

# Warren RECC

RURAL ELECTRIC COOPERATIVE CORPORATION

951 Fairview Avenue  
Post Office Box 1118 • Bowling Green KY 42102-1118  
Phone: 270.842.6541 • Fax: 270.781.3299  
www.wrecc.com

March 28, 2003

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GLENN L. MCCULLOUGH, JR.  
CHAIRMAN

29

RECEIVED

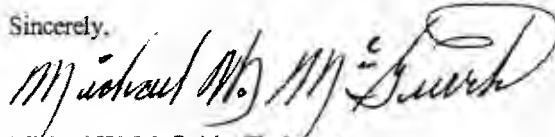
Glenn McCullough, Chairman  
Board of Directors  
Tennessee Valley Authority  
400 West Summit Hill Drive  
Knoxville, TN 37902

Dear Mr. McCullough:

This is official notice that the Board of Directors of Warren Rural Electric Cooperative Corporation voted unanimously today to give notice to the Tennessee Valley Authority that we intend to cancel our current power contract dated May 7, 1982 and amended by Supplement 54 dated October 1, 1997. This official notice of cancellation will be effective April 1, 2008.

We would appreciate your acknowledging receipt of this notice promptly. If you have questions or need further information, please let us know.

Sincerely,



Michael W. McGuirk, Chairman  
Board of Directors

nth

cc: Director Skila Harris  
Director Bill Baxter  
Myron Callaham, Customer Service Manager  
Kentucky District

By Certified Mail - Return Receipt Requested

233376

EXHIBIT 33  
3/13/15  
W. Ramsey

POWER CONTRACT  
Between  
TENNESSEE VALLEY AUTHORITY  
And  
WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

See 7/15/85  
SEE SUPP. 49, 7/29/96

THIS CONTRACT, made and entered into as of the 7 day of  
May, 1982, by and between TENNESSEE VALLEY AUTHORITY  
(hereinafter called "TVA"), a corporation created and existing under and by  
virtue of the Tennessee Valley Authority Act of 1933, as amended (hereinafter  
called "TVA Act"), and WARREN RURAL ELECTRIC COOPERATIVE CORPORATION  
(hereinafter called "Cooperative"), a cooperative corporation duly created,  
organized, and existing under and by virtue of the laws of the Commonwealth of  
Kentucky;

W I T N E S S E T H:

WHEREAS, the TVA Act authorizes TVA to sell the power generated by it  
and not used in its operations to States, counties, municipalities, corpora-  
tions, partnerships, or individuals according to the policies therein set  
forth; and

WHEREAS, the TVA Act provides that the sale of such power shall be  
primarily for the benefit of the people of the section as a whole and particu-  
larly the domestic and rural consumers, to whom it is desired to make power  
available at the lowest possible rates; and

WHEREAS, Cooperative owns and operates an electric system, and in the  
operation thereof is presently purchasing and desires to continue to purchase  
its entire power requirements from TVA; and

WHEREAS, TVA will continue to make available the entire power require-  
ments of Cooperative; and

WHEREAS, the parties wish to enter into a new contract to replace  
their present power contract;

NOW, THEREFORE, in consideration of the mutual promises herein  
contained and subject to the provisions of the TVA Act, the parties agree as  
follows:

1. Purpose of Contract. It is hereby recognized and declared that,  
pursuant to the obligations imposed by the TVA Act, Cooperative's operation of  
an electric system and TVA's wholesale service thereto are for the benefit of  
the consumers of electricity. Toward that end, Cooperative agrees that the  
electric system shall be operated on a nonprofit basis, that electric system  
funds and accounts shall not be mingled with other funds or accounts of  
Cooperative, and that resale rates and charges shall be applied which will  
provide receipts, including patronage capital, which can reasonably be  
expected to be at least equal to, and not substantially greater than, the

undertake such service including, without limitation, releasing the consumer from any then existing power contract from and after the effective date for initiating service under any contract between such consumer and the party entitled to serve it.

(d) Cooperative shall keep TVA informed of any prospective developments affecting any individual load which uses or will use 5,000 kilowatts or more. As soon as practicable after receipt of information from Cooperative regarding the prospective addition of, or increase in, any load of 5,000 kilowatts or larger which Cooperative would be entitled to serve hereunder, TVA shall notify Cooperative of the time schedule upon which the additional power required for such service could be made available to Cooperative at the wholesale rates then in effect hereunder and, upon request, of any terms under which it could supply any power in advance of said schedule. Cooperative shall not take and deliver such additional power for said load in advance of or in amounts larger than specified in said schedule except to the extent that it has made special arrangements with TVA to do so. TVA, by notice in writing to Cooperative, may change the designated amount of 5,000 kilowatts appearing in this subsection (d) to such other amount as TVA deems necessary.

(e) The area limitations in the first three paragraphs of subsection (a) of section 15d of the TVA Act are incorporated herein by reference as fully as though set out herein, and this contract shall not be construed as permitting any arrangement by Cooperative which would be inconsistent with those limitations.

(f) Notwithstanding any other provision of this section, TVA may, as a condition precedent to TVA's obligation to make power available, require Cooperative to provide such assurances of revenue to TVA as in TVA's judgment may be necessary to justify the reservation, alteration, or installation by TVA of additional generation, transmission, or transformation facilities for the purpose of supplying power to Cooperative.

3. Delivery and Receipt of Power. The power to be supplied hereunder shall be delivered at the delivery points designated below and, under normal operating conditions, shall be within commercial limits of 60 hertz and within 3 percent above or below the normal wholesale delivery voltage specified below for each delivery point; provided, however, that any normal wholesale delivery voltage of 46 kV or higher specified below may be changed by TVA from time to time upon notice to Cooperative to a voltage level not more than 5 percent higher or lower than the voltage so specified. Substation transformers with a high-side voltage rating of 46 kV or above will be equipped with taps or other suitable means for adjusting for the changes in normal voltage set forth herein. The operating representatives of the parties may by mutual agreement provide for variations in wholesale delivery voltage other than those provided for herein when in their judgment such variations are necessary or desirable.

*see  
des. pt.  
date  
July 5, 1950*

sum required for the items listed in subsection (a) of section 6 hereof. In accordance with these principles, which are mutually recognized as of the essence of this contract, Cooperative agrees that the electric system shall be operated and the system's financial accounts and affairs shall be maintained in full and strict accordance with the provisions of this contract.

2. Power Supply.

(a) Subject to the other provisions of this contract, including the limitations referred to in section 3 hereof relative to the delivery of power and energy to TVA from Kentucky Utilities Company (hereinafter called "Company"), TVA shall produce and deliver to Cooperative at the delivery point or points specified in or hereafter established under section 3 hereof and Cooperative shall take and distribute the electric power required for service to Cooperative's customers. Cooperative shall keep TVA currently informed of any important developments affecting its probable future loads or service arrangements. TVA shall take account of all available information in making its forecasts of the loads of Cooperative and of TVA's other customers. TVA shall make every reasonable effort to increase the generating capacity of its system and to provide the transmission facilities required to deliver the output thereof so as to be in a position to supply additional power therefrom when and to the extent needed to meet increases in their loads.

(b) Cooperative shall be entitled to use the power made available hereunder to serve all consumers to whom the resale rate schedules specified in section 5(b) hereof are applicable except those TVA is entitled to serve directly, as provided below. TVA shall be entitled to serve directly any consumer to whom said resale rate schedules are not applicable, any federal installations excepting those with loads less than 5,000 kilowatts served from a general delivery point, and any consumer whose energy requirements in any month are more than 10 million kilowatthours plus the amount of energy, if any, delivered by Cooperative to residential consumers under billings for the preceding June and received from TVA at the delivery point through which Cooperative would receive the energy for such consumer if it were served by Cooperative. The supply of power by TVA to Cooperative for resale to any consumer which has a supply of 5,000 kilowatts or more of power other than that furnished by Cooperative under said resale rate schedules, and the contract for such resale between Cooperative and such consumer, shall be subject to such special arrangements as TVA may reasonably require. Nothing herein shall be construed as preventing Cooperative and TVA from agreeing upon special arrangements for service to any consumer.

