

OAK RIDGE CITY COUNCIL
WORK SESSION

Multipurpose Room, Central Services Complex

Tuesday, April 21, 2015*
6:00 P.M.

AGENDA

1. Discussion on changes to City of Oak Ridge Rules and Regulations Governing Electric Power Distribution by Jack Suggs, Electric Director.
2. Discussion on TVA proposed changes to the Schedule of Rates and Charges, which is part of the Power Contract, by Jack Suggs, Electric Director.
3. Updates, discussion and review of City Department Projects, including, but not limited to:
 - a. DOE related negotiation projects, including the water contract.
 - b. Environmental related projects, including EPA.
 - c. Financial and audit recommendations.
 - d. Legislative updates or impacts.
 - e. Regional projects with regional partners.

*NOTE: The work session will adjourn at 7:00 p.m. for a two-item Special Called City Council Meeting and then reconvene for the final portion of the Work Session agenda.

**CITY OF OAK RIDGE
OAK RIDGE, TENNESSEE
RULES AND REGULATIONS
GOVERNING
ELECTRIC POWER DISTRIBUTION**

1 General Provisions

1.1 SCOPE

These rules and regulations and the regularly established rate schedules are a part of all contracts for receiving electric service from the City of Oak Ridge, hereinafter referred to as "Distributor," and apply to all service received, whether the service is based upon contract, agreement, signed application, or otherwise.

1.2 REVISIONS

These rules and regulations may be revised, amended, supplemented, or otherwise changed from time to time. Such changes, when effective, shall have the same force as the present rules and regulations.

1.3 SEPARABILITY

If any clause, sentence, paragraph, section or part of these rules and regulations or rate schedules shall be declared invalid or unconstitutional, it shall not affect the validity of the remaining parts of these rules and regulations or rate schedules.

1.4 CONFLICT

In case of conflict between any provision of any rate schedule and these Rules and Regulations, the rate schedule shall apply.

1.5 POSTING AND FILING

A copy of these Rules and Regulations together with copies of the Distributor's Schedule of Rates and Charges shall be kept open to inspection at the office of the Distributor and made available through the Distributor's web site or other electronic means when feasible.

2 Obtaining Electric Service

2.1 *Applying for Service*

2.1.1 APPLICATION FOR SERVICE

Prospective customers over eighteen (18) years of age, desiring electric service, shall make a formal request for service and may be required to complete an application for service and/or the Distributor's form of contract before service is supplied but, in the absence of a completed application or contract, the use of electricity shall bind the customer by the terms of Distributor's standard form of application for service. The completion of an application for service shall not obligate the Distributor to furnish the service for which application has been made. A prospective customer under eighteen (18) years of age may apply for electric service with a letter from a co-signee (who qualifies as a valid customer under this section of the Rules and Regulations) guaranteeing payment for said utility service.

2.1.2 INELIGIBLE PERSONS DUE TO PREVIOUS SERVICE:

Utility service shall not be supplied to or benefit any prospective customer if that person has any outstanding and unpaid utility charges or installments arising from prior utility service that benefited the prospective customer. The Distributor shall, in the event service is not furnished, refund to the customer any deposits or fees accepted by Distributor in contemplation of the furnishing of such service.

2.1.3 REQUEST FOR SERVICE:

Any request for service shall include the following information:

- a) The name of the applicant;
- b) The service address to be supplied electric service and the billing address if different from the service address;
- c) The prior residential address of a prospective residential customer;
- d) The desired date for commencement of electric service;
- e) Name and address of employer if applicable;
- f) Two forms of valid identification for the sole purpose of establishing the identity of the prospective customer, one of which must be a government issued and include a photo;
- g) Evidence that the applicant has the right to effect service at the address, in a form acceptable to the distributor; and
- h) Indication as to whether the applicant or other person(s) will be directly utilizing the service at the service address or the service is to the benefit of a third party.

2.2 CONNECTION CHARGES

Whenever a connection order is issued for the connection of a service, an order for service to a new customer, or service is transferred from one customer's name to another, or service that has been discontinued is reinstated, the Distributor shall charge a nonrefundable connection charge specified in the Distributor's fee schedule to cover the expense of this connection. When more than one utility service is involved in single connection order, not more than one charge will be made. Additional charges may be levied, however, if multiple trips are required to accomplish the connection.

Upon request of the customer, connection charges can be applied to the first bill.

2.3 DEPOSITS

2.3.1 Residential

a) Deposits for new residential service will be established by Council Resolution. The amount of the deposit shall not exceed twice the average maximum bill of customers in the residential class.

a)b) Deposits ~~and~~ for an individual customer may be reduced or eliminated based on a review of the risk of default poised by the persons obtaining or benefiting from

the service. The City Manager shall ~~within 30 days of this ordinance develop and~~ maintain a written policy for the reduction or waiver of deposits which shall be available for inspection at the Utility Business Office.

- ~~b) All deposits greater than one month's average bill and retained longer than 6 months, shall earn interest at a rate to be specified by TVA from time to time after consultation with Distributors and others. Such earned interest shall be paid, or credited against power bills at least annually.~~
- ~~c) Amount of deposit for residential customers shall be stipulated in the Distributor's fee schedule.~~
- c) The City Manager may develop a policy regarding Residential customers with an acceptable payment history who have been customers of Oak Ridge for a minimum of five years whereby said customers shall not have their deposit requirement re-examined when one account is closed and another account is opened for similar use and purpose (for example, a customer who moves from one residential location to another similar residential location)
- d) Except as provided for in section 2.3.3, residential deposits are not to be refunded or reduced while service is active.

2.3.2 Commercial and Industrial

- a) All new commercial and Industrial Commercial customers shall provide a deposit in the amount equal to two month's average bill (estimated) either as a cash deposit, approved surety bond, letter of credit or any other form of deposit accepted by the Distributor.
- b) Deposits will not be required from customers who, through participation in an approved program, release the Distributor from liability for the wholesale portion of the power consumed.
- c) Additional deposits shall not be required from existing commercial or industrial customers with an acceptable payment history which are increasing their average total monthly electric utility obligation less than 25% above existing levels, even if such increase represents a new account.

2.3.3 Adjustment of Deposits

- a) Inspection of Deposits: Any customer shall have the right to review the amount of the deposit on file (including interest) for accounts tied to that customer.
- a)b) Increasing Deposits: Distributor reserves the right to raise the deposits of residential, commercial or industrial customers based on unacceptable payment histories, including two or more late payments in a twelve month period, issuance of a termination of service notice for non-payment, or other reasons ~~as determined by where~~ the distributor ~~determines that the customer~~ has a demonstrable increase in risk of default. Notwithstanding the above, the amount of the total deposit shall not exceed twice the average maximum bill of the customer over the previous twenty-four month period. For hardship

cases, the distributor may accept installment payments on the deposit increase.

b)c) Decreasing Deposits:

- i. Residential customers who have an acceptable payment history may request a re-evaluation of the deposit requirements for potential adjustment every twenty-four months. Such evaluations will be conducted as if for a new customer and might result in a decrease, elimination or increase in the required deposit.
- ii. Commercial customers who have an acceptable payment history may request a re-evaluation of the deposit requirements for potential adjustment every twelve months. Such evaluations will be made based on a review of the customer's actual electrical usage in the context of the customer's operations, weather and other factors. The distributor's decision regarding deposit amount will be final.

2.3.4 Payment of Interest of Deposits

All deposits greater than one month's average bill and retained longer than 12 months, shall earn interest at the rate paid by Tennessee Local Government Investment Pool (LGIP). Such earned interest shall be paid, or credited against power bills annually on June 30.

2.3.4.3.5 Refund of Deposits

Upon termination of service, the deposit (along with any unpaid accredited interest) may be applied by the Distributor against any obligation of the customer to the Distributor. Any part of the deposit, not so applied, will be refunded to the customer.

2.4 CUSTOMER AIDE TO CONSTRUCTION

Provision of electric power distribution facilities is generally provided under the rate base. Under the conditions below, however, additional contribution by the Customer may be required.

2.4.1 Unusual System Demands

In special cases where a customer requests service that requires special facilities, extensions into areas where electric power is not available, or significant additions to the electrical infrastructure which necessitate a substantial investment by the Distributor and the anticipated net revenue from the regular power bill will not, in the Distributor's opinion, fairly support system operation and the investment required to be made by Distributor to serve the customer, the Distributor may require the customer to contribute to the construction through either:

- a) a minimum bill contract to support the investment required; or,

- b) customer installation of some portion of the facilities; or,
- c) a contribution toward the cost of installation.

Customer contributions may or may not be refundable, based upon the length of the contract term and/or the relationship of cost of the additional facilities to the annual gross revenue from the customer.

2.4.2 Underground Service

Customers desiring underground service lines from Distributor's overhead system must make construction contributions that include trenching, the installation of all conduits, vaults, commercial transformer pads and other such equipment. Specifications and terms for such construction will be furnished by Distributor on request.

2.4.3 Non-Standard Service

Customer shall pay the cost of any special installation necessary to meet his peculiar requirements for service at other than standard voltages, for duplicate feeds (including the cost of circuitry and the cost of substation reserve capacity) or for the supply of closer voltage regulations than required by standard practice.

2.4.4 Failure to Take Service

If for any reason the customer, after signing a contract or application for electric service, does not take service the customer shall reimburse Distributor for the cost incurred by Distributor to provide service.

2.5 TEMPORARY SERVICE AND CHARGES FOR TEMPORARY SERVICE

Customers requesting electric service on a temporary basis may be required to pay all costs, as determined by the Distributor, for connection and disconnection incidental to the supplying and removing of service in addition to the regular charge for electricity used. This rule includes but is not limited to circuses, carnivals, fairs, temporary construction, and requirements. Standard fees for various types of temporary services, as well as the temporary service policy are available at Distributor's principal offices.

3 Conditions of Distributor Supplied Power

3.1 AVAILABLE VOLTAGES

The voltages available from the Distributor are affected both by the load required and by the location of the customer. Generally, the Distributor will endeavor to make the following voltage/phase combinations available:

Overhead Area:

120/ 240 volt 1 phase 3 wire	0 to 150 KW
208Y/120 volt 3 phase 4 wire	20-1500 KW
480Y/277 volt 3 phase 4 wire	20-1500 KW

240 volt 3 wire Delta	20-1500 KW
480 volt 3 wire Delta (Existing Only)	20-1500 KW
13,200 Y/7620 volt 3 phase 4 wire	500-1500 KW
69,000 volt 3 wire Wye	1000-1500 KW

Note: Underground service drops and pad-mounted transformers may be required for some loads even in overhead areas.

Underground Area:

120/ 240 volt 1 phase 3 wire	0 to 150 KW
208Y/120 volt 3 phase 4 wire	20-1500 KW
480Y/277 volt 3 phase 4 wire	20-1500 KW
13,200 Y/7620 volt 3 phase 4 wire	500-1500 KW

Voltages indicated are nominal and do not reflect the exact voltage supplied. Additional voltages, or voltages at load levels other than indicated, will be supplied when possible, but may require financial contribution on the part of the customer. The distributor reserves the right to provide service at only primary or higher voltages and/or to provide delivery points remote from the point of electrical consumption under specific conditions; including electrical loads greater than those listed above or where access to the distributor's equipment would be unduly limited.

3.2 INTERRUPTION OF SERVICE

3.2.1 Consistency of Service

The Distributor will endeavor to furnish continuous electric service and to maintain reasonable constant voltage, but the Distributor cannot and does not guarantee to the customer any fixed voltage or continuous service. The Distributor shall not be liable for any damages for any interruption or disturbances of service whatsoever.

3.2.2 System Maintenance and Repair

In connection with the operation, maintenance, repair and extension of the Distributor's electric system, the electric supply may be shut off without notice when necessary or desirable, and each customer should be prepared for such emergencies. The Distributor shall not be held liable for any damages from such interruption of service or for damages from the resumption of service without notice after such interruption.

3.3 LOSS OF PHASE, VOLTAGE OR CURRENT FLUCTUATIONS

The Distributor shall not be liable for personal injuries or for any damage to a customer's equipment or property which may be caused by high voltage, by low voltage, loss of one or more phases in a multiphase system or by fluctuations in voltage or current on the Distributor's lines. The Customer shall be responsible for protecting his service from

current and voltage fluctuations by installing fuses, circuit breakers, loss of phase protection relays, and other standard protective devices.

3.4 RESTRICTIONS ON USE OF ELECTRICITY

In the event of an emergency or other condition causing a shortage in the amount of electricity for Distributor to meet the demand on its system, Distributor may, by an allocation method deemed equitable by Distributor, fix the amount of electricity to be made available for use by customer and/or may otherwise restrict the time during which the customer may make use of electricity and the uses which the customer may make of electricity. If such actions become necessary, the customer may request a variance because of unusual circumstances including matters adversely affecting the public health, safety, and welfare.

If the customer fails to comply with such allocation or restriction, Distributor may take such remedial actions as it deems appropriate under the circumstances including temporarily disconnecting electric service and charging additional amounts because of excess use of electricity. The provisions of the section entitled "Interruption of Service" of this Schedule of Rules and Regulations are applicable to any such allocation or restriction.

3.5 DISCONTINUANCE OF SERVICE BY DISTRIBUTOR

3.5.1 Violation of Rules

Distributor may refuse to connect or may discontinue service for a violation of any of its Rules and Regulations, or for violation of any of the provisions of the Schedule of Rates and Charges, or false information on the application of the customer or as otherwise specified in the contract with customer.

3.5.2 Interference with the Electric System

Distributor may immediately disconnect and refuse to reconnect any service where evidence exists that the customer's load is interfering with the normal operation of the electric system from factors including, but not limited to harmonics, flicker, load factor or excessive demand.

3.5.3 Theft of Electricity

Distributor may discontinue service to customer for the theft of current or the appearance of current theft devices on the premises of the customer.

