Public Utility District No. 1
of Skamania County

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Electric Rate Hearing Index

March 3, 2015
PUD Headquarters

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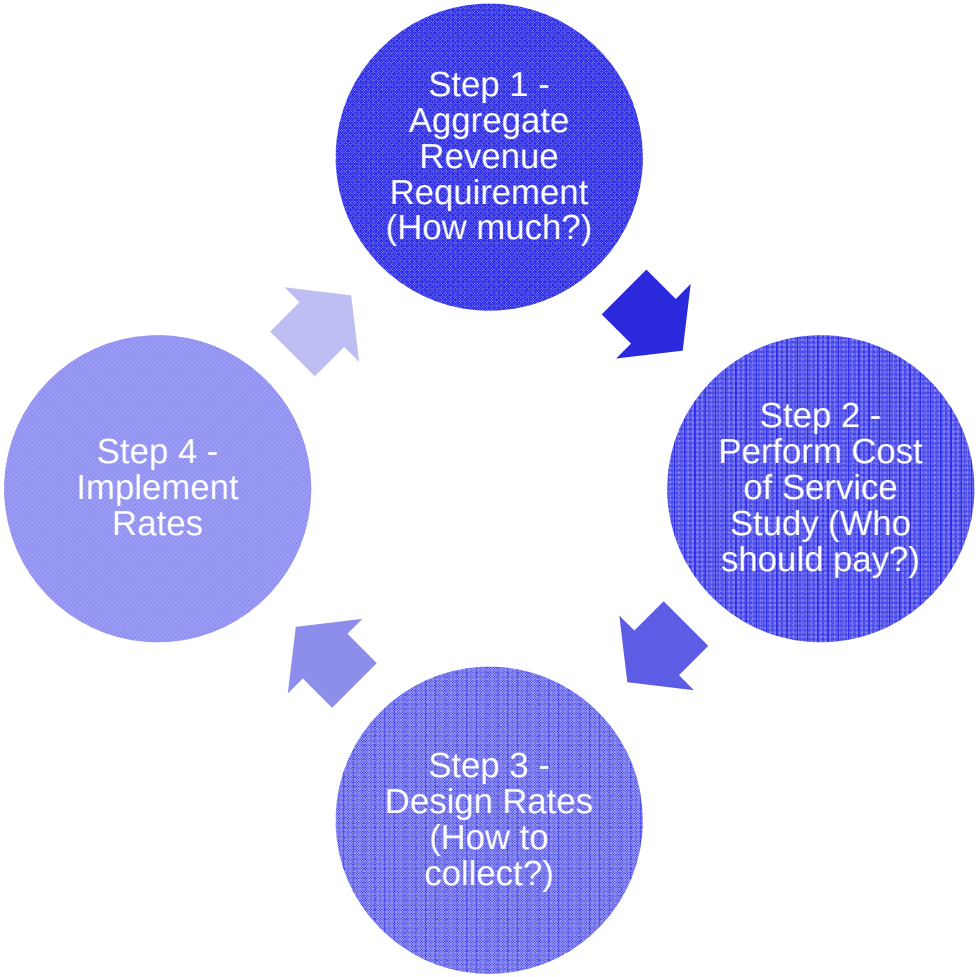
Review of Rate Setting Process

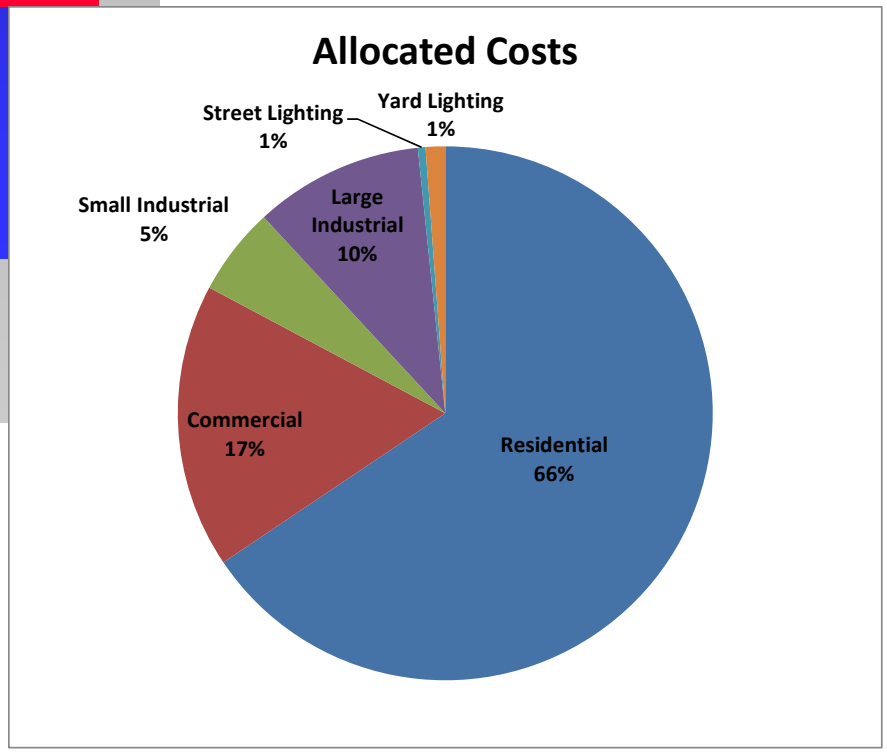
- Step 1: Determine if revenues from rates are sufficient to meet costs and financial targets
- Step 2: Cost of Service Analysis (COSA)
  - Allocates expenses and investments in assets among the utility's customer classes
  - Goal is every rate class pays fair share
  - Cost allocations driven by usage, density and delivery voltage
- Step 3: Rate Design
  - Compare COSA-recommended rates (basic, energy and demand) to current rates for each customer class
  - Consider options to change rate structure if desired

Review of Rate Setting Process (cont'd)



What Does the COSA Do?

