. (Ord. 2654, 1991; Ord. 2742, 1994)

- **This is not required if the Council initiates the vacation process as allowed by ORS.**

4.18.030 Review by Planning Commission
Upon receipt of the petition, the same shall be referred to the City Engineer for a determination of whether it contains the requested number of sworn signatures. The City Engineer shall return any petition not meeting the requirements of ORS 271.080, together with the filing fee to the petitioner. If the City Engineer determines that the petition is sufficient, it shall be referred to the City Planning Commission for its review and recommendation to the City Council. The Planning Commission shall submit its report to the City Council within sixty (60) days of receipt. Upon receipt of the report by the Commission, or if no report is received from the Commission upon the expiration of sixty (60) days, the City Manager shall set the matter for public hearing as set forth in ORS 271.100, et seq.

- **A Planning Commission meeting will be scheduled if the Council moves forward with the vacation process.**

4.18.040 Public Hearings
Public hearings shall be held as set forth in ORS 271.120, at which time the petitioner and all affected parties shall be afforded an opportunity to present their views either orally or in writing. The report of the Planning Commission, if any, shall be made a part of the record.

- **This is the action required of Council and would be scheduled for a date in the future after the Planning Commission public hearing.**

- **Since the approval process requires approval of an ordinance there would be a required first and second reading in order to become legally binding.**

4.18.050 Action By Council
The City Council, after due consideration of testimony by affected parties, and the report of the Planning Commission may approve, reject, or modify the area proposed for vacation which in its sole judgment is deemed in the public interest.

FISCAL IMPACTS

The only resource requirements were/are associated with staff time to bring the vacation forward through the Planning Commission and City Council. SOU will be responsible for the development of new property deeds and recording the applicable documents with the County. If the property is vacated, it will become private and assessable for property taxes as part of the individual tax lots the right of way is vacated too. SOU does intend to sell off the individual lots regardless of whether the City decides to move forward with the vacation process. The vacation of the un-improved right of way will just add additional taxable land to the adjacent lots.

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS

I move to approve initiating the vacation process for an un-improved section of Fern Street as defined in this staff report.

I move to take no action on the matter.

REFERENCES & ATTACHMENTS

None

Council Business Meeting

Date: October 21, 2025

Agenda Item	Annual Climate and Energy Action Plan Report & Conservation Incentives Adoption
Department	Electric
From	Chad Woodward, Climate and Energy Analyst

TIME ESTIMATE
15 minutes

CATEGORY
Action Needed - Motion to approve an action

SUMMARY
Presentation of the annual Climate and Energy Action Plan report; recommendation on how to use existing funds to expand the City of Ashland's climate and energy incentive offerings.

POLICIES, PLANS & GOALS SUPPORTED
Climate Energy Action Plan Goals:
Overall Goal 1A: Reduce Community Greenhouse Gas (GHG) Emissions.
BE Goal 1. Reduce GHG emissions associated with Ashland's building energy use.
BE Goal 2. Increase energy and water efficiency in City and private buildings.
ULT Goal 1. Reduce transportation GHG emissions.
ULT Goal 3. Improve vehicle efficiency and expand low-carbon transport, including within the City's fleet.
CM Goal 1. Reduce solid waste and wastewater greenhouse gas emissions.
CM Goal 2. Increase waste diversion through waste prevention, recycling, and composting.
CM Goal 3. Reduce consumption of climate intensive food, products, and services.

BACKGROUND AND ADDITIONAL INFORMATION

2025 Climate and Energy Action Plan Report
The City of Ashland adopted the Climate and Energy Action Plan in 2017. The plan's overarching goals and targets focus on addressing climate change risks by reducing Ashland's emissions of climate pollution and preparing the city for unavoidable impacts. Each year, the city staff provide an annual report on Climate and Energy Action Plan (CEPA) progress.

Staff undertook a review of the CEAP goals to report progress in calendar year 2024. However, the review ran into issues with underlying metrics in helping measure and achieve CEAP goals. Therefore, the review turned into an attempt to find better mechanisms to help measure our progress and focus our work. This report was initially presented to CEPAC earlier in the year, but there was a desire to refine the transportation metric further. Staff spent more time refining the newly created metric and presented the results to the Climate and Energy Policy Advisory Committee (CEPAC) on May 8, 2025. CEPAC unanimously endorsed moving the plan to council with the following observation:

"The key performance indicators [from the CEAP report] will be considered in conjunction with future plans for improved transportation and city planning enhancing the safety associated with the use of bicycle and pedestrian pathways."

Conservation Incentives Proposal
City Council allocated additional funds during the previous biennium for conservation to spend on climate and energy work. A presentation on how to use those funds occurred at the December 3, 2024, Council meeting. During that meeting, not all funds were allocated and council directed staff to work with the Climate and Energy

Policy Advisory Committee (CEPAC) to determine how to best use the remaining funds. Staff met with CEPAC members and a non-profit numerous times to generate information and present these findings to CEPAC. This presentation occurred on June 12, 2025, at the CEPAC meeting. Major concerns that are intended to be addressed with the proposal include the cost efficiency of carbon reduction and equitable access to incentives. CEPAC discussed the findings and, by a 7-1 vote, endorsed sending the following proposal forward to City Council for consideration:

1. Increase our self-funded residential incentives (fuel switching) to match the increased BPA incentive amounts:
   a. Forced Air Heat Pumps = $1500 (+ $600)
   b. Mini Split Heat Pumps = $900* (+ $400)
   c. Heat Pump Water Heaters = $1400 (+ $800)
2. Income Qualified 2x multiplier for the above three heat pump incentives and Electric Vehicles
   a. 200% of Federal Poverty Limit
   b. EV = $2000 with 2x
3. New Electric Ready Incentive
   a. $600 for a circuit upgrade (available if a new panel isn't needed)
   b. $1000 for a new panel upgrade (cannot be combined with circuit upgrade)
   c. Incentive can cover up to 50% of the cost.
   d. Income qualified = incentive can cover up to 100% of the cost
4. No existing incentives are modified or eliminated.

FISCAL IMPACTS

Annual Climate and Energy Action Plan Report: Not applicable.

Conservation Incentives Proposal: These incentives are using new funding allocations available for the short term (current budget cycle). There is no unexpected fiscal impact unless demand outpaces our total city conservation budget allocation over the current biennium. If this were to happen, Council could consider additional funding in lieu of suspending incentives.

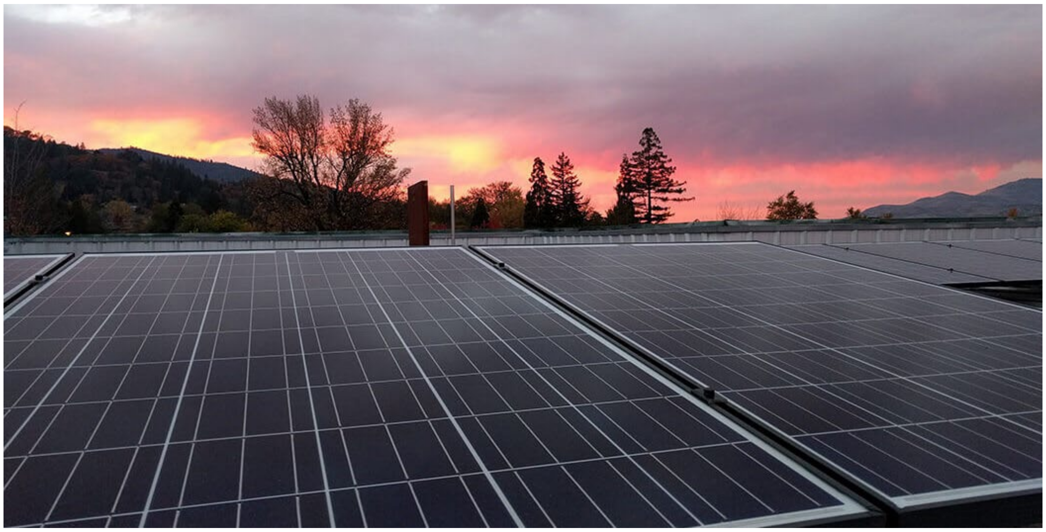
Projections were run using the same total annual incentive allocations (at a higher rate), an increase of 25% uptake, and an increase of 50% uptake. All three scenarios can be accommodated by the conservation budget if previous years' unspent line items remain consistent. In addition, should the USDA RESP loan come to fruition before the next budget, then the new incentives will fit nicely into this allocation moving forward. In the worst-case scenario, we run out of funding, and we would need to either find additional funding or suspend incentives until the following budget cycle.

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS

I move to approve the conservation incentives as presented to Council.

REFERENCES & ATTACHMENTS

1. Final 2025 CEAP Report
2. 2025 Conservation Incentives CEPAC Presentation
3. City Council Testimony 10.7.25_CEPAC



Climate & Energy Action Plan (CEAP) Report 2025

ABSTRACT

Ashland's Climate and Energy Action Plan (CEAP) provides a strong foundation for greenhouse gas (GHG) reduction and climate resilience work. While the CEAP's core strategies and actions remain relevant, the use of certain protocols and metrics impede pragmatic action. This report identifies areas for refinement to better align principles with our practice. Additionally, it reports on our status and provides a path forward for locally achievable and measurable progress in reducing emissions.

Chad Woodward

Climate & Energy Analyst

Conservation Division

Electric Department

City of Ashland

CITY OF ASHLAND

Better Together

Executive Summary

We have a good plan in the CEAP. However, it is not perfect and needs to be reviewed and reimagined as we work towards the goal of reducing GHG emissions as close to zero as possible. Previous CEAP reports align with what is presented below, but this report provides a reevaluation of underlying assumptions and reassess indicators. The goal of this report is to redirect the CEAP to better reflect ongoing efforts and provide rationales for this work. The vast majority of the CEAP is still relevant, including all 26 strategies and 65 priority actions. However, it does not always allow for locally achievable and measurable goals and a few changes can make this more accessible.

These changes include:

- Discarding the annual 8% average GHG reduction goal for the Ashland Community (but not the overarching goal of reducing GHG's citywide).
- Removing consumption emission targets from the local inventory.
- Changing the electricity emissions factor to represent local usage due to the unique nature of Ashland's electric supply.
- Move to a new metric for measuring transportation emissions reductions that can be locally measurable on an annual basis.
- Add small engines emissions as a new secondary focus area.

Making these changes helps filter our focus into 3 primary focus areas and 4 secondary focus areas, which closely resemble the sector-based emissions on page 21 of the CEAP.

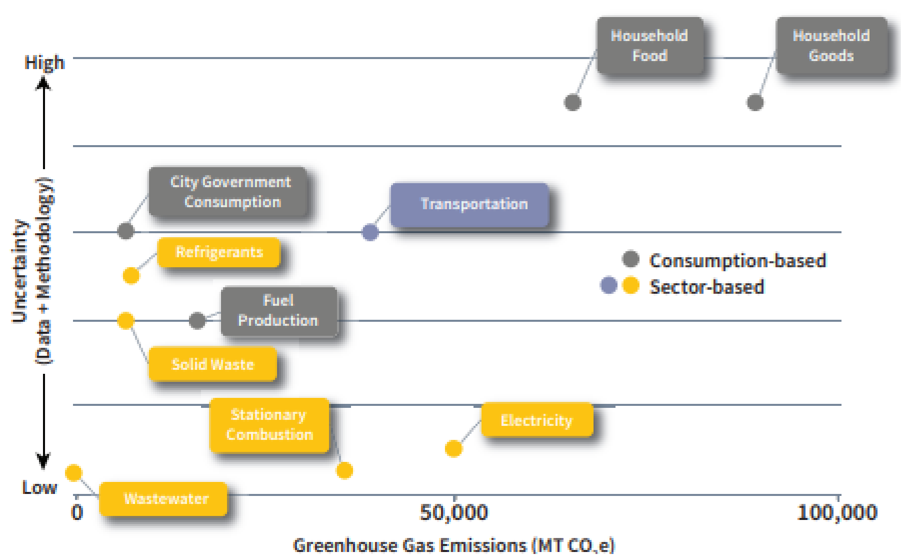


Figure 1 CEAP - Sector & Consumption emissions

1

Primary Focus Areas:

- The three primary focus areas allow for the greatest local impact. These include Natural Gas, Transportation and Electricity. They also have or could have locally measurable metrics against which to benchmark progress.
- They are the only areas which will be measured in an inventory manner at this point and align with where most city programs are focused.
- Of the three primary areas of focus, Natural Gas and Transportation Emissions reflect our greatest areas to reduce GHG emissions. These decarbonization efforts both have pathways forward, which are becoming more cost competitive every year.

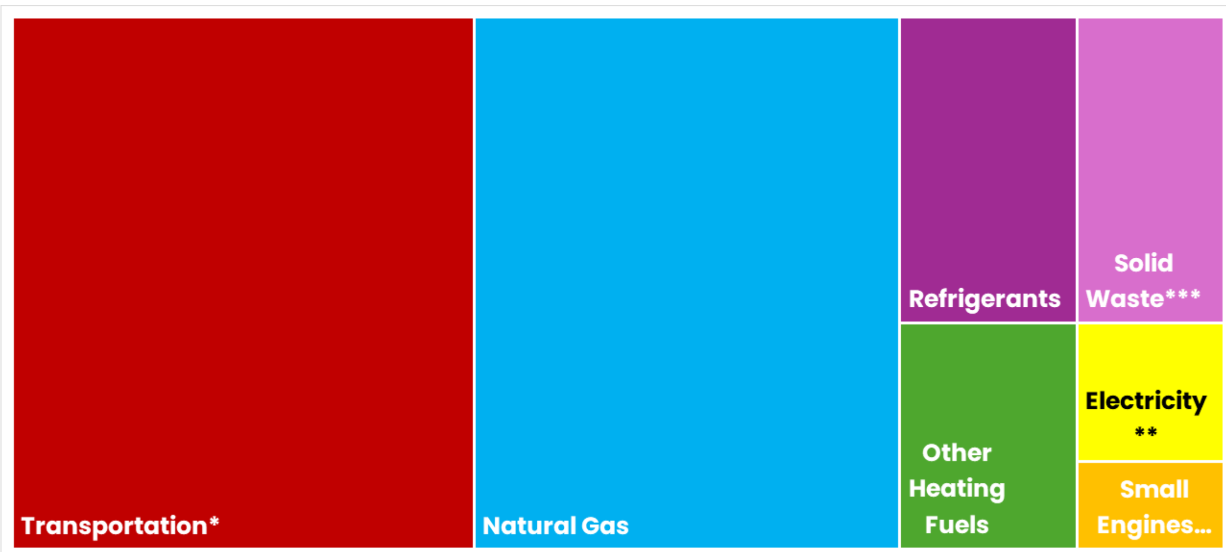


Figure 2: Primary & Secondary Focus Areas for GHG reductions. Area represents relative emissions quantity. *See page 14 for * ** *** definitions.*

Other Focus Areas:

- The secondary focus areas include waste, refrigerants, other heating fuels (primarily heating oil and propane), and small engines.
- These secondary focus area emissions can be worked on locally, but most are not readily measured and do not lend themselves to an annual inventory (waste being the area most likely to be included in the measured inventory next due to the likelihood of locally measurable data – more work must be done on this front).
- The tertiary focus areas, including air transportation and residential food and goods, are difficult to both measure and impact locally. They rely on

extrapolated data and are difficult to impact through city actions because they are largely personal choices and rely on upstream decisions.

