

**SCHEDULE 86  
DEMAND BUY BACK RIDER  
NONRESIDENTIAL**

**PURPOSE**

This rider is an optional, supplemental service that allows participating Consumers an opportunity to voluntarily reduce their Electricity usage in return for a payment, at times and at prices determined by the Company. The Company will notify participating Consumers of the opportunity to reduce Energy usage.

**AVAILABLE**

In all territory served by the Company.

**APPLICABLE**

To qualifying Industrial, Commercial and General Service electric Consumers served under Schedules 38, 83 and 99 who satisfy the conditions contained in this rider. Consumers must execute a Demand Buy Back Agreement prior to receiving service and have the capability to reduce not less than 250 kW at each metered location for each hour during a Buy Back Event. At the Company's discretion, new Consumers that can establish a Baseline Usage and reduce a minimum of 250 kW per hour may take service under this rider.

**BUY BACK CREDIT DETERMINATION**

Energy Price

The Energy Price shall be a price or prices quoted by the Company for a specified Buy Back Event, subject to requirements and other conditions described in Special Conditions.

**SCHEDULE 86 (Continued)**

BUY BACK CREDIT DETERMINATION (continued)

Hourly Credit Rate

$$\text{Energy Price} \text{ less } \begin{array}{l} \text{Consumer's} \\ \text{Rate Schedule} \end{array} \text{ Energy Price} = \text{Hourly Credit Rate } (\$/\text{kWh})$$

The Hourly Credit Rate will be determined by subtracting the energy charge the Consumer would pay on their otherwise applicable rate schedule from the Energy Price. This calculation is performed for each hour during the Buy Back Event. In circumstances when the Company cancels all or a portion of a Buy Back Event, the Hourly Credit Rate will be determined as described in Buy Back Event Cancellation.

Hourly Credit

$$\text{Buy Back Amount (kWh)} \times \text{Hourly Credit Rate} = \text{Hourly Credit}$$

The Hourly Credit is the amount owed to the Consumer for each hour of the Buy Back Event. The Hourly Credit is determined by multiplying the Buy Back Amount by the Hourly Credit Rate. The Hourly Credit shall not be less than zero.

Buy Back Credit

The Buy Back Credit is the amount paid to the Consumer for its Electricity reduction during a Buy Back Event and is the sum of each Hourly Credit during such event (minus any amounts owed as a result of failure to comply during an Extended Buy Back Event).

**PAYMENTS**

The Company will pay the Buy Back Credit to the Consumer within 60 days of the Buy Back Event.

## **SCHEDULE 86 (Continued)**

### **BUY BACK AMOUNT**

The Buy Back Amount shall be the difference between the Consumer's Baseline Usage and the Consumer's measured hourly load during the term of the Buy Back Event. The Consumer will participate by operating below its Baseline Usage for the length of the requested Buy Back Event. A participating Consumer's measured load for purposes of determining a Buy Back Amount must be zero kW or greater.

### **BASELINE USAGE**

The Consumer's Baseline Usage is dynamic and is defined as the average Energy usage for each hour for a minimum of approximately 14 typical operational days prior to the Buy Back Event. Typical operational days exclude days that a Consumer has participated in a Buy Back Event. The Company may, in collaboration with the Consumer, develop an alternate method to determine Baseline Usage when the Consumer's Energy usage is highly variable.

### **BUY BACK PLEDGE**

The Buy Back Pledge is the amount of Energy the Consumer commits to curtail when it agrees to participate in a Buy Back Event. The Buy Back Pledge must be greater than a 250 kW reduction and can vary by hour. The Consumer must submit to the Company the amount of the Buy Back Pledge prior to the Buy Back Event through the specified notification method. The Consumer will receive an acceptance confirmation for its pledge prior to the start of the Event. A Buy Back Pledge cannot exceed Baseline Usage and is the expected Buy Back Amount for the Buy Back Event. The Company reserves the right to reject a Buy Back Pledge.

### **RATE SCHEDULE ENERGY PRICE**

The Rate Schedule Energy Price is the energy charge contained in the rate schedule under which the Consumer is served. For rate schedules that contain on and off-peak charges, the on-peak energy price shall be the Rate Schedule Energy Price during on-peak hours of a Buy Back Event and the off-peak energy price shall be the Rate Schedule Energy Price during off-peak hours of a Buy Back Event. No supplemental adjustments other than Schedule 125 shall be applied to the energy charge when determining the Rate Schedule Energy Price.

## SCHEDULE 86 (Continued)

### NOTIFICATIONS

The Company will utilize a secured Internet web site as the primary method to notify participants of Buy Back Events and to receive Consumer notification of participation in a Buy Back Event. The Company's notification will include a time and date by which the participating Consumers must submit a Buy Back Pledge. The Company will provide the Consumer with access codes to the secured Internet web site. Other methods of notification such as, facsimile, telephone and electronic mail, may be utilized at the discretion of the Company.

### BUY BACK EVENT

The Company is not obligated to call a Buy Back Event, and the Consumer is not obligated to reduce Energy upon being advised of a Buy Back Event. The Company will not be liable for failure to advise a Consumer of a Buy Back Event.