3.5.4 Conditions Deemed Unsafe

Distributor may discontinue service immediately and without notice upon discovery of any condition which, in the opinion of the distributor, represents a reasonable and immediate threat to persons or property. Such conditions include frayed or damaged wiring, damaged weather heads for overhead service, heating conductors observed or reported by a reputable party or any other such condition that could reasonably be expected to pose a threat to either the public or distributor personnel. Service will be restored only after approval by the electrical inspection authority having jurisdiction. Failure to disconnect shall not render Distributor liable or responsible for any loss or

damage resulting from defects in the installation, wiring, or appliances, or from violation of Distributor's rules, or from accidents which may occur upon customer's premises

3.5.5 Inadvertent Provision of Service

If the Distributor should inadvertently or by mistake begin to render service to an applicant to whom the Distributor has good and valid reason for refusing to render such service, the Distributor shall have the right to discontinue such service at any time after service has begun, even though such customer does nothing to justify the discontinuance of service during the time such service is being rendered.

3.5.6 No Release of Obligation

The discontinuance of service by Distributor for any cause as stated in this rule does not release the customer from his obligation to Distributor for the payment of minimum bill as specified in customer's application for service or other provisions of any contract between the customer and the Distributor.

3.6 DISTRIBUTOR'S LIABILITY FOR FAILURE TO CUT OFF SERVICE

Distributor shall not be liable for any loss or damage resulting from failure to cut off service after proper notification. Customer shall rely exclusively on privately owned disconnect switches rather than on the Distributor's cutting off of service.

3.7 METERING OF ELECTRIC USE

3.7.1 METER INSTALLATIONS

The Distributor will install and maintain adequate metering facilities to measure the electric power used in accordance with the appropriate rate schedule. All meters, bases, connection boxes, and devices supplied by the Distributor remain its property and will be sealed by the Distributor for the proper protection of its metering equipment. Meters installed shall be readily accessible to the Distributor's representatives for meter reading, testing, and maintenance and shall not be enclosed in areas where free and open access is not available. Meters will not be located where they may be subject to damage or severe vibrations. Meters will not be located less than four (4) feet or more than six (6) feet from the ground.

3.7.2 Meter Tampering

No one shall do anything, which will in any way interfere with or prevent the proper registration of a meter. No one shall tamper with or work on an electric meter without the written permission of the Distributor. No one shall install any wires or other devices, which will cause electricity to pass through or around a meter without the passage of such electricity being registered fully by the meter.

3.7.3 Meter Seals

Except as provided in this paragraph, no one shall tamper with or remove an electric meter seal except for employees of the Distributor. Where seals are found to be open or cut, the Distributor shall conduct an evaluation of the meter installation for safety reasons, and investigate for possible theft of electric power. The customer shall be charged a fee for these inspections as specified in the Distributor's rate schedule. Exception: Under certain conditions and on a case by case basis, the Distributor may

grant a properly licensed electrician permission to remove a meter seal for the purpose of making electrical repairs.

3.7.4 Meter Tests

The Distributor will at its own expense make periodic tests and inspections of its meters to maintain a high standard of accuracy. The Distributor will make additional test or inspections of its meters at the request of the customer. If test made at customer's request show that the meter is accurate within two percent (2%), slow or fast, no adjustment will be made in the customer's bill and a testing charge established in the Distributor's fee schedule will be made to the customer. In the case where the test shows the meter to be in excess of two percent (2%), slow or fast, an adjustment may be made in the customer's bill for a period of not over thirty (30) days prior to the date of the test, and the cost of making the test shall be borne by the Distributor. (Ord. No. 29-82, 9/7/82)

4 Customer Responsibilities and Obligations

4.1 CUSTOMER'S RESPONSIBILITY FOR VIOLATIONS OF RULES AND REGULATIONS

Where the Distributor furnishes electric service to a customer, such customer shall be responsible to the Distributor for all violations of the Rules and Regulations and Rate Schedules of the Distributor, whether violations occur on the premises served or in connection with such service. Personal participation by the customer in any such violations shall not be necessary to impose such personal responsibility on the customer.

4.2 POINT OF DELIVERY

The point of delivery is the point, as designated by Distributor, on customer's premises where current is to be delivered to building or premises. Normally, for commercial and residential overhead installations, the point of delivery is the weatherhead. For residential underground, the point of delivery is normally the meter base (except for ~~downrun~~down-run conduit). For commercial or multifamily underground, the point of delivery is normally the secondary terminal of the transformer. Where voltage is delivered at a primary voltage, the point of delivery is the meter point. All wiring and equipment beyond this point of delivery shall be maintained by the customer, unless such maintenance is the responsibility of the owner of the premises occupied by the customer.

4.3 NOTICE OF TROUBLE

Customer shall notify the Distributor immediately should the service be unsatisfactory for any reason, or should there be defect, trouble, or accident affecting the supply of electricity.

4.4 CUSTOMER'S WIRING

All wiring of customer, or of the owner of the premises occupied by the customer, must conform to Distributor's requirements and accepted modern standards as exemplified by the requirements of the National Electrical Safety Code and the National Electric Code. Distributor shall have the right, but shall not be obligated, to inspect any installation before electricity is introduced or at any later time, and reserves the right to reject any wiring or appliances not in accordance with Distributor's standards and to discontinue service to customer until such deficiency has been corrected. Inspection or failure to inspect or

failure to reject after inspection shall not render Distributor liable or responsible for any loss or damage resulting from defects in the installation, wiring, or appliances, or from violation of Distributor's rules, or from accidents which may occur upon customer's premises.

The Distributor will discontinue service immediately to any premises which, in the sole opinion of the Distributor, is unsafe or unsuitable for service delivery.

4.5 POWER FACTOR

Each commercial and industrial customer is required to maintain a minimum power factor of at least eighty-five percent (85%) but not more than one hundred percent (100%) and to provide at his expense such devices as are necessary to provide such a power factor. Power factors of commercial or industrial customers may be monitored through periodic checks of constant metering. After Distributor makes an initial determination of a power factor problem, a period of ninety (90) days will be allowed for installation of capacitors or other devices to correct for power factors. After such period, the customer shall pay charges for power factors as specified in the rate structure.

4.6 UNBALANCED LOADS

Every precaution shall be taken by the customer to maintain load balance on customer's single and three phase circuits. No load will be allowed on the Distributor's service conductors, which will create a seriously unbalanced condition.

4.7 NOTICE OF ADDITIONAL LOAD

The service connection, transformers, meters, and equipment supplied by Distributor for each customer have definite capacity, and no addition to the equipment or load connected thereto will be allowed except by consent of Distributor. Failure to give notice of additions or changes in load, and to obtain Distributor's consent for same, shall render customer liable for any damage to any Distributor's lines or equipment caused by the additional or changed load.

4.8 EFFECT ON THE ELECTRIC SYSTEM

Electric service must not be used in such a manner as to cause unusual fluctuations or disturbances to Distributor's system. Distributor may require customer, at his own expense, to install suitable apparatus, which will reasonably limit such fluctuations.

4.9 UNAUTHORIZED USE OR INTERFERENCE WITH ELECTRIC SUPPLY

No person shall operate any of the Distributor's switches or equipment without permission or authority from the Distributor.

4.10 ACCESS TO CUSTOMER'S PREMISES

The Distributor's identified representatives and employees shall be granted access to customer's premises at all reasonable times for the purpose of reading meters, for testing, inspecting, repairing and replacing all equipment belonging to the Distributor and for inspecting customer's wiring, appliances and premises in order to determine whether or not the customer is complying with the Distributor's Rules and Regulations. Provision of appropriate real estate rights at no cost to the Distributor for the installation and operation of electrical lines to the customer is considered a condition of service.

4.11 CUSTOMER'S RESPONSIBILITY FOR DISTRIBUTOR'S PROPERTY

Customer, or owner of the premises occupied by customer, shall provide a space for and exercise proper care to protect the property of the Distributor on the premises; and in the event of loss or damage to the Distributor's property arising from neglect of customer to care for same, the cost of necessary repairs or replacements, as determined by the Distributor, shall be paid by the customer.

4.12 STANDBY AND RESALE SERVICE

All purchased electricity (other than emergency or standby service) used on the premises of the customer shall be supplied exclusively by the Distributor and the customer shall not directly or indirectly sell (or otherwise charge) or otherwise dispose of the electric energy or any part thereof.

5 Electric Rates and Billing

5.1 RATES AND CHANGES

All electricity furnished by the Distributor shall be charged at the applicable rate in effect at the time. The Distributor shall not be obligated to consider a request for an adjustment of any bill unless, within ninety (90) days after the questioned bill is paid, the customer files with the Distributor a written objection to said bill specifying the basis for desired adjustment.

5.2 BILLING ADJUSTED TO STANDARD PERIODS

The demand charges and the blocks in the energy charges set forth in the rate schedules are based on billing periods of approximately one month. In case of the first billing of new accounts (temporary service and seasonal customers excepted) where the period covered by the billing involves fractions of a month, the demand charges and the blocks of the energy charge will be adjusted to a basis proportionate with the period of time during which service is extended.

5.3 BILLINGS

The Distributor elects a standard net payment period of fifteen (15) days for all classes of service after the date of the bill. —However, the City Manager is authorized to provide an extension of the discount date, not to exceed five days, when in the best interest of the utility and when such extension is defined in a written policy, developed and available for inspection at the Utility Business Office.

The Distributor establishes for any class of service a late payment charge of five percent (5%) for any portion of bill not paid after the net payment period. Should the final date of payment of bill at the net rate fall on a Sunday or holiday, the next business day following the final date will be the last day to obtain the net rate. Remittance of net rate payment received by mail after the time limit for payment of said net rate will be accepted by the Distributor if the incoming envelope bears the United States Post Office date stamp of the final date for payment of the net amount or any date prior thereto.

Failure to receive bill shall not release customer from payment obligation, nor extend the discount date. No customer shall be entitled to pay any bill at the net rate while such customer is delinquent in the payment of any obligation in connection with electric service owed the Distributor by such customer.

If a meter fails to register, or if a meter is removed to be tested or repaired, or if electricity is received other than through a meter, the Distributor reserves the right to render an estimated bill based on the best information available.

5.4 UTILITY BILL

A residential utility bill shall be mailed monthly to every residential customer for utility service supplied during the time period shown on the utility bill. Each utility bill shall contain the following information:

- a) The time period and number of days of utility service covered by the utility bill;
- b) The utility charge and/or installment due;
- c) The date of the utility bill;
- d) The date when complete payment is due at the utility, which shall be at least fifteen (15) days from the date of the utility bill;
- e) An indication if the utility bill is based on actual or estimated measurement of the amount of utility service supplied;
- f) Notice that residential customers may call the Utilities Business Office, whose telephone number shall be listed on the utility bill, in order to:
 - Dispute the amount of the utility charge and/or installment;
 - Request the establishment of a deferred payment and execute same in writing;
 - Avoid the termination of utility service for non-payment of the amount(s) shown on the utility bill;
 - Request the restoration of utility service.

5.5 RESIDENTIAL CUSTOMER INFORMATION

The Distributor shall provide information on the following upon request:

- a) The availability and operation of deferred payment plan;
- b) The procedure to dispute a utility charge and/or an installment;
- c) The procedure to avoid termination of utility service due to non-payment of utility charges and/or installments;
- d) The procedure for tenants to avoid termination of utility service due to their landlord's non-payment of utility charges and/or installments; and
- e) The procedure to obtain reinstatement of utility service.

6 Residential Customer Disputes

6.1 GENERAL APPLICABILITY

At anytime prior to date of termination of utility service for non-payment of the amount(s) shown on a utility bill, a notice of rejection or a notice of termination, a residential customer may dispute the correctness of all or part of the amount(s) shown in accordance with the provisions of this standard. A residential customer shall not be entitled to dispute the correctness of all or part of the amount(s) if all or part of the amount(s) was (were) the subject of a previous dispute.

6.2 DISPUTE PROCEDURE

~~The City has developed a process for customer disputes and the stipulations are outlined in the Business Office Operation Procedures and Policies.~~

The City Manager shall develop and have available for inspection at the Business Office a written policy a written policy and procedure for disputed amounts. The procedure will include the opportunity for a customer to state their objections to the billing and to receive due consideration and receive a written response which delineates the findings and reasoning of the City.

7 Residential Rental Property

7.1 GENERAL

A residential customer who is the owner of residential rental property housing one or more tenants who are not residential customers of the Distributor for utility service to the dwelling in which such tenant is housed, shall provide the following when requesting termination of utility service to such dwelling:

- a) Name of all tenants residing in such dwelling where service is to be terminated; and
- b) Mailing address of all such tenants.

7.2 NOTICE BY PROPERTY OWNER

The residential customer shall in addition thereto give such tenants written notice that utility service is to be terminated for the dwelling in which said tenants reside.

7.3 NOTICE BY DISTRIBUTOR

The notice shall include the date such service is to be terminated. Provisions hereafter requiring the Distributor to notify the tenants of such dwelling shall not relieve the residential customer from giving notice herein required.

Upon notification from a landlord of residential rental property that tenants are occupying rental units at the service address for which service termination is requested, the Distributor will delay termination of utility service for three (3) days and serve notice to the tenant(s) by posting a notice on the premise in a conspicuous location.

The notice shall include the following:

- a) Landlords name, address and telephone number;

- b) Address of utility service that is to be terminated;
- c) Date of utility service(s) disconnection;
- d) Advisement to the tenant(s) on what procedures are necessary to avoid termination of utility service(s); and
- e) The Distributor's office location, hours of operation and telephone number.

8 Deferred Payment Plan

~~The City has developed a process for customer's to make a deferred payment plan and the stipulations are outlined in the Business Office Operation Procedures and Policies.~~

The City Manager shall develop and have available for inspection at the Business Office a written policy allowing for differed payment of residential accounts. The policy shall be specific in the requirements and qualifications for residential customers and provide for written acceptance of the plans by the customer.

9 Service Termination Procedure for Non-Payment

The provision of this section shall govern all terminations of utility service for non-payment of utility charges and/or installments.

