

effective month of the NF Rate Cap (month t) and the month for which gas consumption is reported in EPM (month r) using the following procedures:

(1) Summing the reported net-gas fired generation for California, expressed in gigawatthours, from EPM for month t for the years beginning with calendar year 1982 up to and including the prior calendar year. The sum of California's historical monthly consumption shall be divided by the number of years for which gas consumption was reported and rounded to the nearest gigawatthour;

(2) Summing the reported net gas-fired generation for California, expressed in gigawatthours, from EPM for month r for the years beginning with calendar year 1982 up to and including the prior calendar year. The sum of California's historical monthly consumption shall be divided by the number of years for which gas consumption was reported and rounded to the nearest gigawatthour; and

(3) Dividing the average consumption of gas in California for the month t as determined in (1) above by the average consumption of gas for the month r as determined in (2) above and rounding to the nearest one-tenth, or three significant places.

b. Historical Petroleum Use in California. The following formula shall be used to determine the weighting factor for petroleum prices (WOU):

$WOU = COU * HOU$

Where:

COU=the monthly net petroleum-fired generation, expressed in gigawatthours, in California in the most recent monthly issue of EPM published by the EIA, U.S. Department of Energy.

HOU=the historical relationship between petroleum consumptions in the effective month of the NF Rate Cap (month t) and the month for which petroleum consumption is reported in EPM (month r) using the following procedures:

(1) Summing the reported net-petroleum generation for California, expressed in gigawatthours, from EPM for month t for the years beginning with calendar year 1982 up to and including the prior calendar year. The sum of California's historical monthly consumption shall be divided by the number of years for which petroleum consumption was reported and rounded to the nearest gigawatthour;

(2) Summing the reported net-petroleum generation for California, expressed in gigawatthours, from EPM for month r for the years beginning with

calendar year 1982 up to and including the prior calendar year. The sum of California's historical monthly consumption shall be divided by the number of years for which petroleum consumption was reported and rounded to the nearest gigawatthour; and

(3) Dividing the average consumption of petroleum in California for the month t as determined in (1) above by the average consumption of petroleum for the month r or as determined in (2) above and rounding to the nearest one-tenth, or three significant places.

D. Determination of BPA's Average System Cost

For purposes of determining BASC, the following definitions shall apply:

1. BPA's total system costs shall be the sum of all BPA's costs forecasted in each general rate case for the applicable rate period, including total transmission costs, Federal base system costs, new resource costs, exchange resource costs, and other costs not specifically allocated to a rate pool, such as section 7(g) costs.

2. BPA's total annual system sales shall be the sum of all BPA's system firm and nonfirm sales forecasted in each general rate case for the applicable test period.

BASC shall be redetermined in each subsequent general rate case according to the above formula and will be in effect for the entire rate period over which the rates are in effect.

Section V. Application of Rates Under Special Circumstances

A. Energy Supplied for Emergency Use

A purchaser taking Priority Firm or New Resource Firm Power shall pay in accordance with the Nonfirm Energy rate schedule, NF-95, and Emergency Capacity rate schedule, CE-95, for any electric energy or capacity which has been supplied:

1. For use during an emergency on the purchaser's system, or

2. Following an emergency to replace energy secured from sources other than BPA during such emergency.

Mutual emergency assistance may, however, be provided and payment therefore settled under exchange agreements.

B. Construction, Test and Start-Up, and Station Service

Power for the purpose of construction, test and start-up, and station service shall be made available to eligible purchasers under the Priority Firm and New Resource Firm Power Rate Schedules. Such power must be used in the manner specified below:

1. Power sold for construction is to be used in the construction of the project.

2. Power sold for test and start-up may be used prior to commercial operation both to bring the project on line and to ensure that the project is working properly.

3. Power sold for station service may be purchased at any time following commercial operation of the project. Station service power may be used for project start-up, project shut-down, normal plant operations, and operations during a plant shut-down period.

C. Application of Rates During Initial Operation Period—Transitional Service

1. Eligibility for Transitional Service

For an initial operating period, as specified in the power sales contract, beginning with the commencement of operation of a new industrial plant, a major addition to an existing plant, or reactivation of an existing plant or important part thereof, BPA may agree to bill the purchaser in accordance with the provisions of this section. This section shall apply to both:

a. DSIs having new, additional or reactivated plant facilities, and

b. Utility purchasers serving industrial purchasers with power purchased from BPA. BPA will provide transitional service to utilities for only those industrial loads for which the demand can be separately metered by the utility and recorded on a daily basis.

2. Calculation of the Daily Demand

If the purchaser requests billing on a Daily Demand basis pursuant to its power sales contract and if BPA agrees to such billing, the billing demand for the billing month shall be the average of the Daily Demands as adjusted for power factor.

Demand for each day shall be defined as 100 percent of the Measured Demand for the day (regardless of whether such Measured Demand occurs during the Peak Period or the Offpeak Period).

3. Billing for Transitional Service

Utilities receiving transitional service shall provide BPA with Daily Demand information for the industrial consumer for whom transitional service is provided. To compute the power bill for the point of delivery which includes the load being served with transitional service, BPA shall, at its discretion, either:

a. Determine the demand for the pertinent point of delivery without the industrial load and then add the average daily demand for such industrial load; or

b. Bill the entire point of delivery on a daily demand basis.