

**TRANSITION ADJUSTMENT
THREE-YEAR COST OF SERVICE OPT-OUT**Page 1

Available

In all territory served by the Company in the State of Oregon.

Applicable

To Large Nonresidential Consumers who have chosen to opt-out of the Company's Cost-Based Supply Service Schedule 201 for a minimum three-year period and who currently receive Delivery Service under Schedules 47, 48, 747, or 748 or Consumers who receive service under Delivery Service Schedules 30, 47 and/or 48 or 730, 747 and/or 748 under a single corporate entity with meters of more than 200 kW of billing demand at least once in the previous thirteen months that total to at least 2 MW.

Total Eligible Load

A total load of 200 MW will be accepted under this schedule.

Transition Adjustment

The Transition Adjustments for each three-year period are listed below by applicable enrollment period.

The annual Transition Adjustment amounts are shown below for each Delivery Service rate schedule, by voltage level, for Heavy Load Hours (HLH) and Light Load Hours (LLH). Adjustments are expressed on a cents per kilowatt-hour basis.

Energy Supply

The Consumer must elect to purchase energy from an ESS (Direct Access Service) for all of the Consumer's Points of Delivery under this schedule.

Notification of Transition Adjustment

Based on the announcement date defined in OAR 860-038-275, the Company will post on its website (www.pacificpower.net) the transition adjustment for each eligible delivery service schedule shown on Schedule 201 for each applicable delivery voltage level for Nonresidential Consumers for the 3-year period from January 1 of the calendar year subsequent to the announcement date.

Balancing Account

Beginning January 2007, the Company will accrue in this account, the costs, resulting from changes in the forward price curve that occurred during the open enrollment window, the load actually participating in Direct Access as compared to the assumed level of participation in the simulations, and any executed energy transactions resulting from significant load departure, if such costs exceed \$250,000. The Company shall accrue interest on the transition adjustment balances, whether positive or negative, at the Company's authorized rate of return. Amounts in this account will be recovered through an adjustment schedule from all consumers eligible for direct access.

(continued)

**TRANSITION ADJUSTMENT
 THREE-YEAR COST OF SERVICE OPT-OUT**
Three-Year Option - Transition Adjustments (cents/kWh)
Adjustments for Consumers Electing This Option for 2018-2020 (No New Service)

| | 30/730 Secondary | | 30/730 Primary | |
|------|------------------|--------|----------------|--------|
| | HLH | LLH | HLH | LLH |
| 2018 | -0.123 | -0.109 | -0.166 | -0.159 |
| 2019 | -0.148 | -0.237 | -0.225 | -0.262 |
| 2020 | -0.389 | -0.319 | -0.460 | -0.338 |

| | 47/747, 48/748 Secondary | | 47/747, 48/748 Primary | | 47/747, 48/748 Transmission | |
|------|--------------------------|--------|------------------------|--------|-----------------------------|--------|
| | HLH | LLH | HLH | LLH | HLH | LLH |
| 2018 | -0.021 | -0.114 | -0.346 | -0.377 | -0.402 | -0.461 |
| 2019 | -0.057 | -0.295 | -0.389 | -0.487 | -0.445 | -0.533 |
| 2020 | -0.631 | -0.446 | -0.641 | -0.601 | -0.666 | -0.659 |

Adjustments for Consumers Electing This Option for 2019-2021 (No New Service)

| | 30/730 Secondary | | 30/730 Primary | |
|------|------------------|--------|----------------|--------|
| | HLH | LLH | HLH | LLH |
| 2019 | -0.916 | -0.907 | -0.962 | -0.964 |
| 2020 | -0.584 | -0.685 | -0.663 | -0.732 |
| 2021 | -0.943 | -0.995 | -0.978 | -1.020 |

| | 47/747, 48/748 Secondary | | 47/747, 48/748 Primary | | 47/747, 48/748 Transmission | |
|------|--------------------------|--------|------------------------|--------|-----------------------------|--------|
| | HLH | LLH | HLH | LLH | HLH | LLH |
| 2019 | -1.020 | -0.711 | -1.154 | -1.134 | -1.164 | -1.251 |
| 2020 | -0.854 | -0.659 | -0.805 | -0.915 | -0.781 | -1.013 |
| 2021 | -1.155 | -0.883 | -1.197 | -1.203 | -1.154 | -1.278 |

Adjustments for Consumers Electing This Option for 2020-2022

| | 30/730 Secondary | | 30/730 Primary | |
|------|------------------|--------|----------------|--------|
| | HLH | LLH | HLH | LLH |
| 2020 | -0.987 | -0.983 | -1.048 | -0.955 |
| 2021 | -1.112 | -1.208 | -1.150 | -1.244 |
| 2022 | -1.179 | -1.437 | -1.210 | -1.416 |

| | 47/747, 48/748 Secondary | | 47/747, 48/748 Primary | | 47/747, 48/748 Transmission | |
|------|--------------------------|--------|------------------------|--------|-----------------------------|--------|
| | HLH | LLH | HLH | LLH | HLH | LLH |
| 2020 | -1.236 | -1.113 | -1.214 | -1.178 | -1.215 | -1.191 |
| 2021 | -1.238 | -1.559 | -1.317 | -1.485 | -1.334 | -1.475 |
| 2022 | -1.406 | -1.687 | -1.392 | -1.634 | -1.399 | -1.615 |