- Outreach and education are useful tools for all focus areas and are the only practical tools for some areas, making it integral to all activities.
- City as a leader:
    - As noted above, this report focuses on the community measures because they are a much bigger portion of the citywide emissions pie.
    - A deeper dive into city data in a future update is planned.

Current Status:

- Natural Gas Emissions are possibly going up, but our most recent information is from 2020. Obtaining this information is critical to understand our progress in reducing GHG's. We have successful fuel switching incentives that align well with federal incentives. Additionally, we have a unique loan program that will be launched in 2025 that should greatly help on this front as existing homes and businesses are the major source of natural gas emissions.
- There is progress being made on the transportation front, with Ashland being home to many early adopters of electric vehicles, and this trend should continue to accelerate.
- Electric emissions and consumption are trending downward, while local renewable energy production keeps making gains every year.

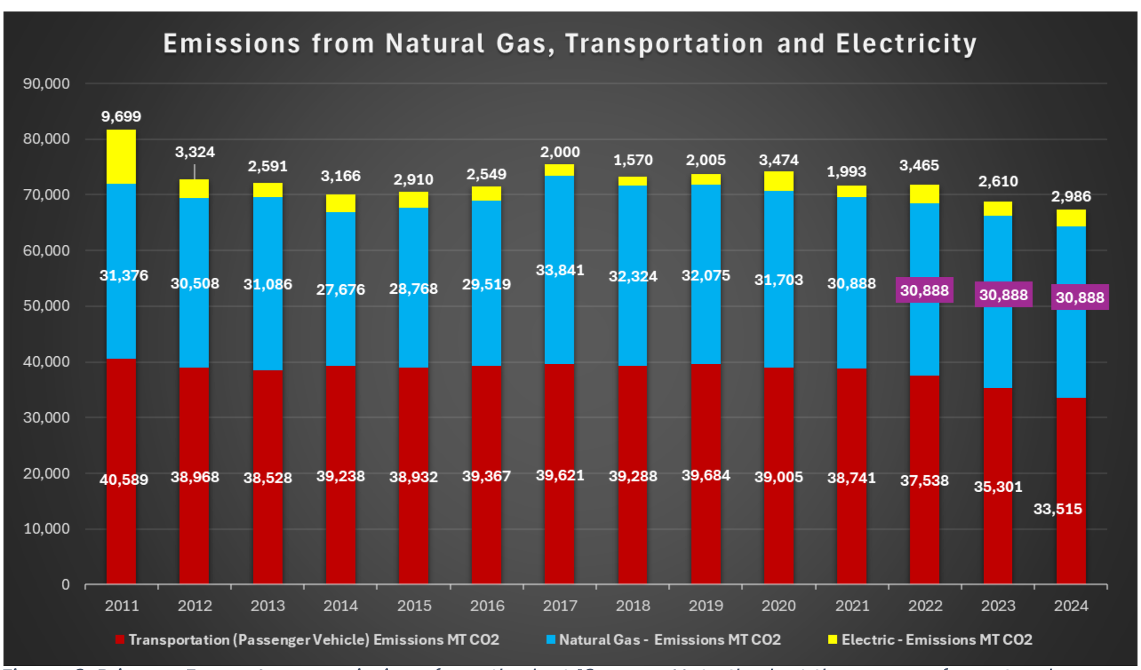


Figure 3: Primary Focus Areas emissions from the last 13 years. Note the last three years for natural gas represent the average over the previous 9 years.

Next Steps

We know what we must do right now, reduce our fossil fuel emissions as quickly as possible and replace that energy with carbon-free energy. The good news is these are the areas that we are focusing on. There is a path to decarbonize our homes and businesses and there is a positive trend in decarbonizing our transportation.

This report contains some benchmarks and projections that seem attainable. We need to work on the programs that we have, expand when we can and ensure that our work continues. We must reassess our plan and progress to account for new ideas, information and technology. If we hope to reach our goals faster or expand our work, it will require more resources.

We are making progress, yet we have much to do.

Introduction

Ashland's Climate and Energy Action Plan (CEAP) is the foundational document for our climate work and has two main goals: reducing greenhouse gases (GHGs) and creating resilience to climate impacts. This report will focus on the former – how we should reduce our GHG emissions.[1] This document is part CEAP analysis, part update on CEAP progress, part implementation plan, and part climate action budgeting tool.

The CEAP's GHG inventory is very comprehensive. Probably to be much to use for setting actionable and attainable goals. This report will try to make the Community portion of the CEAP GHG inventory more accessible and create better alignment with how other communities are now focusing their efforts. More important, it will help focus on what is attainable for Ashland. The good news is that our current ongoing work aligns very well with this analysis of the CEAP.

How is Ashland doing in reaching its climate goals?

A recurring experience in the world of climate work is the existence of seemingly opposite statements that are both true. Working in this paradoxical field requires objective analysis of the situation to assess, plan and implement projects.

Our first paradox pits what Ashland is doing versus what citizens think it should be doing. Ashland is viewed as a leader in climate and energy conservation work. It has one of the longest running solar energy and energy efficiency programs, active fuel switching incentives, a generous e-bike incentive program, and the highest paying electric vehicle incentive in the state. When accounting for the size of our city and number of staff it is truly remarkable what we are accomplishing!

On the other hand, there are concerns that we are not doing enough and that we are falling behind in meeting our Climate and Energy Action Plan (CEAP) goals. These concerns are also likely valid, at least in some key areas. Both foregoing statements

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[1] The City of Ashland Fire Department has done a tremendous amount of work on climate resilience and preparedness in our fire prone region. In addition, we have a water conservation program that has helped numerous residents increase their efficient use of water and proper disposal of contaminants. Both programs are easily found at our website – www.ashlandoregon.gov.

are likely true, so how do we reconcile this? A good place to start is a better understanding of our situation, and to do so requires a review of the CEAP.

The CEAP

Choices

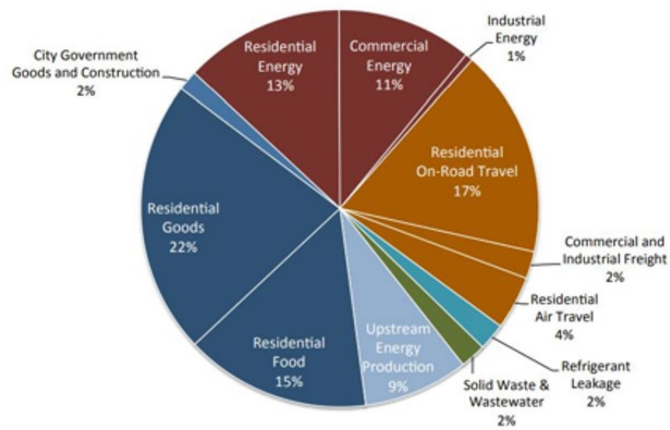


Figure 3: CEAP GHG Inventory.

Can we measure our progress to determine if Ashland is genuinely on track to meet its goals? An initial observation is that in the CEAP, many of the graphs have combined information for simplicity's sake. However, when you consolidate information, you are making choices in what data to combine. Due to this combination of data, figure 3 does not lend itself to measure our progress, and we must step back and look at the background data.

The 2015 greenhouse gas (GHG) inventory used in the CEAP on pages 8 and 20 is the starting point for measuring our climate progress (8% reductions per year). The pie chart in figure 3 is the grouping of 55 different inventory measurements.[2] Many of which are done using extrapolated national data.

The energy slices of pie combine both electric usage and stationary combustion (natural gas, propane and fuel oil). In other words, combining fossil fuel energy and mostly low emission electricity (more on this later).

Fortunately, the original data is available to better understand how each piece of the pie chart was created. This allows for the reconstruction of a pie chart to help direct our work.[3] We can use the underlying data to make sensible changes where needed. Additionally, the data contains other information such as what "scope" the emissions

[2]https://ashlandor.opengov.com/data/#/27434/query=076C90BDE0EC16B9DB3C85C8644D41F1&embed=n
[3]https://ashlandor.opengov.com/data/#/27434/query=A503AC86D9FE446A366DDC001771C40E&embed=n

are. Scope matters in that it helps you understand what portions of your GHG inventory you impact can most.[4]

The CEAP strategies and actions are sound and most of the document remains sound. After analyzing the data, we need to adjust our metrics to help us track our local emissions and make progress.

Areas to improve.

8%/year

After carefully reading through the CEAP and its appendices it became clear that the goal for the Ashland Community to reduce community greenhouse gas emissions by 8% on average every year to 2050 is impossible as presented. This is largely due to emissions and strategies discussed below that we have little control over. If we were to maintain the 8% then it should only be for those emissions that we can locally impact, regularly measure and track progress against. However, ***it would be better to focus on different benchmarks than the 8% reduction but will still help us reach our goal of reducing our emissions*** to as close to zero as possible as soon as possible.

Additionally, we must acknowledge that we should not expect 8% on average every year until 2050 as it takes time for new technology to become widely implemented. Our task is like pushing an object. We begin to push and create momentum towards the goal, and, over time, we will move more quickly towards our goal. An example of what progress will look like is the transportation graphs below which demonstrate accelerated progress as we move forward.

Consumption Based Emissions

The blue sections of the pie chart in figure 3 above labeled 'Residential Foods' and 'Residential Goods' represent emissions associated with the manufacture and transport of items that almost entirely come from outside Ashland. Similarly, the

[4] https://www.epa.gov/climateleadership/scopes-1-2-and-3-emissions-inventorying-and-guidance Generally speaking, Scope 1 emissions occur locally and are most easily impacted by local decisions (burning natural gas or fueling your car), Scope 2 occur offsite but can be impacted by decisions (utility electric purchases), while Scope 3 emissions are largely outside of local control and difficult to measure locally (the emissions it took to manufacture and deliver your refrigerator).

'Upstream Energy Production' is related to the extraction and production of fuel products. Together these represent around 47% of the pie chart that we have limited ability to directly influence local city actions and an inability to measure change at the local level. Again, the CEAP strategies and actions on these areas are sound and should be pursued, however, to try and measure local GHG reductions on these would be difficult at best. ***Consumption emissions should be omitted when trying to measure progress locally.***

Electricity Emissions Factor

Figure A3: Comparison of Utility-Specific and Regional Grid emissions factors.

Type of Emissions Factors (MT CO2e / MWh)	2011	2012	2013	2014	2015
Ashland Utility	0.080	0.039	0.044	0.039	0.039*
Regional Grid (NWPP)	0.373	0.304	0.304*	0.304*	0.304*
NWWP Grid (REC adjusted)	0.355	0.288	0.288*	0.288*	0.288*

*Indicates previous year's factor used as proxy. Most recent EPA eGRID factor for NWPP is 2012. Likewise 2015 data from BPA for Ashland's inventory is not available.

The CEAP chose to use carbon intensity of the Northwest Power Pool (NWPP) because the GHG inventory protocols require our electricity be reported this way unless we also purchase the separately sold environmental benefits of the energy. Therefore, in the CEAP our electric emissions are calculated at 0.288 Metric Tons of co2e (Carbon Dioxide Equivalent)/MWh, compared to the emissions of the energy used by the electricity of 0.018 MT co2e/MWh (16 times cleaner if measured this way).[5]

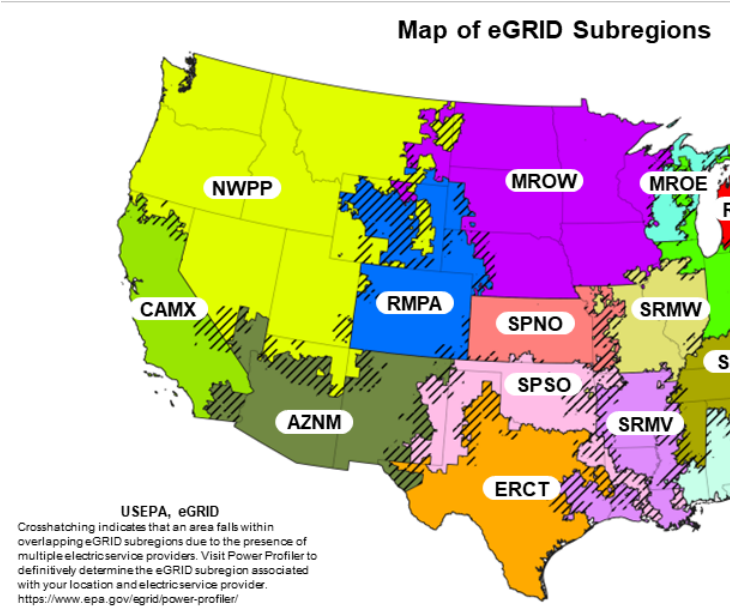
The authors of the GHG inventory (Appendix D of the CEAP) recognized this paradox of buying clean energy and not getting to claim the benefits and advised "…it is not recommended that Ashland continue to conduct this inventory in the future."[6]

This leads to another change from how the CEAP is written now to what should be included. The GHG inventory states this succinctly, while discussing electric supply. The report states that:

> *Focusing on supply is not as appropriate or useful for small, publicly owned utilities served by BPA. For these utilities, it could be argued that the* ***focus***

[5] https://ashlandoregon.gov/DocumentCenter/View/1733/CEAP-With-Appendices- at 400/32. The 0.018 Emissions Factor is the average for the past 14 years.
[6] https://ashlandoregon.gov/DocumentCenter/View/1733/CEAP-With-Appendices- at 401/33.

should be on energy efficiency and conservation, and cost effective, local renewable generation. *In other words - efforts to reduce peak and overall demand by Ashland for grid generated electricity. By reducing demand for grid power, low-carbon BPA electricity can be redirected back to the regional grid to reduce the need for generation from fossil fuels; thereby lowering emissions from the regional electricity grid.*[7] (emphasis added)



The GHG inventory recommends not tracking this data, because it leads to either an unlikely scenario or an impossible task. Using the NWPP carbon intensity to calculate electric emissions, as done in the CEAP, requires that the entire NWPP region is also reducing its emissions on the same timeline as Ashland. If the rest of the NWPP region lags in reducing carbon intensity of the gird, then so does Ashland's progress. Even if our city of 20,000 had zero electric emissions, it would not offset the entire region's emissions, thus making the NWPP emissions an impractical metric.