(c) It is recognized that from time to time there may be a consumer served by one party hereto which, because of changed conditions, may become a consumer which the other party is entitled to serve under the provisions of subsection (b) of this section. In any such case the parties hereto, unless otherwise agreed, shall make such arrangements (including making appropriate allowance for any otherwise unrecoverable investment made to serve such consumer) as may be necessary to transfer as soon as practicable such consumer to the party entitled to serve the consumer hereunder, and the party originally serving said consumer shall cooperate in every way with the party entitled to serve the consumer in making arrangements for the latter to



161-kV side of Cooperatives  
Aberdeen 161-kV Substation 161,000. See TVA-23564  
S# 34.  
5-26-81

Secs #9  
delivered 9/18/82

<u>Delivery Point</u>	<u>Normal Wholesale Delivery Voltage</u>
161-kV side of TVA's East Bowling Green Switching Station	161,000
69-kV side of Company's Leitchfield 138-kV Substation	69,000
<del>69-kV side of the Morgantown Substation</del>	<del>69,000</del>
69-kV side of the Caneyville Substation	69,000
69-kV side of the Rosine Substation	69,000
<del>Terminus of TVA's Morgantown-Cromwell 69-kV Transmission Line</del>	<del>69,000</del>

See 5.31  
1/23/91  
releases made  
by TVA to  
Small States & Wash

See Supp  
delivered  
9/18/82

TVA's obligations to deliver power and energy to Cooperative at any delivery point served from Company's system is contingent upon, and is hereby made subject to the provisions of the contractual arrangements existing from time to time between TVA and Company providing for deliveries to TVA. In the event that any delivery point served from Company's system is to be discontinued, TVA and Cooperative will develop alternate arrangements consistent with the following two paragraphs.

It is recognized that load growth and development and the maintenance of high quality service in Cooperative's area may require new delivery points from time to time. Such new delivery points will be established by mutual agreement. In reaching such agreement Cooperative and TVA shall be guided by the policy of providing the most economical of the practical combinations of transmission and distribution facilities, considering all pertinent factors, including any unusual factors applicable to the area involved.

Neither party shall be responsible for installing at any delivery point equipment for the protection of the other's facilities, or for damages to the other's system resulting from the failure of its own protective devices, but each party agrees so to design, construct, and operate its system as not to cause undue hazards to the other's system.

4. Wholesale Rate. Attached hereto and made a part hereof is a "Schedule of Rates and Charges" wherein Cooperative is referred to as "Distributor." Subject to the other provisions of this contract, Cooperative shall pay for the power and energy supplied by TVA in accordance with the provisions of Wholesale Power Rate--Schedule WS.

5. Resale Rates. In distributing electric energy in the area served by Cooperative, the parties agree as follows:

(a) Cooperative agrees that the power purchased hereunder shall be sold and distributed to the ultimate consumer without discrimination among consumers of the same class, and that no discriminatory rate, rebate, or other special concession will be made or given to any consumer, directly or indirectly.

(b) Cooperative agrees to serve consumers, including all municipal and governmental customers and departments, at and in accordance with the rates, charges, and provisions set forth for the several classes thereof in Schedules RS-5, GS-5, and LS of said Schedule of Rates and Charges, and not to depart therefrom except as the parties hereto may agree upon surcharges, special minimum bills, or additional resale schedules for special classes of consumers or special uses of electric energy, and except as provided in subsection (c) next following.

For the purpose of uniform application, within the classes of consumers, of the provisions of the paragraph entitled "Payment" of said resale schedules, Cooperative shall designate in its standard policy periods of not less than (1) 15 days, for customers served under the RS Schedule, and (2) 10 days, for customers served under the GS Schedule, after the date of the bill during which periods the bill is payable as computed by application of the charges for service under the appropriate resale schedule, and shall further designate in said policy the percentage or percentages, if any, not to exceed 5 percent of the bill, computed as above provided, which will be added to the bill as additional charges for payment after the periods so designated.

(c) If the rates and charges provided for in said resale schedules do not produce receipts, including patronage capital, sufficient to provide for the operation and maintenance of the electric system on a self-supporting and financially sound basis, including requirements for interest and principal payments on indebtedness incurred or assumed by Cooperative for the acquisition, extension, or improvement of the electric system (hereinafter called "System Indebtedness"), the parties shall agree upon, and Cooperative shall put into effect promptly, such changes in rates and charges as will provide the increased receipts, including patronage capital, necessary to place the system upon a self-supporting and financially sound basis. If the rates and charges in effect at any time provide receipts, including patronage capital, that are more than sufficient for such purposes, as more particularly described in section 6 hereof, the parties shall agree upon a reduction in said rates and charges, and Cooperative shall promptly put such reduced rates and charges into effect.

6. Use of Receipts.

(a) Cooperative agrees to use the gross receipts, including patronage capital, from electric operations for the following purposes:

- (1) Current electric system operating expenses, including salaries, wages, cost of materials and supplies, taxes, power at wholesale, and insurance;

- (2) Current payments of interest on System Indebtedness and the payment of principal amounts, including sinking fund payments, when due; and
- (3) From any remaining receipts, reasonable reserves for renewals, replacements, and contingencies; and cash working capital adequate to cover operating expenses for a reasonable number of weeks.

(b) All receipts, including patronage capital, remaining over and above the requirements described in subsection (a) of this section shall be considered surplus receipts and may be used for new electric system construction or the retirement of System Indebtedness prior to maturity; provided, however, that resale rates and charges shall be reduced from time to time to the lowest practicable levels considering such factors as future circumstances affecting the probable level of earnings, the need or desirability of financing a reasonable share of new construction from such surplus receipts, and fluctuations in debt service requirements.

7. Equal Opportunity. It is the policy of the federal government to provide equal employment opportunity, and in furtherance of that policy, it is the policy of TVA, as an agency of the federal government, to encourage equal employment opportunity in the various aspects of its programs, including the sale and distribution of TVA power. Accordingly, during the term of this power contract:

(a) Cooperative will not discriminate against any employee or applicant for employment with its electric system because of race, color, religion, sex, or national origin. Cooperative will take such affirmative action as is necessary to insure that all applicants are considered for employment and that all employees are treated in all aspects of employment without regard to their race, color, religion, sex, or national origin.

(b) Cooperative will, in all solicitations or advertisements for employees placed by or on behalf of the electric system, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) Cooperative will cooperate and participate with TVA in the development of training and apprenticeship programs which will provide opportunities for applicants and prospective applicants for employment with the electric system to become qualified for such employment, and such cooperation will include access by authorized TVA representatives to its electric system's books, records, and accounts pertaining to training, apprenticeship, recruitment, and employment practices and procedures.

8. Terms and Conditions. Certain additional provisions of this contract are set forth in a "Schedule of Terms and Conditions," which is attached hereto and made a part hereof.

9. Rules and Regulations. Cooperative hereby adopts the "Schedule of Rules and Regulations" attached hereto, in which Cooperative is referred to as "Distributor." Such Rules and Regulations may be amended, supplemented, or repealed by Cooperative at any time upon 30 days' written notice to TVA setting forth the nature of and reason for the proposed change. No change shall be made in said schedule, however, which is in violation of or inconsistent with any of the provisions of this contract.

10. Use of Lines for Transmission Purposes. TVA is hereby granted the privilege of using any electric lines of Cooperative, to the extent of their capacity in excess of the requirements of Cooperative, for the purpose of transmitting electric energy between adjoining portions of TVA's facilities or to other customers of TVA. TVA shall be obligated to pay Cooperative the additional cost, including any additional fixed charges and operating and maintenance costs, imposed on Cooperative by permitting use of its facilities to serve other customers of TVA, and to indemnify and save harmless Cooperative from any damage or injury caused by TVA's exercise of such use.

11. Waiver of Defaults. Any waiver at any time by either party hereto of its rights with respect to any default of the other party or with respect to any other matter arising in connection with this contract shall not be considered a waiver with respect to any subsequent default or matter.

12. Transfer of Contract. Neither this contract nor any interest herein shall be transferable or assignable by Cooperative without the consent of TVA.

13. Restriction of Benefits. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this contract or to any benefit that may arise therefrom unless the contract be made with a corporation for its general benefit, nor shall Cooperative offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34 (1980). Breach of this provision shall constitute a material breach of this contract.