- Revenue Requirement—Determines the Size of the Pie
- Cost of Service and Rates—It Splits Up the Pie



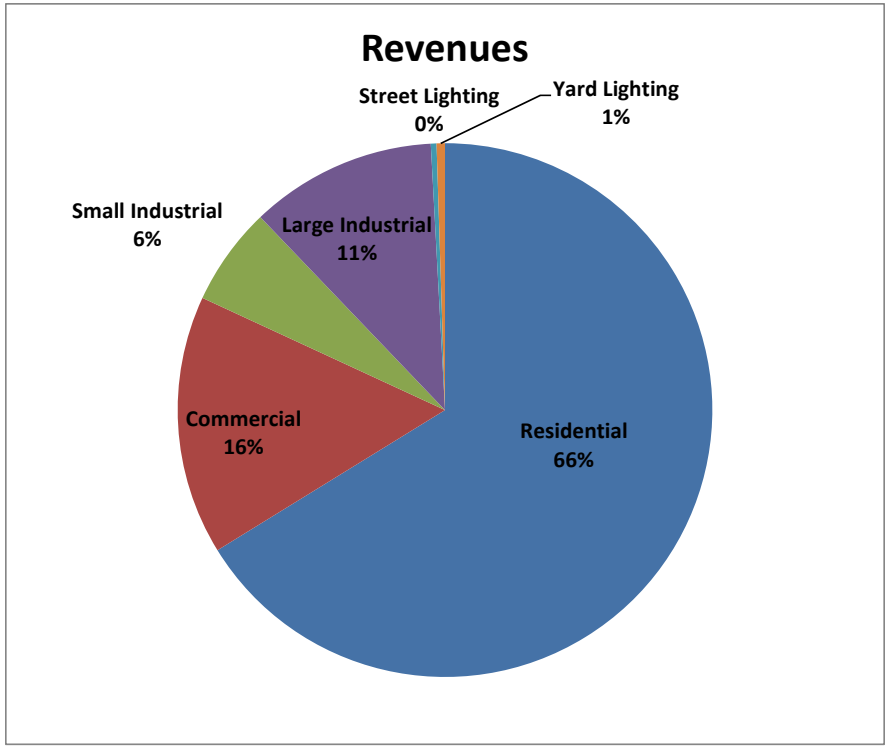


Table 2
CY 2014 – CY 2018 Projected Expenses versus Revenues

	CY 2014 [1]	CY 2015	CY 2016	CY 2017	CY 2018
Operating Revenues					
Present Rate Revenues	$9,854,519	$9,867,650	$9,929,939	$9,959,428	$10,003,685
Other Revenues	927,000	948,000	948,000	948,000	948,000
Total Operating Revenue	$10,781,529	$10,815,650	$10,877,939	$10,907,428	$10,951,685
Operating Expenses					
Power Supply	$4,866,554	$4,861,627	$5,117,258	$5,249,927	$5,483,712
Distribution	1,373,800	1,524,500	1,562,849	1,608,072	1,654,061
Customer Accounts & Services	514,000	500,000	512,578	527,410	542,493
Administrative & General	1,608,000	1,656,000	1,719,480	1,767,424	1,816,207
Rate Funded Capital Projects	568,000	577,500	527,500	527,500	545,000
Taxes	608,170	603,113	606,889	608,676	611,359
Debt Service	258,715	141,503	457,648	455,500	458,735
Fund Transfers and Allocations	970,000	886,141	790,000	970,000	970,000
Total Expenses	$10,767,239	$10,750,384	$11,294,201	$11,714,509	$12,081,567
Surplus/(Deficit)	$14,279	$65,267	($416,262)	($807,081)	($1,129,882)
Required Rate Change	-0.1%	-0.7%	4.2%	8.1%	11.3%
Revenue to Cost Ratio	100.1%	100.7%	96.0%	92.5%	89.9%
Debt Service Coverage Ratio	4.45	7.00	1.48	1.02	0.36

1) 2014 retail revenues and power supply costs reflect actual loads in Jan-Jul and projected loads in Aug-Dec.

Electric System Q & A

1. **What are the drivers of the rate restructure adjustment?**
   Basic Charge: Historically utilities have relied too heavily upon the variable energy charge to meet revenue requirements. This has become apparent with increasing energy efficiency measures and the growing trend of rooftop solar generation. In response, electric utilities are increasing their basic charges to more closely align with the fixed costs of providing services. Matching the basic charge to cover utility fixed costs is also viewed favorably by rating agencies thereby reducing borrowing costs for the utility.
   Energy Charge: Declining block rate energy fees are counter to the increased costs of providing power to larger loads. Skamania PUD faces higher Bonneville Power Administration (BPA) Tier 2 wholesale electric rates as we respond to previously unanticipated requests to connect new large loads driven by Washington State legalizing cannabis production (Tier 2 rates are approximately 25% higher than Tier 1). The PUD is taking the steps to eliminate declining block rates before significant load growth happens.

2. **Are there other cost effective options for power?**
   Despite the rising cost of power from BPA, it remains the most cost effective option for power. The PUD will remain open to alternative power sources, particularly as load growth approaches Tier 2 power. The PUD-BPA power contract is effective until 2028. We have recently learned that the BPA power contract allows use of up to 1 MW of generation from sources other than BPA. This may provide opportunity to purchase power from the new biomass plant at a mutually beneficial price as we approach Tier 2 rates.