9.1 TERMINATION NOTICE REQUIRED

If by the payment date shown on a utility bill or a deferred payment plan, the Distributor has not received complete payment of the amount(s) shown on the bill or the payment plan, the Distributor shall mail to, deliver through a mutually agreed electronic means (such as text messages, email, or other), or personally serve upon the customer a notice of termination at least five (5) days after the payment date.

9.1.1 The notice contents

- a) The date of the notice of termination.
- b) The amount to be paid.
- c) The date of termination, which shall be at least five (5) days from the date of the notice of termination.
- d) Notice that unless the Distributor receives complete payment of the amount shown prior to the date of termination, utility service shall be terminated under item seven (7) of this section.
- e) Notice that in lieu of paying the amount shown, an eligible residential customer, prior to the date of termination, may request the establishment of a deferred payment plan.
- f) Notice that in lieu of paying the entire amount shown a residential customer, prior to the date of termination, may notify the utility that he disputed the correctness of all or part of the amount shown, if all or part of the amount shown was not the subject of a previous dispute under section 24.

9.1.2 Customer Response to Notice

If the Distributor receives payment of the entire amount shown on the notice of termination prior to the date of termination, such payment shall be considered a timely and complete payment for purposes of this standard.

The Distributor shall terminate utility service to the residential customer on the date of termination if, prior to the date of termination: 1) The Distributor has not received complete payment of the amount shown on the notice of termination; 2) The residential customer has not requested the establishment of a deferred payment plan; and 3) The residential customer has not notified the Distributor that he/she disputes the correctness of all or part of the amount shown on the notice of termination.

9.2 LIMITATION ON TERMINATION OF UTILITY SERVICE

- a) The Distributor shall terminate utility service for nonpayment of utility charges and/or installments only during the hours of 8:00 a.m. to 5:00 p.m., Monday through Thursday. No terminations for non-payments shall be permitted on a legal holiday or on the day before a legal holiday as declared by the Distributor.
- b) The City Manager shall develop, maintain and have available for inspection at the Business Office a written policy with regards to service termination during severe weather, including specifically severe heat or severe cold. The policy shall provide that postponement not extend beyond the period during which extreme weather exists or is forecasted to exist.
- c) The City Manager shall develop, maintain and have available for inspection at the Business Office a written policy with regards to termination of service due to non-payment in cases of a documented medical hardship. The policy shall specify acceptable documentation accepted as evidence of medical hardship, provide for periodic review and renewal of such documentation and provide that a written notice of pending termination be delivered at least twenty-four hours, which must include one full business day, prior to disconnection to allow for the customer to resolve the billing delinquencies or to make other arrangements for housing or medical care. Delay of termination for medical hardship shall not exceed three days, except for circumstances described in sections a) and b) above.
- b)d) Service may not be terminated for non-payment of a bill except after affording the affected customer due process. Reasonable prior written notice shall be given before termination for non-payment.

9.3 REINSTATEMENT OF UTILITY SERVICES

In the event of termination of utility service in accordance with the provisions of this standard, the Distributor shall reinstate utility service to the residential customer within twenty-four (24) hours of the utility's receipt of the complete payment of the amount whose non-payment prompted the termination along with such fees as are specified below for reconnection. Such payment shall not be considered a timely payment for purposes of this standard.

10 Reconnection of Electric Power

10.1 RECONNECTION CHARGE (NON-PAYMENT ACCOUNTS)

Whenever service has been discontinued by Distributor as provided previously, a service charge specified in the Distributor's fee schedule will be assessed and collected in addition to any delinquent balance due before service is restored to the customer. When Distributor makes a call to disconnect service and if for any reason does not disconnect service, a charge specified in the Distributor's fee schedule will be made.— Different charges will be established for residential and commercial accounts and higher charges will be established and collected when connections and reconnections are performed after normal hours or when special circumstances warrant. The Distributor shall have the authority to waive this connection charge in any case where such waiver is to the best interest of the Distributor.

10.2 CONNECTION AND RECONNECTION CHARGES

Whenever a customer requests that power be disconnected for routine maintenance or scheduled work, the Distributor will provide such services when practical during normal business hours for no charge. Such work done after the Distributor's normal operating hours, or scheduled in such a way that they are not completed in normal operating hours will only be conducted at the full cost of the requesting party; providing however, that there shall be no charge in the event of connection in relation to emergency disconnections and connections.

11 Termination of Service by Customer

Customers who have fulfilled their contract term and wish to discontinue service must give Distributor at least-ten (10) days written notice to that effect, unless their contract specifies otherwise. Notice to discontinue service prior to expiration of contract term will not relieve customer from any minimum or guaranteed payment under contract or applicable rate schedule.

12 Information to Customers

Distributor shall reasonably inform customers about rates and services practice policies by making such information available upon application for service and at any other time upon request. Such items shall also be available through electronic means, including the distributor's web page if feasible.

Distributor, as it determines appropriate, shall utilize channels such as mail, annual report, newspaper, radio, public meetings and agendas thereto and utility bill to inform customers about rates and service policies.

All retail rate actions initiated by Distributor shall be conducted at a public hearing, announced in accordance with Tennessee State Law. The agenda for the meeting must be available to the public for inspection or via the City of Oak Ridge Website. Further, the agenda, including pending rate actions must be provided to media outlets prior to the meeting.

Distributor, on request by the customer of record, shall provide a statement of the monthly consumption for the prior twelve (12) months if it is reasonably ascertainable. A non-

customer requesting a statement of a particular account shall be required to pay the cost incurred by the Distributor to provide the statement, as established in the fee structure.

13 City Manager Authorized to Execute Power Contracts

A written contract between the Distributor and Customer shall be required in all instances where a customer's demand for electric power exceeds fifty (50) kilowatts. The City Manager or his specifically authorized representative shall be authorized to enter into and execute such contracts on behalf of the Distributor. The provisions of such contract shall be in accordance with these rules and regulations, applicable rate schedules, and all actions of Council regarding the provision of electrical power and service.

**CITY OF OAK RIDGE
OAK RIDGE, TENNESSEE
RULES AND REGULATIONS
GOVERNING
ELECTRIC POWER DISTRIBUTION**

1 General Provisions

1.1 SCOPE

These rules and regulations and the regularly established rate schedules are a part of all contracts for receiving electric service from the City of Oak Ridge, hereinafter referred to as "Distributor," and apply to all service received, whether the service is based upon contract, agreement, signed application, or otherwise.

1.2 REVISIONS

These rules and regulations may be revised, amended, supplemented, or otherwise changed from time to time. Such changes, when effective, shall have the same force as the present rules and regulations.

1.3 SEPARABILITY

If any clause, sentence, paragraph, section or part of these rules and regulations or rate schedules shall be declared invalid or unconstitutional, it shall not affect the validity of the remaining parts of these rules and regulations or rate schedules.

1.4 CONFLICT

In case of conflict between any provision of any rate schedule and these Rules and Regulations, the rate schedule shall apply.

1.5 POSTING AND FILING

A copy of these Rules and Regulations together with copies of the Distributor's Schedule of Rates and Charges shall be kept open to inspection at the office of the Distributor and made available through the Distributor's web site or other electronic means when feasible.

2 Obtaining Electric Service

2.1 Applying for Service

2.1.1 APPLICATION FOR SERVICE

Prospective customers over eighteen (18) years of age, desiring electric service, shall make a formal request for service and may be required to complete an application for service and/or the Distributor's form of contract before service is supplied but, in the absence of a completed application or contract, the use of electricity shall bind the customer by the terms of Distributor's standard form of application for service. The completion of an application for service shall not obligate the Distributor to furnish the service for which application has been made. A prospective customer under eighteen (18) years of age may apply for electric service with a letter from a co-signee (who qualifies as a valid customer under this section of the Rules and Regulations) guaranteeing payment for said utility service.

2.1.2 INELIGIBLE PERSONS DUE TO PREVIOUS SERVICE:

Utility service shall not be supplied to or benefit any prospective customer if that person has any outstanding and unpaid utility charges or installments arising from prior utility service that benefited the prospective customer. The Distributor shall, in the event service is not furnished, refund to the customer any deposits or fees accepted by Distributor in contemplation of the furnishing of such service.

2.1.3 REQUEST FOR SERVICE:

Any request for service shall include the following information:

- a) The name of the applicant;
- b) The service address to be supplied electric service and the billing address if different from the service address;
- c) The prior residential address of a prospective residential customer;
- d) The desired date for commencement of electric service;
- e) Name and address of employer if applicable;
- f) Two forms of valid identification for the sole purpose of establishing the identity of the prospective customer, one of which must be a government issued and include a photo;
- g) Evidence that the applicant has the right to effect service at the address, in a form acceptable to the distributor; and
- h) Indication as to whether the applicant or other person(s) will be directly utilizing the service at the service address or the service is to the benefit of a third party.

2.2 CONNECTION CHARGES

Whenever a connection order is issued for the connection of a service, an order for service to a new customer, or service is transferred from one customer's name to another, or service that has been discontinued is reinstated, the Distributor shall charge a nonrefundable connection charge specified in the Distributor's fee schedule to cover the expense of this connection. When more than one utility service is involved in single connection order, not more than one charge will be made. Additional charges may be levied, however, if multiple trips are required to accomplish the connection.

Upon request of the customer, connection charges can be applied to the first bill.

2.3 DEPOSITS

2.3.1 Residential

- a) Deposits for new residential service will be established by Council Resolution. The amount of the deposit shall not exceed twice the average maximum bill of customers in the residential class.
- b) Deposits for an individual customer may be reduced or eliminated based on a review of the risk of default poised by the persons obtaining or benefiting from the

service. The City Manager shall develop and maintain a written policy for the reduction or waiver of deposits which shall be available for inspection at the Utility Business Office.

- c) The City Manager may develop a policy regarding Residential customers with an acceptable payment history who have been customers of Oak Ridge for a minimum of five years whereby said customers shall not have their deposit requirement re-examined when one account is closed and another account is opened for similar use and purpose (for example, a customer who moves from one residential location to another similar residential location)
- d) Except as provided for in section 2.3.3, residential deposits are not to be refunded or reduced while service is active.

2.3.2 Commercial and Industrial

- a) All new commercial and Industrial Commercial customers shall provide a deposit in the amount equal to two month's average bill (estimated) either as a cash deposit, approved surety bond, letter of credit or any other form of deposit accepted by the Distributor.
- b) Deposits will not be required from customers who, through participation in an approved program, release the Distributor from liability for the wholesale portion of the power consumed.
- c) Additional deposits shall not be required from existing commercial or industrial customers with an acceptable payment history which are increasing their average total monthly electric utility obligation less than 25% above existing levels, even if such increase represents a new account.

2.3.3 Adjustment of Deposits

- a) Inspection of Deposits: Any customer shall have the right to review the amount of the deposit on file (including interest) for accounts tied to that customer.
- b) Increasing Deposits: Distributor reserves the right to raise the deposits of residential, commercial or industrial customers based on unacceptable payment histories, including two or more late payments in a twelve month period, issuance of a termination of service notice for non-payment, or other reasons where the distributor determines that the customer has a demonstrable increase in risk of default. Notwithstanding the above, the amount of the total deposit shall not exceed twice the average maximum bill of the customer over the previous twenty-four month period. For hardship cases, the distributor may accept installment payments on the deposit increase.
- c) Decreasing Deposits:
 - i. Residential customers who have an acceptable payment history may request a re-evaluation of the deposit requirements for potential adjustment every twenty-four months. Such evaluations will be

conducted as if for a new customer and might result in a decrease, elimination or increase in the required deposit.

- ii. Commercial customers who have an acceptable payment history may request a re-evaluation of the deposit requirements for potential adjustment every twelve months. Such evaluations will be made based on a review of the customer's actual electrical usage in the context of the customer's operations, weather and other factors. The distributor's decision regarding deposit amount will be final.

2.3.4 Payment of Interest of Deposits

All deposits greater than one month's average bill and retained longer than 12 months, shall earn interest at the rate paid by Tennessee Local Government Investment Pool (LGIP). Such earned interest shall be paid, or credited against power bills annually on June 30.

2.3.5 Refund of Deposits

Upon termination of service, the deposit (along with any unpaid accredited interest) may be applied by the Distributor against any obligation of the customer to the Distributor. Any part of the deposit, not so applied, will be refunded to the customer.

2.4 CUSTOMER AIDE TO CONSTRUCTION

Provision of electric power distribution facilities is generally provided under the rate base. Under the conditions below, however, additional contribution by the Customer may be required.

2.4.1 Unusual System Demands

In special cases where a customer requests service that requires special facilities, extensions into areas where electric power is not available, or significant additions to the electrical infrastructure which necessitate a substantial investment by the Distributor and the anticipated net revenue from the regular power bill will not, in the Distributor's opinion, fairly support system operation and the investment required to be made by the Distributor to serve the customer, the Distributor may require the customer to contribute to the construction through either:

- a) a minimum bill contract to support the investment required; or,
- b) customer installation of some portion of the facilities; or,
- c) a contribution toward the cost of installation.

Customer contributions may or may not be refundable, based upon the length of the contract term and/or the relationship of cost of the additional facilities to the annual gross revenue from the customer.

2.4.2 Underground Service

Customers desiring underground service lines from Distributor's overhead system must make construction contributions that include trenching, the installation of all conduits, vaults, commercial transformer pads and other such equipment. Specifications and terms for such construction will be furnished by Distributor on request.

2.4.3 Non-Standard Service

Customer shall pay the cost of any special installation necessary to meet his peculiar requirements for service at other than standard voltages, for duplicate feeds (including the cost of circuitry and the cost of substation reserve capacity) or for the supply of closer voltage regulations than required by standard practice.

2.4.4 Failure to Take Service

If for any reason the customer, after signing a contract or application for electric service, does not take service the customer shall reimburse Distributor for the cost incurred by Distributor to provide service.

2.5 TEMPORARY SERVICE AND CHARGES FOR TEMPORARY SERVICE

Customers requesting electric service on a temporary basis may be required to pay all costs, as determined by the Distributor, for connection and disconnection incidental to the supplying and removing of service in addition to the regular charge for electricity used. This rule includes but is not limited to circuses, carnivals, fairs, temporary construction, and requirements. Standard fees for various types of temporary services, as well as the temporary service policy are available at Distributor's principal offices.