14. Termination of Existing Contracts. It is hereby agreed that the power contract between the parties dated May 22, 1962, and numbered TV-23561A, as supplemented and amended, is terminated as of the effective date of this contract; provided, however, that nothing herein contained shall be construed as effecting the termination of the following agreements, or portions of agreements, between the parties hereto, it being the intention of the parties that each of said agreements, or portions thereof, shall remain in full force and effect for the term of this contract unless sooner terminated in accordance with specific provisions of each agreement, respectively:

(a) The provisions of Agreement TV-23561A, Supplement No. 12, dated October 30, 1970, setting out the parties' rights and obligations relative to metering arrangements at the delivery point at the terminus of TVA's Morgantown-Cromwell 69-kV Transmission Line;

(b) Lease and Amendatory Agreement TV-23561A, Supplement No. 14, dated February 25, 1971, among the United States of America, TVA, and Cooperative, as supplemented and amended by Agreement TV-23561A, Supplement No. 18, dated January 17, 1975, and Letter Agreement TV-23561A, Supplement No. 30, dated January 1, 1981, setting out the parties' rights and obligations relative to arrangements involving the Leitchfield and East Leitchfield Substations;

(c) Lease and Amendatory Agreement TV-23561A, Supplement No. 16, dated January 10, 1974, among the United States of America, TVA, and Cooperative, as amended by section 8 of TV-23561A, Supplement No. 21, dated July 15, 1977, and Letter Agreement TV-23561A, Supplement No. 31, dated January 1, 1981, setting out the parties' rights and obligations relative to arrangements involving the Morgantown Substation;

(d) Lease-Purchase Agreement TV-23561A, Supplement No. 20, dated June 25, 1976, among the United States of America, TVA, and Cooperative, as amended by Letter Agreement TV-23561A, Supplement No. 32, dated January 1, 1981, setting out the parties' rights and obligations relative to arrangements involving a portion of TVA's deenergized Summer Shade-Oakland 69-kV Transmission Line;

(e) Section 3 of Agreement TV-23561A, Supplement No. 21, dated July 15, 1977, relative to application of a monthly facilities rental credit to billings under Wholesale Power Rate--Schedule WS;

(f) Lease and Amendatory Agreement TV-23561A, Supplement No. 23, dated August 24, 1977, among the United States of America, TVA, and Cooperative, setting out the parties' rights and obligations relative to arrangements involving the Caneyville and Rosine Substations;

(g) Agreement TV-23561A, Supplement No. 25, dated October 9, 1977, relative to the delivery and sale of power and energy by TVA to Cooperative for resale to the Peabody Coal Company for use at its Homestead Mine;

*terminated by  
-59578A,  
116, 8-24-89*  
(h) Agreement TV-23561A, Supplement No. 26, dated June 6, 1978, relative to the delivery and sale of power and energy by TVA to Cooperative for resale to Brown-Badgett, Incorporated, to serve its mining operations in Ohio County, Kentucky; *Amended by TV-59578A, 5# 2, 4-13-87*

(i) Agreement TV-23561A, Supplement No. 29, dated February 10, 1981, relative to the delivery and sale of power and energy by TVA to Cooperative for resale to the Firestone Tire & Rubber Company to serve its plant near Bowling Green, Kentucky; and

(j) Lease and Amendatory Agreement TV-23561A, Supplement No. 34, dated May 26, 1981, among the United States of America, TVA, and Cooperative, setting out the parties' rights and obligations relative to TVA's Morgantown-Cromwell 69-kV Transmission Line and the Aberdeen 161-kV Substation.

All references in said agreements, or portions thereof, to the power contract dated May 22, 1962, shall be deemed to refer to this contract.

15. Term of Contract. This contract shall become effective as of June 11, 1982, and shall continue in effect for 20 years from said date, subject to termination by either party, effective not earlier than 10 years from said date, on not less than four years' prior written notice. If Cooperative should give notice of termination hereunder, TVA shall be under no obligation from the date of receipt of such notice to make or complete any additions to or changes in any transformation or transmission facilities for service to Cooperative unless Cooperative agrees to reimburse TVA for its nonrecoverable costs in connection with the making or completion of such additions or changes.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed by their duly authorized officers, as of the day and year first above written.

Attest:

TENNESSEE VALLEY AUTHORITY

(Seal)

(s) Helen S. Drummer  
Assistant Secretary

By (s) W. F. Willis  
General Manager

OGC

Attest:

WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION

(s) James W. McGuirk  
Secretary

By (s) Kenneth Robbins  
President

Approved by TVA  
Board of Directors  
June 1 1982  
(s) HSD  
ASSISTANT SECRETARY

DEPARTMENT OF REVENUE  
SCHEDULE OF RATES AND CHARGES

WHOLESALE POWER RATE--SCHEDULE WS  
(October 1976)

Availability

Firm power available under long-term contracts with, and for distribution and resale by, States, counties, municipalities, and cooperative organizations of citizens or farmers, all referred to herein as "Distributor."

Base Charges

Delivery Point Charge: \$1,500 per delivery point per month  
Demand Charge: \$1.81 per kilowatt of demand per month  
Energy Charge: 0.950 cent per kilowatthour per month as increased or decreased in accordance with Appendix 1 to the Schedule of Rates and Charges

Adjustments

1. Distributor's bill for each month shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.
2. Distributor's bill for each month shall be adjusted by adding to the bill 10 cents per kW and 0.02 cent per kWh for power and energy resold by Distributor in the preceding month to any consumer which has a billing demand of more than 10,000 kW or which uses more than 5 million kWh (herein referred to as a large load), except that such adjustment shall not apply to any portion of a large load up to the following respective amounts: 10,000 kW plus an amount (not to exceed 20,000 kW) equal to that portion of Distributor's demand at the TVA delivery point from which such large load is served by Distributor which is in excess of the sum of the billing demands of all large loads served by Distributor from that delivery point; 5 million kWh plus an amount (not to exceed 15 million kWh) equal to that portion of Distributor's purchases of energy at the TVA delivery point from which such large load is served by Distributor which is in excess of the energy resold to all large loads served by Distributor from that delivery point.

Determination of Demand

The demand for any month shall be the highest average during any 60-consecutive-minute period of the month of (a) the load measured in kilowatts or (b) 85 percent of the load in kVA plus 10 percent of the excess over 5,000 kVA of the maximum kVA demand for the month for each individual consumer, whichever is the higher.

Facilities Rental

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 at less than 161 kV, there shall be added to Distributor's bill a facilities rental charge. This charge shall be 20 cents per kW per month, except for delivery at voltages below 46 kV, in which case the charge shall be 55 cents per kW per month for the first 10,000 kW and 30 cents per kW per month for the excess over 10,000 kW. Such charge shall be applied to the highest billing demand established at each delivery point during the latest 12-consecutive-month period and shall be in addition to all other charges under this rate schedule including minimum bill charges.

Minimum Bill

The monthly bill, exclusive of Adjustment 2, shall not be less than the higher of (1) the base delivery point charge or (2) 70 percent of the highest billing demand established during the previous 36 months multiplied by the base demand charge (adjusted for the portion of the current Adjustment Addendum applicable to the Distributor's billing demand as provided in Adjustment 1 above). At Distributor's request, in lieu of such minimum bill being applied individually in the case of two or more delivery points through each of which less than half of the energy taken by Distributor is resold to lighting and power consumers with demands of 50 kW or more, the minimum bill, exclusive of Adjustment 2, for any month for such delivery points, considered together, shall instead be an amount equal to the sum of the minimum bills which would otherwise have been applicable to such delivery points for such month; provided, however, that a special minimum bill shall be applied for any delivery point through which more than 75 percent of the energy taken by Distributor is resold to lighting and power consumers with demands of 50 kW or more.

Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to Distributor through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed under this rate schedule.

RESIDENTIAL RATE--SCHEDULE RS-5  
(October 1976)

Availability

This rate shall apply only to electric service to a single family dwelling and its appurtenances, where the major use of electricity is for domestic purposes such as lighting, household appliances, and the personal comfort and convenience of those residing therein. Any such dwelling in which space is occasionally used for the conduct of business by a person residing therein may be served under this rate. Where a portion of a dwelling is used regularly for the conduct of business, the electricity consumed in that portion so used shall be separately metered and billed under the General Power Rate; if separate circuits are not provided by the customer, service to the entire premises shall be billed under the General Power Rate.