The Oregon Department of Environmental Quality's (DEQ) Clean Fuels Program calculates Ashland's electric carbon intensity with a much lower number than the NWPP number and was used in the comparison above.[8] Changing how we measure our electricity GHG emissions greatly reduces the emissions associated with electricity and the areas that we should focus our efforts on. Therefore, ***for the purposes of tracking electric consumption we should use the emissions factor calculated by DEQ, which represents the emissions of the electricity purchased.***

While tracking electric energy usage may not show much change in emissions there is value in watching local usage and comparing it to local production. We will want to observe how much our electric consumption goes up as electrification of buildings and transportation increases. Also, it will be beneficial to know how much

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[7] https://ashlandoregon.gov/DocumentCenter/View/1733/CEAP-With-Appendices- at 401/33.
[8] https://www.oregon.gov/deq/ghgp/Documents/cfpElectricCIV2023.pdf

energy consumption we are offsetting with local production. Finally, we need to make it easy and affordable to electrify your home.

Separating Energy Types

Energy consumption in the CEAP pie chart combines both stationary combustion fuels (natural gas, propane and fuel oil) along with electricity. These are different sources of energy and should be tracked separately. Furthermore, natural gas represents the primary stationary combustion fuel (over 91 %) in our GHG inventory and is also a measurable (or should be measurable) emissions source.[9] The usage of propane and fuel oil is limited in scope and is on its way to obsolescence in most applications and are targeted by the same climate actions as natural gas. Therefore, natural gas should be a primary focus of measuring emissions and tracking progress for stationary combustion fuels and electricity will be the tracked separately.

Transportation

Finally, the last major change identified is transportation emissions. My review identified the need to change how we track these emissions so that we can locally track our reductions and create benchmarks to track progress towards our goals.

In the CEAP, Transportation GHG numbers are based on total vehicle miles traveled (VMTs) in Ashland using a regional model. This data is problematic in a couple of ways. First, the data included several different travel patterns beyond Ashland residents travel patterns, which makes measuring local impacts difficult. Second, the ***CEAP methodology did not account for emissions reductions by using a plug-in hybrid electric vehicle (PHEV) or battery electric vehicle (BEV)***. The adoption of zero and low emission vehicles is where we can make the most emission reduction changes. Previous CEAP reports and the GHG inventory acknowledge that emission reductions from PHEV and BEV would provide a more complete picture.

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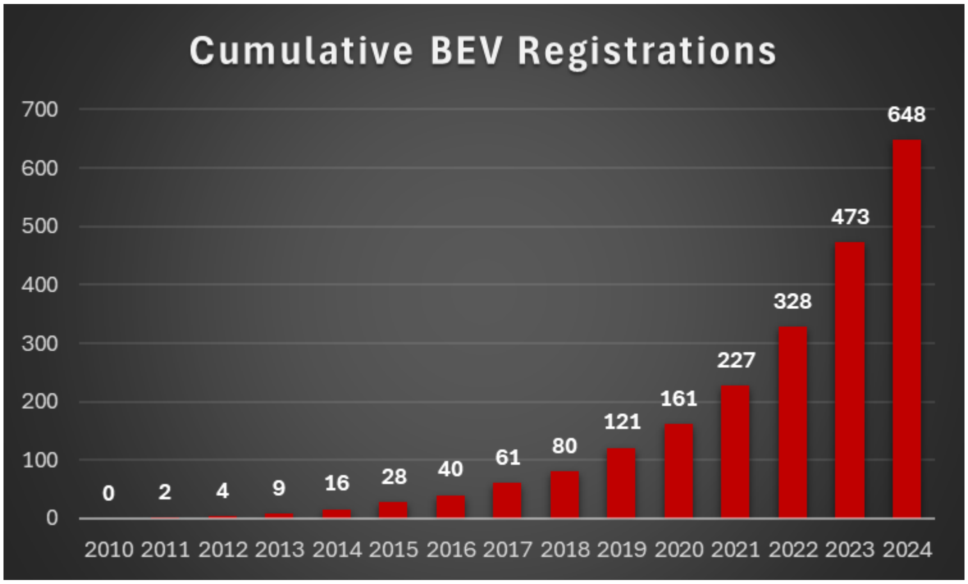
[9] Until 2020 Avista, our local franchise provider of natural gas, was providing both total therms consumed in the city and the number of meters. This was further broken down by residential and commercial uses. Avista, has never been explicitly obligated to share this information, and has chosen to not share this information any longer, even with repeated requests for this data which is critical in measuring our climate progress.



Shifting to a newer data set that can parse out travel by those within a district boundary solves the first problem above. Using this data would allow for a baseline for local passenger vehicle emissions. From this, we can utilize PHEV and BEV registration data to calculate emissions reductions. This would allow for local measurement of emissions reductions based on the use of PHEVs and BEVs. VMT data is still useful by itself and reducing our VMT's is still a legitimate stand-alone goal, however we can measure progress now in the area where the greatest emission reductions can be made.[10]

How Do We Focus on Our Climate Work

Making the above changes will help to create clearer data to use for stationary combustion of fossil fuel, transportation emissions reductions and electric generation and readiness. A major focus on our climate work is decarbonization as carbon-based pollution is the primary driver of climate change. As such, focusing on the combustion of fossil fuels in both stationary combustion and transportation settings is the clear focus. These two areas we can impact and measure locally and we should be putting a proportionate amount of time, money and effort into getting as close to zero as possible on these two fronts. We should also consider and focus on other areas when we have either a quick and measurable impact, or opportunity warrants our focus.

[10] https://www.transportation.gov/sites/dot.gov/files/2024-01/CuttingCarbonOregonDOT.pdf

Primary Focus

1	**Natural Gas**
2	**Transportation***
3	**Electricity****

This leaves us with three areas to primarily focus on –natural gas emissions, transportation emissions and electric emissions. These areas demonstrate where progress can be made and measured in reducing emissions, increasing conservation, increasing local clean energy, reducing costs and decarbonizing our energy source. ***Natural gas and transportation represent our greatest areas to reduce GHG emissions through decarbonization.*** Additionally, conserving local electricity, increasing local production, and ensuring the readiness of our electric system will be essential as demand increases.

Secondary Focus

4	**Solid Waste*****
5	**Refrigerants**
6	**Other Heating Fuels**
7	**Small Engines******

There are areas of secondary focus that are not included in the emission reductions calculations at this point. They are important to work on, however there are difficulties or limiting factors with each of these that demote them to the secondary focus status. This focus area includes solid waste, refrigerant leakage, other stationary heating fuels, and small engine emissions.[11] ***The leading candidate of this group for inclusion into the annually measured metrics would be the waste category.*** It has been included in other cities' inventories on their relatively short GHG inventory lists and has data that can be measured.[12]

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[11] Small engine emissions were not included in the CEAP but have a sizeable impact and can be readily mitigated in some situations. Meanwhile the waste category is often in the form of methane which presents a different calculus in combating climate change.

[12] See page 10 here: https://www.losaltoshills.ca.gov/DocumentCenter/View/1518/LAH-Green-House-Gas-Emission-Inventory?bidId=; see also https://ftcollinscap.clearpointstrategy.com/#:~:text=Welcome%20to%20the%20Fort%20Collins%20Climate%20Dashboard,%20a%20snapshot%20of

Tertiary Focus

8	**Air Travel**
9	**Household Foods & Goods**

Finally, there are important areas that are difficult to change because they largely depend on personal choices and upstream actions that are beyond our control. These tertiary focus elements include air travel by Ashland residents and consumption behaviors. These areas should be the focus of reductions because the numbers are so large. However, they should not be included in our GHG emission reduction numbers because of the lack of local impact and due to the use of extrapolated national data. ***We can focus on these areas with outreach and education mechanisms, hopefully leading to voluntary reductions, lifestyle changes, upstream changes and offsets.*** Oregon Department Environmental Quality recently created a report on Consumption Based GHG emissions and the need to work on this complex and difficult area. State leadership is welcome on this front.[13]

Special Focus

An area of special focus is the ***City of Ashland leading by example***. While a small percentage of the original CEAP ghg emissions inventory, it is an area where internal policy and choices are within our control and therefore many areas can be targeted including consumption behaviors. A report on City operations will be included in the future.

Not Included

The last area to mention is that of upstream impacts. While it is hard for local changes to impact these items directly (such as electricity line loss), our downstream actions will resonate upstream as implicit benefits. The less electricity used, the less line loss there is. The less natural gas consumed, the reduction on the global scale of GHG emissions is more than doubled due to the upstream impacts of methane leakage (more on this below). ***Upstream impacts matter and are best***

[13] https://www.oregon.gov/deq/mm/Documents/mm-Reporton2021CBEI.pdf#:~:text=%E2%80%A2%20In%201990,%20Oregon%E2%80%99s%20consumption-based%20emissions%20were%20only%20about%205

addressed by focusing on the local impacts that create the upstream demand. This local focus can have both significant local and upstream impacts.

Category	Rank	Priority Level	Focus Area	Scope (1, 2, 3)	Sector or Consumption based emissions	GHG emissions in Metric Tons of CO2E	% of Primary	% of Primary & Secondary
Community	1	Primary	Natural Gas	1	Sector	30,888.00	45.98	35.14
	2	Primary	Transportation*	1 & 3	Sector	33,515.00	49.90	38.12
	3	Primary	Electricity**	2	Sector	2,768.00	4.12	3.15
	4	Secondary	Solid Waste***	3	Sector	6,141.80		6.99
	5	Secondary	Refrigerants	1	Sector	7,389.50		8.41
	6	Secondary	Other Heating Fuels	1	Sector	5,445.90		6.19
	7	Secondary	Small Engines****	1	Sector	1,761.92		2.00
	8	Tertiary	Air Travel	3	Consumption	14,350.00		
	9	Tertiary	Household Foods & Goods	3	Consumption	173,028.70		
City		Special	City as Leader*****	All	Both			
			Primary			67,171.00		
			Primary & Secondary			87,910.12		
			Primary & Secondary & Tertiary			275,288.82		

If not noted elsewhere, numbers are taking from the GHG inventory from 2015

*Calculated using modeled miles by Ashland residents, registration extrapolations, and reductions from PHEV and BEV vehicles

**Calculated using Oregon Dept. of Environmental Quality Direct Emission numbers

***Calculating methane as 28x Global Warming Potential over 100 years - If multiplied by 80 for the shorter time span = 17,547 mt/co2e.

****Data extrapolated from state estimates on a per capita basis

*****City numbers incorporated in other numbers - will be a separate analysis. Originally estimated as 10,716 mt of CO2E in the CEAP.

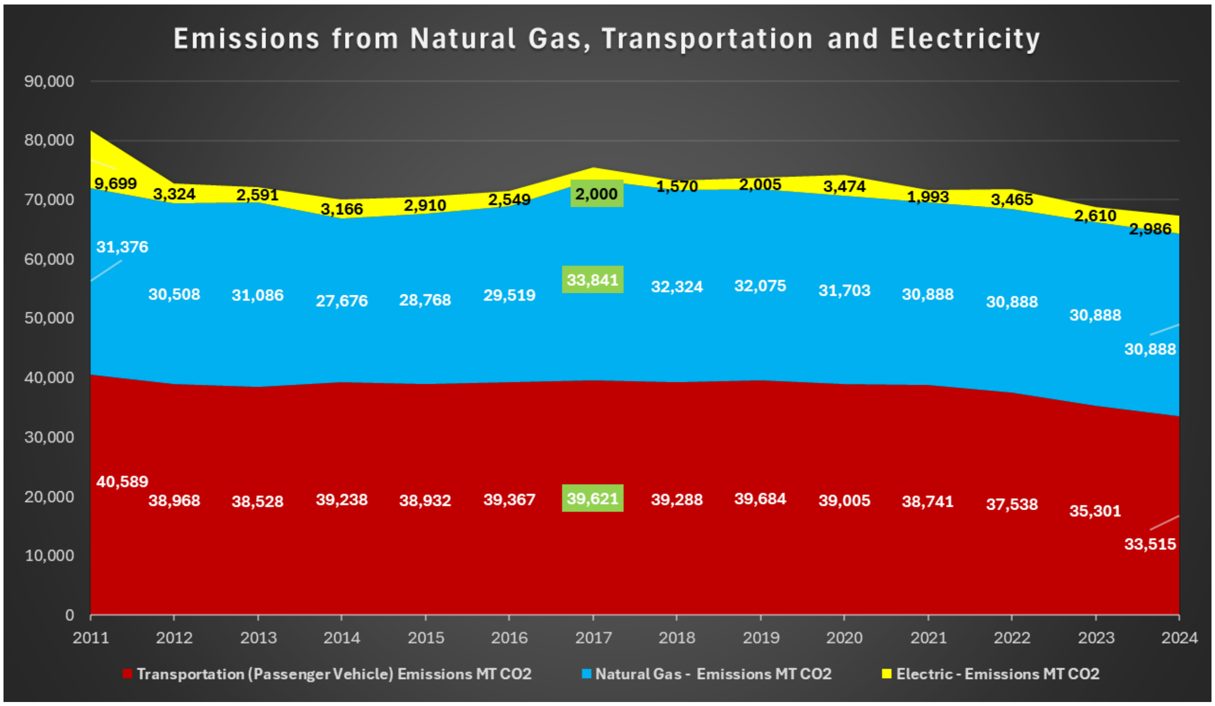
Non-focus categories: Off road vehicles, upstream power and transportation, NWPP energy difference (42,000) = 72,856 mt/co2e.