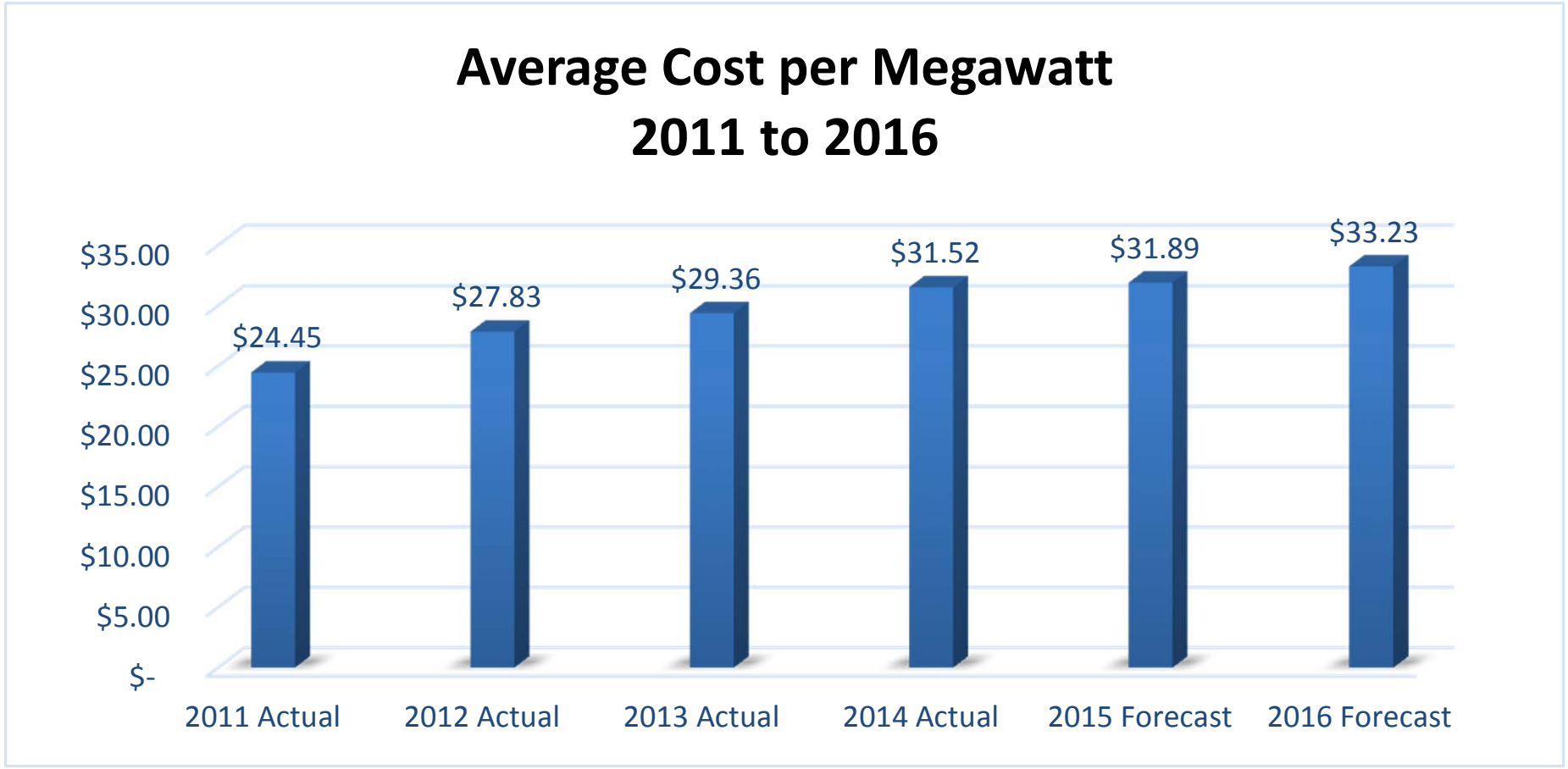
3. **Why are the planned major capital investments necessary?**
   The 5 PUD substations purchased from BPA in 2006 are all at or near end of useful life. The PUD has avoided delivery charges from BPA by purchasing the substations, however in order to provide reliable power improvements are necessary. Considering the electrical isolation of the Underwood substation, a failure of the power transformer is an unacceptable risk. So that substation is first priority for replacement. The remaining 4 substations will be prioritized for replacement based on age, fault experience and loading history.

4. **What has the PUD done to respond to increasing costs?**
   - *Developed a strategic plan to align Board and management vision, prioritize PUD activities, avoid unproductive efforts and improve PUD effectiveness.*
   - *Deferred organizational and process improvements identified in the strategic plan to avoid costs; this comes with a trade-off of increased risk.*