#### Buy Back Event Cancellation

The Company reserves the right to cancel all or a portion of a Buy Back Event upon notification to participating Consumers (i.e., those that have a Buy Back Pledge accepted by the Company), except that an Extended Buy Back Event shall be cancelled only upon mutual agreement of the Consumers participating in the particular Extended Buy Back Event and the Company. Upon notification of a cancellation, the Consumer may resume its normal operations or continue with load reductions consistent with the requirements of its Buy Back Pledge. A Consumer that elects to resume its normal operations will not receive a Buy Back Credit. A Consumer that continues with load reductions will receive a Buy Back Credit for the amount of Energy reduced during the cancelled hours of the event. Such credit will be based on an Hourly Credit Rate determined by the amount of advance notice the Company provides the Consumer prior to the start of the cancellation as written below. In no circumstance will the Company notify the Consumer less than two hours prior to the start of a cancellation.

**SCHEDULE 86 (Continued)**

Buy Back Event Cancellation (Continued)

For a Consumer that provides load reductions during non-cancelled hours of a partially cancelled Buy Back Event, the Company will pay the Consumer for such load reductions at the Hourly Credit Rate quoted by the Company for the event.

For a cancellation announced to become effective:

- (1) in 2 hours, the Hourly Credit Rate is 7.0 cents per kWh; or
- (2) between 2 hours and 4 hours, the Hourly Credit Rate is 5.0 cents per kWh; or
- (3) between 4 hours and 6 hours, the Hourly Credit Rate is 3.5 cents per kWh; or
- (4) if more than 6 hours, no Hourly Credit is provided.

**FAILURE TO COMPLY WITH BUY BACK PLEDGE**

Single Day Buy Back Event

If a Consumer's Buy Back Amount for any hour is less than 90 percent of the Consumer's Buy Back Pledge, the Company may refuse to accept future pledges from the Consumer until the capability to meet their pledge is demonstrated in a manner acceptable to the Company. After the third occurrence of nonperformance, the Company may refuse to allow the Consumer to participate in future Buy Back Events.

Extended Buy Back Event

If a Consumer's actual Buy Back Amount for any hour of an Extended Buy Back Event (as defined in Special Condition 3 below) is less than the Buy Back Pledge, the Consumer shall pay to the Company an amount equal to the applicable Dow Jones Mid-Columbia Daily Electricity Firm On-Peak Price Index, plus 5%, multiplied by the difference between the Buy Back Pledge and the actual hourly Buy Back Amount for all of the hours during the Extended Buy Back Event that the pledge is not met. The Company may for any Extended Buy Back Event explicitly establish other lesser consequences for noncompliance.

**SCHEDULE 86 (Continued)**

**DEMAND BUY BACK AGREEMENT**

The Consumer and Company must execute a Demand Buy Back Agreement.

**ADJUSTMENTS**

Supplemental adjustment schedules are applicable to Consumers' underlying Rate Schedules and not applicable to this rider unless approved by the Commission.

**SPECIAL CONDITIONS**

1. The portion of the Consumer's load that is billed according to a daily price option is not eligible to participate in a Buy Back Event.
2. Metering and Communications Equipment. The Consumer may not participate in this rider until the Company has installed metering that records usage in 15 minute intervals. The Consumer shall provide communication service to the meter if requested by the Company. Service under this rider is subject to meter availability.
3. Buy Back Event. A Buy Back Event specifies the dates, times and duration of a Company requested load reduction and shall be for one or more consecutive hours. A Buy Back Event with a duration of more than 24 consecutive hours is an Extended Buy Back Event. An Extended Buy Back Event may include requirements for a single, continuous Buy Back Pledge to which the participant must comply for the duration of the event. More than one Buy Back Event may occur in one day and more than one Buy Back Event may be in effect simultaneously.
4. Notification. The Company is not responsible for any load reduction that has not been confirmed and accepted by the Company.
5. Liability. The Company is not responsible for any consequences to the participating Consumer that result from a Buy Back Event or the Consumer's effort to reduce Energy in response to a Buy Back Event.
6. System Emergencies. Where the Company requests load interruptions for a system emergency, this rider is not applicable.

**SCHEDULE 86 (Concluded)**

**SPECIAL CONDITIONS (continued)**

7. **Third Party Management.** The Company may utilize a third party to provide program management support for this rider. The Company has the right to provide the Consumer's Energy consumption data to a third party for the purpose of providing service under this rider. Such information will be provided to a third party subject to confidentiality requirements.
8. **Load Shifting.** The Company may quote a separate Energy Price for Consumers that shift load in conjunction with a Buy Back Event. Load shifting is the change in a Consumer's Energy usage during non-Buy Back Event hours to compensate for reduced Energy usage during the Buy Back Event. For purposes of this rider, load shifting occurs when the Consumer's Energy usage during the 24 hours preceding or following a Buy Back Event (or any day of an extended Buy Back Event) increases from the applicable hourly Baseline Usage by more than 50% of the Buy Back Amount.
9. **Testing.** The Company and the Consumer will test the Consumer's ability to reduce Energy usage prior to the Consumer's participation in a Buy Back Event.
10. **Eligibility for Other Schedules.** If a Consumer takes service under a direct access schedule (when available), it is no longer eligible to participate in this rider.
11. **Billing Errors.** Should an error occur in the calculation of the Buy Back Credit or any of the underlying components, the Company shall provide written notice to the Consumer detailing the circumstances and amount of adjustment. The Consumer shall return the overpayment to the Company or the Company shall pay the underpayment to the Consumer, as applicable, within a period of time agreed to by the Consumer and the Company after notice has been given.

**TERM**

Service under this schedule shall not be for less than a one-year term.

**RULES AND REGULATIONS**

Service and rates under this schedule are subject to all applicable General Rules and Regulations contained in the Tariff of which this schedule is a part.