3 Conditions of Distributor Supplied Power

3.1 AVAILABLE VOLTAGES

The voltages available from the Distributor are affected both by the load required and by the location of the customer. Generally, the Distributor will endeavor to make the following voltage/phase combinations available:

Overhead Area:

120/ 240 volt 1 phase 3 wire	0 to 150 KW
208Y/120 volt 3 phase 4 wire	20-1500 KW
480Y/277 volt 3 phase 4 wire	20-1500 KW
240 volt 3 wire Delta	20-1500 KW
480 volt 3 wire Delta (Existing Only)	20-1500 KW
13,200 Y/7620 volt 3 phase 4 wire	500-1500 KW
69,000 volt 3 wire Wye	1000-1500 KW

Note: Underground service drops and pad-mounted transformers may be required for some loads even in overhead areas.

Underground Area:

120/ 240 volt 1 phase 3 wire	0 to 150 KW
208Y/120 volt 3 phase 4 wire	20-1500 KW
480Y/277 volt 3 phase 4 wire	20-1500 KW
13,200 Y/7620 volt 3 phase 4 wire	500-1500 KW

Voltages indicated are nominal and do not reflect the exact voltage supplied. Additional voltages, or voltages at load levels other than indicated, will be supplied when possible, but may require financial contribution on the part of the customer. The distributor reserves the right to provide service at only primary or higher voltages and/or to provide delivery points remote from the point of electrical consumption under specific conditions; including electrical loads greater than those listed above or where access to the distributor's equipment would be unduly limited.

3.2 INTERRUPTION OF SERVICE

3.2.1 Consistency of Service

The Distributor will endeavor to furnish continuous electric service and to maintain reasonable constant voltage, but the Distributor cannot and does not guarantee to the customer any fixed voltage or continuous service. The Distributor shall not be liable for any damages for any interruption or disturbances of service whatsoever.

3.2.2 System Maintenance and Repair

In connection with the operation, maintenance, repair and extension of the Distributor's electric system, the electric supply may be shut off without notice when necessary or desirable, and each customer should be prepared for such emergencies. The Distributor shall not be held liable for any damages from such interruption of service or for damages from the resumption of service without notice after such interruption.

3.3 LOSS OF PHASE, VOLTAGE OR CURRENT FLUCTUATIONS

The Distributor shall not be liable for personal injuries or for any damage to a customer's equipment or property which may be caused by high voltage, by low voltage, loss of one or more phases in a multiphase system or by fluctuations in voltage or current on the Distributor's lines. The Customer shall be responsible for protecting his service from current and voltage fluctuations by installing fuses, circuit breakers, loss of phase protection relays, and other standard protective devices.

3.4 RESTRICTIONS ON USE OF ELECTRICITY

In the event of an emergency or other condition causing a shortage in the amount of electricity for Distributor to meet the demand on its system, Distributor may, by an

allocation method deemed equitable by Distributor, fix the amount of electricity to be made available for use by customer and/or may otherwise restrict the time during which the customer may make use of electricity and the uses which the customer may make of electricity. If such actions become necessary, the customer may request a variance because of unusual circumstances including matters adversely affecting the public health, safety, and welfare.

If the customer fails to comply with such allocation or restriction, Distributor may take such remedial actions as it deems appropriate under the circumstances including temporarily disconnecting electric service and charging additional amounts because of excess use of electricity. The provisions of the section entitled "Interruption of Service" of this Schedule of Rules and Regulations are applicable to any such allocation or restriction.

3.5 DISCONTINUANCE OF SERVICE BY DISTRIBUTOR

3.5.1 Violation of Rules

Distributor may refuse to connect or may discontinue service for a violation of any of its Rules and Regulations, or for violation of any of the provisions of the Schedule of Rates and Charges, or false information on the application of the customer or as otherwise specified in the contract with customer.

3.5.2 Interference with the Electric System

Distributor may immediately disconnect and refuse to reconnect any service where evidence exists that the customer's load is interfering with the normal operation of the electric system from factors including, but not limited to harmonics, flicker, load factor or excessive demand.

3.5.3 Theft of Electricity

Distributor may discontinue service to customer for the theft of current or the appearance of current theft devices on the premises of the customer.

3.5.4 Conditions Deemed Unsafe

Distributor may discontinue service immediately and without notice upon discovery of any condition which, in the opinion of the distributor, represents a reasonable and immediate threat to persons or property. Such conditions include frayed or damaged wiring, damaged weather heads for overhead service, heating conductors observed or reported by a reputable party or any other such condition that could reasonably be expected to pose a threat to either the public or distributor personnel. Service will be restored only after approval by the electrical inspection authority having jurisdiction. Failure to disconnect shall not render Distributor liable or responsible for any loss or damage resulting from defects in the installation, wiring, or appliances, or from violation of Distributor's rules, or from accidents which may occur upon customer's premises

3.5.5 Inadvertent Provision of Service

If the Distributor should inadvertently or by mistake begin to render service to an applicant to whom the Distributor has good and valid reason for refusing to render such service, the Distributor shall have the right to discontinue such service at any time after

service has begun, even though such customer does nothing to justify the discontinuance of service during the time such service is being rendered.

3.5.6 No Release of Obligation

The discontinuance of service by Distributor for any cause as stated in this rule does not release the customer from his obligation to Distributor for the payment of minimum bill as specified in customer's application for service or other provisions of any contract between the customer and the Distributor.

3.6 DISTRIBUTOR'S LIABILITY FOR FAILURE TO CUT OFF SERVICE

Distributor shall not be liable for any loss or damage resulting from failure to cut off service after proper notification. Customer shall rely exclusively on privately owned disconnect switches rather than on the Distributor's cutting off of service.

3.7 METERING OF ELECTRIC USE

3.7.1 METER INSTALLATIONS

The Distributor will install and maintain adequate metering facilities to measure the electric power used in accordance with the appropriate rate schedule. All meters, bases, connection boxes, and devices supplied by the Distributor remain its property and will be sealed by the Distributor for the proper protection of its metering equipment. Meters installed shall be readily accessible to the Distributor's representatives for meter reading, testing, and maintenance and shall not be enclosed in areas where free and open access is not available. Meters will not be located where they may be subject to damage or severe vibrations. Meters will not be located less than four (4) feet or more than six (6) feet from the ground.

3.7.2 Meter Tampering

No one shall do anything, which will in any way interfere with or prevent the proper registration of a meter. No one shall tamper with or work on an electric meter without the written permission of the Distributor. No one shall install any wires or other devices, which will cause electricity to pass through or around a meter without the passage of such electricity being registered fully by the meter.

3.7.3 Meter Seals

Except as provided in this paragraph, no one shall tamper with or remove an electric meter seal except for employees of the Distributor. Where seals are found to be open or cut, the Distributor shall conduct an evaluation of the meter installation for safety reasons, and investigate for possible theft of electric power. The customer shall be charged a fee for these inspections as specified in the Distributor's rate schedule. Exception: Under certain conditions and on a case by case basis, the Distributor may grant a properly licensed electrician permission to remove a meter seal for the purpose of making electrical repairs.

3.7.4 Meter Tests

The Distributor will at its own expense make periodic tests and inspections of its meters to maintain a high standard of accuracy. The Distributor will make additional test or inspections of its meters at the request of the customer. If test made at customer's

request show that the meter is accurate within two percent (2%), slow or fast, no adjustment will be made in the customer's bill and a testing charge established in the Distributor's fee schedule will be made to the customer. In the case where the test shows the meter to be in excess of two percent (2%), slow or fast, an adjustment may be made in the customer's bill for a period of not over thirty (30) days prior to the date of the test, and the cost of making the test shall be borne by the Distributor. (Ord. No. 29-82, 9/7/82)

4 Customer Responsibilities and Obligations

4.1 CUSTOMER'S RESPONSIBILITY FOR VIOLATIONS OF RULES AND REGULATIONS

Where the Distributor furnishes electric service to a customer, such customer shall be responsible to the Distributor for all violations of the Rules and Regulations and Rate Schedules of the Distributor, whether violations occur on the premises served or in connection with such service. Personal participation by the customer in any such violations shall not be necessary to impose such personal responsibility on the customer.

4.2 POINT OF DELIVERY

The point of delivery is the point, as designated by Distributor, on customer's premises where current is to be delivered to building or premises. Normally, for commercial and residential overhead installations, the point of delivery is the weatherhead. For residential underground, the point of delivery is normally the meter base (except for down-run conduit). For commercial or multifamily underground, the point of delivery is normally the secondary terminal of the transformer. Where voltage is delivered at a primary voltage, the point of delivery is the meter point. All wiring and equipment beyond this point of delivery shall be maintained by the customer, unless such maintenance is the responsibility of the owner of the premises occupied by the customer.

4.3 NOTICE OF TROUBLE

Customer shall notify the Distributor immediately should the service be unsatisfactory for any reason, or should there be defect, trouble, or accident affecting the supply of electricity.

4.4 CUSTOMER'S WIRING

All wiring of customer, or of the owner of the premises occupied by the customer, must conform to Distributor's requirements and accepted modern standards as exemplified by the requirements of the National Electrical Safety Code and the National Electric Code. Distributor shall have the right, but shall not be obligated, to inspect any installation before electricity is introduced or at any later time, and reserves the right to reject any wiring or appliances not in accordance with Distributor's standards and to discontinue service to customer until such deficiency has been corrected. Inspection or failure to inspect or failure to reject after inspection shall not render Distributor liable or responsible for any loss or damage resulting from defects in the installation, wiring, or appliances, or from violation of Distributor's rules, or from accidents which may occur upon customer's premises.

The Distributor will discontinue service immediately to any premises which, in the sole opinion of the Distributor, is unsafe or unsuitable for service delivery.

4.5 POWER FACTOR

Each commercial and industrial customer is required to maintain a minimum power factor of at least eighty-five percent (85%) but not more than one hundred percent (100%) and to provide at his expense such devices as are necessary to provide such a power factor. Power factors of commercial or industrial customers may be monitored through periodic checks of constant metering. After Distributor makes an initial determination of a power factor problem, a period of ninety (90) days will be allowed for installation of capacitors or other devices to correct for power factors. After such period, the customer shall pay charges for power factors as specified in the rate structure.

4.6 UNBALANCED LOADS

Every precaution shall be taken by the customer to maintain load balance on customer's single and three phase circuits. No load will be allowed on the Distributor's service conductors, which will create a seriously unbalanced condition.

4.7 NOTICE OF ADDITIONAL LOAD

The service connection, transformers, meters, and equipment supplied by Distributor for each customer have definite capacity, and no addition to the equipment or load connected thereto will be allowed except by consent of Distributor. Failure to give notice of additions or changes in load, and to obtain Distributor's consent for same, shall render customer liable for any damage to any Distributor's lines or equipment caused by the additional or changed load.

4.8 EFFECT ON THE ELECTRIC SYSTEM

Electric service must not be used in such a manner as to cause unusual fluctuations or disturbances to Distributor's system. Distributor may require customer, at his own expense, to install suitable apparatus, which will reasonably limit such fluctuations.

4.9 UNAUTHORIZED USE OR INTERFERENCE WITH ELECTRIC SUPPLY

No person shall operate any of the Distributor's switches or equipment without permission or authority from the Distributor.

4.10 ACCESS TO CUSTOMER'S PREMISES

The Distributor's identified representatives and employees shall be granted access to customer's premises at all reasonable times for the purpose of reading meters, for testing, inspecting, repairing and replacing all equipment belonging to the Distributor and for inspecting customer's wiring, appliances and premises in order to determine whether or not the customer is complying with the Distributor's Rules and Regulations. Provision of appropriate real estate rights at no cost to the Distributor for the installation and operation of electrical lines to the customer is considered a condition of service.

4.11 CUSTOMER'S RESPONSIBILITY FOR DISTRIBUTOR'S PROPERTY

Customer, or owner of the premises occupied by customer, shall provide a space for and exercise proper care to protect the property of the Distributor on the premises; and in the event of loss or damage to the Distributor's property arising from neglect of customer to care for same, the cost of necessary repairs or replacements, as determined by the Distributor, shall be paid by the customer.

4.12 STANDBY AND RESALE SERVICE

All purchased electricity (other than emergency or standby service) used on the premises of the customer shall be supplied exclusively by the Distributor and the customer shall not directly or indirectly sell (or otherwise charge) or otherwise dispose of the electric energy or any part thereof.

5 Electric Rates and Billing

5.1 RATES AND CHANGES

All electricity furnished by the Distributor shall be charged at the applicable rate in effect at the time. The Distributor shall not be obligated to consider a request for an adjustment of any bill unless, within ninety (90) days after the questioned bill is paid, the customer files with the Distributor a written objection to said bill specifying the basis for desired adjustment.

5.2 BILLING ADJUSTED TO STANDARD PERIODS

The demand charges and the blocks in the energy charges set forth in the rate schedules are based on billing periods of approximately one month. In case of the first billing of new accounts (temporary service and seasonal customers excepted) where the period covered by the billing involves fractions of a month, the demand charges and the blocks of the energy charge will be adjusted to a basis proportionate with the period of time during which service is extended.

5.3 BILLINGS

The Distributor elects a standard net payment period of fifteen (15) days for all classes of service after the date of the bill. However, the City Manager is authorized to provide an extension of the discount date, not to exceed five days, when in the best interest of the utility and when such extension is defined in a written policy, developed and available for inspection at the Utility Business Office.

The Distributor establishes for any class of service a late payment charge of five percent (5%) for any portion of bill not paid after the net payment period. Should the final date of payment of bill at the net rate fall on a Sunday or holiday, the next business day following the final date will be the last day to obtain the net rate. Remittance of net rate payment received by mail after the time limit for payment of said net rate will be accepted by the Distributor if the incoming envelope bears the United States Post Office date stamp of the final date for payment of the net amount or any date prior thereto.