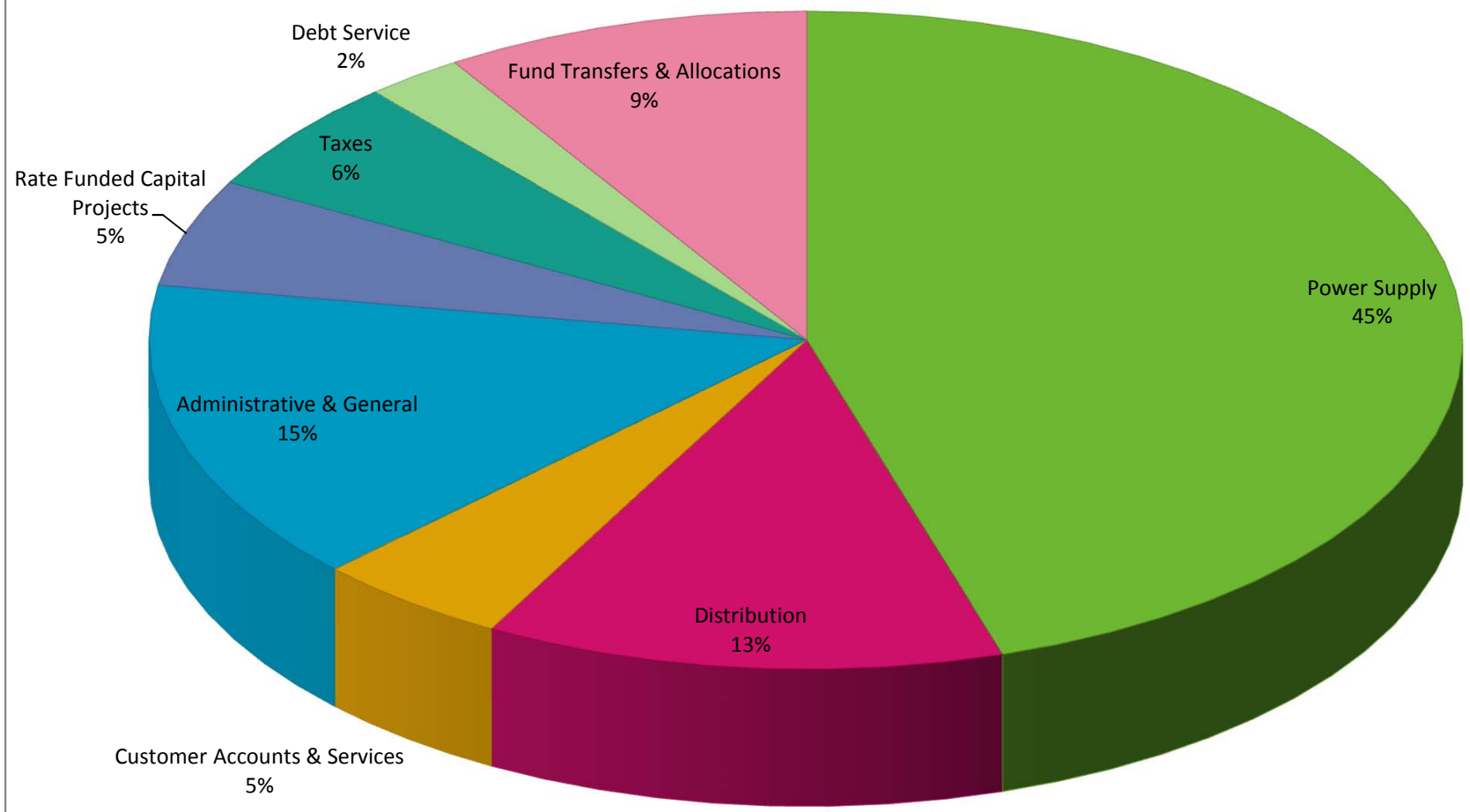
- *Worked collaboratively with BPA to establish an alternative method to feed to the isolated Underwood sub in case of failure of the primary BPA transmission path. The cost of this project was born by BPA.*
- *Revised the fleet rotation schedule to defer purchases of large equipment into future years.*
- *To minimize the rate impact of the newly adopted financial policy, the Board implemented a multi-year ramp up to the target Debt Service Coverage (DSC) ratio of 1.75.*

5. **What is industry and best business practice for setting rates?**
   - *Develop financial policies to ensure long term viability of utility.*
   - *Conduct a periodic Cost of Service Analysis (COSA) followed by governing board action upon the COSA recommendations.*
   - *Levelize rate impacts to customers with multi-year rate strategies. 2%/2%/3%/3%*
   - *Cover the fixed costs of providing the service with the monthly basic service charge.*

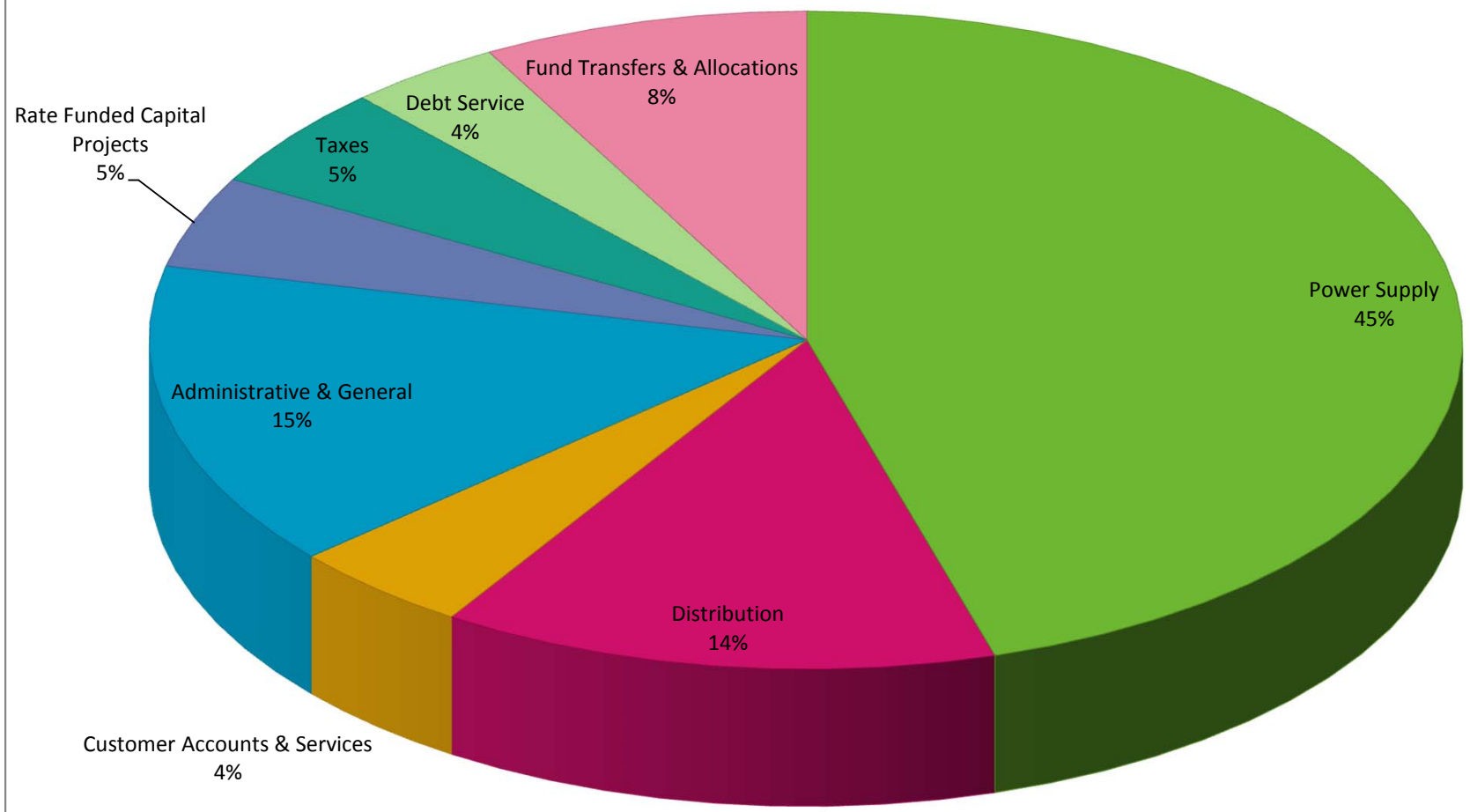
6. **What are the drivers of the rate increases?**
   Increased revenue requirement due to BPA power costs, debt service to address important needed large capital improvements, and general inflation of costs over time. The COSA demonstrates the net effect of the increased costs driving an aggregate electric rate increase of 11.3% by 2018.


