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## Schedule 93
### DECOUPLING REVENUE ADJUSTMENT

PURPOSE:
This schedule implements an annual rate adjustment mechanism that decouples the recovery of the Company's Commission authorized revenues and establishes a balancing account for Schedules 16, 17, 18, 19, and 24. (C) (C)

APPLICABLE:
To all retail customers taking service under Residential Schedules 16, 17, 18, and 19, Small General Service Schedule 24, Non-Residential Time of Use Pilot Schedule 29, Large General Service Schedule 36, and Agricultural Pumping Service Schedule 40. This schedule does not apply to Large General Service Schedule 47T—Partial Requirement Service Metered Time of Use 1,000 KW and Over, Large General Service Schedule 48T—Metered Time of Use 1,000 KW and Over, or to Lighting Schedules 15 and 51 through 54. All bills calculated in accordance with the above applicable schedules contained in presently effective Tariff WN. No. U-76 shall have applied an amount equal to the product of all kilowatt-hours of use multiplied by the following cents per kilowatt-hour.

| | |
|---|---|
| Schedule 16/17/18/19 | 0.139 cents |
| Schedule 24 | 0.178 cents |
| Schedule 29/36 | 0.000 cents |
| Schedule 40 | 0.000 cents |

DECOUPLING MECHANISM:
The decoupling mechanism includes a monthly deferral to capture the differences between the allowed and actual decoupled revenue. Decoupled revenue includes all revenue from the applicable rate schedules excluding net power costs and fixed monthly basic charges. The monthly allowed decoupled revenue per customer is determined as follows: (C)

Calculation of Monthly Allowed Decoupled Revenue Per Customer:

Step 1 – Determine the Total Revenue – The Total Revenue will be the revenue for the 12-month period used to set rates for the applicable rate schedules.

Step 2 – Determine Net Power Cost Revenue – Total Net Power Cost Revenue is equal to the total net power cost in rates from the Company's latest general rate case.

Step 3 – Determine Fixed Basic Charge Revenue –Fixed Basic Charge Revenue is equal to the revenue for the fixed basic charge and the fixed minimum charge for the 12-month period used to set rates. (C)

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DECOUPLING MECHANISM:

Calculation of Monthly Allowed Decoupled Revenue Per Customer: (continued)

Step 4 – Determine Allowed Decoupled Revenue – Allowed Decoupled Revenue is equal to the Total Revenue (Step 1) minus Net Power Cost Revenue (Step 2) and Fixed Basic Charge Revenue (Step 3). (C)

Step 5 – Determine the Annual Allowed Decoupled Revenue per Customer – Annual Allowed Decoupled Revenue per Customer is equal to the Allowed Decoupled Revenue (Step 4) divided by the number of customers for the 12-month period used to set rates.

Step 6 – Determine the Monthly Decoupled Revenue per Customer – To determine the Monthly Decoupled Revenue per Customer, the Annual Allowed Decoupled Revenue per Customer (Step 5) is shaped based on the monthly kWh usage in the 12-month period used to set rates. Multiply the resulting monthly percentage of usage by month by the Allowed Decoupled Revenue per Customer to determine the 12 monthly values.

Calculation of Monthly Decoupling Deferral:

Step 7 – Determine Allowed Decoupled Revenue by Month – Multiply the actual number of customers by the applicable Monthly Decoupled Revenue per Customer (Step 6). The result is the Allowed Decoupled Revenue for the applicable month.

Step 8 – Determine Actual Revenue – Determine Actual Base Revenue by taking total actual, non-weather adjusted monthly revenue less monthly revenue from any non-base adjustment schedules.

Step 9 – Determine Actual Decoupled Revenue – Subtract monthly Fixed Basic Charge Revenue and monthly Net Power Cost Revenue from monthly Actual Revenue.

Step 10 – The difference between the Actual Decoupled Revenue (Step 9) and the Allowed Decoupled Revenue (Step 6) above is calculated, and the resulting balance is deferred by the Company. Interest on the deferred balance will accrue at the quarterly rate published by the FERC.

EARNINGS TEST:

The earnings test is based on the Company's year ended December 31 Commission Basis Report (CBR) (C)
operating results, which are filed with the Commission by April 30 of each year. This report is prepared (C)
using actual recorded results of electric operations and rate base, adjusted for any material out-of-period, non-operating, nonrecurring, and extraordinary items or any other item that materially distorts reporting period earnings and rate base. The earnings test will be based on return on equity (ROE) before normalizing adjustments, including adjustments to power supply-related revenues and expenses to reflect operations under normal conditions and will exclude any annualizing or pro forma adjustments.

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PACIFIC POWER
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WN U-76

First Revision of Sheet No. 93.3
Canceling Original Sheet No. 93.3

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EARNINGS TEST: (continued)

If the CBR-earned ROE is greater than the authorized ROE from the most recent General Rate Case, the Company will reduce the associated deferral period amount it transfers to the balancing account. The Company will calculate this reduction as one-half of the CBR-earned ROE that is in excess of the authorized ROE from the most recent General Rate Case. Additionally, the Company will adjust this reduction according to the proportion that the Total Revenue approved for decoupled customers was of Total Sales to Ultimate Customers from the Company's most recent General Rate Case. (C) (C) (C) (C) (C) (C)

If the CBR-earned ROE is less than the authorized ROE from the most recent General Rate Case, the Company will not reduce the associated deferral period amount it transfers to the balancing account. (C) (C)

ANNUAL DECOUPLING RATE ADJUSTMENT:
On or before June 15 each year, the Company will file rate adjustments on this Schedule 93, to become effective September 1, to recover or return to customers the accumulated amount in the balancing account for the prior period. The accumulated amount transferred to the balancing account for each period is subject to the earnings test. (C) (C) (C) (C)

Following application of the earnings test, if the deferral balance for any decoupled rate schedule is greater than 2.5% (plus or minus) of the allowed revenue for the rate schedule, then the June 15 filing will (C) include surcharge or surcredit rates on Schedule 93 to recover or refund the full deferral account balance for the rate schedule, subject to a 5% limitation on any surcharge. The 5% limitation will be calculated based on the total normalized revenues for the 12-month period ending December 31 each year. If the (C) calculated percentage is less than the 5% limitation, previous year deferrals in the balancing account will be added to the current year deferral to the extent that the current year deferral remains less than the 5% limitation. Any amounts within the 2.5% (plus or minus) rate trigger or any amount exceeding the 5% limitation will remain in the balancing account for future collection. Interest will accrue on the unamortized balance at the quarterly rate published by the FERC. There is no limitation on the level of surcredits.