RULE N
CURTAILMENT PLAN

1. Purpose and Overview of the Curtailment Plan

This plan identifies the process by which the Company would initiate and implement load curtailment during a protracted regional Electricity shortage to ensure uniform treatment of all regional Customers. This plan would be activated only when declared necessary by State authorities.

The goal of this plan is to accomplish Curtailment while treating Customers fairly and equitably, minimizing adverse impacts from Curtailment, complying with existing State laws and regulations, and providing for smooth, efficient and effective Curtailment administration.

2. Definitions

The following definitions apply to terms used in this plan:

A. **Base Billing Period**

One of the Billing Periods that comprises the Base Year. Base Billing Period data are weather-normalized before being used to calculate the amount of Curtailment achieved.

B. **Base Year**

Normally, the 12-month period which immediately precedes imposition of State-initiated load curtailment.

C. **Critical Load Customer**

A Customer that supplies essential services relating to public health, public safety, welfare, or Electricity production.

D. **Curtailment**

Reduction in Electricity usage irrespective of the means by which that reduction is achieved.

E. **Curtailment Target**

The maximum amounts of Electricity that the Customer may use and still remain in compliance with State Action. The Curtailment Target is figured individually for each Customer by Base Billing Period.

F. **Excess Power Consumption**

The lower of the following two values for loads subject to penalty:

1) The difference between the Customer's actual (or metered) consumption level during a Billing Period and the Curtailment Target; or

2) The difference between the Customer's weather-normalized Electricity usage during a Billing Period and the Curtailment Target.

G. **General Use Customer**

Any Nonresidential Customer who purchased less than five average megawatts (43,800 MWh) during the Base Year.

H. **Major Use Customer**

A Customer who purchased more than five average annual megawatts (43,800 MWh) during the Base Year.

I. **Plan**

The Curtailment Plan.

J. **Region**

The states of Washington, Oregon, and Idaho, and those portions of Montana that are west of the Continental Divide and/or within the control area of the Montana Power Company.

K. **Regional Plan**

The Regional Electric Energy Curtailment Plan as adopted by the Commission.

L. **State**

The Public Utility Commission of Oregon.

M. **State-Initiated**

Actions taken by the State to implement individual load curtailment plans within its jurisdiction.

N. **Threshold Consumption Level**

The maximum amount of Electricity that a Customer can use during mandatory load curtailment without being subject to penalties under this Plan.

O. **Utility Coordinator**

The Director of the Northwest Power Pool.

P. **Utility Curtailment Reports**

Report(s) summarizing Curtailment data, such reports are to be submitted monthly to the Commission and the Utility Coordinator.

Q. **Weather-Normalization**

The procedure used to reflect the impact of weather on load levels. Sometimes referred to as weather-adjustment.

3. Curtailment Stages

State curtailment directives apply to all retail loads served within the State of Oregon. Under the Plan, Curtailment is requested or ordered as a percentage of historical, weather-normalized (Base Billing Period) Electricity consumption. The curtailment stages are associated with increasing Electricity deficits. The five stages of Curtailment are:

Stage	Nature	Curtailment Requirement	Curtailment Type
Stage 1	Voluntary	No Specified %	Uniform Among All Regional Customers
Stage 2	Voluntary	5% or Greater	Uniform Among All Regional Customers
Stage 3	Mandatory	5 to 15%	Uniform Among All Regional Customers
Stage 4	Mandatory	15% 15% or Greater 15% or Greater	Residential Customers General Use Customers Major Use Customers
Stage 5	Mandatory	% Associated with Stage 4 Plus Additional Curtailment	Continued Customer Curtailment Plus Utility Action, Including Plant Closures and Possible Blackouts

4. Initiation of Load Curtailment

Curtailment will be initiated when directed by State authorities. However, nothing precludes the Company from requesting voluntary load reduction at any time.