Average Cost per Megawatt
2011 to 2016
$35.00
$30.00
$25.00
$20.00
$15.00
$10.00
$5.00
$-
$24.45
$27.83
$29.36
$31.52
$31.89
$33.23
2011 Actual
2012 Actual
2013 Actual
2014 Actual
2015 Forecast
2016 Forecast

Electric Rate Revenue Uses - 2014



Electric Rate Revenue Uses - 2018



Skamania PUD
Residential Rate Design
2015 Rate Increase Scenarios

	Present Rates	Rate Scenarios		
		Option #1	Option #2	Option #3
Basic Charge	$ 13.77	$ 17.00	$ 20.00	$ 24.00
Number of Customers	5,291	5,291	5,291	5,291
Annual Revenues	$ 874,285	$ 1,079,364	$ 1,269,840	$ 1,523,808
Energy Charge (cents/kWh)	7.44	7.34	7.09	6.76
Energy (kWh)	76,049,529	76,049,529	76,049,529	76,049,529
Revenues	$ 5,658,085	$ 5,582,035	$ 5,391,912	$ 5,140,948
Total Revenues	$ 6,532,370	$ 6,661,399	$ 6,661,752	$ 6,664,756
Rate Increase	**0%**	**2%**	**2%**	**2%**

Skamania PUD
Residential Monthly Bill Comparisons
Rate Option #1

Monthly Usage (kWh)	Present Rates	Proposed Rates	Difference	Percent Difference
100	$21	$24	$3	14.8%
200	$29	$32	$3	10.6%
300	$36	$39	$3	8.1%
400	$44	$46	$3	6.5%
500	$51	$54	$3	5.4%
600	$58	$61	$3	4.5%
700	$66	$68	$3	3.8%
800	$73	$76	$2	3.3%
900	$81	$83	$2	2.9%
1,000	$88	$90	$2	2.5%
1,100	$96	$98	$2	2.2%
1,200	$103	$105	$2	2.0%
1,300	$110	$112	$2	1.7%
1,400	$118	$120	$2	1.6%
1,600	$133	$134	$2	1.2%
1,800	$148	$149	$1	1.0%
2,000	$163	$164	$1	0.8%
2,800	$222	$223	$0	0.2%
3,600	$282	$281	($0)	-0.1%
4,400	$341	$340	($1)	-0.3%
5,200	$401	$399	($2)	-0.5%
Basic Charge (/month)	$13.77	$17.00		
Energy (cents/kWh)	7.44	7.34		
Overall Rate Increase for Residential Customers:				**2.0%**

Skamania PUD
Residential Monthly Bill Comparisons
Rate Option #2

Monthly Usage (kWh)	Present Rates	Proposed Rates	Difference	Percent Difference
100	$21	$27	$6	27.7%
200	$29	$34	$6	19.3%
300	$36	$41	$5	14.4%
400	$44	$48	$5	11.1%
500	$51	$55	$4	8.8%
600	$58	$63	$4	7.1%
700	$66	$70	$4	5.7%
800	$73	$77	$3	4.7%
900	$81	$84	$3	3.8%
1,000	$88	$91	$3	3.1%
1,100	$96	$98	$2	2.5%
1,200	$103	$105	$2	2.0%
1,300	$110	$112	$2	1.5%
1,400	$118	$119	$1	1.1%
1,600	$133	$133	$1	0.5%
1,800	$148	$148	($0)	0.0%
2,000	$163	$162	($1)	-0.5%
2,800	$222	$219	($4)	-1.6%
3,600	$282	$275	($6)	-2.3%
4,400	$341	$332	($9)	-2.7%
5,200	$401	$389	($12)	-3.0%
Basic Charge (/month)	$13.77	$20.00		
Energy (cents/kWh)	7.44	7.09		
Residential Rate Increase				2.0%

Skamania PUD
Residential Monthly Bill Comparisons
Rate Option #3

Monthly Usage (kWh)	Present Rates	Proposed Rates	Difference	Percent Difference
100	$21	$31	$10	45.0%
200	$29	$38	$9	31.0%
300	$36	$44	$8	22.7%
400	$44	$51	$8	17.3%
500	$51	$58	$7	13.4%
600	$58	$65	$6	10.5%
700	$66	$71	$5	8.3%
800	$73	$78	$5	6.5%
900	$81	$85	$4	5.1%
1,000	$88	$92	$3	3.9%
1,100	$96	$98	$3	2.9%
1,200	$103	$105	$2	2.0%
1,300	$110	$112	$1	1.3%
1,400	$118	$119	$1	0.6%
1,600	$133	$132	($1)	-0.5%
1,800	$148	$146	($2)	-1.4%
2,000	$163	$159	($3)	-2.1%
2,800	$222	$213	($9)	-4.0%
3,600	$282	$267	($14)	-5.1%
4,400	$341	$321	($20)	-5.8%
5,200	$401	$376	($25)	-6.3%
Basic Charge (/month)	$13.77	$24.00		
Energy (cents/kWh)	7.44	6.76		
Residential Rate Increase				**2.0%**