Failure to receive bill shall not release customer from payment obligation, nor extend the discount date. No customer shall be entitled to pay any bill at the net rate while such customer is delinquent in the payment of any obligation in connection with electric service owed the Distributor by such customer.

If a meter fails to register, or if a meter is removed to be tested or repaired, or if electricity is received other than through a meter, the Distributor reserves the right to render an estimated bill based on the best information available.

5.4 UTILITY BILL

A residential utility bill shall be mailed monthly to every residential customer for utility service supplied during the time period shown on the utility bill. Each utility bill shall contain the following information:

- a) The time period and number of days of utility service covered by the utility bill;
- b) The utility charge and/or installment due;
- c) The date of the utility bill;
- d) The date when complete payment is due at the utility, which shall be at least fifteen (15) days from the date of the utility bill;
- e) An indication if the utility bill is based on actual or estimated measurement of the amount of utility service supplied;
- f) Notice that residential customers may call the Utilities Business Office, whose telephone number shall be listed on the utility bill, in order to:
 - Dispute the amount of the utility charge and/or installment;
 - Request the establishment of a deferred payment and execute same in writing;
 - Avoid the termination of utility service for non-payment of the amount(s) shown on the utility bill;
 - Request the restoration of utility service.

5.5 RESIDENTIAL CUSTOMER INFORMATION

The Distributor shall provide information on the following upon request:

- a) The availability and operation of deferred payment plan;
- b) The procedure to dispute a utility charge and/or an installment;
- c) The procedure to avoid termination of utility service due to non-payment of utility charges and/or installments;
- d) The procedure for tenants to avoid termination of utility service due to their landlord's non-payment of utility charges and/or installments; and
- e) The procedure to obtain reinstatement of utility service.

6 Residential Customer Disputes

6.1 GENERAL APPLICABILITY

At anytime prior to date of termination of utility service for non-payment of the amount(s) shown on a utility bill, a notice of rejection or a notice of termination, a residential customer may dispute the correctness of all or part of the amount(s) shown in accordance with the provisions of this standard. A residential customer shall not be entitled to dispute the

correctness of all or part of the amount(s) if all or part of the amount(s) was (were) the subject of a previous dispute.

6.2 DISPUTE PROCEDURE

The City Manager shall develop and have available for inspection at the Business Office a written policy and procedure for disputed amounts. The procedure will include the opportunity for a customer to state their objections to the billing and to receive due consideration and receive a written response which delineates the findings and reasoning of the City.

7 Residential Rental Property

7.1 GENERAL

A residential customer who is the owner of residential rental property housing one or more tenants who are not residential customers of the Distributor for utility service to the dwelling in which such tenant is housed, shall provide the following when requesting termination of utility service to such dwelling:

- a) Name of all tenants residing in such dwelling where service is to be terminated; and
- b) Mailing address of all such tenants.

7.2 NOTICE BY PROPERTY OWNER

The residential customer shall in addition thereto give such tenants written notice that utility service is to be terminated for the dwelling in which said tenants reside.

7.3 NOTICE BY DISTRIBUTOR

The notice shall include the date such service is to be terminated. Provisions hereafter requiring the Distributor to notify the tenants of such dwelling shall not relieve the residential customer from giving notice herein required.

Upon notification from a landlord of residential rental property that tenants are occupying rental units at the service address for which service termination is requested, the Distributor will delay termination of utility service for three (3) days and serve notice to the tenant(s) by posting a notice on the premise in a conspicuous location.

The notice shall include the following:

- a) Landlords name, address and telephone number;
- b) Address of utility service that is to be terminated;
- c) Date of utility service(s) disconnection;
- d) Advisement to the tenant(s) on what procedures are necessary to avoid termination of utility service(s); and
- e) The Distributor's office location, hours of operation and telephone number.

8 Deferred Payment Plan

The City Manager shall develop and have available for inspection at the Business Office a written policy allowing for differed payment of residential accounts. The policy shall be specific in the requirements and qualifications for residential customers and provide for written acceptance of the plans by the customer.

9 Service Termination Procedure for Non-Payment

The provision of this section shall govern all terminations of utility service for non-payment of utility charges and/or installments.

9.1 TERMINATION NOTICE REQUIRED

If by the payment date shown on a utility bill or a deferred payment plan, the Distributor has not received complete payment of the amount(s) shown on the bill or the payment plan, the Distributor shall mail to, deliver through a mutually agreed electronic means (such as text messages, email, or other), or personally serve upon the customer a notice of termination at least five (5) days after the payment date.

9.1.1 The notice contents

- a) The date of the notice of termination.
- b) The amount to be paid.
- c) The date of termination, which shall be at least five (5) days from the date of the notice of termination.
- d) Notice that unless the Distributor receives complete payment of the amount shown prior to the date of termination, utility service shall be terminated under item seven (7) of this section.
- e) Notice that in lieu of paying the amount shown, an eligible residential customer, prior to the date of termination, may request the establishment of a deferred payment plan.
- f) Notice that in lieu of paying the entire amount shown a residential customer, prior to the date of termination, may notify the utility that he disputed the correctness of all or part of the amount shown, if all or part of the amount shown was not the subject of a previous dispute under section 24.

9.1.2 Customer Response to Notice

If the Distributor receives payment of the entire amount shown on the notice of termination prior to the date of termination, such payment shall be considered a timely and complete payment for purposes of this standard.

The Distributor shall terminate utility service to the residential customer on the date of termination if, prior to the date of termination: 1) The Distributor has not received complete payment of the amount shown on the notice of termination; 2) The residential customer has not requested the establishment of a deferred payment plan; and 3) The residential customer has not notified the Distributor that he/she

disputes the correctness of all or part of the amount shown on the notice of termination.

9.2 LIMITATION ON TERMINATION OF UTILITY SERVICE

- a) The Distributor shall terminate utility service for nonpayment of utility charges and/or installments only during the hours of 8:00 a.m. to 5:00 p.m., Monday through Thursday. No terminations for non-payments shall be permitted on a legal holiday or on the day before a legal holiday as declared by the Distributor.
- b) The City Manager shall develop, maintain and have available for inspection at the Business Office a written policy with regards to service termination during severe weather, including specifically severe heat or severe cold. The policy shall provide that postponement not extend beyond the period during which extreme weather exists or is forecasted to exist.
- c) The City Manager shall develop, maintain and have available for inspection at the Business Office a written policy with regards to termination of service due to non-payment in cases of a documented medical hardship. The policy shall specify acceptable documentation accepted as evidence of medical hardship, provide for periodic review and renewal of such documentation and provide that a written notice of pending termination be delivered at least twenty-four hours, which must include one full business day, prior to disconnection to allow for the customer to resolve the billing delinquencies or to make other arrangements for housing or medical care. Delay of termination for medical hardship shall not exceed three days, except for circumstances described in sections a) and b) above.
- d) Service may not be terminated for non-payment of a bill except after affording the affected customer due process. Reasonable prior written notice shall be given before termination for non-payment.

9.3 REINSTATEMENT OF UTILITY SERVICES

In the event of termination of utility service in accordance with the provisions of this standard, the Distributor shall reinstate utility service to the residential customer within twenty-four (24) hours of the utility's receipt of the complete payment of the amount whose non-payment prompted the termination along with such fees as are specified below for reconnection. Such payment shall not be considered a timely payment for purposes of this standard.

10 Reconnection of Electric Power

10.1 RECONNECTION CHARGE (NON-PAYMENT ACCOUNTS)

Whenever service has been discontinued by Distributor as provided previously, a service charge specified in the Distributor's fee schedule will be assessed and collected in addition to any delinquent balance due before service is restored to the customer. When Distributor makes a call to disconnect service and if for any reason does not disconnect service, a charge-specified in the Distributor's fee schedule will be made.— Different charges will be established for residential and commercial accounts and higher charges will be established and collected when connections and reconnections are performed after normal hours or when special circumstances warrant. The Distributor shall have

the authority to waive this connection charge in any case where such waiver is to the best interest of the Distributor.

10.2 CONNECTION AND RECONNECTION CHARGES

Whenever a customer requests that power be disconnected for routine maintenance or scheduled work, the Distributor will provide such services when practical during normal business hours for no charge. Such work done after the Distributor's normal operating hours, or scheduled in such a way that they are not completed in normal operating hours will only be conducted at the full cost of the requesting party; providing however, that there shall be no charge in the event of connection in relation to emergency disconnections and connections.

11 Termination of Service by Customer

Customers who have fulfilled their contract term and wish to discontinue service must give Distributor at least-ten (10) days written notice to that effect, unless their contract specifies otherwise. Notice to discontinue service prior to expiration of contract term will not relieve customer from any minimum or guaranteed payment under contract or applicable rate schedule.

12 Information to Customers

Distributor shall reasonably inform customers about rates and services practice policies by making such information available upon application for service and at any other time upon request. Such items shall also be available through electronic means, including the distributor's web page if feasible.

Distributor, as it determines appropriate, shall utilize channels such as mail, annual report, newspaper, radio, public meetings and agendas thereto and utility bill to inform customers about rates and service policies.

All retail rate actions initiated by Distributor shall be conducted at a public hearing, announced in accordance with Tennessee State Law. The agenda for the meeting must be available to the public for inspection or via the City of Oak Ridge Website. Further, the agenda, including pending rate actions must be provided to media outlets prior to the meeting.

Distributor, on request by the customer of record, shall provide a statement of the monthly consumption for the prior twelve (12) months if it is reasonably ascertainable. A non-customer requesting a statement of a particular account shall be required to pay the cost incurred by the Distributor to provide the statement, as established in the fee structure.

13 City Manager Authorized to Execute Power Contracts

A written contract between the Distributor and Customer shall be required in all instances where a customer's demand for electric power exceeds fifty (50) kilowatts. The City Manager or his specifically authorized representative shall be authorized to enter into and execute such contracts on behalf of the Distributor. The provisions of such contract shall be in accordance with these rules and regulations, applicable rate schedules, and all actions of Council regarding the provision of electrical power and service.

SEPARATOR



Tennessee Valley Authority, 1101 Market Street, Chattanooga, Tennessee 37402

2015 FEB -6 PM 3:40
OFFICE OF THE CITY CLERK

January 30, 2015

Mr. Jack L. Suggs, Electrical Director
Oak Ridge Electric Department
100 Woodbury Lane
Oak Ridge, Tennessee 37830-7355

Dear Mr. Suggs:

Since the fall of 2013, TVA and our customers have worked collaboratively to develop and implement a strategic plan that focuses on TVA's long-term pricing strategy. The Strategic Pricing Plan (SPP) will serve as a guide on the long-term direction of TVA's rates and provide customers the knowledge they need to make future business decisions and evaluate technology investment. As a part of the SPP, TVA is proposing changes to the Schedule of Rates and Charges attached to and made a part of our Power Contract.

The enclosure to this letter, including the attached draft rate schedules, is a description of the rate change proposal. In accordance with the provisions of the section entitled "Adjustment and Change of Wholesale Rate and Resale Rates" of the Schedule of Terms and Conditions of the Power Contract, and consistent with our successful collaboration with you, TVA believes structural changes are warranted to the Schedule of Rates and Charges and is requesting that we meet with you or your representative and endeavor to reach agreement with respect to these proposed changes.

We understand that the Tennessee Valley Public Power Association's Rates and Contracts Committee will be serving as the representative for most distributors. If that is not the case for your system, please contact your TVA Customer Service Manager.

The proposed changes described in the enclosure do not reflect any rate adjustments that may take place between today and the implementation date of the rate change. The proposed rate change is not intended to raise additional revenue for TVA. However, individual systems and their customers may see some effects on their bills, and we will assist you in analyzing, understanding, and planning for these changes in the coming months.

We look forward to discussing this proposal with you. If you have any questions or need any additional information, please contact your TVA Customer Service Manager.

Sincerely,

Daniel P. Pratt
Vice President
Pricing & Contracts

Laura J. Campbell
Vice President
Customer Delivery

Enclosures
cc (Enclosures):

The Honorable Warren L. Gooch, Mayor of Oak Ridge

TVA RATE CHANGE PROPOSAL

The previous rate change, implemented in 2011 and 2012, provided rate options that better aligned pricing with underlying cost drivers. That rate change was an important step, and in advance of taking the next step, TVA and distributors collaboratively developed a Strategic Pricing Plan (SPP) that is flexible enough to accommodate customer diversity and the changing marketplace while ensuring that the Valley's electric rates remain competitive and affordable. TVA will use the SPP to build consistency across rates, pricing, products, and programs. The SPP will result in a fair and equitable pricing strategy to be shared among all of TVA's customers.

The long-term direction of the SPP will focus on improving fixed cost recovery by appropriately valuing infrastructure investment and having less variable fixed cost recovery at wholesale and retail; by improving pricing signals that are more reflective of embedded (fixed) and marginal (variable) costs, more dynamic pricing, and improved distributor margin management; and by encouraging technology investment through pricing and assistance with interval metering and data management.

Accordingly, TVA is proposing the rate change and related matters set forth below, with the rate change being more particularly detailed in the draft rate schedules attached to this proposal as Attachments A and B.

I. Wholesale Rates

- A. Wholesale Schedules. The currently available wholesale rate schedules (Schedule WS-TOU, Schedule WS-MTOU, and Schedule WS-MDE) will be replaced by two new wholesale rate schedule options: the default wholesale rate (Schedule WS) and a demand and energy rate (Schedule WS-DE). All distributors will be initially assigned to take service under the new Schedule WS. However, a distributor may elect to take service under the wholesale demand and energy rate schedule, and it will be billed under the new Schedule WS-DE.

Generally, proposed wholesale rate changes include, but are not limited to, the following:

1. Separate capacity and delivery charges, with the capacity charge based on onpeak hours.
2. Reduce the number of onpeak hours to six hours for the Winter and Summer periods. The Transition period will now have six onpeak hours.
3. Based on cost allocation resulting from cost of service analysis, Standard Service rates have been increased, and Manufacturing and General Service B, C and D rates have been lowered.
4. Remove the Seasonal Demand and Energy Service section from the wholesale rate schedules.
5. The current total monthly fuel cost adjustment (FCA) recovers fuel costs using an average cost basis; all customers pay the same fuel rate regardless

of when they use energy. The "Adjustments" section of the wholesale schedules provide for certain allocations to be used in applying the FCA, in order to more accurately assign fuel costs to two groups of customers: (a) Large Customers and TVA direct service customers with contract demands greater than 1,000 kW and (b) Standard Service customers and all other customers with contract demands less than or equal to 1,000 kW.