5. Administration of State-Initiated Curtailment

A. **Stage-By-Stage Utility Administrative Obligations**

Upon notice from the State to initiate load curtailment, the Company will immediately begin complying with the directives of this Plan. All requirements for lower-level stages continue to apply to higher-level stages. Throughout a period of Curtailment, the Company will provide Electricity Service Suppliers (ESSs), Customers and the general public with as much useful information as can reasonably be supplied. The requirements specified below represent the minimum actions to be taken.

1) **Stage 1**

The Company will begin, or continue if it has already begun, providing Curtailment information to ESSs, Customers and the general public. The Company will also assist the State, as appropriate, in briefing the media about the shortage.

2) **Stage 2**

In Stage 2, the Company will:

a) Notify ESSs, Customers and the general public of the percentage level of voluntary curtailment stemming from State Action;

b) Provide Curtailment tips to ESSs, Customers and the general public;

c) Answer Customer questions about Curtailment;

d) Provide Curtailment reports to the State and the Utility Coordinator; and

e) Provide more detailed information to the media than provided in Stage 1.

3) **Stage 3**

In Stage 3, the Company will:

a) Notify ESSs, Customers and the general public of the percentage level of State-ordered mandatory Curtailment;

b) Calculate weather-normalized Base Billing Period data and Curtailment Targets for all Customers who will be audited in the current billing period;

c) Provide Curtailment Targets to ESSs and all Customers who request such data for their own accounts;

d) Provide audited Customers with information about how to apply for exemption and adjustment of Base Year data;

e) Process requests for exemption and Base Year data adjustments from those Customers selected for audit who would otherwise be subject to penalties; and

f) Implement the penalties aspect of the Plan.

4) **Stage 4**

In Stage 4, the Company will notify ESSs, Customers and the general public of any applicable changes in State-initiated mandatory curtailment.

5) **Stage 5**

In Stage 5, the Company will collaborate with the State to develop and implement the most effective methods to secure the required Electricity Curtailment while minimizing, to the extent possible, any economic and human hardships of the last stage of load curtailment.

B. **Suggested Curtailment Actions**

Information will be disseminated to Customers regarding actions that they can take to reduce their Electricity consumption. The Company will work with the State to develop this material. The recommendations will be based on the actions described in Appendix C of the Regional Plan.

6. Base Year Data and Curtailment Targets

A. **Identification of the Base Year**

The Base Year for a shortage will be established by the State. Base Year and Base Billing Period data shall be weather-normalized.

B. **Estimating Base Billing Period Data for Customers for Whom No Base Billing Period Data Exists**

Base Billing Period data must be obtained or developed for any Customer who is audited under this Plan. Although the Company has the option of excluding residential and General Use Customers without actual Base Billing Period data from the random sample of audited Customers, Base Billing Period data will be estimated for any audited Customer for whom actual data does not exist or is found to be inaccurate.

C. **Communicating Curtailment Target Information to Customers**

During mandatory Curtailment, retrospective, current billing period, and forthcoming billing period Curtailment Target information will be provided to any Customer who requests such information. Retrospective Curtailment Target information will be provided to any audited Customer who will be issued a warning or penalty. At its option, the Company may provide Curtailment Target information to other Customers or Customer classes as well.

7. Auditing Customers for Compliance With State Orders for Mandatory Load Curtailment During Curtailment Stages 3-5

A. Each billing period, at least 1% of residential users, 5% of General Use Customers, and 100% of Major Use Customers (including those Major Use Customers with estimated Base Billing Period data) plus any Customers penalized in the previous billing period will be audited. The number of Customers exempted or excluded from audit will not affect the sample size.

B. New compliance samples shall be drawn each month. Customers penalized under this Plan shall continue to be audited until their Energy use falls below the Threshold Consumption Level. Once their Energy use falls below that level, they will be audited again only if selected by random sample.