Skamania PUD
Large Commercial and Small Industrial Combined
2015 Rate Increase Scenarios

	Present Rates	Rate Scenarios	
		Option #1	Option #2
Basic Charge			
1-Phase Basic Charge	$ 13.77	$ 24.00	$ 24.00
1-Phase Customers	43	43	43
3-Phase Basic Charge	$ 40.76	$ 70.00	$ 70.00
3-Phase Customers	154	154	154
Annual Revenues	$ 82,430	$ 141,744	$ 141,744
Energy Charge (cents/kWh)			
1st 15,000 kWh (cents/kWh)	$ 7.13	$ 6.33	$ 5.83
Next 85,000 kWh (cents/kWh)	$ 4.89	$ 5.33	$ 5.83
Over 100,000 kWh (cents/kWh)	$ 4.81	$ 5.33	$ 5.83
1st 15,000 kWh (kWh)	12,038,630	12,038,630	12,038,630
Next 85,000 kWh (kWh)	9,422,808	9,422,808	9,422,808
Over 100,000 kWh (kWh)	2,628,445	2,628,445	2,628,445
Revenues	$ 1,445,558	$ 1,404,377	$ 1,404,440
Demand Charges (>35kW)			
Rate ($/kW-mo)	$ 5.3419	$ 5.6480	$ 5.6480
Demand (kW)	85,844	85,844	85,844
Billed Demand (kW)	59,313	59,313	59,313
Revenues	$ 316,844	$ 335,000	$ 335,000
Total Revenues	$ 1,844,832	$ 1,881,121	$ 1,881,184
Rate Increase	**0%**	**2%**	**2%**

Skamania PUD
Large Commercial & Small Industrial Combined Monthly Bill Comparisons
Rate Option #1

Monthly Usage (kWh)	Demand (kW)	Load Factor	Present Rates	Proposed Rates	Difference	Percent Difference
2,000	6.1	45.0%	$183	$197	$13	7.2%
4,000	12.2	45.0%	$326	$323	($3)	-0.8%
6,000	18.3	45.0%	$469	$450	($19)	-4.0%
8,000	24.4	45.0%	$611	$576	($35)	-5.7%
10,000	30.4	45.0%	$754	$703	($51)	-6.7%
12,000	36.5	45.0%	$905	$838	($66)	-7.3%
14,000	42.6	45.0%	$1,080	$999	($80)	-7.4%
16,000	48.7	45.0%	$1,232	$1,150	($82)	-6.7%
20,000	60.9	45.0%	$1,493	$1,432	($61)	-4.1%
25,000	76.1	45.0%	$1,819	$1,785	($34)	-1.9%
30,000	91.3	45.0%	$2,145	$2,137	($8)	-0.4%
35,000	106.5	45.0%	$2,470	$2,490	$19	0.8%
40,000	121.8	45.0%	$2,796	$2,842	$46	1.6%
45,000	137.0	45.0%	$3,122	$3,195	$72	2.3%
50,000	152.2	45.0%	$3,448	$3,547	$99	2.9%
55,000	167.4	45.0%	$3,774	$3,899	$126	3.3%
60,000	182.6	45.0%	$4,099	$4,252	$152	3.7%
65,000	197.9	45.0%	$4,425	$4,604	$179	4.0%
70,000	213.1	45.0%	$4,751	$4,957	$206	4.3%
75,000	228.3	45.0%	$5,077	$5,309	$232	4.6%
80,000	243.5	45.0%	$5,403	$5,662	$259	4.8%
90,000	274.0	45.0%	$6,054	$6,367	$312	5.2%
100,000	304.4	45.0%	$6,706	$7,072	$366	5.5%
150,000	456.6	45.0%	$9,924	$10,596	$672	6.8%
200,000	608.8	45.0%	$13,142	$14,121	$979	7.4%
225,000	684.9	45.0%	$14,751	$15,883	$1,132	7.7%
250,000	761.0	45.0%	$16,360	$17,646	$1,285	7.9%

3-Phase		
Basic Charge (/month)	$40.76	$70.00
Energy (cents/kWh)		
1st 15,000 kWh	7.13	6.33
Next 85,000 kWh	4.89	5.33
Over 100,000 kWh	4.81	5.33
Demand ($/kW-mo)	5.3419	5.6480

Rate Increase for Large Commercial & Small Industrial Customers:	2.0%

Skamania PUD

Large Commercial & Small Industrial Combined Monthly Bill Comparisons

Rate Option #2

Monthly Usage (kWh)	Demand (kW)	Load Factor	Present Rates	Proposed Rates	Difference	Percent Difference
2,000	6.1	45.0%	$183	$187	$3	1.8%
4,000	12.2	45.0%	$326	$303	($23)	-7.0%
6,000	18.3	45.0%	$469	$420	($49)	-10.4%
8,000	24.4	45.0%	$611	$536	($75)	-12.2%
10,000	30.4	45.0%	$754	$653	($101)	-13.4%
12,000	36.5	45.0%	$905	$778	($126)	-14.0%
14,000	42.6	45.0%	$1,080	$929	($150)	-13.9%
16,000	48.7	45.0%	$1,232	$1,080	($152)	-12.3%
20,000	60.9	45.0%	$1,493	$1,382	($111)	-7.4%
25,000	76.1	45.0%	$1,819	$1,760	($59)	-3.3%
30,000	91.3	45.0%	$2,145	$2,137	($8)	-0.4%
35,000	106.5	45.0%	$2,470	$2,515	$44	1.8%
40,000	121.8	45.0%	$2,796	$2,892	$96	3.4%
45,000	137.0	45.0%	$3,122	$3,270	$147	4.7%
50,000	152.2	45.0%	$3,448	$3,647	$199	5.8%
55,000	167.4	45.0%	$3,774	$4,024	$251	6.6%
60,000	182.6	45.0%	$4,099	$4,402	$302	7.4%
65,000	197.9	45.0%	$4,425	$4,779	$354	8.0%
70,000	213.1	45.0%	$4,751	$5,157	$406	8.5%
75,000	228.3	45.0%	$5,077	$5,534	$457	9.0%
80,000	243.5	45.0%	$5,403	$5,912	$509	9.4%
90,000	274.0	45.0%	$6,054	$6,667	$612	10.1%
100,000	304.4	45.0%	$6,706	$7,422	$716	10.7%
150,000	456.6	45.0%	$9,924	$11,196	$1,272	12.8%
200,000	608.8	45.0%	$13,142	$14,971	$1,829	13.9%
225,000	684.9	45.0%	$14,751	$16,858	$2,107	14.3%
250,000	761.0	45.0%	$16,360	$18,746	$2,385	14.6%

