KLICKITAT PUD

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POLICY BULLETIN 54
LARGE END-USE LOAD POLICY

1. Purpose

This Policy establishes the governance framework of the Board of Commissioners (Board) for the interconnection of, and electric service to, Large End-Use Loads connected to the Public Utility District No. 1 of Klickitat County (District) electric system.

The District shall manage Requests in a manner that promotes system reliability, public safety, regulatory compliance, and financial responsibility.

2. Definitions

Bonneville Power Administration (BPA)

The federal power marketing administration that provides power and transmission services to the District.

Data Center Load

A Large End-Use Load used primarily for data processing, data storage, cloud computing, or related operations, as determined by the District based on the applicant's stated use and facility characteristics.

Large End-Use Load

A new retail electric load, or an expansion of an existing retail electric load, that exceeds the eligibility thresholds of the District's Large General Service rate schedule and therefore may require additional engineering review, system studies, infrastructure improvements, transmission coordination, power supply evaluation, financial assurances, or other requirements established by the District.

Net Incremental Revenue

Revenue received by the District from a Data Center Load or Large End-Use Load, less the District's reasonable and documented incremental costs of serving that load, including power supply, transmission, distribution, operations, maintenance, taxes, contractual obligations, and other costs attributable to the load.

Request

A request submitted to the District for interconnection of, or electric service to, a new or expanded Large End-Use Load.

3. Conditions for Interconnection and Service

General Standard

The District shall evaluate and administer Requests in a fair, transparent, consistent, and nondiscriminatory manner.

Conditions

A Large End-Use Load may be connected to and served by the District's electric system only if the District determines, in accordance with applicable District policies, standards, and procedures, that all of the following conditions have been satisfied:

- **System Reliability and Safety.** The proposed Large End-Use Load can be accommodated without adversely affecting the safety, reliability, stability, or operational performance of the District's electric system or the quality of service provided to existing customers.
- **Engineering Review and Studies.** All engineering reviews, system impact studies, load studies, facilities studies, or other analyses required by the District have been completed to the District's satisfaction, and any resulting requirements have been addressed.
- **Costs and Financial Responsibility.** The applicant has agreed to pay all costs reasonably attributable to the requested service or interconnection, as provided in Section 4, and has provided the financial assurances required under Section 5.
- **Regulatory and Contractual Requirements.** All applicable federal, state, local, regulatory, contractual, and reliability requirements have been satisfied.
- **Required Agreements and Conditions.** All agreements, permits, operating requirements, and other conditions required by the District, including those described in Sections 5 and 6, have been executed, satisfied, or otherwise addressed to the District's satisfaction.

Basis for Approval

Approval of a Request shall be based on the District's assessment of technical feasibility, system and operational impacts, financial impacts, required facilities and upgrades, and the District's ability to continue providing safe and reliable electric service to existing and future customers.

Self-Supplied and Alternative Resources

Any Large End-Use Load utilizing self-supplied generation, third-party power supply arrangements, behind-the-meter generation, dedicated generation resources, energy storage, or other alternative energy resources shall coordinate such arrangements with the District to the extent they may affect the District's electric system or the District's obligations to provide service. Interconnection, delivery, scheduling, metering, protection, operation, and use of such resources shall comply with applicable District policies, engineering standards, operating and reliability requirements, and executed agreements.

4. Protection of Existing Customers and Cost Responsibility

Protection of Existing Customers

It is the policy of the District that existing retail customers shall not be required to subsidize the costs of evaluating, studying, interconnecting, serving, or accommodating new or expanded Large End-Use Loads. The District shall seek to ensure that existing retail customers are protected from financial, operational, reliability, contractual, and rate impacts associated with those loads.

Resource and Capacity Adequacy

The District shall not commit to serve a Large End-Use Load unless it determines that adequate power supply, transmission capability, and electric system capacity are available, or can be reasonably acquired, on terms that protect existing customers.

Applicant Cost Responsibility

Applicants shall be responsible for all direct and indirect costs reasonably attributable to the requested service, including but not limited to:

- Engineering reviews, system and facility studies (including studies and fees required by BPA), and system improvements attributable to the requested service, each as further specified in District procedures;
- Legal expenses related to contract development;
- Power supply obligations;
- Transmission service obligations;
- Compliance costs related to state or federally mandated clean energy requirements;
- Design, construction, operation, and maintenance costs, including system upgrades;
- Protection and control equipment, metering, telecommunications, and other incremental facilities required to accommodate the Large End-Use Load; and
- Any other costs reasonably incurred by the District as a result of the requested service.

All costs associated with facilities required to serve a Large End-Use Load shall remain the responsibility of the applicant, including after any transfer of those facilities to District ownership under Section 6.

5. Financial Assurance and Cost Allocation

Financial Assurance

To protect the interests of the District and its customers, the District will require deposits, advance payments, study funding agreements, reimbursement agreements, security instruments, infrastructure contributions, letters of credit, guarantees, contractual commitments, or other financial assurances deemed necessary by the District.