No upstream numbers for stationary combustion (methane leakage for NG) included in the original GHG inventory

Climate Progress

There is progress being made, but it does not reflect the 8% change the CEAP calls for. As noted above, this may not be the best way to measure progress and instead we need to create a pathway forward and use projections to determine if more effort will be needed to meet our goals. How fast we can move forward will depend on funding, staffing, technological advancements and public input.

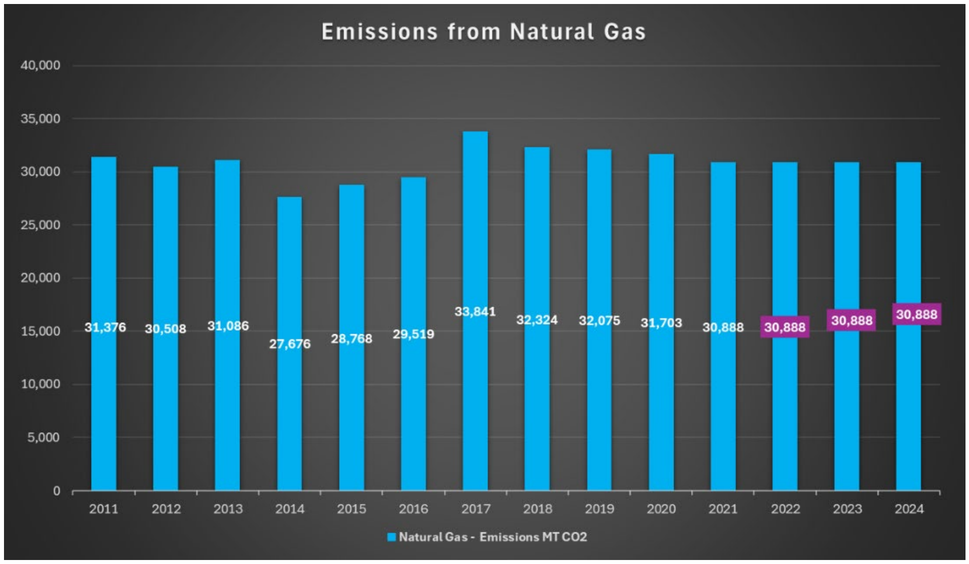
Regarding our primary focus areas, we are making inroads on transportation goals, and it seems likely we will be able to meet or get close to our 2050 goals. Natural gas consumption, the single largest source of stationary combustion fuel, is both an area of concern and difficult to measure. Our electric consumption and local production are both areas to be proud of as we have a low carbon source of energy and local production has shown incredible growth.



Natural Gas

We don't know exactly what our citywide consumption of natural gas is because these numbers have not been shared for the past three plus years. As noted earlier, Avista has decided not to voluntarily share this information even though it has been requested multiple times. Previously, Avista, our natural gas franchise provider, had shared the total therms of natural gas used and total meters installed. Each data point was further broken down by commercial and residential use. This data was helpful to determine trends regarding usage and carbon emissions related to our GHG inventory. The last data was provided in 2020; in the future this data should be required as part of any agreement so that we can better track natural gas (carbon) reductions. Therefore, the most recent years are represented by the average consumption from 2011-2020 and highlighted in purple.

The best information available since 2020 is data modeling based on heating degree days, Avista rates and franchise fee payments. This modeled data shows a trendline with a slow increase in natural gas usage. This is exactly what we don't want to see as we are trying to reduce carbon emissions. ***We may be going the wrong direction on this key emission since the implementation of the CEAP in 2017.***



While discussing natural gas it is important to remember a couple of points. Natural gas is primarily composed of methane. In our original GHG inventory, the upstream impacts of natural gas were not calculated. Even at the EPA's more modest estimations of leakage of methane at wellheads and through distribution, the emissions of leakage (calculated as methane for unburned natural gas) over the short term are greater than emission of all the burned natural gas (emitted as carbon emissions) due to the much higher global warming potential of methane.[14] We are not targeting upstream energy emissions, however if calculated, this would have further changed the pie graph in our original GHG inventory and our current metrics to focus on natural gas.

Related to this, is the incidental upstream benefits of reducing our carbon emissions from natural gas. There is a strong argument that focus should be placed more heavily on methane related emissions because methane is a short lived GHG which,

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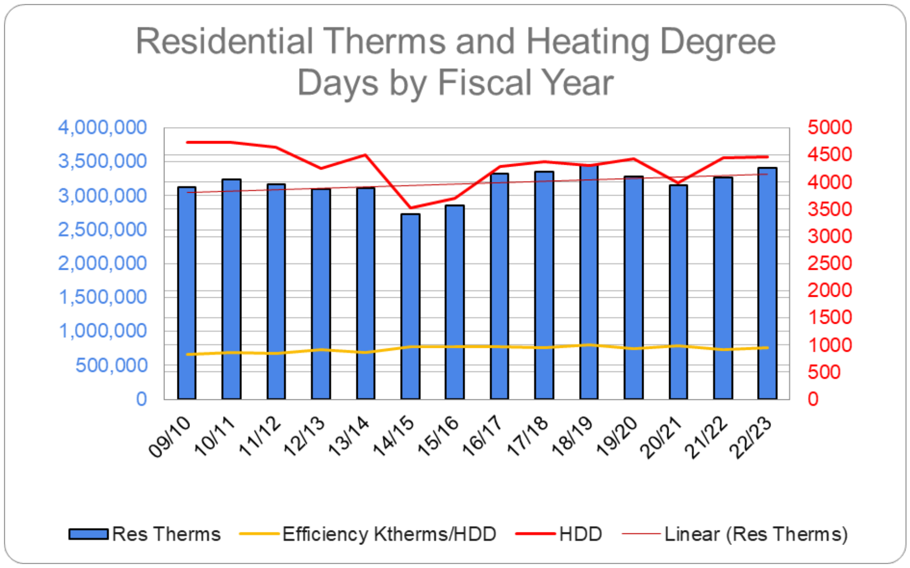
[14]https://pubs.acs.org/doi/10.1021/acs.est.0c00437#:~:text=We%20estimate%20methane%20emissions%20from%20U.S.%20local%20distribution%20natural%20gas; 1.4% leakage x 80 = 112 co2e vs 98.6% x 1 = 98.6 co2e.

if reduced quickly could yield benefits in helping mitigate short term warming.[15] Stanford professor Rob Jackson, states that "we can restore the atmosphere to preindustrial levels for gasses like methane. Doing so would save half a degree Celsius of warming and could happen in our lifetimes."[16] Both of these points emphasize that ***decarbonizing our buildings from stationary fossil fuel combustion is a primary focus and the number one target overall.***

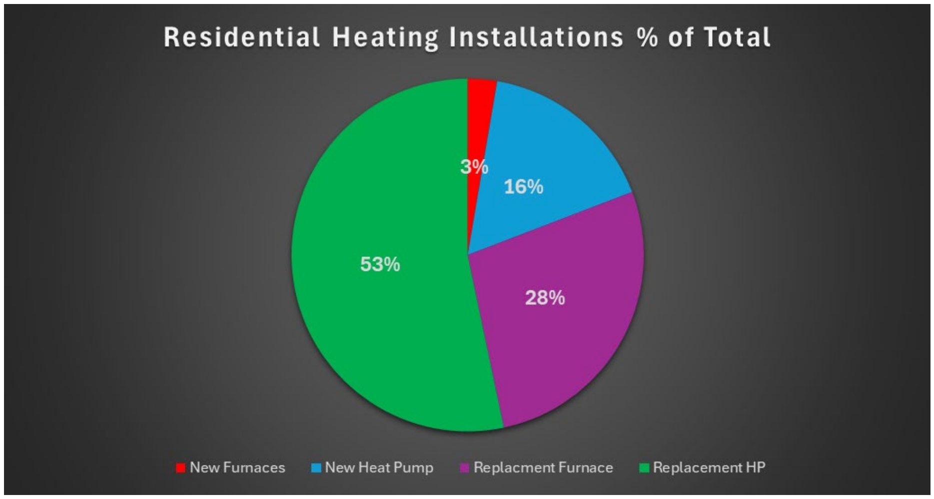


This fact is only further emphasized when you change the timing of measuring GHGs. If looked at a 20-year period of emissions (rather than a 100-year period), methane emissions have an even higher carbon dioxide equivalent (co2e, aka global warming potential). This presents another paradox of weighing long lasting carbon emissions against short lived, more potent methane emissions related to the production and distribution of natural gas. When considering these methane emissions, it can help tilt the scales of where to focus. In our situation, working on both the carbon emissions of burning natural gas and the upstream methane emissions are in alignment and further help us prioritize natural gas emissions as the primary target.

[15] https://woods.stanford.edu/news/methane-removal-stanford-led-research-reveals-potential-overlooked-climate-change-solution#:~:text=Two%20new%20Stanford-led%20studies%20could%20help%20pave%20the%20way%20by

[16] https://woods.stanford.edu/news/clear-blue-sky-moving-climate-despair-climate-repair#:~:text=The%20Last%20Judgment,%20Michelangelo%E2%80%99s%20Sistine%20Chapel%20masterpiece,%20provides%20a%20powerful

While this information might seem dire, remember that we are discussing long-term trends and a quickly changing world in terms of technology and policy. My belief is that we are just seeing the shift away from natural gas for thermal purposes. New technology and awareness are helping people move to fuel switching which is largely to electricity. Additionally, state policy aims to green our grid energy.[17] It is an exciting time, and we are seeing substantial movement in Ashland on this front. Nearly 70% of heating installations in Ashland are heat pumps over the past five plus years. This is progress and we can expect the percentage of heat pump installs to increase as awareness increases and new programs become available.



Ashland has been incentivizing residents to decarbonize their homes for years; however, the federal government has recently begun working on this through the Inflation Reduction Act tax credits and state pass through incentives. Perhaps more exciting though is the city's upcoming on-bill financing loans for energy efficiency measures. All this is to say that ***we have some great tools at our disposal to meet the goal of reducing an average of 1,200 mt co2e emission from natural gas combustion every year.***

We are not alone in this effort. There are state goals for reducing natural gas consumption across the state to help achieve statewide goals. Southern Oregon University also has ambitious goals that will help the entire city meet its goals.

We still need to continue making inroads to increase the percentage of residential heating installation to heat pumps. Additionally, adding and expanding opportunities for businesses to electrify will be essential.

[17] https://www.oregon.gov/deq/ghgp/Pages/Clean-Energy-Targets.aspx

Transportation

Measuring Progress

As introduced above, the CEAP transportation GHG numbers did not account for emissions reductions from using plug-in hybrid electric vehicles (PHEV) or battery electric vehicles (BEV). ***Adjusting our emissions data to accounts for these reductions will allow us to make and track progress.*** There have been discussions with the Oregon Department of Energy and the Oregon Department of Transportation about how to account for these reductions. These agencies share our interest in creating better local data to track transportation emissions. However, there is not a settled protocol on how to account for emissions reductions from BEVs and PHEVs.

Since there was no established protocol, I used existing BEV and PHEV registration data to calculate emission reductions from these vehicles (spreadsheet located on last page of this report). The transportation numbers used in the graph below are uniquely created for this report. The data here was created with the best numbers available and could change in the future as better data becomes available. ***By using the available data, we can demonstrate emission reductions from Ashland's residents adopting PHEV's and BEV's and project what we need to do to meet our goal and when we can meet it by.***

To address the concern that the CEAP included non-resident vehicle miles traveled I used a more recent model that can separate trips made by those living within the model boundary. Therefore, only the VMT's from Ashland residents are accounted for.[18]

The next step was to calculate and apportion total passenger vehicle registrations for Ashland from county wide data.[19] This number was then multiplied by average miles driven per vehicle and the average emissions per mile to create a baseline emissions number.

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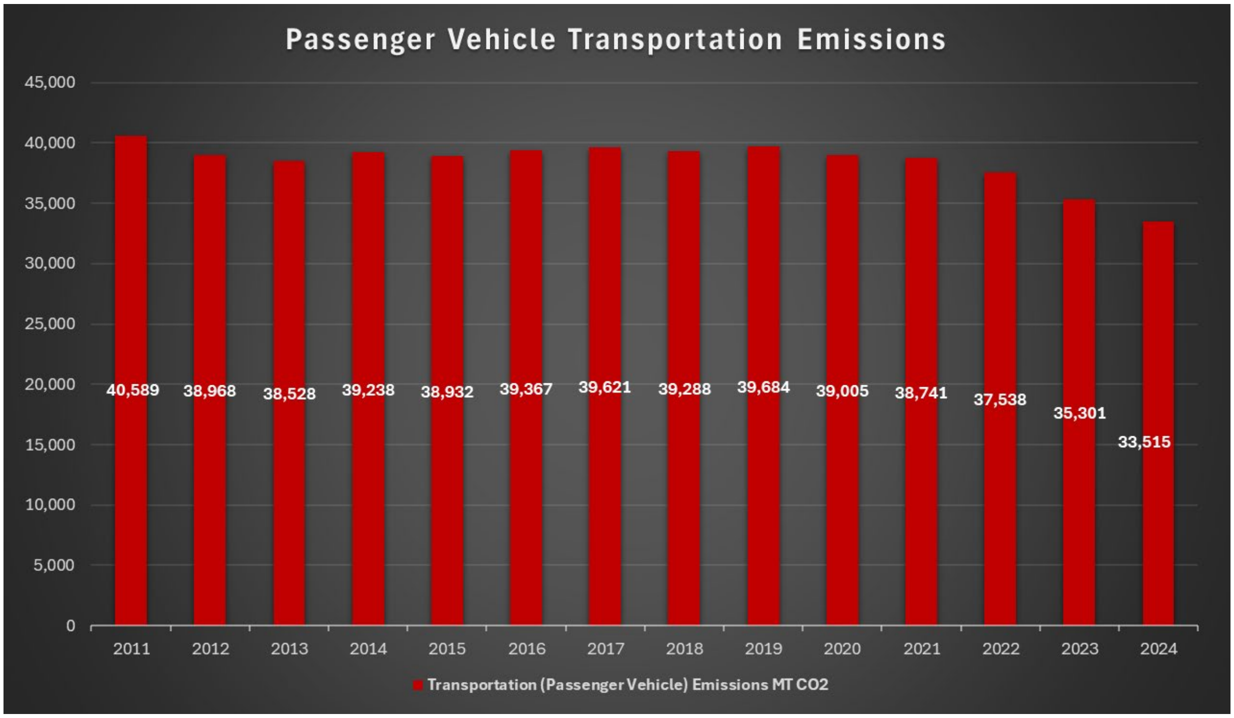
[18] The model is Southern Oregon Activity Based Model use by the Oregon Department of Transportation. The modeling was done about Ashland VMTs in 2021.