Character of Service

Alternating current, single-phase, 60 hertz. Voltage supplied shall be at the discretion of Distributor and shall be determined by the voltage available from distribution lines in the vicinity and/or other conditions. Multi-phase service shall be supplied in accordance with Distributor's standard policy.

Base Charges

Customer Charge: \$2.75 per delivery point per month

Energy Charge:

First 500 kilowatthours per month at 2.597 cents per kilowatthour\*  
Additional " " " " 1.827 " " kilowatthour\*

\*as increased or decreased in accordance with Appendix I to the Schedule of Rates and Charges

Adjustment

The customer's bill for each month shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

Minimum Monthly Bill

The customer charge constitutes the minimum monthly bill for all customers served under this rate schedule except those customers for which a higher minimum monthly bill is required under Distributor's standard policy because of special circumstances affecting Distributor's cost of rendering service.

Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed under this rate schedule.

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Service is subject to Rules and Regulations of Distributor.



GENERAL POWER RATE--SCHEDULE GS-5  
(October 1976)

Availability

This rate shall apply to the firm power requirements for electric service to commercial, industrial, and governmental customers; institutional customers including, without limitation, churches, clubs, fraternities, orphanages, nursing homes, rooming or boarding houses, and like customers; and other customers except those to whom service is available under other resale rate schedules.

Character of Service

Alternating current, single or three-phase, 60 hertz. Under A below power shall be delivered at a voltage available in the vicinity or agreed to by Distributor. Under B below power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

Base Charges

- A. If the customer's demand for the month and its contract demand, if any, are each 5,000 kilowatts or less:

Customer Charge: \$3.75 per delivery point per month

Demand Charge:

First 50 kilowatts of demand per month, no demand charge  
Next 50 kilowatts of demand per month, at \$2.15 per kilowatt  
Excess over 100 kilowatts of demand per month, at \$2.20 per kilowatt

Energy Charge:

First 500 kilowatthours per month	at	3.423	cents	per	kWh*			
Next 14,500	"	"	"	"	2.403	"	"	kWh*
Next 25,000	"	"	"	"	1.487	"	"	kWh*
Next 60,000	"	"	"	"	1.197	"	"	kWh*
Next 400,000	"	"	"	"	1.097	"	"	kWh*
Additional	"	"	"	"	1.057	"	"	kWh*

\*as increased or decreased in accordance with Appendix I to the Schedule of Rates and Charges

- B. If either the customer's demand for the month or its contract demand is greater than 5,000 kilowatts:

Customer Charge: \$1,000 per delivery point per month

Demand Charge: \$1.91 per kilowatt of demand per month

Additional charge for any demand in excess of customer's contract demand: \$1.91 per kilowatt per month

Energy Charge: 0.993 cent per kilowatthour per month as increased or decreased in accordance with Appendix I to the Schedule of Rates and Charges

Facilities Rental Charge Applicable Under B Above

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 at less than 161 kV, there shall be added to the customer's bill a facilities rental charge. This charge shall be 20 cents per kW per month except for delivery at voltages below 46 kV, in which case the charge shall be 55 cents per kW per month for the first 10,000 kW and 30 cents per kW per month for the excess over 10,000 kW. Such charge shall be applied to the customer's currently effective contract demand and shall be in addition to all other charges under this rate schedule including minimum bill charges.

Adjustment

The customer's bill for each month shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

#### Determination of Demand

Distributor shall measure the demands in kilowatts of all customers having loads in excess of 50 kilowatts. The demand for any month shall be the higher of the highest average during any 30-consecutive-minute period of the month of (a) the load measured in kilowatts or (b) 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA, and such amount shall be used as the billing demand except that, under B above, the billing demand for any month shall in no case be less than the sum of (1) 40 percent of the first 5,000 kilowatts, (2) 70 percent of the next 45,000 kilowatts, and (3) 90 percent of all kilowatts in excess of 50,000 kilowatts of the higher of the currently effective contract demand or the highest billing demand established during the preceding 12 months.

#### Minimum Bill

The monthly bill under A above shall not be less than the higher of (1) the base customer charge or (2) 70 percent of the base demand charge (adjusted for the portion of the current Adjustment Addendum applicable to the customer's billing demand as provided in Adjustment above) applied to the higher of (a) the currently effective contract demand or (b) the highest demand established during the preceding 12 months.

The monthly bill under B above shall not be less than the base demand charge (adjusted in accordance with the portion of the current Adjustment Addendum applicable to the customer's billing demand as provided in Adjustment above) applied to the higher of (a) the currently effective contract demand or (b) the highest demand established during the preceding 12 months.

Distributor may require minimum bills higher than those stated above.

#### Seasonal Service

Customers who contract for service on a seasonal basis shall be limited to 1,500 kilowatts and shall pay the above charges plus 10 percent of the bill computed after any adjustments are applied. For such customers the minimum monthly bill provided for above shall not apply. Instead, such customers shall pay a minimum monthly bill of \$5.00 so long as service is connected; shall pay a minimum annual bill which shall in no case be less than (a) 3 cents per kilowatthour of the maximum monthly consumption for customers whose demand does not exceed 50 kilowatts or (b) \$10.00 per kilowatt of the maximum demand established for customers whose demand is over 50 kilowatts; and shall pay in addition the actual cost of connections and disconnections in excess of one of each per year.

#### Contract Requirement

Distributor may require contracts for all service provided under this rate schedule. Customers whose demand exceeds 50 kilowatts shall be required to execute contracts for an initial term of at least one year. If the customer requires in excess of 5,000 kilowatts, the contract shall be for an initial term of at least five years, and any renewal or extension of the initial contract shall also be for a term of at least five years. The customer shall contract for its maximum requirements and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to modification, replacement, or adjustment from time to time upon agreement between Distributor and TVA.

#### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

#### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed under this rate schedule.

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Service is subject to Rules and Regulations of Distributor.

OUTDOOR LIGHTING RATE--SCHEDULE LS  
(October 1976)

Availability

Available for service to street and park lighting systems, traffic signal systems, athletic field lighting installations (during prescribed use-period), and outdoor lighting for individual customers.

Service under this schedule is for a term of not less than one year.

PART A--CHARGES FOR STREET AND PARK LIGHTING SYSTEMS, TRAFFIC SIGNAL SYSTEMS, AND ATHLETIC FIELD LIGHTING INSTALLATIONS

- I. Energy Charge: 1.984 cents per kilowatthour as increased or decreased in accordance with Appendix I to the Schedule of Rates and Charges

Adjustment

The customer's bill for each month shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

- II. Investment Charge

The annual investment charge shall be 10 percent of the installed cost to Distributor's electric system of the facilities devoted to street and park lighting service specified in this Part A. Such installed cost shall be recomputed on July 1 of each year, or more often if substantial changes in the facilities are made. Each month, one-twelfth of the then total annual investment charge shall be billed to the customer. If any part of the facilities has not been provided at the electric system's expense or if the installed cost of any portion thereof is reflected on the books of another municipality or agency or department, the annual investment charge shall be adjusted to reflect properly the remaining cost to be borne by the electric system.

Traffic signal systems and athletic field lighting installations shall be provided, owned, and maintained by and at the expense of the customer, except as Distributor may agree otherwise in accordance with the provisions of the paragraph next following in this Section II. The facilities necessary to provide service to such systems and installations shall be provided by and at the expense of Distributor's electric system, and the annual investment charge provided for first above in this Section II shall apply to the installed cost of such facilities.

When so authorized by policy duly adopted by Distributor's governing board, traffic signal systems and athletic field lighting installations may be provided, owned, and maintained by Distributor's electric system for the customer's benefit. In such cases Distributor may require reimbursement from the customer for a portion of the initial installed cost of any such system or installation and shall require payment by the customer of an investment charge sufficient to cover all of Distributor's costs (except reimbursed costs), including appropriate overheads, of providing, owning, and maintaining such system or installation; provided that, for athletic field lighting installations, such investment charge shall in no case be less than 12 percent per year of such costs. Said investment charge shall be in addition to the annual investment charge on the facilities necessary to provide service to such system or installation as provided for in the preceding paragraph. Replacement of lamps and related glassware for traffic signal systems and athletic field lighting installations provided under this paragraph shall be paid for under the provisions of paragraph A in Section III.

- III. Replacement of Lamps and Related Glassware - Street and park lighting.