- B. Large Customers. For the wholesale billing of Large Customers as defined under current wholesale power rate schedules, distributors will still have the option to elect either the Standard Billing Arrangement (Large Customers excluded from Standard Service billing) or the Alternate Billing Arrangement (Large Customers included in Standard Service billing).
1. The credits provided by the Valley Commitment Program have been factored into the base rates of the wholesale rate schedules applicable to manufacturing customers. Wholesale rates for manufacturing and general service B, C, and D customers have been lowered to better align with their cost of service.
 2. TVA is proposing to allow distributors the option to reduce loss charges applied to the total monthly fuel cost for customers taking service at 161 kV or greater. Distributors may request (by way of an election form) to apply a loss factor of 0% to the total monthly fuel cost and use the same loss factor across the board for all customers taking service at 161 kV or greater.

II. Resale Rates

A. Resale Rate Alignment.

1. To enable distributors to continue operating on a financially sound basis after the wholesale rate change, TVA will make changes to the resale rate schedules to: (a) reflect changes in wholesale power costs and (b) align the minimum bill provisions with the new demand charges.
2. For service to customers for which the distributor is billed under Standard Service charges, TVA will automatically increase the power cost recovery component of resale rates by the maximum percentage impact as determined by applying data from TVA's Fiscal Years 2012, 2013 and 2014 to distributor's Standard Service loads.

B. Small Manufacturing Credit. The Small Manufacturing Credit (SMC) will be increased as described below.

C. Large Customers. TVA proposes that resale rates for Large Customers will not include a Seasonal Demand & Energy option.

III. Other Matters to be Discussed in Conjunction with the Rate Change

TVA also proposes that the following items be discussed in conjunction with this rate change proposal:

- A. Interruptible Programs. TVA will endeavor to align 5 Minute Response, 60 Minute Response, and Reserve Preservation programs with the new resale rates, including, for example, (a) modifications to base the interruptible demand credit on a customer's maximum onpeak demand rather than its maximum demand and (b) leveling the currently-sculpted demand credits across all months of the year.
- B. Small Manufacturing Credit. The SMC is available to qualified manufacturing customers in the GSA3, MSA, and TGSA rate classifications. TVA will refer to the SMC as the "Manufacturing Credit."

The GSA3, MSA, and TGSA Manufacturing Credit values per kW will remain the same, but TVA will offer to increase the credit values for the kWh portion of the program by a total of \$0.00536 per kWh (reflecting a roll-in of the Valley Commitment Program and an approximate \$22 million increase in manufacturing credits). There are no other proposed changes to the program.
- C. Fuel Cost Adjustment. TVA will work with distributors to develop an FCA that incorporates the fuel cost allocations described above.
- D. Rate Adjustment. An Adjustment Addendum that preserves the Environmental Adjustment and aligns it with the new rate structure will become effective with the rate change and will operate to adjust the changed rates. TVA has also discussed with distributors a potential need for an upward rate adjustment for fiscal year 2016, beginning October 1, 2015. Revenue requirements and the need for a rate increase will be further discussed at TVA's annual Rate Review Meeting, also known as the "All-Customer Meeting."
- E. Simplification and Process Improvements. TVA proposes to explore with distributors additional opportunities to simplify rate schedule language and improve processes for approving and publishing rates and rate-related documents.

Attachment A

remotely-accessed data during such periods as are specified by TVA. Further, for each Large Customer, Distributor shall furnish TVA with such contract information as TVA reasonably requests for purposes of performing monthly billing analysis for each such customer. In the event that TVA is not given such access to all such metering data, or is not provided such contract information, all power and energy taken hereunder shall be billed in accordance with the Alternate Billing Arrangement.

STANDARD SERVICE

Onpeak Demand Charge:	Summer Period	\$7.10 per kW of Onpeak Billing Demand per month
	Winter Period	\$6.28 per kW of Onpeak Billing Demand per month
	Transition Period	\$6.28 per kW of Onpeak Billing Demand per month
Maximum Demand Charge:	Summer Period	\$2.61 per kW of Maximum Billing Demand per month
	Winter Period	\$2.61 per kW of Maximum Billing Demand per month
	Transition Period	\$2.61 per kW of Maximum Billing Demand per month
Non-Fuel Energy Charge:	Summer Period	3.654¢ per kWh per month (as adjusted by TOU Amount below)
	Winter Period	3.366¢ per kWh per month (as adjusted by TOU Amount below)
	Transition Period	3.249¢ per kWh per month

TOU Amounts to be added to Non-Fuel Energy Charge:

Summer Period	
During onpeak hours:	1.500¢ per kWh per month
During offpeak hours:	-0.700¢ per kWh per month
Winter Period	
During onpeak hours:	0.800¢ per kWh per month
During offpeak hours:	-0.200¢ per kWh per month

The above TOU Amounts shall not be subject to adjustment under Adjustment 1 below.

TOU SERVICE

General Power Service

Schedule GSB

Administrative Charge:	\$350 per delivery point per month
Demand Charge:	
Summer Period	
Onpeak Demand	\$9.08 per kW of metered onpeak demand per month
Maximum Demand	\$3.51 per kW per month of Maximum demand
Winter Period	
Onpeak Demand	\$8.27 per kW of metered onpeak demand per month
Maximum Demand	\$3.51 per kW per month of Maximum demand
Transition Period	
Onpeak Demand	\$8.27 per kW of metered onpeak demand per month
Maximum Demand	\$3.51 per kW per month of Maximum demand

Non-Fuel Energy Charge:

Summer Period

Onpeak 6.432¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 4.347¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.470¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak 5.480¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 4.532¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.470¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period

Onpeak 4.321¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 4.321¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.470¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule GSC

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period

Onpeak Demand \$9.08 per kW of metered onpeak demand per month

Maximum Demand \$3.51 per kW per month of Maximum demand

Winter Period

Onpeak Demand \$8.27 per kW of metered onpeak demand per month

Maximum Demand \$3.51 per kW per month of Maximum demand

Transition Period

Onpeak Demand \$8.27 per kW of metered onpeak demand per month

Maximum Demand \$3.51 per kW per month of Maximum demand

Non-Fuel Energy Charge:

Summer Period

Onpeak 6.432¢ per kWh per month for all metered onpeak kWh

Offpeak
 Block 1 4.347¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
 Block 2 0.470¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
 Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak 5.480¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 4.532¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
 Block 2 0.470¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
 Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period

Onpeak 4.321¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 4.321¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
 Block 2 0.470¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
 Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule GSD

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period

Onpeak Demand \$9.08 per kW of metered onpeak demand per month
 Maximum Demand \$3.51 per kW per month of Maximum demand

Winter Period

Onpeak Demand \$8.27 per kW of metered onpeak demand per month
 Maximum Demand \$3.51 per kW per month of Maximum demand

Transition Period

Onpeak Demand \$8.27 per kW of metered onpeak demand per month
 Maximum Demand \$3.51 per kW per month of Maximum demand

Non-Fuel Energy Charge:

Summer Period

Onpeak 6.432¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 4.347¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
 Block 2 0.375¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak 5.480¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 4.532¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.375¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period

Onpeak 4.321¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 4.321¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.375¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule TDGSA

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period

Onpeak Demand \$9.13 per kW of metered onpeak demand per month

Maximum Demand \$3.51 per kW per month of Maximum demand

Winter Period

Onpeak Demand \$8.32 per kW of metered onpeak demand per month

Maximum Demand \$3.51 per kW per month of Maximum demand

Transition Period

Onpeak Demand \$8.32 per kW of metered onpeak demand per month

Maximum Demand \$3.51 per kW per month of Maximum demand

Non-Fuel Energy Charge:

Summer Period

Onpeak 6.715¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 3.919¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.376¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.122¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak 5.439¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1	4.167¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 2	0.376¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 3	0.122¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period
Onpeak 4.266¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1	4.266¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 2	0.376¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 3	0.122¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Manufacturing Power Service

Schedule MSB

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period

Onpeak Demand	\$8.47 per kW of metered onpeak demand per month
Maximum Demand	\$1.00 per kW per month of Maximum demand

Winter Period

Onpeak Demand	\$7.67 per kW of metered onpeak demand per month
Maximum Demand	\$1.00 per kW per month of Maximum demand

Transition Period

Onpeak Demand	\$7.67 per kW of metered onpeak demand per month
Maximum Demand	\$1.00 per kW per month of Maximum demand

Non-Fuel Energy Charge:

Summer Period

Onpeak 4.774¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1	2.709¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 2	0.254¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 3	0.043¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak 3.832¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1	2.893¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 2	0.254¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 3	0.043¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period
Onpeak 2.965¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1	2.965¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 2	0.254¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 3	0.043¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule MSC

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period

Onpeak Demand	\$8.47 per kW of metered onpeak demand per month
Maximum Demand	\$1.00 per kW per month of Maximum demand

Winter Period

Onpeak Demand	\$7.67 per kW of metered onpeak demand per month
Maximum Demand	\$1.00 per kW per month of Maximum demand

Transition Period

Onpeak Demand	\$7.67 per kW of metered onpeak demand per month
Maximum Demand	\$1.00 per kW per month of Maximum demand

Non-Fuel Energy Charge:

Summer Period

Onpeak 4.680¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1	2.615¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 2	0.372¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 3	0.0372¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak 3.738¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1	2.799¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 2	0.372¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.372¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period

Onpeak 2.871¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 2.871¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.372¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.372¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule MSD

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period

Onpeak Demand \$8.47 per kW of metered onpeak demand per month

Maximum Demand \$1.00 per kW per month of Maximum demand

Winter Period

Onpeak Demand \$7.67 per kW of metered onpeak demand per month

Maximum Demand \$1.00 per kW per month of Maximum demand

Transition Period

Onpeak Demand \$7.67 per kW of metered onpeak demand per month

Maximum Demand \$1.00 per kW per month of Maximum demand

Non-Fuel Energy Charge:

Summer Period

Onpeak 4.493¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 2.427¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.231¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.184¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak 3.550¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 2.611¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.231¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.184¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period

Onpeak 2.683¢ per kWh per month for all metered onpeak kWh

Offpeak

- Block 1 2.683¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
- Block 2 0.231¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
- Block 3 0.184¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule TDMSA

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period

- Onpeak Demand \$8.47 per kW of metered onpeak demand per month
- Maximum Demand \$2.83 per kW per month of Maximum demand

Winter Period

- Onpeak Demand \$7.67 per kW of metered onpeak demand per month
- Maximum Demand \$2.83 per kW per month of Maximum demand

Transition Period

- Onpeak Demand \$7.67 per kW of metered onpeak demand per month
- Maximum Demand \$2.83 per kW per month of Maximum demand

Non-Fuel Energy Charge:

Summer Period

- Onpeak 4.586¢ per kWh per month for all metered onpeak kWh

Offpeak

- Block 1 2.521¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
- Block 2 0.254¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
- Block 3 0.043¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

- Onpeak 3.644¢ per kWh per month for all metered onpeak kWh

- Block 1 2.705¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
- Block 2 0.254¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
- Block 3 0.043¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period

- Onpeak 2.777¢ per kWh per month for all metered onpeak kWh

Offpeak

- Block 1 2.777¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2	0.254¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 3	0.043¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Adjustments

1. The base demand and energy charges in this rate schedule shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. For purposes of determining amounts applicable to (1) power resold to customers for which Distributor is billed according to charges set out in the Standard Service subsection of this rate schedule (Standard Service Loads), and (2) power resold to customers for which Distributor is billed according to charges set out in the TOU Service subsection of this rate schedule (TOU Service Loads), a resource cost allocation (RCA) methodology based on historical sales and fuel cost data will be applied to allocate amounts calculated under any Fuel Cost Adjustment (FCA) in the Adjustment Addendum in the manner described below.

The RCA methodology allocates a different percentage of total eligible fuel costs to (a) Large Customers and customers served directly by TVA with contract demands greater than 1,000 kW (Non-Standard Service Customers) and (b) customers for which Distributors are billed under Standard Service charges and all other customers with contract demands less than or equal to 1,000 kW (Standard Service Customers).

The RCA methodology allocates total fuel costs in proportion to the average hourly load of Non-Standard Service Customers and Standard Service Customers, weighted by the dispatch cost of TVA's Top 100 MW of incremental cost, in each hour, using the following formula:

$$RCA_j = \left(\frac{\sum_i l_{ij} c_i}{\sum_i \sum_j l_{ij} c_i} \right) \times FA$$

where RCA_j is the RCA allocator for customer group: Non-Standard Service Customers and Standard Service Customers

l_{ij} is the hourly energy of each customer group

c_i is the Top Cost (dispatch cost for the top 100 MW)

i is the hourly interval of the billing month,

j is the customer group described in (a) and (b) above

FA is the actual monthly fuel and purchased power expenses as used in any FCA as reflected in the Adjustment Addendum

Any FCA included in the Adjustment Addendum shall provide for TVA's estimated monthly fuel costs (estimated actual total fuel and purchased power expenses/estimated actual energy sales) to be adjusted based on the application of Seasonal Amounts set out below. To determine the Seasonal Amounts, using the above formula, TVA calculated an RCA allocation percentage for the Seasonal Periods set out in this rate schedule based on data from TVA Fiscal Years 2012 and 2013. The resulting percentage was applied to actual monthly fuel costs during each of the Seasonal Periods and divided by actual energy sales to obtain the following amounts:

Seasonal Amounts:

	Non-Standard Service Customers	Standard Service Customers
Summer	-\$0.111 (cents per kWh)	\$0.037 (cents per kWh)
Winter	-\$0.046 (cents per kWh)	\$0.020 (cents per kWh)
Transition	-\$0.048 (cents per kWh)	\$0.024 (cents per kWh)

TVA shall recalculate the Seasonal Amounts annually based on changes in sales and underlying fuel and purchased power costs within the latest 12-month period ending June 30 or to reflect projected changes in sales and fuel and purchased power costs in the next 12-month period ending June 30, or both. If the recalculated Seasonal Amounts increase or decrease by more than 10%, TVA will change the Seasonal Amounts by providing not less than 60 days' notice to Distributor. The changed Seasonal Amounts shall be included in any FCA that is included as part of the next effective Adjustment Addendum.