3-Phase		
Basic Charge (/month)	$40.76	$70.00
Energy (cents/kWh)		
1st 15,000 kWh	7.13	5.83
Next 85,000 kWh	4.89	5.83
Over 100,000 kWh	4.81	5.83
Demand ($/kW-mo)	5.3419	5.6480

Rate Increase for Large Commercial & Small Industrial Customers:	2.0%

Skamania PUD
Large Industrial Rate Design
2015 Rate Increase Scenarios

	Present Rates	Rate Scenarios	
		Option #1	Option #2
Basic Charge			
3-Phase Basic Charge	$ 100.00	$ 100.00	$ 100.00
3-Phase Customers	4	4	4
Annual Revenues	$ 4,800	$ 4,800	$ 4,800
Energy Charge (cents/kWh)			
1st 15,000 kWh (cents/kWh)	$ 7.13	$ 5.92	$ 4.96
Next 85,000 kWh (cents/kWh)	$ 4.89	$ 4.92	$ 4.96
Over 100,000 kWh (cents/kWh)	$ 4.81	$ 4.92	$ 4.96
1st 15,000 kWh (kWh)	798,077	798,077	798,077
Next 85,000 kWh (kWh)	3,517,524	3,517,524	3,517,524
Over 100,000 kWh (kWh)	12,805,143	12,805,143	12,805,143
Revenues	$ 844,837	$ 850,321	$ 849,189
Demand Charges (>35kW)			
Rate ($/kW-mo)	$ 5.3419	$ 5.6480	$ 5.6480
Demand (kW)	63,791	63,791	63,791
Billed Demand (kW)	61,675	61,675	61,675
Revenues	$ 329,462	$ 348,340	$ 348,340
Total Revenues	$ 1,179,099	$ 1,203,462	$ 1,202,329
Rate Increase	**0%**	**2%**	**2%**

Skamania PUD
Large Industrial Monthly Bill Comparisons
Rate Option #1

Monthly Usage (kWh)	Demand (kW)	Load Factor	Present Rates	Proposed Rates	Difference	Percent Difference
15,000	55.5	37.0%	$1,279	$1,104	($175)	-13.7%
20,000	74.0	37.0%	$1,623	$1,455	($168)	-10.4%
25,000	92.6	37.0%	$1,966	$1,805	($161)	-8.2%
30,000	111.1	37.0%	$2,309	$2,156	($154)	-6.7%
35,000	129.6	37.0%	$2,653	$2,506	($147)	-5.5%
40,000	148.1	37.0%	$2,996	$2,857	($139)	-4.7%
130,000	481.3	37.0%	$9,153	$9,167	$14	0.1%
135,000	499.8	37.0%	$9,492	$9,517	$25	0.3%
140,000	518.3	37.0%	$9,832	$9,868	$36	0.4%
145,000	536.8	37.0%	$10,171	$10,218	$47	0.5%
150,000	555.3	37.0%	$10,511	$10,569	$58	0.6%
155,000	573.9	37.0%	$10,850	$10,919	$69	0.6%
160,000	592.4	37.0%	$11,189	$11,270	$81	0.7%
265,000	981.1	37.0%	$18,317	$18,632	$315	1.7%
270,000	999.6	37.0%	$18,656	$18,982	$326	1.7%
275,000	1,018.1	37.0%	$18,995	$19,333	$337	1.8%
280,000	1,036.7	37.0%	$19,335	$19,683	$349	1.8%
285,000	1,055.2	37.0%	$19,674	$20,034	$360	1.8%
290,000	1,073.7	37.0%	$20,014	$20,384	$371	1.9%
295,000	1,092.2	37.0%	$20,353	$20,735	$382	1.9%
800,000	2,961.9	37.0%	$54,631	$56,141	$1,510	2.8%
815,000	3,017.4	37.0%	$55,649	$57,193	$1,543	2.8%
830,000	3,072.9	37.0%	$56,667	$58,244	$1,577	2.8%
845,000	3,128.5	37.0%	$57,686	$59,296	$1,610	2.8%
860,000	3,184.0	37.0%	$58,704	$60,348	$1,644	2.8%
875,000	3,239.5	37.0%	$59,722	$61,399	$1,677	2.8%
890,000	3,295.1	37.0%	$60,740	$62,451	$1,711	2.8%

Basic Charge (/month)	$100	$100
Energy (cents/kWh)		
1st 15,000 kWh	7.13	5.92
Next 85,000 kWh	4.89	4.92
Over 100,000 kWh	4.81	4.92
Demand ($/kW-mo)	5.3419	5.6480