Customer shall be billed and shall pay for replacements as provided in paragraph B below, which shall be applied to all service for street and park lighting.

- A. Distributor shall bill the customer monthly for such replacements during each month at Distributor's cost of materials, including appropriate storeroom expense.
- B. Distributor shall bill the customer monthly for one-twelfth of the amount by which Distributor's cost of materials, including appropriate storeroom expense, exceeds the product of 3 mills multiplied by the number of kilowatthours used for street and park lighting during the fiscal year immediately preceding the fiscal year in which such month occurs.

### Metering

For any billing month or part of such month in which the energy is not metered or for which a meter reading is found to be in error or a meter is found to have failed, the energy for billing purposes for that billing month or part of such month shall be computed from the rated capacity of the lamps (including ballast) plus 5 percent of such capacity to reflect secondary circuit losses, multiplied by the number of hours of use.

### Use-Period For Athletic Field Lighting

Service to athletic field lighting installations under this rate schedule shall not commence earlier than 7 p.m., except that the customer may be permitted to use up to 10 percent (not to exceed 10 kilowatts) of the total installed lighting capacity prior to commencement of such period. In the event the customer fails to restrict service in accordance with these requirements, it shall be billed under the General Power Rate.

### Revenue and Cost Review

Distributor's costs of providing service under Part A of this rate schedule are subject to review at any time and from time to time to determine if Distributor's revenues from the charges being applied are sufficient to cover said costs. If any such review discloses that revenues are either less or more than sufficient to cover said costs, Distributor shall revise the above investment charges so that revenues will be sufficient to cover said costs. Any such revision of the annual investment charge provided for first above in Section II of Part A of this rate schedule shall be by agreement between Distributor and TVA.

### PART B—CHARGES FOR OUTDOOR LIGHTING FOR INDIVIDUAL CUSTOMERS

#### Charge Per Fixture

<u>Type of Fixture</u>	<u>Lamp Size (Watts)</u>	<u>Base Monthly Charge</u>
Mercury Vapor or Incandescent*	175	\$ 3.00
	250	3.50
	400	4.75
	700	7.75
	1,000	10.00
High Pressure Sodium	100	3.50
	150	3.75
	250	5.00
	400	6.50
	1,000	14.00

\*Incandescent fixtures not offered for new service.

The above charges in this Part B are limited to service from a photoelectrically controlled standard street lighting fixture installed on a pole already in place. If the customer wishes to have the fixture installed at a location other than on a pole already in place, Distributor may apply a monthly charge not to exceed \$2.00 per pole for additional poles required to serve the fixture from Distributor's nearest available source. Distributor may uniformly adjust the above base monthly charges up or down by an amount not to exceed \$1.00.

When so authorized by policy duly adopted by Distributor's governing board, special outdoor lighting installations may be provided, owned, and maintained by Distributor's electric system. In such cases Distributor may require reimbursement from the customer for a portion of the initial installed cost of any such installation and shall require payment by the customer of monthly charges sufficient to cover all of Distributor's costs (except reimbursed costs), including appropriate overheads, of providing, owning, and maintaining such installations.

### Lamp Replacements

Replacements of lamps and related glassware will be made in accordance with replacement policies of Distributor without additional charge to the customer.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

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Service is subject to Rules and Regulations of Distributor.

2. Cooperative's Lines and Equipment. All lines and substations from the point or points of delivery (as defined in section 3 of the contract of which these Terms and Conditions are a part), and all electrical equipment, except metering equipment of TVA, located on Cooperative's side of such point or points of delivery shall be furnished and maintained by Cooperative. Cooperative's electrical facilities shall conform to accepted modern standards. Failure to inspect for or to object to defects in such facilities shall not render TVA liable or responsible for any loss or damage resulting therefrom or from violation of the contract of which these Terms and Conditions are a part, or from accidents which may occur upon Cooperative's premises.

3. Responsibility for Property of the Other Party. All equipment furnished by each party shall be and remain its property. Each party shall exercise proper care to protect any property of the other on its premises and shall bear the cost of any necessary repairs or replacements arising from its neglect to exercise such proper care. The authorized employees of each party shall have access at all reasonable times to any of its facilities on the other's premises, for such purposes as reading its meters and testing, repairing, or replacing its equipment.

4. Measurement of Demand, Energy, and Power Factor. TVA will, at its own expense, install and maintain or cause to be installed and maintained the necessary metering equipment for measuring the maximum demand and the amount of energy furnished Cooperative at each point of delivery. If, for economy or convenience, such equipment is located elsewhere than at the point of delivery, the readings shall be adjusted to reflect the quantities delivered at the point of delivery and such adjusted amounts shall be deemed to be the measured amounts for purposes of billing under Wholesale Power Rate--Schedule WS. TVA may also, at its option, provide equipment to determine power factor. Cooperative shall permit the use of its housing facilities, ducts, and supports for TVA's metering equipment.

Cooperative shall have the right at its own expense to install, equip, and maintain check meters in a mutually satisfactory location.

TVA will make periodical tests and inspections of its metering equipment in order to maintain a high standard of accuracy, and will make additional tests or inspections of its metering equipment at the request of Cooperative. Cooperative shall have the right to have representatives present at tests and meter readings. If any test shows that the metering equipment is accurate within two percent no adjustment of past readings will be made and, if the test was requested by Cooperative, the testing charge will be paid by Cooperative; all other tests shall be at TVA's expense. In case any test shows the meter reading to be in error more than two percent, a corresponding adjustment shall be made in Cooperative's bills for any agreed period of error; in the absence of such agreement, the adjustment shall be limited to the current billing period. Should the metering equipment fail, the deliveries will be estimated by TVA from the best information available.

5. Billing. Payment for power and energy used in any monthly period shall become due fifteen days after TVA's meter reading date or seven days after the date of bill from TVA, whichever is later. To any amount remaining unpaid fifteen days after the due date, there shall be added a charge of one percent and an additional one percent shall be added for each succeeding

SCHEDULE OF TERMS AND CONDITIONS

1. Financial and Accounting Policy. Cooperative agrees to be bound by the following statement of financial and accounting policy:

(a) Except as hereinafter provided, Cooperative shall administer, operate, and maintain its electric system as a separate department in all respects, shall establish and maintain a separate fund for the revenues from electric operations, and shall not directly or indirectly mingle electric system funds or accounts, or otherwise consolidate or combine the financing of the electric system, with those of any other of its operations. The restrictions of this subsection include, but are not limited to, prohibitions against furnishing, advancing, lending, pledging, or otherwise diverting electric system funds, revenues, credit or property to other operations of Cooperative, the purchase or payment of, or providing security for, indebtedness or other obligations applicable to such other operations, and payment of greater than standardized or market prices for property or services from other operations of Cooperative. In the interest of efficiency and economy, Cooperative may use property and personnel jointly for the electric system and other operations, subject to agreement between Cooperative and TVA as to appropriate allocations, based on direction of effort, relative use, or similar standards, of any and all joint investments, salaries and other expenses, funds, or use of property or facilities.

(b) Cooperative shall keep the general books of accounts of the electric system according to the Federal Energy Regulatory Commission Uniform System of Accounts. Cooperative shall allow the duly authorized agents of TVA to have free access at all reasonable times to all books and records relating to electric system operations. TVA may provide advisory accounting service, in reasonable amount, to help assure the proper setting up and administering of such accounts.

(c) Cooperative shall supply TVA not later than August 15 of each year with an annual financial report in such form as may be requested, of electric system transactions for the preceding year ending June 30 and of electric system assets and liabilities as of June 30. Cooperative shall furnish promptly to TVA such monthly operating, statistical, and financial statements relating to electric system operations as may reasonably be requested by TVA. In the event of failure to furnish promptly such statements TVA, following written notification to Cooperative of intention so to do, may with its own staff perform at Cooperative's expense all work necessary to collect such data.