[19] Passenger vehicle registration is utilized as it has more readily available data and accounts for about 85% of the local VMTs. This chart and metric are not intended to provide proof of an accomplishment but are a proxy for our relative improvement in transportation emissions reductions.

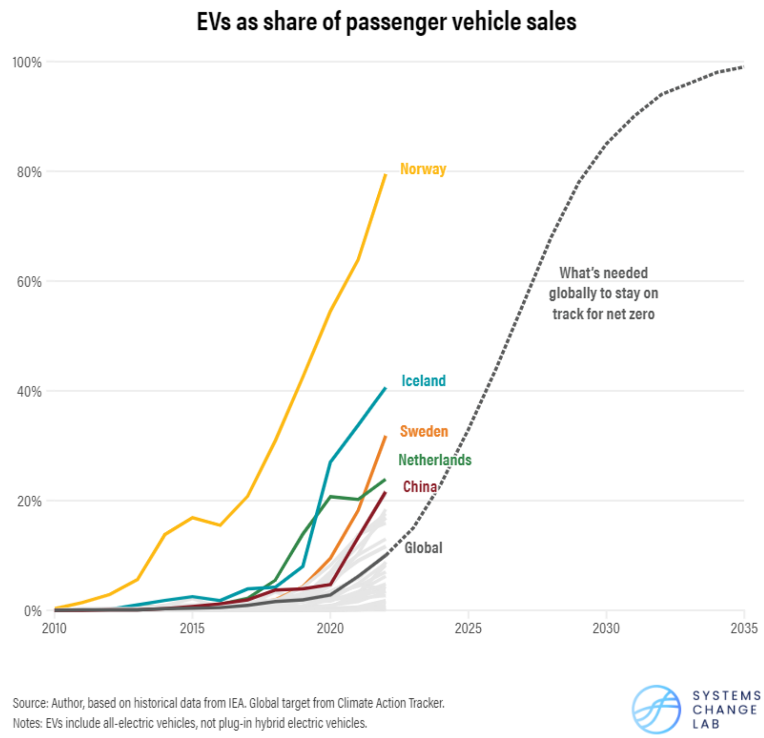


We then use Department of Motor Vehicles data for electric vehicle registrations in Ashland (available on the Oregon EV Dashboard) to estimate average tailpipe emission reductions .[20] We used emissions for a common PHEV (a Rav4 Prime for this exercise) and zero emissions for a BEV and then multiplied the emissions reduction per mile by the average Ashland resident VMT's.[21] We then subtract these expected emission reductions from the baseline to estimate current passenger vehicle emissions. The result is captured in the chart above. Ashland has had many early adopters of EV's and this factor is the major reason emissions for local passenger vehicles are already going down even though annual VMT's and population have gone up.

[20] https://www.oregon.gov/energy/Data-and-Reports/Pages/Oregon-Electric-Vehicle-Dashboard.aspx#:~:text=The%20dashboard%20displays%20Oregon%E2%80%99s%20total%20number%20of%20electric%20vehicles%20by

[21] https://www.fueleconomy.gov/feg/Find.do?year=2021&vehicleId=42793&zipCode=97520&action=bt3

One thing to note about the registration and emissions chart is the shape of the curve. It takes a while to move downward and then it begins to turn sharply downward, and the shift happens dramatically. This isn't unique and aligns well with what is known as the s-curve that appears for "value-creating" technologies, including EVs.[22] The charts below show that EVs are on the precipice of an automotive revolution.[23] If you need further proof of how quickly things can change, look no further than Norway who went from 1% of new car sales being EV's to 80% in just 12 years.



This vehicle sales study correlates with the emission reductions portion of the chart and demonstrates how quickly change could happen in Ashland.

Norway made policy decisions that helped accelerate EV adoption. California has similarly implemented a policy called the Advanced Clean Cars II rule, which establishes that ***by 2035 100% of new cars and light trucks sold in California will be zero emission.[24] Oregon, along with California and ten other states have now***

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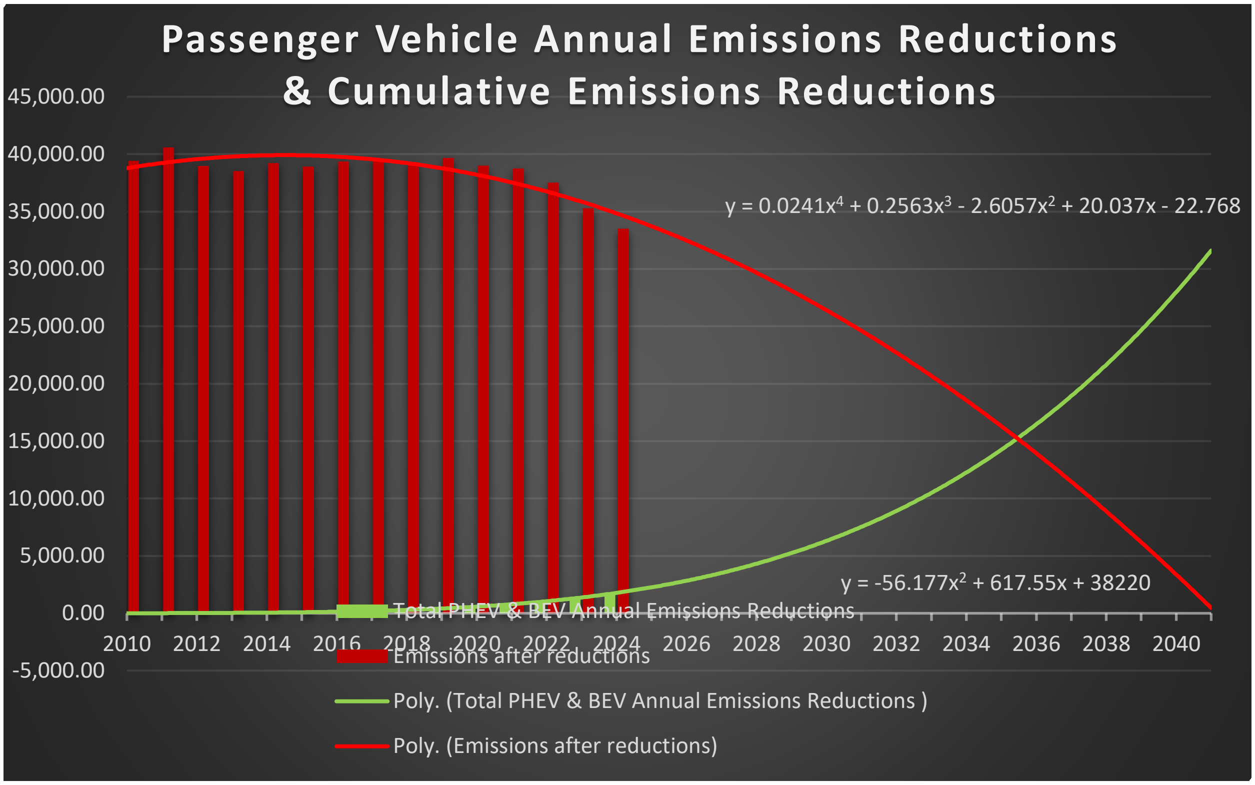
[22] https://www.wri.org/insights/what-projected-growth-electric-vehicles-adoption#:~:text=Global%20sales%20of%20electric%20vehicles%20are%20exceeding%20expectations,%20but%20the#:~:text=Global%20sales%20of%20electric%20vehicles%20are%20exceeding%20expectations,%20but%20the

[23] https://www.wri.org/insights/countries-adopting-electric-vehicles-fastest#:~:text=Our%20analysis%20of%20the%20International%20Energy%20Agency%E2%80%99s%20EV%20Data%20Explorer

[24] https://ww2.arb.ca.gov/news/california-moves-accelerate-100-new-zero-emission-vehicle-sales-

adopted this standard, which will have a large impact on this s-curve timing above for the U.S.[25] Currently the U.S. sits just below the global mark, so this type of policy can jumpstart the trajectory on the s-curve and get us where we need to be in 2035.



When estimating our annual emissions reductions and our cumulative emissions reductions we can see the promise of change over the next 10-15 years.[26] An important note, when looking back at the original CEAP actions there were two EV related actions (EV land use codes for charging infrastructure and direction to provide EV and hybrid vehicle information on the website). Since the CEAP, we now have an EV incentive, free public EV charging and a commercial charger installation incentive. In many ways these actions went well beyond what the CEAP provided. EV adoption has taken off and is now clearly a primary tool in combating climate emissions. It is important to understand how this change is impacting our emissions

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2035#:~:text=The%20new%20regulation%20accelerates%20requirements%20that%20automakers%20deliver%20an%20increasing

[25] https://www.oregon.gov/deq/aq/programs/Pages/ORLEV.aspx#:~:text=DEQ%20recently%20adopted%20the%20Advanced%20Clean%20Cars%20II%20regulation.%20This

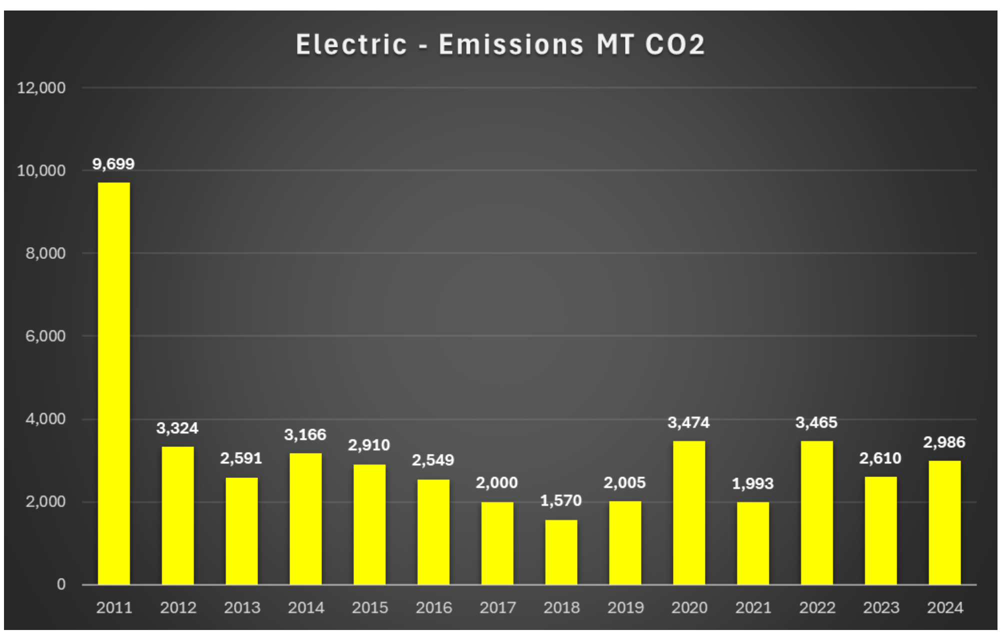
[26] The annual and cumulative emissions reductions chart above is not meant to be an official projection but illustrative. It uses the columns of existing data and polynomial trendlines in excel to match the pattern of the current data trends.

and this metric attempt to provide such a mechanism, even if imperfect. This metric doesn't account for non-resident travel or commercial travel. Regarding commercial VMT's, there is certainly going to be a delay in widespread low emission vehicle adoption as many of the hesitations someone has in purchasing an EV are magnified in the commercial setting. This metric is an improvement over simply measuring VMT's and instead provides and lens to understand our progress in reducing overall transportation emissions. In short, ***we have a good chance to meet our long-term 2050 goals with our current trajectory due to local efforts, state policy and overall market transition.***

VMTs, Ebikes and Bike Lanes

Reducing our actual vehicle miles traveled is an important transportation goal and one that can be worked on. We already have a robust ebike incentive program, goals to ***increase protected bike lanes, and regional efforts at making mass transit more appealing.*** All of these can result in reducing the energy needed to get us around to our jobs, schools and appointments, whether that energy be fossil fuel or zero emissions electricity. It will be important to reduce energy needs so that energy can be used in other sectors. This work should be maintained, and perhaps a useful metric beyond VMT to locally and easily measure the impact can be developed in the future.

Electricity



The biggest news about electricity isn't new at all. As mentioned above, there is no practical reason to measure our electric consumption using the NWPP emissions factor. Doing so simply misdirects where our efforts should be focused. It is useful to understand the underlying premise of GHG protocols that suggest the NWPP emissions should be used and allow that to inform decisions on local production though.

