

**SCHEDULE 125  
ANNUAL POWER COST UPDATE**

**PURPOSE**

The purpose of this adjustment schedule is to define procedures for annual rate revisions due to changes in the Company's projected Net Variable Power Costs (the Annual Power Cost Update). This schedule is an "automatic adjustment clause" as defined in ORS 757.210(1), and is subject to review by the Commission at least once every two years.

**APPLICABLE**

To all Cost-of-Service bills for Electricity Service served under the following rate schedules 7, 15, 32, 38, 47, 49, 75, 83, 85, 89, 90, 91, 92, and 95. Customers served under the daily price option contained in schedules 32, 38, 75, 81, 83, 85, 89, 90, 91, and 95 are exempt from Schedule 125.

**NET VARIABLE POWER COSTS**

Net Variable Power Costs (NVPC) are the power costs for energy generated and purchased. NVPC are the net cost of fuel and emission control chemicals, fuel and emission control chemical transportation, power contracts, transmission/wheeling, wholesale sales, hedges, options and other financial instruments incurred to serve retail load.

**RATES**

This adjustment rate is subject to increases or decreases, which may be made without prior hearing, to reflect increases or decreases, or both, in NVPC.

**ANNUAL UPDATES**

The following updates will be made in each of the Annual Power Cost Update filings:

- Forced Outage Rates based on a four-year rolling average.
- Projected planned plant outages.
- Wind energy forecast based on a five-year rolling average.
- Costs associated with wind integration.
- Forward market prices for both gas and electricity.
- Projected loads.
- Contracts for the purchase or sale of power and fuel.
- Emission control chemical costs.
- Thermal plant variable operation and maintenance, including the cost of transmission losses, for dispatch purposes.
- Changes in hedges, options, and other financial instruments used to serve retail load.
- Transportation contracts and other fixed transportation costs.
- Reciprocating engine lubrication oil costs.
- Projections of State and Federal Production Tax Credits.
- No other changes or updates will be made in the annual filings under this schedule.

(N)

### SCHEDULE 125 (Continued)

#### CHANGES IN NET VARIABLE POWER COSTS

Changes in NVPC for purposes of rate determination under this schedule are the projected NVPC as determined in the Annual Power Cost Update less the NVPC revenues that would occur at the NVPC prices determined in the Company's most recent general rate case, adjusted for a revenue sensitive cost factor of 1.0320.

#### FILING AND EFFECTIVE DATE

On or before April 1<sup>st</sup> of each calendar year, the Company will file estimates of the adjustments to its NVPC to be effective on January 1<sup>st</sup> of the following calendar year.

On or before October 1<sup>st</sup> of each calendar year, the Company will file updated estimates with final planned maintenance outages, final load forecast, updated projections of gas and electric prices, power, and fuel contracts.

On November 6, 2020, for one-time only and due to extraordinary wildfire events in the state of Oregon, the Company will file updated estimates with final planned maintenance outages for the following hydro facilities: Faraday, Oak Grove, Harriet Lake, Timothy Lake, and Stone Creek.

(N)  
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(N)

On November 15<sup>th</sup>, the Company will file the final estimate of NVPC and will calculate and file the final change in NVPC to be effective on the next January 1<sup>st</sup> with: 1) projected market electric and fuel prices based on the average of the Company's internally generated projections made during the period November 1<sup>st</sup> through November 7<sup>th</sup>, 2) load reductions from the October update resulting from additional participation in the Company's Long-Term Cost of Service Opt-out that occurs in September, 3) new market power and fuel contracts entered into since the previous updates, and 4) the final planned maintenance outages and load forecast from the October 1<sup>st</sup> filing.

#### RATE ADJUSTMENT

The rate adjustment will be based on the Adjusted NVPC less the NVPC revenues that would occur at the NVPC prices determined in the Company's most recent general rate case applied to forecast loads used to determine changes in Net Variable Power Costs. NVPC prices are defined as the price component that recovers the level of NVPC from the Company's most recent general rate case contained in each Schedule's Cost of Service energy prices.

**SCHEDULE 125 (Concluded)**

**ADJUSTMENT RATES**

Schedule		¢ per kWh	(R)
7		0.176	
15		0.134	
32		0.160	
38		0.147	
47		0.194	
49		0.193	
75			
	Secondary	0.144 <sup>(1)</sup>	
	Primary	0.141 <sup>(1)</sup>	
	Subtransmission	0.137 <sup>(1)</sup>	
83		0.159	
85			
	Secondary	0.155	
	Primary	0.151	
89			
	Secondary	0.144	
	Primary	0.141	
	Subtransmission	0.137	
90		0.135	
91		0.134	
92		0.140	
95		0.134	(R)

(1) Applicable only to the Baseline and Scheduled Maintenance Energy.

**SPECIAL CONDITIONS**

1. Costs recovered through this schedule will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of generation revenue applied on a cents per kWh basis to each applicable rate schedule.