Any FCA included in the Adjustment Addendum shall provide for the RCA formula to be used to reconcile the estimated fuel costs applied to Non-Standard Service Customers and Standard Service Customers to actual fuel costs and sales.

2. Distributor's bill for each month shall be adjusted by applying the net of the following calculations: (1) subtract 0.297¢ per kWh for the energy resold by Distributor in the previous month to customers entitled to service under residential rate schedules, but excluding customers served under a supplemental residential rate schedule, (2) subtract \$1.60 per customer for each such customer, (3) add 0.279¢ per kWh for the energy resold by Distributor in the previous month to other customers whose contract demands do not exceed 5,000 kW, but excluding any customers served under schedules TDGSA and TDMSA, and (4) where Distributor is billed under the Alternate Billing Arrangement, add 45¢ per kW and 0.096¢ per kWh for the power and energy resold by Distributor in the previous month (i) to other customers whose contract demands exceed 5,000 kW and (ii) other customers served under schedules TDGSA and TDMSA. The dollar and cent amounts used in determining the adjustment applied under the preceding sentence (hereafter referred to as the "Hydro Allocation Adjustment") shall remain constant for 12 consecutive months from October 1 of each year.

Effective October 1 of each year, the dollar and cent amounts used in determining the Hydro Allocation Adjustment shall be recomputed to take account of changed sales and customer account data and applied accordingly. In performing such computations, the latest 12-month period ending June 30 shall be used for purposes of determining the amounts used in (1), (3), and (4) above and the number of customers entitled to be served under Distributor's residential rate schedules at the end of such 12-month period shall be used for purposes of determining the amount used in (2) above.

Each month Distributor shall report, in a form specified by TVA, the kWh amounts of energy used in determining components (1), (3), and (4) above and the number of customers used in determining component (2) above for purposes of computing the Hydro Allocation Adjustment for the upcoming month. To the extent that such data is not so reported on a timely manner, the Hydro Allocation Adjustment shall be computed from estimates determined by TVA.

3. In any case in which a bill involving a metered demand less than the billing demand is applicable to a customer of Distributor with a contract demand in excess of 5,000 kW, Distributor's bill under this rate schedule shall be adjusted by adding thereto for each such customer an amount computed as provided below. The amount added shall be (except as provided in the last paragraph of this section) 50 percent of the amount by which (a) the amount computed by applying the appropriate base demand charges of this rate schedule, as adjusted, to the customer's onpeak billing demand and to its excess of offpeak billing demand over onpeak billing demand exceeds (b) the amount computed by applying the appropriate base demand charges of this rate schedule, as adjusted, to the customer's metered onpeak demand and to its excess of metered offpeak demand over metered onpeak demand.

In any case in which a bill involving metered offpeak energy less than the billed offpeak energy is applicable to such a customer with a contract demand in excess of 5,000 kW, Distributor's bill under this rate schedule shall be adjusted by adding thereto for each such customer an amount which shall be (except as provided in the last paragraph of this section) 50 percent of the amount by which (a) the amount computed by applying the appropriate base offpeak energy charges of this rate schedule, as adjusted, to the customer's billed offpeak energy exceeds (b) the amount computed by applying the appropriate base offpeak energy charges of this rate schedule, as adjusted, to the customer's metered offpeak energy.

For purposes of applying these adjustments with respect to customers with contract demands in excess of 25,000 kW, all references to the term "50 percent" in the preceding paragraphs shall be replaced with the term "75 percent."

4. It is recognized that the TOU Service demand and energy charges listed above contain debit and credit components designed, together with the components (1) – (4) of Adjustment No. 2 above, to reflect the value of the hydro generation benefits allocated by TVA to residential customers. The dollar and cent amounts listed above in Adjustment No. 2 and the base TOU Service demand and energy charges listed above may be increased or decreased by TVA from time to time to appropriately reflect changes in the value of the hydro generation benefits allocated by TVA to residential customers.

In addition, said charges and components may be adjusted by TVA from time to time for the purpose of ensuring that (a) TVA does not pay out more in credits for sales to residential consumers than it receives in debits for sales to other consumers and (b) TVA does not receive more in debits for sales to other consumers than it pays out in credits for sales to residential consumers.

In the event of an adjustment under either paragraph of this Adjustment No. 4, TVA shall make corresponding adjustments in all of Distributor's resale schedules.

Facilities Rental Charge

There shall be no facilities rental charge under this rate schedule for delivery at bulk transmission voltage levels of 161 kV or higher. For delivery to Distributor at less than 161 kV, there shall be added to Distributor's bill a facilities rental charge. This charge shall be 36¢ per kW per month, except for delivery at voltages below 46 kV, in which case the charge shall be 93¢ per kW per month for the first 10,000 kW and 73¢ per kW per month for the excess over 10,000 kW. For each delivery point, such charge shall be applied to the highest average demand during any 60-consecutive-minute period (beginning on the clock hour) for each month of the preceding 12-consecutive-month period of the load measured in kW (Delivery Point Demand). The facilities rental charge shall be in addition to all other charges under this rate schedule, including minimum bill charges, and such amounts in cents per kW may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to reflect changes in the costs of providing for delivery at voltage levels below 161 kV.

Reactive Demand Charges

For each delivery point to Distributor, if the reactive demand (in kVAR) is lagging during the 60-consecutive-minute period of the month in which the Delivery Point Demand occurs, there shall be added to Distributor's bill for the following month a reactive charge of \$1.46 per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of the Delivery Point Demand. If the reactive demand (in kVAR) at a delivery point is leading during the 60-consecutive-minute period (beginning on the clock hour) of the month in which Distributor's lowest measured demand (excluding any measured demands which are less than 25 percent of the Delivery Point Demand) occurs, there shall be added to Distributor's bill for the following month a reactive charge of \$1.14 per kVAR of the amount of reactive demand. Such charges shall be in addition to all other charges under this rate schedule, including minimum bill charges, and such amounts in cents per kVAR may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to reflect changes in the costs of providing reactive power.

Determination of Seasonal Periods

Summer Period shall mean the months of June, July, August, and September. Winter Period shall mean the months of December, January, February, and March. The Transition Period shall mean the months of April, May, October, and November.

Determination of Onpeak and Offpeak Hours

Except for Saturdays and Sundays and the weekdays that are observed as Federal holidays for New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day, onpeak hours for each day shall for purposes of Standard Service be from 1 p.m. to 7 p.m. during the months of April, May, June, July, August, September and October and from 4 a.m. to 10 a.m. during the months of January, February, March, November, and December. For all other hours of each day and all hours of such excepted days shall be offpeak hours. Such times shall be Central Standard Time or Central Daylight Time, whichever is then in effect. Said onpeak and offpeak hours are subject to change by TVA. In the event TVA determines that such changed onpeak and offpeak hours are appropriate, it shall so notify Distributor at least 12 months prior to the effective date of such changed hours.

Determination of Standard Service Demand and Energy Billing Amounts

For every 60-consecutive-minute period (beginning on the clock hour) of the month, the average of the loads measured in kW for each customer served under the TOU Service above shall be subtracted from the average loads measured in kW at all delivery points. The highest difference computed in the onpeak period in accordance with the previous sentence will be the Onpeak Billing Demand for Standard Service provided for any month. The highest difference computed in the billing period in accordance with the previous sentence will be the Maximum Billing Demand for Standard Service provided for any month.

The Standard Service onpeak energy for any month of a Winter, Summer, or Transition Period shall be the kWh amount equal to the total energy measured in kWh at all delivery points during the Standard Service onpeak hours less the sum of the energy amounts used under said TOU Service subsection in said Standard Service onpeak hours of that month. The Standard Service offpeak energy for any month of a Winter, Summer, or Transition Period shall be the kWh amount equal to the total energy measured in kWh at all delivery points during the Standard Service offpeak hours less the sum of the energy amounts used under said TOU Service subsection in said Standard Service offpeak hours of that month.

Minimum Bill

The monthly bill under this rate schedule, exclusive of any applicable facilities rental charges and any reactive charges, shall not be less than the higher of (a) the base delivery point charge or (b) 35 percent of the highest bill to Distributor, exclusive of any applicable facilities rental charge and any reactive charges, rendered under this rate schedule in the preceding 36-consecutive-month period.

Attachment B

remotely-accessed data during such periods as are specified by TVA. Further, for each Large Customer, Distributor shall furnish TVA with such contract information as TVA reasonably requests for purposes of performing monthly billing analysis for each such customer. In the event that TVA is not given such access to all such metering data, or is not provided such contract information, all power and energy taken hereunder shall be billed in accordance with the Alternate Billing Arrangement.

STANDARD SERVICE

Onpeak Demand Charge:	Summer Period	\$7.10 per kW of Onpeak Billing Demand per month
	Winter Period	\$6.28 per kW of Onpeak Billing Demand per month
	Transition Period	\$6.28 per kW of Onpeak Billing Demand per month
Maximum Demand Charge:	Summer Period	\$2.61 per kW of Maximum Billing Demand per month
	Winter Period	\$2.61 per kW of Maximum Billing Demand per month
	Transition Period	\$2.61 per kW of Maximum Billing Demand per month
Non-Fuel Energy Charge:	Summer Period	3.654¢ per kWh per month
	Winter Period	3.366¢ per kWh per month
	Transition Period	3.249¢ per kWh per month

TOU SERVICE

General Power Service

Schedule GSB

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period

Onpeak Demand \$9.08 per kW of metered onpeak demand per month

Maximum Demand \$3.51 per kW per month of Maximum demand

Winter Period

Onpeak Demand \$8.27 per kW of metered onpeak demand per month

Maximum Demand \$3.51 per kW per month of Maximum demand

Transition Period

Onpeak Demand \$8.27 per kW of metered onpeak demand per month

Maximum Demand \$3.51 per kW per month of Maximum demand

Non-Fuel Energy Charge:

Summer Period

Onpeak 6.432¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 4.347¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.470¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak 5.480¢ per kWh per month for all metered onpeak kWh

Offpeak
 Block 1 4.532¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
 Block 2 0.470¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
 Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period
 Onpeak 4.321¢ per kWh per month for all metered onpeak kWh

Offpeak
 Block 1 4.321¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
 Block 2 0.470¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
 Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule GSC

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period

Onpeak Demand \$9.08 per kW of metered onpeak demand per month
 Maximum Demand \$3.51 per kW per month of Maximum demand

Winter Period

Onpeak Demand \$8.27 per kW of metered onpeak demand per month
 Maximum Demand \$3.51 per kW per month of Maximum demand

Transition Period

Onpeak Demand \$8.27 per kW of metered onpeak demand per month
 Maximum Demand \$3.51 per kW per month of Maximum demand

Non-Fuel Energy Charge:

Summer Period

Onpeak 6.432¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 4.347¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
 Block 2 0.470¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
 Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak 5.480¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 4.532¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

- Block 2 0.470¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
- Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period
Onpeak

4.321¢ per kWh per month for all metered onpeak kWh

Offpeak

- Block 1 4.321¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
- Block 2 0.470¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
- Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule GSD

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period

- Onpeak Demand \$9.08 per kW of metered onpeak demand per month
- Maximum Demand \$3.51 per kW per month of Maximum demand

Winter Period

- Onpeak Demand \$8.27 per kW of metered onpeak demand per month
- Maximum Demand \$3.51 per kW per month of Maximum demand

Transition Period

- Onpeak Demand \$8.27 per kW of metered onpeak demand per month
- Maximum Demand \$3.51 per kW per month of Maximum demand

Non-Fuel Energy Charge:

Summer Period

Onpeak 6.432¢ per kWh per month for all metered onpeak kWh

Offpeak

- Block 1 4.347¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
- Block 2 0.375¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
- Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak 5.480¢ per kWh per month for all metered onpeak kWh

Offpeak

- Block 1 4.532¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
- Block 2 0.375¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
- Block 3 0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period	
Onpeak	4.321¢ per kWh per month for all metered onpeak kWh
Offpeak	
Block 1	4.321¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 2	0.375¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 3	0.186¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule TDGSA

Administrative Charge:	\$350 per delivery point per month
Demand Charge:	
Summer Period	
Onpeak Demand	\$9.13 per kW of metered onpeak demand per month
Maximum Demand	\$3.51 per kW per month of Maximum demand
Winter Period	
Onpeak Demand	\$8.32 per kW of metered onpeak demand per month
Maximum Demand	\$3.51 per kW per month of Maximum demand
Transition Period	
Onpeak Demand	\$8.32 per kW of metered onpeak demand per month
Maximum Demand	\$3.51 per kW per month of Maximum demand

Non-Fuel Energy Charge:

Summer Period	
Onpeak	6.715¢ per kWh per month for all metered onpeak kWh
Offpeak	
Block 1	3.919¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 2	0.376¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 3	0.122¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	
Onpeak	5.439¢ per kWh per month for all metered onpeak kWh
Offpeak	
Block 1	4.167¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 2	0.376¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 3	0.122¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy
Transition Period	
Onpeak	4.266¢ per kWh per month for all metered onpeak kWh

Offpeak	
Block 1	4.266¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 2	0.376¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 3	0.122¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Manufacturing Power Service

Schedule MSB

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period

Onpeak Demand \$8.47 per kW of metered onpeak demand per month

Maximum Demand \$1.00 per kW per month of Maximum demand

Winter Period

Onpeak Demand \$7.67 per kW of metered onpeak demand per month

Maximum Demand \$1.00 per kW per month of Maximum demand

Transition Period

Onpeak Demand \$7.67 per kW of metered onpeak demand per month

Maximum Demand \$1.00 per kW per month of Maximum demand

Non-Fuel Energy Charge:

Summer Period

Onpeak 4.774¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 2.709¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.254¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.043¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak 3.832¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 2.893¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.254¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.043¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period

Onpeak 2.965¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 2.965¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

- Block 2 0.254¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
- Block 3 0.043¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule MSC

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period

Onpeak Demand \$8.47 per kW of metered onpeak demand per month

Maximum Demand \$1.00 per kW per month of Maximum demand

Winter Period

Onpeak Demand \$7.67 per kW of metered onpeak demand per month

Maximum Demand \$1.00 per kW per month of Maximum demand

Transition Period

Onpeak Demand \$7.67 per kW of metered onpeak demand per month

Maximum Demand \$1.00 per kW per month of Maximum demand

Non-Fuel Energy Charge:

Summer Period

Onpeak 4.680¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 2.615¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.372¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.0372¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak 3.738¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 2.799¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.372¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.372¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period

Onpeak 2.871¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 2.871¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.372¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.372¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule MSD

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period

Onpeak Demand \$8.47 per kW of metered onpeak demand per month

Maximum Demand \$1.00 per kW per month of Maximum demand

Winter Period

Onpeak Demand \$7.67 per kW of metered onpeak demand per month

Maximum Demand \$1.00 per kW per month of Maximum demand

Transition Period

Onpeak Demand \$7.67 per kW of metered onpeak demand per month

Maximum Demand \$1.00 per kW per month of Maximum demand

Non-Fuel Energy Charge:

Summer Period

Onpeak 4.493¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 2.427¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.231¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.184¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak 3.550¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 2.611¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.231¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.184¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period

Onpeak 2.683¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 2.683¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 2 0.231¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy

Block 3 0.184¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule TDMSA

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period

Onpeak Demand \$8.47 per kW of metered onpeak demand per month
Maximum Demand \$2.83 per kW per month of Maximum demand

Winter Period

Onpeak Demand \$7.67 per kW of metered onpeak demand per month
Maximum Demand \$2.83 per kW per month of Maximum demand

Transition Period

Onpeak Demand \$7.67 per kW of metered onpeak demand per month
Maximum Demand \$2.83 per kW per month of Maximum demand

Non-Fuel Energy Charge:

Summer Period

Onpeak 4.586¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 2.521¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 2 0.254¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 3 0.043¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak 3.644¢ per kWh per month for all metered onpeak kWh

Block 1 2.705¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 2 0.254¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 3 0.043¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period

Onpeak 2.777¢ per kWh per month for all metered onpeak kWh

Offpeak

Block 1 2.777¢ per kWh per month for the first 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 2 0.254¢ per kWh per month for the next 200 hours use of onpeak demand multiplied by the ratio of offpeak energy to total energy
Block 3 0.043¢ per kWh per month for the hours use of onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Adjustments

1. The base demand and energy charges in this rate schedule shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. For purposes of determining amounts applicable to (1) power resold to customers for which Distributor is billed according to charges set out in the Standard Service subsection of this rate schedule (Standard Service Loads), and (2) power resold to

customers for which Distributor is billed according to charges set out in the TOU Service subsection of this rate schedule (TOU Service Loads), a resource cost allocation (RCA) methodology based on historical sales and fuel cost data will be applied to allocate amounts calculated under any Fuel Cost Adjustment (FCA) in the Adjustment Addendum in the manner described below.

The RCA methodology allocates a different percentage of total eligible fuel costs to (a) Large Customers and customers served directly by TVA with contract demands greater than 1,000 kW (Non-Standard Service Customers) and (b) customers for which Distributors are billed under Standard Service charges and all other customers with contract demands less than or equal to 1,000 kW (Standard Service Customers).

The RCA methodology allocates total fuel costs in proportion to the average hourly load of Non-Standard Service Customers and Standard Service Customers, weighted by the dispatch cost of TVA's Top 100 MW of incremental cost, in each hour, using the following formula:

$$RCA_j = \left(\frac{\sum_i l_{ij} c_i}{\sum_i \sum_j l_{ij} c_i} \right) \times FA$$

where RCA_j is the RCA allocator for customer group: Non-Standard Service Customers and Standard Service Customers

l_{ij} is the hourly energy of each customer group

c_i is the Top Cost (dispatch cost for the top 100 MW)

i is the hourly interval of the billing month,

j is the customer group described in (a) and (b) above

FA is the actual monthly fuel and purchased power expenses as used in any FCA as reflected in the Adjustment Addendum

Any FCA included in the Adjustment Addendum shall provide for TVA's estimated monthly fuel costs (estimated actual total fuel and purchased power expenses/estimated actual energy sales) to be adjusted based on the application of Seasonal Amounts set out below. To determine the Seasonal Amounts, using the above formula, TVA calculated an RCA allocation percentage for the Seasonal Periods set out in this rate schedule based on data from TVA Fiscal Years 2012 and 2013. The resulting percentage was applied to actual monthly fuel costs during each of the Seasonal Periods and divided by actual energy sales to obtain the following amounts:

Seasonal Amounts:

	Non-Standard Service Customers	Standard Service Customers
Summer	-\$0.111 (cents per kWh)	\$0.037 (cents per kWh)
Winter	-\$0.046 (cents per kWh)	\$0.020 (cents per kWh)
Transition	-\$0.048 (cents per kWh)	\$0.024 (cents per kWh)

TVA shall recalculate the Seasonal Amounts annually based on changes in sales and underlying fuel and purchased power costs within the latest 12-month period ending June 30 or to reflect projected changes in sales and fuel and purchased power costs in the next 12-month period ending June 30, or both. If the recalculated Seasonal Amounts increase or decrease by more than 10%, TVA will change the Seasonal Amounts by providing not less than 60 days' notice to Distributor. The changed Seasonal Amounts shall be included in any FCA that is included as part of the next effective Adjustment Addendum.

Any FCA included in the Adjustment Addendum shall provide for the RCA formula to be used to reconcile the estimated fuel costs applied to Non-Standard Service Customers and Standard Service Customers to actual fuel costs and sales.

2. Distributor's bill for each month shall be adjusted by applying the net of the following calculations: (1) subtract 0.297¢ per kWh for the energy resold by Distributor in the previous month to customers entitled to service under residential rate schedules, but excluding customers served under a supplemental residential rate schedule, (2) subtract \$1.60 per customer for each such customer, (3) add 0.279¢ per kWh for the energy resold by Distributor in the previous month to other customers whose contract demands do not exceed 5,000 kW, but excluding any customers served under schedules TDGSA and TDMSA, and (4) where Distributor is billed under the Alternate Billing Arrangement, add 45¢ per kW and 0.096¢ per kWh for the power and energy resold by Distributor in the previous month (i) to other customers whose contract demands exceed 5,000 kW and (ii) other customers served under schedules TDGSA and TDMSA. The dollar and cent amounts used in determining the adjustment applied under the preceding sentence (hereafter referred to as the "Hydro Allocation Adjustment") shall remain constant for 12 consecutive months from October 1 of each year.

Effective October 1 of each year, the dollar and cent amounts used in determining the Hydro Allocation Adjustment shall be recomputed to take account of changed sales and customer account data and applied accordingly. In performing such computations, the latest 12-month period ending June 30 shall be used for purposes of determining the amounts used in (1), (3), and (4) above and the number of customers entitled to be served under Distributor's residential rate schedules at the end of such 12-month period shall be used for purposes of determining the amount used in (2) above.

Each month Distributor shall report, in a form specified by TVA, the kWh amounts of energy used in determining components (1), (3), and (4) above and the number of customers used in determining component (2) above for purposes of computing the Hydro Allocation Adjustment for the upcoming month. To the extent that such data is not so reported on a timely manner, the Hydro Allocation Adjustment shall be computed from estimates determined by TVA.

3. In any case in which a bill involving a metered demand less than the billing demand is applicable to a customer of Distributor with a contract demand in excess of 5,000 kW, Distributor's bill under this rate schedule shall be adjusted by adding thereto for each such customer an amount computed as provided below. The amount added shall be (except as provided in the last paragraph of this section) 50 percent of the amount by which (a) the amount computed by applying the appropriate base demand charges of this rate schedule, as adjusted, to the customer's onpeak billing demand and to its excess of offpeak billing demand over onpeak billing demand exceeds (b) the amount computed by applying the appropriate base demand charges of this rate schedule, as adjusted, to the customer's metered onpeak demand and to its excess of metered offpeak demand over metered onpeak demand.

In any case in which a bill involving metered offpeak energy less than the billed offpeak energy is applicable to such a customer with a contract demand in excess of 5,000 kW, Distributor's bill under this rate schedule shall be adjusted by adding thereto for each such customer an amount which shall be (except as provided in the last paragraph of this section) 50 percent of the amount by which (a) the amount computed by applying the appropriate base offpeak energy charges of this rate schedule, as adjusted, to the customer's billed offpeak energy exceeds (b) the amount computed by applying the appropriate base offpeak energy charges of this rate schedule, as adjusted, to the customer's metered offpeak energy.

For purposes of applying these adjustments with respect to customers with contract demands in excess of 25,000 kW, all references to the term "50 percent" in the preceding paragraphs shall be replaced with the term "75 percent."

4. It is recognized that the TOU Service demand and energy charges listed above contain debit and credit components designed, together with the components (1) – (4) of Adjustment No. 2 above, to reflect the value of the hydro generation benefits allocated by TVA to residential customers. The dollar and cent

amounts listed above in Adjustment No. 2 and the base TOU Service demand and energy charges listed above may be increased or decreased by TVA from time to time to appropriately reflect changes in the value of the hydro generation benefits allocated by TVA to residential customers.

In addition, said charges and components may be adjusted by TVA from time to time for the purpose of ensuring that (a) TVA does not pay out more in credits for sales to residential consumers than it receives in debits for sales to other consumers and (b) TVA does not receive more in debits for sales to other consumers than it pays out in credits for sales to residential consumers.

In the event of an adjustment under either paragraph of this Adjustment No. 4, TVA shall make corresponding adjustments in all of Distributor's resale schedules.

Facilities Rental Charge

There shall be no facilities rental charge under this rate schedule for delivery at bulk transmission voltage levels of 161 kV or higher. For delivery to Distributor at less than 161 kV, there shall be added to Distributor's bill a facilities rental charge. This charge shall be 36¢ per kW per month, except for delivery at voltages below 46 kV, in which case the charge shall be 93¢ per kW per month for the first 10,000 kW and 73¢ per kW per month for the excess over 10,000 kW. For each delivery point, such charge shall be applied to the highest average demand during any 60-consecutive-minute period (beginning on the clock hour) for each month of the preceding 12-consecutive-month period of the load measured in kW (Delivery Point Demand). The facilities rental charge shall be in addition to all other charges under this rate schedule, including minimum bill charges, and such amounts in cents per kW may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to reflect changes in the costs of providing for delivery at voltage levels below 161 kV.

Reactive Demand Charges

For each delivery point to Distributor, if the reactive demand (in kVAR) is lagging during the 60-consecutive-minute period of the month in which the Delivery Point Demand occurs, there shall be added to Distributor's bill for the following month a reactive charge of \$1.46 per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of the Delivery Point Demand. If the reactive demand (in kVAR) at a delivery point is leading during the 60-consecutive-minute period (beginning on the clock hour) of the month in which Distributor's lowest measured demand (excluding any measured demands which are less than 25 percent of the Delivery Point Demand) occurs, there shall be added to Distributor's bill for the following month a reactive charge of \$1.14 per kVAR of the amount of reactive demand. Such charges shall be in addition to all other charges under this rate schedule, including minimum bill charges, and such amounts in cents per kVAR may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to reflect changes in the costs of providing reactive power.

Determination of Seasonal Periods

Summer Period shall mean the months of June, July, August, and September. Winter Period shall mean the months of December, January, February, and March. The Transition Period shall mean the months of April, May, October, and November.

Determination of Onpeak and Offpeak Hours

Except for Saturdays and Sundays and the weekdays that are observed as Federal holidays for New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day, onpeak hours for each day shall for purposes of Standard Service be from 1 p.m. to 7 p.m. during the months of April, May, June, July, August, September and October and from 4 a.m. to 10 a.m. during the months of January,

February, March, November, and December. For all other hours of each day and all hours of such excepted days shall be offpeak hours. Such times shall be Central Standard Time or Central Daylight Time, whichever is then in effect. Said onpeak and offpeak hours are subject to change by TVA. In the event TVA determines that such changed onpeak and offpeak hours are appropriate, it shall so notify Distributor at least 12 months prior to the effective date of such changed hours.

Determination of Standard Service Demand and Energy Billing Amounts

For every 60-consecutive-minute period (beginning on the clock hour) of the month, the average of the loads measured in kW for each customer served under the TOU Service above shall be subtracted from the average loads measured in kW at all delivery points. The highest difference computed in the onpeak period in accordance with the previous sentence will be the Onpeak Billing Demand for Standard Service provided for any month. The highest difference computed in the billing period in accordance with the previous sentence will be the Maximum Billing Demand for Standard Service provided for any month.

The Standard Service onpeak energy for any month of a Winter, Summer, or Transition Period shall be the kWh amount equal to the total energy measured in kWh at all delivery points during the Standard Service onpeak hours less the sum of the energy amounts used under said TOU Service subsection in said Standard Service onpeak hours of that month. The Standard Service offpeak energy for any month of a Winter, Summer, or Transition Period shall be the kWh amount equal to the total energy measured in kWh at all delivery points during the Standard Service offpeak hours less the sum of the energy amounts used under said TOU Service subsection in said Standard Service offpeak hours of that month.

Minimum Bill

The monthly bill under this rate schedule, exclusive of any applicable facilities rental charges and any reactive charges, shall not be less than the higher of (a) the base delivery point charge or (b) 35 percent of the highest bill to Distributor, exclusive of any applicable facilities rental charge and any reactive charges, rendered under this rate schedule in the preceding 36-consecutive-month period.