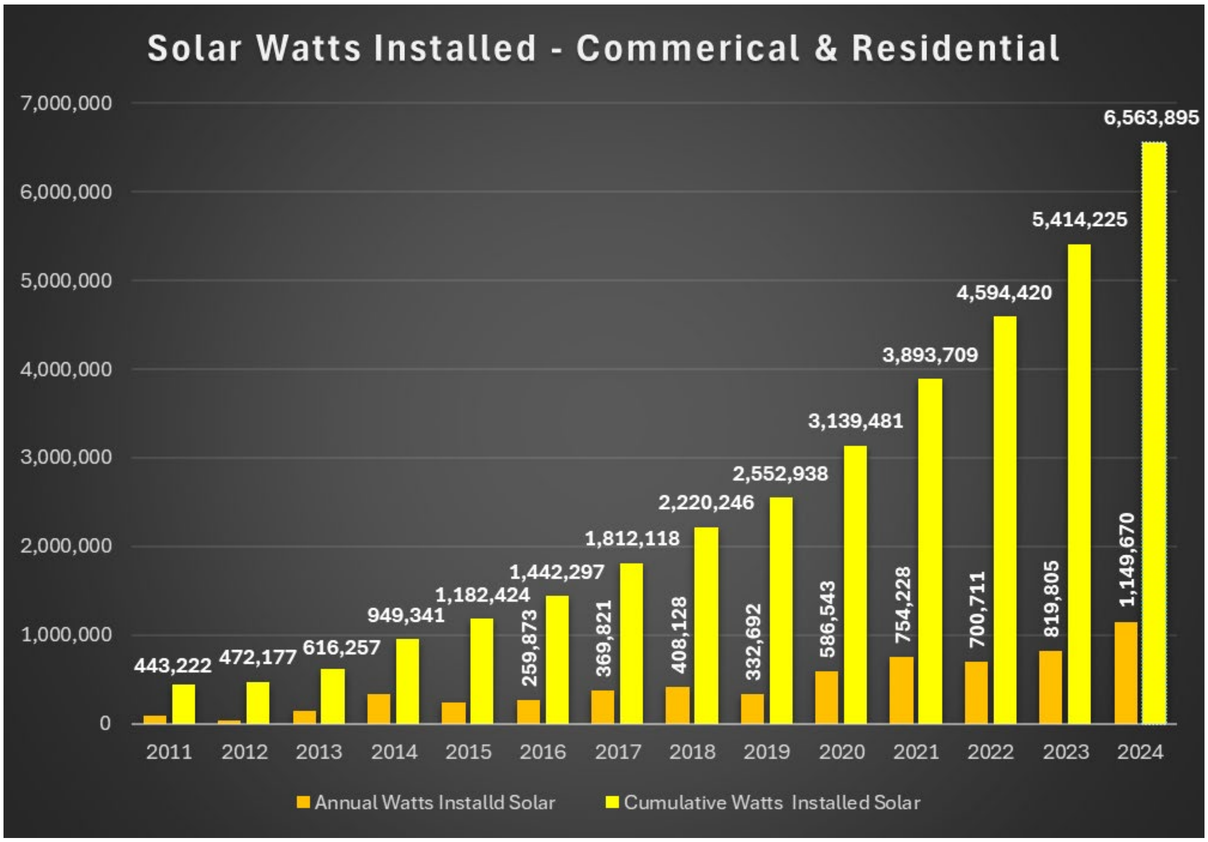
By shifting from the NWPP emissions to the DEQ emissions factor changes our electricity related emissions enormously. ***With the NWPP our emissions in 2015 were 50,135 mt co2e. Using the DEQ numbers reduces this to 2,910 mt co2e.*** As noted above, in order reduce emissions in the NWPP scenario requires the entire NWPP area to reduce at the same rate. There is no way a small city like Ashland can pull the entire NWPP area to greener pastures. The unique nature of Bonneville Power Authority (BPA) electricity informs us to focus on other areas, however the more local production and energy conservation we create locally, can lessen the amount of clean BPA energy we need that can be used elsewhere. Furthermore, as the use of EV's rises, it is helpful to know that the energy powering them is coming from a clean source when charged locally.

We have numerous energy efficiency programs in place, that should only be bolstered by our on-bill financing program noted above. These programs should continue, as it is often and accurately stated that conservation is the most cost-effective way to reduce energy use!

While our electric emission numbers are quite low when using the DEQ numbers, there are other reasons to focus on electricity and efficiency. One key reason is that of reducing cost in heating and cooling our homes and water. ***Some of the lowest income homes have less efficient appliances – we still have homes using electric resistance heat that could be done 200% more efficiently by installing a heat pump*** and thereby reducing energy costs and energy needs. We need our homes to be ready to move to low carbon electricity to solve this climate crisis, so we must focus on having homes ready for electrification without it being an undue burden. Related to both is the remaining duration of the Inflation Reduction Act, which allows the city and residents to reduce the costs of transition to a low carbon electric future.

In addition to conservation, Ashlanders have embraced solar energy and continue to install solar power. The chart below of installed watts is only for half of 2024 and it is already our largest single year of solar installations! We have currently over 6.5 megawatts (MW) of total installed solar in Ashland. ***A realistic goal for our community, especially when including Southern Oregon University's efforts, is to***

install an average of 1 MW of new solar per year for the next ten years.[27] Additionally, the on-bill financing program can be available for solar installations and necessary panel upgrades. Not to mention the Inflation Reduction Act tax benefits that help reduce overall costs.



Moving Forward

Our implementation has naturally followed the primary focus areas and to a lesser extent the secondary focus pathways. This connection is easy to understand when you look at actions to decarbonize and reduce CO2. Our work on these primary areas must continue and receive the greatest focus because they provide the greatest local reductions. ***When looking at expanding work into secondary, tertiary and special focus areas we must think carefully about where to spend our time and money.*** There are many factors that can guide these decisions. What can we impact

[27] https://news.sou.edu/2024/09/sou-receives-third-1-million-state-grant-for-solar-arrays/#:~:text=%E2%80%94%20The%20solar%20energy%20aspirations%20at%20Southern%20Oregon%20University%20have

locally? What can we measure locally? What has the greatest impact? What other factors should be considered (equity, return on investment)? Is it realistic? These questions need to be asked when implementing and budgeting for our climate work. We work within the constraints of a city budget and ingenuity.

Secondary Focus Areas: Waste, Refrigerants, Other Heating Fuels, Small Engines

When and how we expand work on the secondary areas of focus will be explored moving forward. There are possibilities to address these areas, however they must be balanced against our current work and each other.

Waste is the area that is most easily calculated of this group. We have data we could work from to measure our status and set goals. ***Waste emissions are especially important when looking at the short-term increased potency of methane emissions*** (see above on page 17 of natural gas discussion). The goal is to incorporate annual measurements of this in the near term with locally available and calculated data.

Refrigerants are important because of the enormous global warming potential they have compared to CO2; they are multiple orders of magnitude higher.[28] Refrigerants are another data point that comes from extrapolated data and is hard to pin down locally. To date, the city has required refrigerant recapture as part of incentives that deal with these GHG's. This in turn does provide some education to installers and help create awareness. This category could be used for further development.

Small engines do have extrapolated data available, that we can apportion on per capita basis. The emissions from these devices are surprisingly high, especially when you compare it to our electricity source emissions. One study has state level information that can be apportioned in Ashland on a per capita basis.[29] It is a unique opportunity to reduce emissions and one that shouldn't be difficult to meet as each year there are better electric alternatives and presumably the cost will come down as the power output of the tools goes up in the next two and a half decades.

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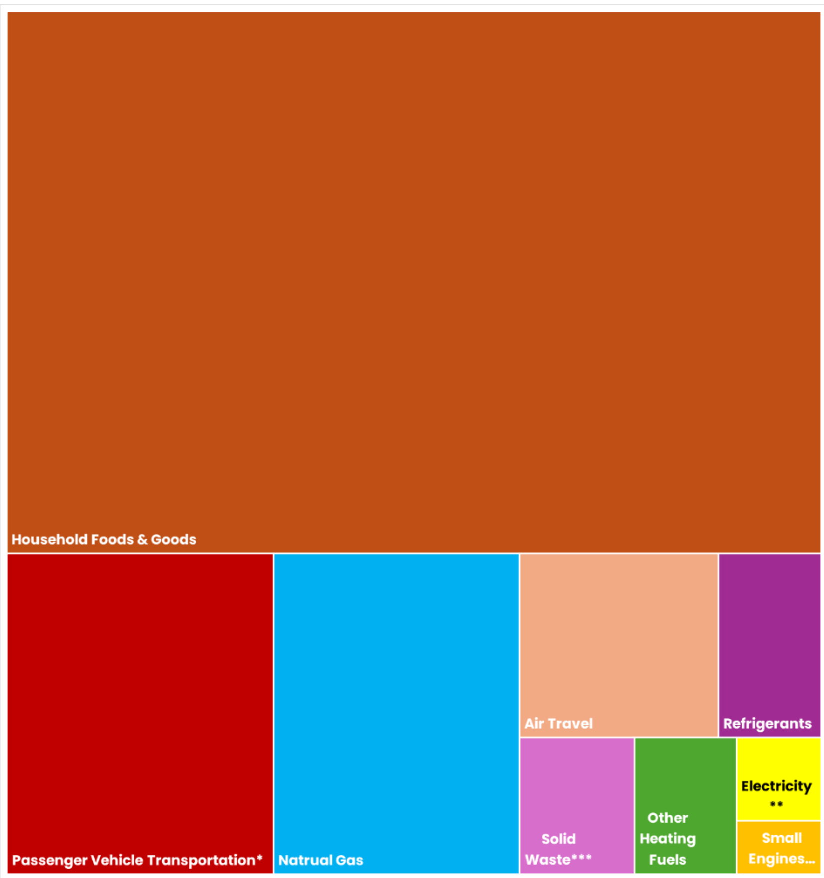
[28] https://ghgprotocol.org/sites/default/files/2024-08/Global-Warming-Potential-Values%20%28August%202024%29.pdf#:~:text=This%20document%20provides%20100-year%20time%20horizon%20global%20warming%20potential%20(GWP)
[29] https://publicinterestnetwork.org/wp-content/uploads/2023/10/Lawn_Care_Goes_Electric_Oct23.pdf

Other heating fuels (propane and heating oil) will likely continue to be replaced by more efficient options. However, the concern is that it may be easier for homes and businesses to transition to carbon emitting natural gas and lock in that emission source for 15 or more years, rather than switch to electric options. The work on natural gas electrification can cross over into this realm as the solutions to switch from natural gas to electricity are similarly applicable to other heating fuels.

Tertiary Focus Areas: Household Food & Goods, Air Travel



This area is too large to ignore and too difficult to directly work on with so many outside factors involved. These include manufacturing and the transportation for these goods or services. When combined, the categories of household foods and goods consumption is the single largest emission type in the CEAP. These areas are much more difficult to directly impact at the city level and do not lend themselves to local measurement or programs. When you add in air travel, another personal choice consumption factor, this focus area dwarfs the primary and secondary areas emissions. ***The best mechanism to help effectuate change for this area is the tool that should be used for all our climate work – outreach and education.*** We should increase the use of this tool for both our existing programs and the areas we want to address in some capacity.

City As Leader

The city has access to data that provides valuable insights for analysis and planning. This data includes:

- Electricity and natural gas usage
- Fuel consumption
- Vehicle and equipment inventory
- Building equipment inventory
- Solar installations

By prioritizing decarbonization in its own operations, the city can demonstrate its commitment to sustainability and inspire others to follow suit. As a leader, the city can play a pivotal role in driving emissions reductions by setting a strong example.

Immediate actions within city operations can align with the same principles outlined for community efforts. Over time, the city can consolidate data, track progress, and provide updates to showcase achievements and identify opportunities for improvement.

The broader community remains the largest source of emissions, but using the data collected by the city will allow us to demonstrate that it is possible to effectively reduce the overall GHG emissions. With appropriate funding and staff time to commit to this, we can combine the original numbers used to create the GHG inventory and provide a more nuanced understanding of the progress to date and in the future.

By embracing its role as a sustainability leader, the city can pave the way for a more sustainable and decarbonized future for everyone.

Conclusion

This report is intended to orient our climate work moving forward by explicitly stating how we can better focus our efforts by slightly tweaking how we look at the CEAP. We cannot work on everything and we need to focus on those areas where we have the greatest impact to reduce emissions. The focus areas presented above attempt to triage our climate work and maximize our emissions reductions. There is still room to look at our actions through an equity lens to ensure that we are inclusive in moving our community forward.

The next two pages examine the focus areas discussed above and provide a pathway forward. The city has spent most of its time working in the primary focus areas and the pathway is more fully developed. The final page has the newly developed metric for passenger vehicle emission reductions.