C. Unless the Company is auditing 100% of its residential users and General Use Customers, all such Customers selected for audit shall be chosen on a random sample basis, except that the following Customers are to be excluded: (a) Customers granted an exemption under this Plan; and (b) Customers with an estimated power bill in the current billing period. At its option the Company may also choose to exclude Customers with estimated Base Billing Period data, if the State does not require their inclusion in the pool of Customers subject to audit.

8. Penalties for Noncompliance

A. **Nature of Penalties**

The following penalties will be assessed under this Plan to Excess Power Consumption as defined below:

Violation	Penalty
First Bimonthly Violation	10¢ per kWh of Excess Use
Second Bimonthly Violation	20¢ per kWh of Excess Use
Third Bimonthly Violation	40¢ per kWh of Excess Use
Fourth Bimonthly Violation	1 Day Disconnection Plus 40¢ per kWh of Excess Use
Fifth Bimonthly Violation	2 Days Disconnection Plus 40¢ per kWh of Excess Use
Sixth and all Subsequent Violations	Penalties are Determined by the State; Civil Penalties or Other Corrective Actions would be possibilities.

The penalty for violators who are billed every two months will escalate on every power bill in which they are subject to penalty. Customers billed on a monthly basis will be assessed the same penalty on two successive occasions before incurring the next higher level penalty. During any continuous period of curtailment, assessed penalties remain on the record for the purposes of administration of subsequent penalties, even if there has been an intervening period of compliance.

Standard disconnect criteria and procedures will be used whenever disconnecting Customers in accordance with this Plan. Health, safety, and welfare considerations will be taken into account, and Customers will be billed for normal disconnect and reconnect charges.

B. **Calculation of Financial Penalties**

Financial penalties will be calculated by multiplying the Customer's Excess Electricity Consumption each billing period by the appropriate penalty level identified above.

1) **Threshold Consumption Level**

The Threshold Consumption Level assigned to each Customer class is identified as:

a) Residential Customers,
10% Above Curtailment Target.

b) General Use Customers,
10% Above Curtailment Target.

c) Major Use Customers,
2% Above Curtailment Target.

These values may be changed by the State so as to effect better compliance with the curtailment order.

2) **Excess Power Consumption Calculation**

Penalties will not be assessed if a Customer's load (either actual load or weather-normalized load) is equal to, or less than, the Threshold Consumption Level. Excess Power Consumption is the lower of the following two values for each sampled load subject to penalty: (a) (Actual Load) minus (Curtailment Target) or (b) (Weather-Normalized Load) minus (Curtailment Target).

3) **Assessment of Penalties**

Penalties Vs Warnings. Customers will be assessed penalties only if they have Excess Electricity Consumption and if they are to be penalized based on the penalty assessment procedures described below. Any sampled Customer who is not penalized and whose use exceeds the Curtailment Target will receive a warning.

C. **Penalty Assessment Procedures**

Sample at the mandated minimum percentages for each section as specified in this Plan [1%-5%-100%] (or as otherwise specified by the State) and assess penalties on all Customers with Excess Power Consumption.

At its option, the Company may sample at higher percentages of Customers than the minimum required by Section 7 above and may choose among the following penalty assessment options:

1) **Option (1)**

Assess penalties on all sampled Customers with Excess Power Consumption (this methodology must be used for Major Use Customers even if the utility chooses Option (2), below, for its other Customer sectors); or

2) **Option (2)**

Develop a ratio of the minimum percentage sample size to the actual percentage sampled for the Residential and/or General Use Customer sectors. Multiply the resulting percentages by the total number of violators in each respective Customer sector to determine the minimum number of penalties that must be assessed in each sector. Calculate the percentage violation for each individual Customer that has been sampled (Excess Power Consumption divided by Curtailment Target) and apply penalties to the worst offenders in the overall sample based on their percentage Excess Power Consumption. Also penalize all Customers who were penalized in the previous billing period and who still have Excess Power Consumption.