(d) Cooperative shall have the electric system financial statements examined annually by independent certified public accountants in accordance with generally accepted auditing standards and shall publish the financial statements, along with the auditor's certificate, in a newspaper of general circulation in the area. If no such newspaper exists, Cooperative shall furnish each member copies of said statements and certificate.

thirty-day period until the amount is paid in full. Upon failure of Cooperative to pay for the power and energy used in any monthly period within sixty days after due date, TVA shall have the right, upon reasonable notice, to discontinue the supply of power and energy and refuse to resume delivery so long as any part thereof remains unpaid. Discontinuance of supply under this section will not relieve Cooperative of its liability for the agreed minimum monthly payment during the time the supply of energy is so discontinued. All payments shall be made to TVA at its offices at Chattanooga, Tennessee, or at such other place as TVA may from time to time designate. For purposes of billing, the term "month" in Wholesale Power Rate--Schedule WS and the term "monthly period" in this section are defined as the period from the meter reading time in one month to the meter reading time in the next month; provided, however, that with respect to the determination of demand said period shall begin and end at midnight prior to said meter reading times. Subject to such changes in TVA's meter reading scheduling as it deems necessary, meters shall be read on the same day of each month.

6. Adjustment and Change of Wholesale Rate and Resale Rates. The wholesale rate and resale rates provided in sections 4 and 5 of the contract shall be subject to adjustment and change from time to time in accordance with this section in order to assure TVA's ability to continue to supply the power requirements of Cooperative and TVA's other customers on a financially sound basis with due regard for the primary objectives of the TVA Act, including the objective that power shall be sold at rates as low as feasible, and to assure Cooperative's ability to continue to operate on a financially sound basis.

Wholesale power rates and charges shall be sufficient to produce revenue from TVA's wholesale power customers which, together with revenue from its other power customers, will assure TVA's ability each fiscal year to:

(a) meet the requirements of the TVA Act including particularly section 15d(f) thereof which provides in part that:

The Corporation shall charge rates for power which will produce gross revenues sufficient to provide funds for operation, maintenance, and administration of its power system; payments to States and counties in lieu of taxes; debt service on outstanding bonds, including provision and maintenance of reserve funds and other funds established in connection therewith; payments to the Treasury as a return on the appropriation investment pursuant to subsection (e) hereof; payment to the Treasury of the repayment sums specified in subsection (e) hereof; and such additional margin as the Board may consider desirable for investment in power system assets, retirement of outstanding bonds in advance of maturity, additional reduction of appropriation investment, and other purposes connected with the Corporation's power business, having due regard for the primary objectives of the Act, including the objective that power shall be sold at rates as low as are feasible.

and (b) meet all tests and comply with the provisions of TVA's bond resolutions as from time to time adopted and amended in such a manner as to assure its ability to continue to finance and operate its power program at the lowest feasible cost.

Adjustment. TVA may review with Cooperative or its representative, at least 30 days prior to the first day of any of the months of October, January, April, or July pertinent data concerning the current and anticipated conditions and costs affecting TVA's operations and the adequacy of its revenues from both wholesale and other power customers to meet the requirements of the TVA Act and the tests and provisions of its bond resolutions as provided in the second paragraph of this section; provided, however, that at least one such review shall be conducted each fiscal year; and provided further, that no adjustment shall be made as hereinafter provided in this paragraph unless such a review has been conducted within the 120 days preceding the effective date of such adjustment. Following any such review TVA, at least 15 days prior to the first day of whichever of the aforesaid months follows next, will determine what adjustments, if any, are required in the demand and energy charges provided for in the then effective Schedule of Rates and Charges to assure (a) revenues to TVA adequate to meet the requirements of the TVA Act and the tests and provisions of its bond resolutions as provided in the second paragraph of this section and (b) revenues to Cooperative adequate to compensate for changes, if any, in the cost of power to Cooperative resulting from adjustments to Wholesale Power Rate--Schedule WS made under the provisions of this section. Such adjustments as TVA determines are required shall be incorporated by TVA in Adjustment Addendums to Wholesale Power Rate--Schedule WS and to the resale schedules of the Schedule of Rates and Charges, which Adjustment Addendums shall be promptly published by TVA by mailing the same to Cooperative by registered mail and shall be applicable to bills rendered from meter readings taken for TVA and Cooperative billing cycles scheduled to begin on or after the effective date of said Adjustment Addendum; provided that any adjustment determined by TVA to be necessary as hereinbefore provided shall not be conditioned upon or be postponed pending the review provided for in the first sentence of this paragraph or the completion of such review. Cooperative shall pay for power and energy in accordance with Wholesale Power Rate--Schedule WS of the Schedule of Rates and Charges as so adjusted from time to time by any such Adjustment Addendums published by TVA as above provided, and shall adjust the charges in the resale schedules of the Schedule of Rates and Charges applicable to its customers in accordance with such Adjustment Addendums and the provisions of such resale schedules.

Change. Whenever any adjustment or adjustments made under the preceding paragraph, or the costs of TVA's service to Cooperative and TVA's other customers, or the costs of Cooperative's service to customers, or any other factors are believed by either party to warrant general or major changes in the Schedule of Rates and Charges, either party or its representative may request that the parties or their representatives meet and endeavor to reach agreement upon such changes. If within 180 days after any request for such changes the representatives of the parties for any reason have not agreed upon such changes, TVA may thereafter, upon not less than 30 days' notice by registered mail in which the basis for each change is set forth, place into effect such changes in the Schedule of Rates and Charges as it determines will enable TVA to carry out the objectives of the TVA Act and meet the requirements and tests and comply with the provisions of its bond resolutions as outlined in the second paragraph of this section and enable Cooperative to continue on a financially sound basis as provided in section 5(c) of the contract and Cooperative shall thereafter pay and charge for power and energy in accordance with the Schedule of Rates and Charges as so changed; provided, however, that unless the parties agree



otherwise, any adjustment determined by TVA to be required under the provisions of the preceding paragraph of this section shall become effective without reference to, and shall not be delayed or postponed pending completion of, any actions under this paragraph.

7. Compensation for Additional Tax or in Lieu of Tax Payments. It is recognized that among the costs which the rates specified in Wholesale Power Rate--Schedule WS were designed to cover are annual payments in lieu of taxes by TVA in an aggregate sum equivalent to 5 percent of its gross proceeds from sales of power exclusive of sales to agencies of the Government of the United States. If at any time TVA is compelled by law to pay during any fiscal year of TVA taxes and payments in lieu of taxes in an aggregate amount which shall exceed 5 percent of such proceeds, TVA may, if it so elects, increase the billing amounts during the succeeding fiscal year by the number of percentage points (to the nearest 0.1 point) by which said aggregate amount exceeded 5 percent of said proceeds.

8. Interference with Availability or Use of Power. Neither TVA nor Cooperative shall be liable for damages or breach of contract when and to the extent that the availability or use of power, respectively, is interrupted, curtailed, or interfered with or the performance of any other obligation hereunder is prevented by circumstances reasonably beyond the control of the party affected, such as (without limiting the generality of the foregoing) acts of God, strikes, accidents, laws of the United States or any State, regulations or orders of governmental agencies, judicial decrees, inability to obtain or install equipment, lack by TVA of necessary Congressional appropriations or legislative authorizations or other inability of either party to obtain necessary financing. Acts of God shall be deemed to include the effects of drought if the drought is of such severity as to have a probability of occurrence of less than once in 40 years. Each party shall advise the other at the earliest practicable date of any circumstances which are likely to result in the interruption, curtailment, or interference with the performance of any obligation hereunder.

TVA will furnish electric service hereunder continuously so far as reasonable diligence will permit but TVA may interrupt, curtail, or otherwise interfere with service to Cooperative hereunder in the course of installation, operation, or maintenance of TVA's facilities, or for the purpose of safeguarding life or property, or otherwise, and in such event shall not be liable for damages or breach of contract. TVA, as far as reasonably possible, shall avoid such interruption, curtailment, or interference for routine operating purposes or repairs, and shall give such prior notice of those it deems necessary as may be reasonable under the circumstances.

9. Additional Load. The transmission system, transformers, meters and equipment used for delivery of power to Cooperative have limited capacity and unless otherwise agreed no addition shall be made to Cooperative's load which would result in a total load at any delivery point in excess of the maximum available from the then existing facilities at said delivery point.

10. Voltage and Load Fluctuations Caused by Cooperative. Electric service must not be used in such a manner as to cause unusual fluctuations or disturbances on TVA's system. TVA may require Cooperative at its own expense to install suitable apparatus to reasonably limit such fluctuations or disturbances.