Overall Rate Increase for Large Industrial Customers:	2.1%

Skamania PUD
Large Industrial Monthly Bill Comparisons
Rate Option #2

Monthly Usage (kWh)	Demand (kW)	Load Factor	Present Rates	Proposed Rates	Difference	Percent Difference
15,000	55.5	37.0%	$1,279	$960	($319)	-25.0%
20,000	74.0	37.0%	$1,623	$1,313	($310)	-19.1%
25,000	92.6	37.0%	$1,966	$1,665	($301)	-15.3%
30,000	111.1	37.0%	$2,309	$2,018	($292)	-12.6%
35,000	129.6	37.0%	$2,653	$2,370	($283)	-10.7%
40,000	148.1	37.0%	$2,996	$2,723	($273)	-9.1%
130,000	481.3	37.0%	$9,153	$9,069	($84)	-0.9%
135,000	499.8	37.0%	$9,492	$9,421	($71)	-0.8%
140,000	518.3	37.0%	$9,832	$9,774	($58)	-0.6%
145,000	536.8	37.0%	$10,171	$10,126	($45)	-0.4%
150,000	555.3	37.0%	$10,511	$10,479	($32)	-0.3%
155,000	573.9	37.0%	$10,850	$10,831	($19)	-0.2%
160,000	592.4	37.0%	$11,189	$11,184	($5)	0.0%
265,000	981.1	37.0%	$18,317	$18,588	$271	1.5%
270,000	999.6	37.0%	$18,656	$18,940	$284	1.5%
275,000	1,018.1	37.0%	$18,995	$19,293	$297	1.6%
280,000	1,036.7	37.0%	$19,335	$19,645	$311	1.6%
285,000	1,055.2	37.0%	$19,674	$19,998	$324	1.6%
290,000	1,073.7	37.0%	$20,014	$20,350	$337	1.7%
295,000	1,092.2	37.0%	$20,353	$20,703	$350	1.7%
800,000	2,961.9	37.0%	$54,631	$56,311	$1,680	3.1%
815,000	3,017.4	37.0%	$55,649	$57,369	$1,719	3.1%
830,000	3,072.9	37.0%	$56,667	$58,426	$1,759	3.1%
845,000	3,128.5	37.0%	$57,686	$59,484	$1,798	3.1%
860,000	3,184.0	37.0%	$58,704	$60,542	$1,838	3.1%
875,000	3,239.5	37.0%	$59,722	$61,599	$1,877	3.1%
890,000	3,295.1	37.0%	$60,740	$62,657	$1,917	3.2%

Basic Charge (/month)	$100.00	$100.00
Energy (cents/kWh)		
1st 15,000 kWh	7.13	4.96
Next 85,000 kWh	4.89	4.96
Over 100,000 kWh	4.81	4.96
Demand ($/kW-mo)	5.3419	5.6480

Overall Rate Increase for Large Industrial Customers:	2.0%

P.U.D. No. 1 of SKAMANIA COUNTY

NEW LARGE LOAD RATE SCHEDULE

Applicability

Applicable to all a) new customers whose annual power requirements are projected to be greater than 0.3 aMW of energy and/or require the installation of a new transformer with equal to or greater than 500 kVA capacity and b) existing customers whose load at a single facility increases by greater than 0.3 aMW of energy in any consecutive 12-month period as compared to the immediately preceding 12-month period.

Type of Service

Alternating current, three phase, 60 cycles at available primary or secondary voltages. This rate schedule includes the estimated cost of service and incorporates provisions designed to recover additional power-related costs and expenses incurred by Skamania PUD as a result of new large loads taking electric service. All customers under this rate schedule are required to enter into service agreements before delivery of electric service begins.

Rate-Making Policy

The first 220,000 kWh of monthly energy purchases will be provided at Skamania PUD's melded cost of power, including Bonneville Power Administration ("Bonneville") Tier 1 power purchases. Monthly energy purchases in excess of 220,000 kWh will be provided at Bonneville's Tier 2 load growth rate. All costs associated with the purchase of transmission services required to serve new large loads will be directly assigned to the new large load. Rates will be updated at least every two years to reflect current Bonneville wholesale power and transmission costs.

Rates

Energy Charges

First 220,000 kWh per month @ ____ cents per kWh (to be determined – based on melded cost of power including Bonneville Tier 1 power)

Over 220,000 kWh per month @ ____ cents per kWh (to be determined – based on cost of Bonneville Tier 2 load growth power)

Demand Charges

$_____ per kilowatt-month (to be determined – includes incremental Bonneville demand charges and wholesale transmission costs)

Basic Charge

$100 per month

P.U.D. No. 1 of SKAMANIA COUNTY

CANNABIS RATE SCHEDULE

Applicability

To all services consuming electricity for purposes of producing and/or processing cannabis as authorized under Washington State law. To include all applications for service with load associated with such producing and/or processing activities. Customers qualifying for this rate schedule are not eligible for federally funded conservation or other financial assistance provided through the Bonneville Power Administration ("Bonneville").

Type of Service

Alternating current, single- or three-phase, 60 cycles at available secondary or primary voltages. This rate schedule includes the estimated cost of service and incorporates provisions designed to recover additional power-related costs and expenses incurred by Skamania PUD as a result of cannabis-related loads taking electric service.

Rate-Making Policy

Monthly energy purchases will be provided at Bonneville's Tier 2 load growth rate. All costs associated with the purchase of transmission services required to serve cannabis-related loads will be directly assigned to cannabis rate schedule. Rates will be updated at least every two years to reflect current Bonneville wholesale power and transmission costs.

Rates

Energy Charge

4.32 cents per kilowatt-hour (based on current Bonneville load growth rates and assumed load profile)

Demand Charges

Distribution Charge = $6.27 per kilowatt-month

Power Charge = $5.23 per kilowatt-month (includes incremental Bonneville demand charges and wholesale transmission costs)

Basic Charge

$67 per month

Note

Rates shown above are based on current Bonneville power and transmission rates that are effective through September 2015, projected non-power costs for calendar year 2015 and assumed load profile for cannabis loads that includes a 50 percent load factor. Rates will have to be re-calculated when any of these assumptions changes.