D. **Billing Customers for Penalties**

The penalty on the power bill may be described as State-mandated and shall include any State-provided material describing the penalty aspect of the Plan as a bill stuffer in the bills of penalized Customers. If the Customer is receiving an ESS Consolidated Bill, the ESS will bill the Customer for any penalties incurred by that Customer. The bills shall include any Commission-provided material describing the penalty aspect of the Plan, such as a bill stuffer. When the Company is billing the Customer, the bills shall note that failure to pay penalties will result in service disconnection in accordance with standard disconnect criteria and procedures.

E. **Treatment of Penalties Pending Adjustment / Exemption Determinations**

A Customer that has applied for adjustment of Base Billing Period data and/or exemption from mandatory Curtailment may request a stay of enforcement of the penalty aspect of the Plan pending a final decision regarding its request. Any Customer who has been granted such a stay will be subject to retroactive penalties as applicable if the request is ultimately denied.

F. **Use of Funds Collected Under the Penalty Provisions of the Plan**

Funds collected under the State-ordered penalty provisions of this Plan shall be set aside in a separate account. The ultimate disposition of these funds will be determined by the Commission.

9. Exemptions and Adjustments

A. **Customer Application for Exemption/Adjustment**

Customers will be informed of how to apply for exemption from Plan requirements or adjustments of Base Billing Period data. At its option, the Company may elect to process exemptions and adjustments only for audited Customers. Customers seeking an exemption or adjustment shall apply first to the Company and then, if dissatisfied with that outcome, to the Commission.

At its option, the Company may provide for a credit against future curtailment for a Customer who has already accomplished a reduction in Demand for the utility's service by installing an alternative Energy device or by weatherization or other installed conservation measures equivalent to the proposed level of curtailment. Where the level of curtailment exceeds the Demand reduction produced by the conservation measures or installed alternative Energy device of the Customer, the Company may provide for credit against the level of curtailment ordered to the extent of the Demand reduction produced by the conservation measure or alternate Energy device.

B. **Granting Customer Requests for Exemption From Mandatory Curtailment**

No automatic Customer exemptions will be granted under mandatory State-initiated load curtailment. Exempted Customers should be informed that exemption may not protect them from Stage 5 blackouts.

1) **Critical Load Customers**

Critical Load Customers may be exempted once the Customers have demonstrated to the Company that they have eliminated all nonessential Energy use and are using any reliable, cost-effective backup Energy resources.

2) **Other Customers**

Exemptions for Customers not qualifying as Critical Load Customers under the Plan will be evaluated based on whether Curtailment would result in unreasonable exposure to health or safety hazards, seriously impair the welfare of the affected Customer, cause extreme economic hardship relative to the amount of Energy saved, or produce counterproductive results.

C. **Utility Record Keeping Relative to Customer Exemptions**

Records regarding exemption determinations will be made available to the Commission upon request.

10. Measurement of the Amount of Curtailment Achieved and Determination of Compliance

At all times during State-initiated regional load curtailment, the Commission and the Utility Coordinator will be provided with consumption and savings data on a monthly basis in the form specified in Appendix D of the Regional Plan. To the extent that circumstances at the time of actual load curtailment dictate the need for additional data or more frequent data submittal, a best effort to comply with the Commission request will be made.

11. Special Arrangements

A. **Use of Customer-Owned Generation Facilities**

Consistent with the need for safety and system protection, Customers having their own generation facilities or access to electricity from non-utility power sources may choose to use Energy from those other sources to supplement their curtailed power purchases from their electric utility under any protracted regional shortage situation.

B. **Curtailment Scheduling**

During periods of mandatory Curtailment, a Customer is obligated to provide the requisite amount of curtailment within each billing period. Within that period, and subject to equipment limitations and the Company's rules on load fluctuations, Customers are free to schedule their curtailment so as to minimize the economic cost, hardship or inconvenience they experience as a result of the mandatory curtailment requirement.

C. **Related Curtailment Information**

The Regional Electric Energy Curtailment Plan is included, by reference. That plan contains additional information on curtailment administration.

RULE N (Concluded)