11. Balancing of Loads. Cooperative shall take and use power in such manner that the current on the most heavily loaded phase shall not exceed the current on either of the other phases by more than 20 percent. In the event that any check indicates a greater unbalance between phases, Cooperative agrees to make at its expense, upon request, the changes necessary to correct the unbalanced condition. If said unbalanced condition is not corrected by Cooperative within 60 days, or such longer period as may be agreed upon, TVA may thereafter elect to meter the load on individual phases and to compute the billing demand as being equal to three times the maximum kilowatt load on any phase. For all purposes hereunder, the load on any phase shall be the load measured by a wattmeter connected with its current coil in that phase wire and its potential coil connected between that phase wire and the neutral voltage point.

12. Notice of Trouble. Cooperative shall notify TVA immediately should the service be unsatisfactory for any reason or should there be any defects, trouble, or accidents affecting the supply of electricity. Such notices, if oral, should be confirmed in writing.

13. Submetering. Cooperative shall not sell electricity for submetering or resale.

14. Conflict. In case of conflict between any express provision of the body of this contract or any provision of the Schedule of Rates and Charges and these Terms and Conditions, the former shall govern.

15. Section Headings. The section headings in this contract are only for convenience of reference and are not a part of the contract between the parties.

## SCHEDULE OF RULES AND REGULATIONS

1. Application for Service. Each prospective Customer desiring electric service may be required to sign Distributor's standard form of application for service or contract before service is supplied by the Distributor.

2. Deposit. A deposit or suitable guarantee approximately equal to twice the average monthly bill may be required of any Customer before electric service is supplied. Distributor may at its option return deposit to Customer after one year. Upon termination of service, deposit may be applied by Distributor against unpaid bills of Customer, and if any balance remains after such application is made, said balance shall be refunded to Customer.

3. 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. All wiring and equipment beyond this point of delivery shall be provided and maintained by Customer at no expense to Distributor.

4. Customer's Wiring--Standards. All wiring of 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 Electrical Code.

5. Inspections. 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; but such inspection or failure to inspect or reject 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.

6. Underground Service Lines. Customers desiring underground service lines from Distributor's overhead system must bear the excess cost incident thereto. Specifications and terms for such construction will be furnished by Distributor on request.

7. Customer's Responsibility for Distributor's Property. All meters, service connections, and other equipment furnished by Distributor shall be, and remain, the property of Distributor. Customer shall provide a space for and exercise proper care to protect the property of Distributor on its premises, and, in the event of loss or damage to Distributor's property arising from neglect of Customer to care for same, the cost of the necessary repairs or replacements shall be paid by Customer.

8. Right of Access. Distributor's identified employees shall have access to Customer's premises at all reasonable times for the purpose of

reading meters, testing, repairing, removing, or exchanging any or all equipment belonging to Distributor.

9. Billing. Bills will be rendered monthly and shall be paid at the office of Distributor or at other locations designated by Distributor. Failure to receive bill will not release Customer from payment obligation. Should bills not be paid by due date specified on bill, Distributor may at any time thereafter, upon five (5) days' written notice to Customer, discontinue service. Bills paid after due date specified on bill may be subject to additional charges. Should the due date of bill fall on a Sunday or holiday, the business day next following the due date will be held as a day of grace for delivery of payment.

10. Discontinuance of Service by Distributor. Distributor may refuse to connect or may discontinue service for the violation of any of its Rules and Regulations, or for violation of any of the provisions of the Schedule of Rates and Charges, or of the application of Customer or contract with Customer. Distributor may discontinue service to Customer for the theft of current or the appearance of current theft devices on the premises of Customer. The discontinuance of service by Distributor for any causes as stated in this rule does not release Customer from his obligation to Distributor for the payment of minimum bills as specified in application of Customer or contract with Customer.

11. Connection, Reconnection, and Disconnection Charges. Distributor may establish and collect standard charges to cover the reasonable average cost, including administration, of connecting or reconnecting service, or disconnecting service as provided above. Higher charges may be established and collected when connections and reconnections are performed after normal office hours, or when special circumstances warrant.

12. Termination of Contract by Customer. Customers who have fulfilled their contract terms and wish to discontinue service must give at least three (3) days' written notice to that effect, unless contract specifies otherwise. Notice to discontinue service prior to expiration of contract term will not relieve Customer from any minimum or guaranteed payment under any contract or rate.

13. Service Charges for Temporary Service. Customers requiring electric service on a temporary basis may be required by Distributor to pay all costs for connection and disconnection incidental to the supplying and removing of service. This rule applies to circuses, carnivals, fairs, temporary construction, and the like.

14. Interruption of Service. Distributor will use reasonable diligence in supplying current, but shall not be liable for breach of contract in the event of, or for loss, injury, or damage to persons or property resulting from, interruptions in service, excessive or inadequate voltage, single-phasing, or otherwise unsatisfactory service, whether or not caused by negligence.

15. Shortage 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 Customer may make use of electricity and the uses which Customer may make of electricity. If such actions become necessary, Customer may request a variance because of unusual circumstances including matters adversely affecting the public health, safety and welfare. If 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 the 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.

16. Voltage Fluctuations Caused by Customer. 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.

17. 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 of Distributor's lines or equipment caused by the additional or changed installation.

18. Standby and Resale Service. All purchased electric service (other than emergency or standby service) used on the premises of Customer shall be supplied exclusively by Distributor, and Customer shall not, directly or indirectly, sell, sublet, assign, or otherwise dispose of the electric service or any part thereof.

19. Notice of Trouble. Customer shall notify Distributor immediately should the service be unsatisfactory for any reason, or should there be any defects, trouble, or accidents affecting the supply of electricity. Such notices, if verbal, should be confirmed in writing.

20. 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, or for the supply of closer voltage regulation than required by standard practice.

21. Meter Tests. Distributor will, at its own expense, make periodical tests and inspections of its meters in order to maintain a high standard of accuracy. Distributor will make additional tests or inspections of its meters at the request of Customer. If tests made at Customer's request show that the meter is accurate within two percent (2%), slow or fast, no adjustment will be made in Customer's bill, and Distributor's standard testing

charge will be paid by Customer. In case the test shows meter to be in excess of two percent (2%) fast or slow, an adjustment shall be made in Customer's bill over a period of not over thirty (30) days prior to date of such test, and cost of making test shall be borne by Distributor.

22. Relocation of Outdoor Lighting Facilities. Distributor shall, at the request of Customer, relocate or change existing Distributor-owned equipment. Customer shall reimburse Distributor for such changes at actual cost including appropriate overheads.

23. 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 the case of the first billing of new accounts (temporary service, cotton gins, and other seasonal customers excepted) and final billings of all accounts (temporary service 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.

24. Home Energy Conservation Surveys. All customers of Distributor receiving service under the residential rate schedule are eligible for a free energy conservation survey of their home. As part of such survey information covering efficient utilization of electric energy will be made available, including a wide variety of specific recommendations as to the materials and equipment that would provide effective weatherization and thereby yield the greatest energy savings for the customer. Customers will also be furnished a list of private contractors in their area which install various types of energy-saving materials and equipment, and instructional material concerning the self-installation of such materials and equipment.

25. Home Insulation Program. Customers of Distributor receiving service under the residential rate schedule and who heat or cool their homes with electricity or who are converting so as to heat or cool their homes with electricity, are eligible to participate in the home insulation program being conducted by Distributor and TVA. If the home energy conservation survey for such customers indicates home weatherization measures such as storm windows, insulated doors, caulking and weatherstripping of doors and windows, and the installation of attic insulation are cost effective, Distributor will, as part of providing electric service to residential customers, arrange to make available funds provided by TVA to accomplish said measures at customers' dwellings. Participants will be required to enter into a standard form agreement under which the funds furnished to accomplish said measures will be repaid to Distributor in a lump sum payment, or by monthly payments, at no additional charge, extending for a period of up to seven years. The monthly repayment amount due for this service will be included as part of the electric bill rendered by Distributor, to which bills the provisions of the section entitled "Billing" of this Schedule of Rules and Regulations are applicable; provided, however, that said monthly amount shall not be subject to additional charges for past-due payment.

26. Scope. This Schedule of Rules and Regulations is a part of all contracts for receiving electric service from Distributor, and applies to all service received from Distributor, whether the service is based upon contract, agreement, signed application, or otherwise. A copy of this schedule, together with a copy of Distributor's Schedule of Rates and Charges, shall be kept open to inspection at the offices of Distributor.