Category	Focus Area	Goal	Objective	Key Performance Indicators	Strategy	Tactics/Actions	Metrics	Timeline	Planned Result
Community	#1 Primary Focus - Natural Gas	Zero Natural Gas Emissions	Reduce emissions by an average of 1,200 metric tons/year = 29,330 MT over 25 years	Metric Tons of CO_2 Emissions (based on annual therms used)	Fuel Switching	Fuel Switching Incentives - Federal, State, Local (Local = heat pumps - 4 types, induction cooking, heat pump water heaters)	Assist up to 300 homes per year transition to electric power from NG for 25 years	25 years	17,500 MT CO_2 from NG removed
							Assist 30 businesses per year transition to electric power from NG for 25 years	25 years	11,250 MT CO_2 from NG removed
						Fuel Switching Loans (USDA RESP - on bill financing)	Assist up to 1,000 homes & businesses fuel switch in the next 10 years	10+ years	2.5 MT CO_2/house 15 MT CO_2/business
Community	#2 Primary Focus - Trans. Emissions	Zero Tailpipe Emissions from Passenger Vehicle Transportation	Accelerate trajectory of zero tailpipe emissions from passenger vehicles	Metric Tons of CO_2 Emissions (reductions calcuated using BEV and PHEV registration data)	Support and promote the adoption of zero tailpipe emission passenger vehicles	*State Actions*	*No new internal combustion engine car sales in 2035 (Clean Cars 2)*	*10 years*	*100% of newly purchased daily use vehicles have zero tailpipe emissions by 2035*
						EV Incentives - *Federal* , *State* , Local ($1000 local incentive)	Increase <u>low emission registrations</u> to 22% by 2035 and 100% zero tailpipe emissions by 2050	25 years	100% of passenger vehicles have zero tailpipe emissions by 2050
						EV Chargers (free EV charging, commercial charger incentive)	Maintain Free EV Chargers	25 years	Incentivizes EV purchases
							Strategically deploy new chargers	10 years	Easy and affordable charging creates a desire to adopt EV's
							Workplace Chargers	10 years	Encourage employees and patrons to drive EV's
							Create a City EV Charger plan	2026	Strategic plan for infrastructure changes to accommodate citywide needs
		Increase usage of zero & ultra low emission mobility options	Improve access to non-personal automobile transportation options	Reduction in VMT (a better local indicator may be needed)	Expand mileage of low emissions infrastructure, increase percent of walkable areas, and enable access to these options	Bike Path & Pedestrian Infrastructure Development	Increase mileage of bike paths & sidewalks/pedestrian infrastructure	25+ years	Lower emissions and more affordable transit
						Climate Friendly Communities (Community Development Dept.)	Walkable Communities Development	25+ years	Reduced need for transportation
						E-bike Incentive	Number of Incentives & Estimated Emissions Reductions	25+ years	Affordable, useful micromobility!
						EV Carshare	Miles Used & Emissions Reduction	2 years (pilot)	Allow for trial of EV's and reduce need for personal auto use and cost
Community	#3 Primary Focus - Carbon Free Electricity & Efficiency	100% Carbon Free Electricity	1) Continue to increase efficiency, 2) Increase local production of electricity, 3) Provide 100% carbon free electricity	Metric Tons of CO_2 Emissions (Based on annual GHG Report submitted to DEQ for KWH used) & Renewable Watts Installed	Increased Energy Efficiency	Energy Efficiency Loans (USDA RESP - on bill financing)	Reduction in electricity used	10 + years	Reduction in kilowatt hours used
						Home Energy Review (City Staff, and pending Home Energy Score Incentive)	Total number of Reviews	10+ years	Allow for easy access to energy efficiency and cost savings programs
						BPA Incentives (weatherization, windows, doors, duct sealing, lighting, refrigeration, heating and cooling)	Reduction in electricity used	25 years	Reduction in kilowatt hours used
					Local Renewable Energy Production	Solar Expansion (via city and federal incentives & possible state grants)	Increase generation by 1 MW/year for 10 years	10 years	10 new megawatts of local production - increases total to over 16 MW of local solar
					Low Carbon Electricity Requirements	*State/Federal Actions*	*Lower carbon grid electricity*	*25+ years*	*Carbon free electric grid*

Category	Focus Area	Goal	Objective	Key Performance Indicators	Strategy	Tactics/Actions	Metrics	Timeline	Planned Result
Community	Secondary Focus - **Waste**	**Solid Waste Emissions Reductions**	**Solid Waste Reductions**	**Metric Tons of CO2 Emissions (caculated using avoided waste in pounds)**	**Maintain & expand recycling & waste diversion efforts**	**Outreach & Education**			
					Reduce emissions from food waste in the landfill	**Composting of Food Scraps**			
	Secondary Focus - **Refrigerant**	**Refrigerant Leakage Emissions Reductions**	**Maximize recycling and proper disposal**	**Data from Incentives and Loans if possible**	**Support and promote best practices for storage and disposal**	**Require Recapture for other incentives (PTHP/HVAC)**			
						State and Federal action for lower emissions factor regfrigerants			
						Outreach & Education			
	Secondary Focus - **Other Fossil Heating**	**Zero Emissions from Other Heating Fuels (Propane & Fuel Oil)**	**Reduce emission by 500 tons/year for 10 years**	**Data from Incentives and/or Loans if possible**	**Electrification**	**Existing City Incentives for Heat Pumps**		**10+ Years**	**Assist homes and businesses using loan and incentive programs to fuel switch**
						RESP loan		**10+ Years**	
	Secondary Focus - **Small Engines**	**Small Engines**	**Reduce Emissions by 100 tons/year for 20 years**	**Incentive Data if/when implemented**	**Electrification**	**Outreach & Education**			
						Incentives or Policy			
Community	Tertiary Focus - **Air Travel, Goods & Food**	**Air Trans. Emissions Reductions**	**Reduce impact of emissions from air miles**	**Air Miles Traveled**	**Reduce Net Emissions from Air Miles Traveled**	**Carbon Offsets**			
						Outreach & Education			
		Residential Food and Goods Emissions Reductions	**Reduce Emissions Associated with Food Consumption**	**Extrapolated Data**	**Reduce pre-consumption food waste**	**Outreach & Education**			
			Reduce Emissions Associated with Goods Consumption	**Extrapolated Data**	**Reduce, Reuse, By Used**	**Outreach & Education**			

Steps	Source	Data Type	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024
1. Annual Ashland Resident based VMT	ODOT SOABM Modeling 9-2-2021	Daily - Ashland Population only VMT	274,442	278,733	283,091	287,516	292,012	296,577	301,214	305,923	307,459	309,004	310,555	312,115	313,683	315,258	316,841
		Days	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365
		Annual - Ashland Population only VMT	**100,171,330**	**101,737,440**	**103,328,035**	**104,943,498**	**106,584,217**	**108,250,588**	**109,943,012**	**111,661,895**	**112,222,682**	**112,786,285**	**113,352,719**	**113,921,998**	**114,494,136**	**115,069,147**	**115,647,046**
	Ashland, OR Population by Y	Ashland Population	20,092	20,296	20,386	20,374	20,607	20,714	20,939	21,117	21,297	21,126	21,405	21,639	21,295	21,061	21,161
		Ashland VMT per capita	4,986	5,013	5,069	5,151	5,172	5,226	5,251	5,288	5,269	5,339	5,296	5,265	5,377	5,464	5,465
2. Converting VMT from per capita to per passenger vehicle registration	Oregon Department of Trans	Jackon County Passenger Car Registrations	176,311	178,932	179,423	181,736	181,507	183,446	186,058	188,165	190,407	191,447	193,879	187,553	191,397	189,881	194,293
	Jackson County, OR Popula	Jackson County Population	203,357	204,798	205,939	207,313	209,351	211,587	214,600	217,030	219,616	220,815	223,620	224,353	221,669	220,768	221,061
		Ashland population as percent of Jackson County	9.88%	9.91%	9.90%	9.83%	9.84%	9.79%	9.76%	9.73%	9.70%	9.57%	9.57%	9.65%	9.61%	9.54%	9.57%
		Ashland Passenger Vehicle Registrations	**17,420**	**17,733**	**17,761**	**17,860**	**17,866**	**17,959**	**18,154**	**18,308**	**18,464**	**18,316**	**18,558**	**18,090**	**18,387**	**18,114**	**18,599**
		Ashalnd VMT Per Registration	**5,750**	**5,737**	**5,818**	**5,876**	**5,966**	**6,028**	**6,056**	**6,099**	**6,078**	**6,158**	**6,108**	**6,298**	**6,227**	**6,352**	**6,218**
3. Calculating Annual Baseline Vehicle Emissions	50 Years of EPA's Automotiv	***Average Vehicles Tailpipe Emissions Rate (g/mile)****	393.70	399.00	377.30	367.50	368.70	360.50	359.30	356.70	352.70	355.70	348.80	346.90	337.10	319.00	305.00
		Converting grams to Metric tons per mile	0.000001	0.000001	0.000001	0.000001	0.000001	0.000001	0.000001	0.000001	0.000001	0.000001	0.000001	0.000001	0.000001	0.000001	0.000001
		MT CO2 per mile	0.00039370	0.00039900	0.00037730	0.00036750	0.00036870	0.00036050	0.00035930	0.00035670	0.00035270	0.00035570	0.00034880	0.00034690	0.00033710	0.00031900	0.00030500
		Emission per registered vehicle based on 100% average vehicle	2.26	2.29	2.19	2.16	2.20	2.17	2.18	2.18	2.14	2.19	2.13	2.18	2.10	2.03	1.90
		Total Emissions based on 100% average vehicles	39,437.45	40,593.24	38,985.67	38,566.74	39,297.60	39,024.34	39,502.52	39,829.80	39,580.94	40,118.08	39,537.43	39,519.54	38,595.97	36,707.06	35,272.35
4. Calculating Emissions Reductions from BEV and PHEV	State of Oregon: DATA & REP	Ashland PHEV Registrations	0	0	5	6	3	4	10	16	27	26	15	51	61	61	80
	State of Oregon: DATA & REP	Cumulative PHEV Registrations	0	0	5	11	14	18	28	44	71	97	112	163	224	285	365
	Beyond Tailpipe Emissions:	Average Annual PHEV Tailpipe Emissions (72 g/mile) in MT CO2	0.41403177	0.41308606	0.41886988	0.42305546	0.42952805	0.43398997	0.43603876	0.43912299	0.43759829	0.44335582	0.43977457	0.45343054	0.44834046	0.45736930	0.44769869
		Ashland PHEV Emissions Reductions per vehicle	1.85	1.88	1.78	1.74	1.77	1.74	1.74	1.74	1.71	1.75	1.69	1.73	1.65	1.57	1.45
		Total PHEV Emissiosns Reductions	0.00	0.00	8.88	19.10	24.78	31.30	48.72	76.40	121.13	169.45	189.36	282.19	369.77	447.17	528.81
	State of Oregon: DATA & REP	Ashland BEV Registrations	0	2	2	5	7	12	12	21	19	41	40	66	101	145	175
	State of Oregon: DATA & REP	Cumulative BEV Registrations	0	2	4	9	16	28	40	61	80	121	161	227	328	473	648
		Ashland BEV Emissions Reductions per vehicle	2.26	2.29	2.19	2.16	2.20	2.17	2.18	2.18	2.14	2.19	2.13	2.18	2.10	2.03	1.90
		Total BEV Emissions Reductions	0.00	4.58	8.78	19.43	35.19	60.84	87.04	132.70	171.49	265.03	343.00	495.92	688.51	958.49	1,228.93
		Total PHEV & BEV Annual Emissions Reductions	0.00	4.58	17.66	38.53	59.97	92.14	135.76	209.10	292.62	434.48	532.36	778.11	1,058.28	1,405.66	1,757.75
																	1,757.75
5. Ashland Passenger Vehicle Emission Reductions		**Emissions after reductions**	**39,437**	**40,589**	**38,968**	**38,528**	**39,238**	**38,932**	**39,367**	**39,621**	**39,288**	**39,684**	**39,005**	**38,741**	**37,538**	**35,301**	**33,515**

Notes:

Climate Incentives Evaluation by Staff and CEPAC

June 12, 2025

Task at hand:

- City Council Meeting December 2024:
  - Council directed staff to review with CEPAC how incentives may be expanded.

Parameters:

- Maximize CEAP GHG reductions
- Ensure equity considerations are factored in
- Proposed program budget for 2025/26-2026/27:

2026	City Cons	$250,000
2026	Loan	$140,000
2026	Solar	$75,000
2026	Total	$465,000
2027	City Cons	$250,000
2027	Loan	$140,000
2027	Solar	$75,000
2027	Total	$465,000