Cost Allocation and Funding

The District shall identify the required facilities and allocate costs through the applicable study, construction, and service agreements. The applicant shall fund or provide financial assurance for those costs before the District incurs them, subject to any true-up or refund provisions established by the District. The District shall not charge the applicant for costs already recovered from another party or for facilities that are not reasonably related to the requested service or the identified need to serve existing customers.

6. Substations and Facility Ownership

Substation Facilities

If a new substation is constructed, or an existing substation is expanded, in whole or in part to serve a Data Center Load, the applicant shall be responsible, as a condition of service, for the reasonable and documented costs of designing and constructing the distribution facilities within or associated with that substation that are needed to serve existing District retail customers in the area. Such facilities may include distribution transformers, buswork, protective equipment, feeder exits, and related facilities, as determined by the District.

Facility Ownership

The District may, in its sole discretion, require that facilities constructed by or on behalf of a Large End-Use Load applicant to obtain electric service be transferred to District ownership upon completion. Such facilities shall be designed, constructed, tested, and documented in accordance with District requirements and shall be accepted by the District before transfer.

The District may require construction agreements, ownership-transfer agreements, easements, operation and maintenance agreements, service agreements, or other documents necessary to support District ownership and operation of such facilities.

7. Data Center Loads: Accounting and Benefits to Existing Customers

Separate Accounting

The District shall separately account for the revenues and costs associated with each Data Center Load, or with a reasonably defined group of Data Center Loads, to the extent practicable. The District shall establish procedures to identify Net Incremental Revenue attributable to Data Center Loads and shall not recover the costs of serving those loads in a manner that shifts those costs to existing retail customers.

Use of Net Incremental Revenue

In addition to requiring each applicant to pay costs attributable to its requested service under Sections 4 and 5, the District shall use Net Incremental Revenue from Data Center Loads to benefit existing retail customers. The District shall allocate such Net Incremental Revenue to one or both of the following purposes:

- Reducing the rates, charges, or other electric-service costs of existing retail customers; or
- Planning, designing, constructing, improving, or replacing electric-system infrastructure that serves or is intended to serve existing retail customers.

The District shall adopt procedures for determining and implementing these allocations. Those procedures shall use consistent accounting methods, provide for transparent accounting, and prevent the same cost or revenue from being counted more than once.

Reporting

At least annually, the District shall provide a public report to the Board on Data Center Load revenues and costs, Net Incremental Revenue, and the amounts and purposes for which such revenue was used. The report may protect confidential or commercially sensitive information as permitted by law.

Board Consideration; No Entitlement

The Board shall consider the allocation of Net Incremental Revenue in its rate-setting and system-planning decisions. This section does not guarantee a particular rate reduction, create an individual customer entitlement, or require the District to make an allocation that would impair its ability to meet legal, contractual, financial, reliability, or service obligations.

8. Conditioning or Declining Requests; No Guaranteed Service Rights

Conditioning, Deferring, or Declining Requests

The District may condition approval of a Request on the completion of system improvements, mitigation measures, operating requirements, or other measures reasonably necessary to address the impacts of the proposed Large End-Use Load. The District may also defer, suspend, or decline a Request where the District determines that the proposed service would:

- Adversely affect electric system reliability;
- Impair the District's ability to serve existing customers;
- Create unreasonable financial risk to the District or its customers;
- Conflict with contractual, regulatory, or power supply obligations; or
- Result in material stranded costs or unrecovered investments.

No Guaranteed Service Rights

Nothing in this Policy shall be construed as creating an obligation for the District to provide service where doing so would adversely affect existing customers, system reliability, financial integrity, contractual obligations, or the District's ability to serve its existing retail load.

Submission, acceptance, study, or approval of a Request does not create a right to receive electric service, transmission service, generation integration service, wholesale service, retail service, or system capacity. Such rights arise only upon execution of the appropriate agreements and satisfaction of all applicable District requirements.

An approved Request conveys only the opportunity to pursue service subject to the District's policies, procedures, contractual requirements, operational constraints, and resource availability.

9. Delegation of Authority and Related Procedures

Delegation of Authority

The General Manager, or designee, is authorized to establish, implement, and revise procedures necessary to administer this Policy and to maintain consistency with District operations, engineering standards, industry practices, regulatory requirements, and BPA requirements.

Such procedures may include, but are not limited to:

- Application requirements;
- Queue management processes;
- Commercial readiness requirements;
- Engineering and study requirements;

- Cost recovery mechanisms;
- Financial assurance requirements;
- Application and study fees;
- Interconnection agreements;
- Construction agreements;
- Service agreements; and
- Other requirements necessary for the efficient administration of interconnections.

Related Procedures and Standards

The District shall maintain procedures and technical standards supporting this Policy, including procedures governing:

- Large End-Use Load interconnections;
- Generation interconnections; and
- Transmission service interconnections.

The District may incorporate by reference applicable engineering standards, operating requirements, technical manuals, forms, and procedures necessary to implement this Policy.

10. Review

This Policy shall be reviewed periodically by District management, and recommended revisions shall be presented to the Board as appropriate.

Adopted: 10/13/2026

Reviewed: _____

Revised: _____

Dan G. Gunkel, President

ATTEST:

Douglas B. Miller, Vice President

Stoner W. Bell, Secretary