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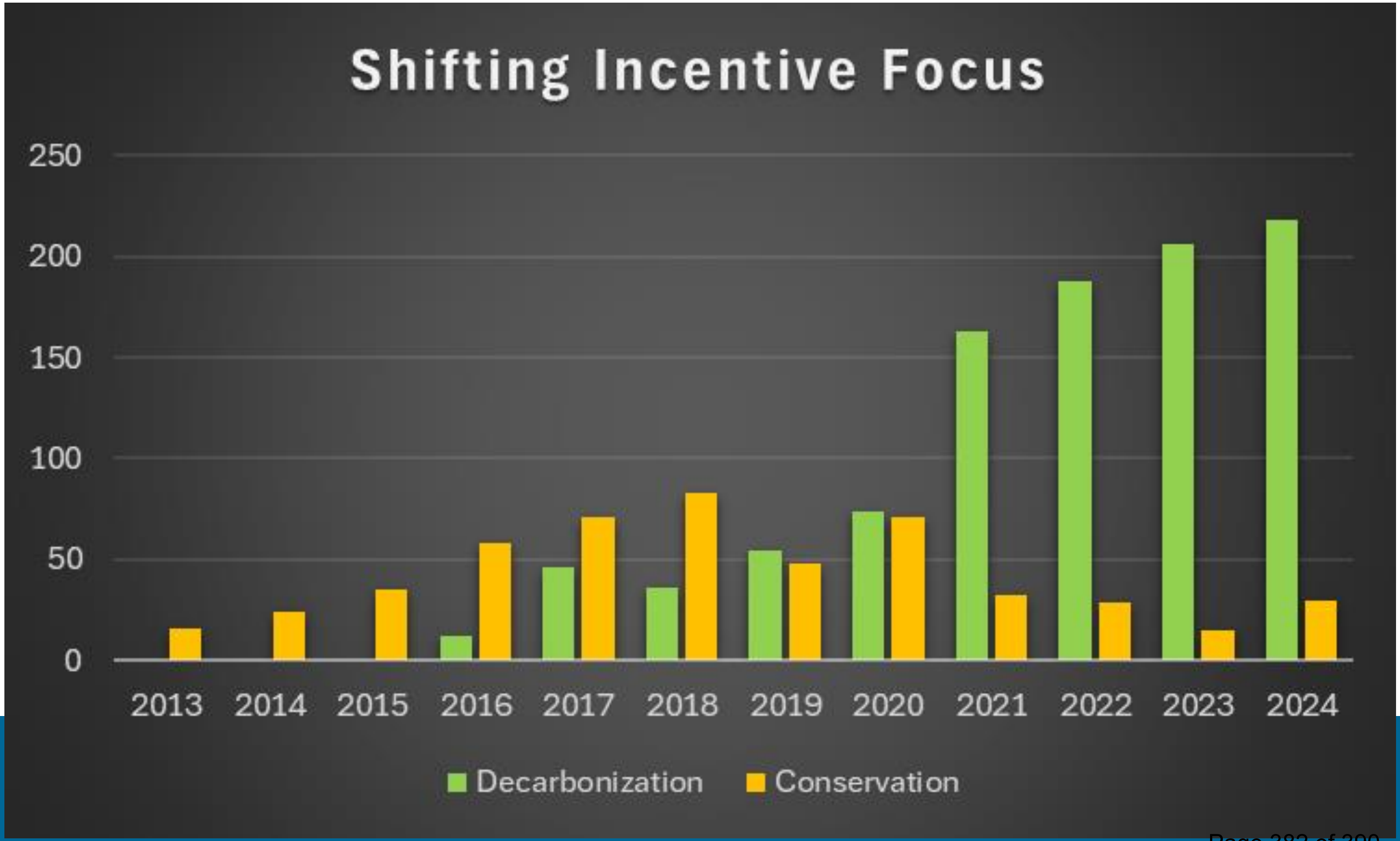
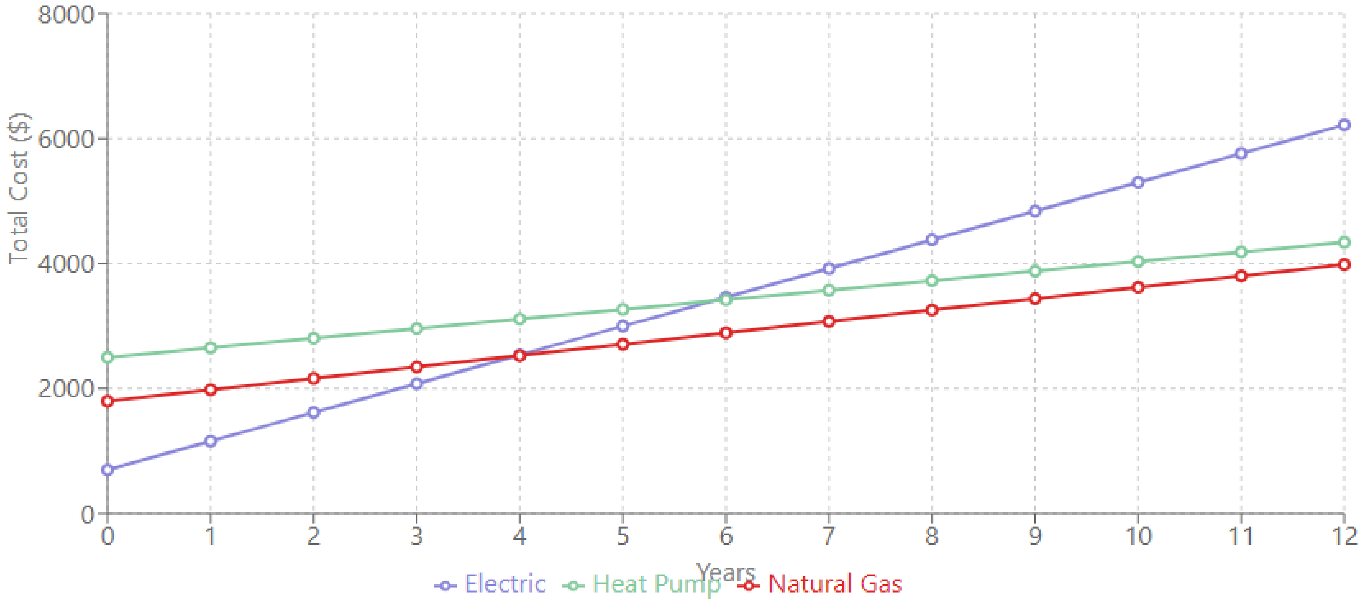
12 Year History of Incentives:

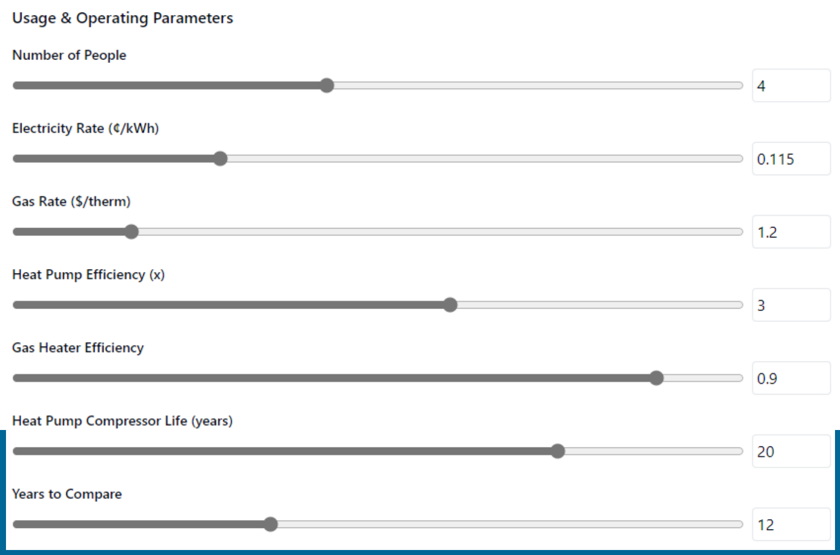
Year	2013	2017	2024
Incentive Type	Calendar Year		
Ebikes	0	0	68
EV Charger	0	0	1
Elec to Ind	0	0	*5*
Gas to Ind	0	0	*27*
Commercial (Gas to Electric)	0	0	*2*
Electric Vehicle	0	0	49
Elec. to Hot Water HP	0	*8*	*2*
Gas to Hot Water HP	0	0	*9*
Elec. to Mini-split	*7*	*56*	*11*
Gas to Mini-split	*0*	*42*	*26*
Elec. to Heat Pump	*9*	*7*	*12*
Gas to Heat Pump	*0*	*4*	*36*
Decarbonization	*0*	*46*	*218*
Conservation	16	71	30



Methodology: Gap Analysis

(determination of what is needed to offset cost difference and from that, what areas to focus on)





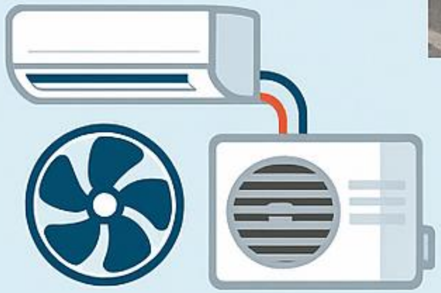
Methodology: Emissions Reductions, Cost/Ton of Emissions Reduction, Total Net Cost

Lifetime CO2 rank	Net Cost Rank	Lifetime CO2 Cost Rank	Cumulative Rank	Incentive	Current or Calculated Amount
2	1	2	1	Ductless Heat Pump (mini split)	800
1	3	3	2	Electric Vehicle	1000
2	2	4	3	Heat Pump	1560
4	6	1	4	Attic Insulation	286
5	4	9	5	Hot Water Heat Pump	1400
7	7	5	6	Ebike	300
9	5	6	7	Small Engines - Residential Gas Lawn & Garden Equipment	58.76
6	8	6	8	Small Engines - Commerical Gas Lawn & Garden Equipment	361.6
7	9	8	9	Ebike (cargo)	600

Leading Candidates for Incentive Expansion

- Based on practicalities (CO_2 reduction) and constraints (use, age, ability, need)
- Electric Vehicles
- Heat Pumps
- Hot Water Heat Pumps

Electric Vehicles



Heat Pumps

Hot Water Heat Pumps

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Incentive expansion proposal:

1. **Adjust incentives** to BPA's October 2025 numbers and make similar for targeted fuel switching measures.
2. **2x Incentive Multiplier** Low and Moderate Income (LMI) (double standard incentive amount)
   - Only for Hot Water Heat Pumps, Electric Vehicles, Ductless Heat Pumps
3. **New Electric Ready Incentive**
   - $600 for a circuit upgrade or $1000 for a panel upgrade
   - Standard rebate = 50% of cost up to limit
   - LMI rebate = 100% of cost up to limit

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How this looks in the budget:

2026	City Cons	$250,000
2026	Loan	$140,000
2026	Solar	$75,000
2026	Total	$465,000
2027	City Cons	$250,000
2027	Loan	$140,000
2027	Solar	$75,000
2027	Total	$465,000

1. We ran multiple scenarios of both LMI uptake % and program growth %.

2. All scenarios exceed the base budget and will need to pull from other conservation city program funds (loan or solar), which have historically been underutilized.

3. If we exceed all three funds, we will need to suspend incentives or obtain additional funding.

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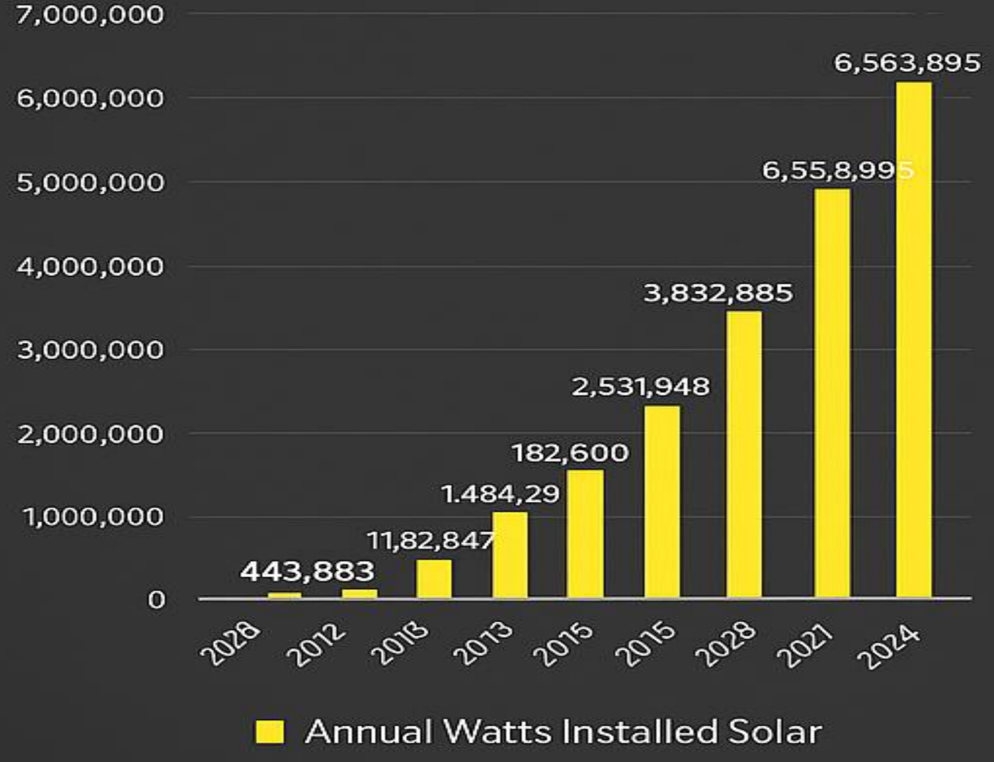
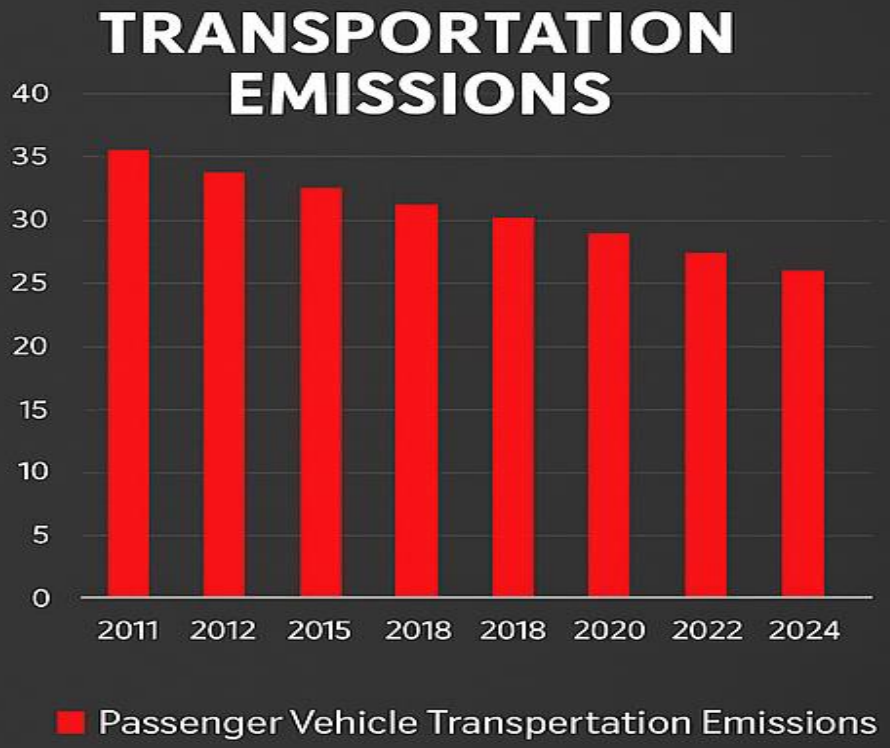
WE ARE MOVING IN THE RIGHT DIRECTION!

SOLAR WATTS INSTALLED



-17%



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CEPAC Input:

- Possible Motion:
    - CEPAC to endorse the proposed incentive expansion for the next biennium; staff to report details to Council.

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From:	noreply@civicplus.com
To:	Ashland City Recorder
Subject:	Online Form Submittal: City Council Public Comment Form
Date:	Monday, September 15, 2025 12:47:36 PM

[EXTERNAL SENDER]

City Council Public Comment Form

Public Comment
Use this form to submit public comment for City Council meetings. This form must be submitted by **10 a.m.** the day of the meeting to be on the record.

If you wish to speak to the Council in person at a meeting, you must fill out a Speaker Request form available on-site. Do not use this form.

Full Name	Gary Shaff
Meeting Date	October 7, 2025
Email Address	[redacted]
Are you a City of Ashland resident?	Yes
Indicate if you want to provide written testimony, or if you want to speak via Zoom.	Written
Which agenda item would you like to address?	Climate / Conservation Incentives
Comments (Leave this section blank if you are requesting to speak electronically.)	Please include the attached in the Council's agenda packet for the 10/7/25 meeting.
Upload a file or image	Final SFE - Recommended Changes to Ashland Incentives 2.pdf

Email not displaying correctly? View it in your browser.