27. Revisions. These Rules and Regulations may be revised, amended, supplemented, or otherwise changed from time to time, without notice. Such changes, when effective, shall have the same force as the present Rules and Regulations.

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



Tennessee Valley Authority, Post Office Box 292409, Nashville, Tennessee 37229

September 10, 2012

Mr. Carlton Freeman  
Environmental, Health & Safety Manager  
BADA Division of Hennessy Industries, Inc.  
759 Hennessy Way  
Bowling Green, Kentucky 42101

**RE: VALLEY INVESTMENT INITIATIVE AWARD ADJUSTMENT – VII CONTRACT NO. 3853;  
TV-59578A, SUPP. NO. 95**

Dear Mr. Freeman:

Thank you for participating in TVA's Valley Investment Initiative (VII) and recently providing BADA Division of Hennessy Industries, Inc.'s, Year Two Annual Certification. Pursuant to Section 6 of the above-referenced contract, TVA has evaluated the information provided in the Year Two Annual Certification and made necessary adjustments to the Maximum Annual Award amounts as set forth below. BADA Division of Hennessy Industries, Inc.'s, underperformance in the Total Annual Energy (kWh) and Energy Efficiency categories caused this adjustment.

	Original Maximum Annual Award Amounts	Year Two Adjusted Annual Award Amounts
Year 1	\$46,260.16	\$46,260.16
Year 2	\$46,260.16	\$46,260.16
Year 3	\$46,260.16	\$32,678.39
Year 4	\$46,260.16	\$32,678.39
Year 5	\$46,260.16	\$32,678.39

The award will continue to be adjusted each year pursuant to the contract. Revised projections and/or over-performance in future years may return BADA Division of Hennessy Industries, Inc., to the Original Maximum Annual Award Amounts for years remaining at that time.

TVA's Economic Development and your local power company, Warren Rural Electric Cooperative Corporation (WRECC), want to see BADA Division of Hennessy Industries, Inc., continue to succeed in the Tennessee Valley region. We have a variety of programs and products that may be beneficial to you. If you have any questions about our engineering services, research and company analysis products, or loan programs, please contact WRECC or your TVA regional consultant, Roxann Fry, at (270) 846-7013.

If you have any questions, please feel free to contact me by phone at (615) 232-6083 or by email at [alraymond@tva.gov](mailto:alraymond@tva.gov).

Sincerely,

Alan Raymond  
Manager, Economic Investments

SBR : AFF  
cc: See page 2



Mr. Carlton Freeman  
Page 2  
September 10, 2012

cc: Mr. Gary K. Dillard  
President/CEO  
Warren Rural Electric Cooperative Corporation  
Post Office Box 1118  
Bowling Green, Kentucky 42102-1118

Roxann Fry, BGC 1A-BGK  
Ernie Peterson, BGC 1A-BGK  
Bess Rickman, OCP 2A-NST  
EDMS, WT CA-K  
Power Contract Portfolio, WT 3D-K

VALLEY INVESTMENT INITIATIVE  
PARTICIPATION AGREEMENT  
Among  
BADA DIVISION OF HENNESSY INDUSTRIES, INC.,  
WARREN RURAL ELECTRIC COOPERATIVE CORPORATION,  
And  
TENNESSEE VALLEY AUTHORITY

Date: 2/1/11

VII Contract No. 3853

TV-59578A, Supp. No. 95

THIS AGREEMENT will confirm the understandings among BADA DIVISION OF HENNESSY INDUSTRIES, INC. (Company), WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), and TENNESSEE VALLEY AUTHORITY (TVA) with respect to Company's participation in the Valley Investment Initiative (VII) being jointly conducted by Distributor and TVA.

It is understood and agreed that:

**SECTION 1 - DEFINITIONS**

Underlined terms used in this agreement are defined in Company's "Valley Investment Initiative Award Application" (VII Award Application) which is attached to and made a part of this agreement.

**SECTION 2 - TERM**

This agreement shall become effective on the date first written above (Effective Date), and shall continue in effect through the end of the Award Period described below, except that the provisions of sections 3.2, 6.2, 7.3, 7.4, 9.3, and 10 below shall continue in effect until the obligations of the parties under them are fulfilled.

**SECTION 3 - ELIGIBILITY FOR VII**

3.1 Company's Certification. Company's eligibility for the VII award provided for in section 4 below is based on TVA's determination that Company meets the criteria of a Qualifying Customer at Company's Qualifying Plant. It is expressly recognized that such determination is based on information provided and certified by Company in the VII Award Application.

3.2 Access to Records. Company shall keep and make available accurate records and books of accounts related to Company's VII Metrics, as well as data to support compliance with the terms and conditions of this agreement. Company shall allow Distributor, TVA, and their agents and employees, free access, at any time during normal working hours and upon reasonable notice, to all such books, records, and other documents of Company until the completion of all close-out procedures respecting this agreement and the final settlement and conclusion of all issues arising out of this agreement.

#### **SECTION 4 - VII AWARDS**

Based on Company's projections and the information contained in the VII Award Application, Company will be eligible to receive a VII award in the form of monthly credits on Company's power bill (Bill Credits) for a 5-year Award Period, beginning on February 22, 2011. Except as otherwise provided below, Distributor shall apply the monthly Bill Credits for each year of the 5-year period in amounts equal to 1/12 of the Maximum Annual Award amounts set out in the table below.

Year	Maximum Annual Award
1	\$46,260.16
2	\$46,260.16
3	\$46,260.16
4	\$46,260.16
5	\$46,260.16

In the event that Company receives more than one power bill in any month for its Qualifying Plant, a pro rata portion of the Bill Credit will be applied to each power bill in proportion to the total retail amount of each power bill. Company shall not be eligible for and will not earn or receive any Bill Credits for any amount that exceeds the amount of Company's monthly power bill(s) attributable to Company's Qualifying Plant in any given month.

#### **SECTION 5 - REPORTING BY COMPANY**

5.1 Annual Reporting. Within 30 days after the first 12 months of Company's Evaluation Period, and within 30 days after each 12-month period of the Evaluation Period thereafter, Company shall provide TVA a report certified by Company's duly authorized officer (Annual Certification), and verified by Distributor pursuant to section 6.1 below, showing Company's VII Metrics for the previous year. The Annual Certification shall be in a form furnished by TVA.

5.2 Continuing Reporting Obligation. Company shall immediately notify Distributor and TVA of any material changes in the information provided in its VII Award Application or its Annual Certifications. Upon receipt of such notice, TVA may at that time calculate an Adjusted Award pursuant to section 7 below.

#### **SECTION 6 - DATA SUPPLIED BY DISTRIBUTOR**

6.1 Annual Certification. It is recognized that Company's eligibility to receive the Bill Credits provided for in this agreement is based on information provided by Company and, where applicable, verified by Distributor in Company's VII Award Application and Annual Certifications. Distributor shall review Company's Annual Certification each year and, where requested by TVA, shall certify the accuracy of certain items, including:

- (a) Company's payment history under its power supply contract with Distributor,

- (b) total kWh usage and highest Total Metered Demand of Company's Qualifying Plant for each of the previous 12 months,
- (c) total kWh usage of Company's Qualifying Plant during Peak Hours, and
- (d) whether Company's Qualifying Plant is a Nonconforming Load.

6.2 Monthly Data. It is recognized that Distributor may be responsible for providing and maintaining metering facilities which are capable of recording the data specified in items (b) and (c) above. If requested by TVA, Distributor shall make available to TVA any such meter data necessary for TVA to verify Company's eligibility for participation in VII or calculate Bill Credits under this agreement. Distributor shall also furnish to TVA a copy of Company's power bill each month, which shall itemize the amount of any Bill Credit for that month, and any other information related to Company's eligibility for and participation in VII as TVA may reasonably request.

6.3 Other Information. Distributor shall promptly notify TVA if Company materially breaches the power supply contract under which power is supplied to Company's Qualifying Plant or materially breaches any overlay, supplement, or amendment to that contract, such that Distributor either suspends or terminates power supply, or suspends or terminates any product or other arrangements made available as an overlay, supplement, or amendment to the power supply contract.

#### SECTION 7 - AWARD ADJUSTMENT AND RECOVERY

7.1 Annual Award Adjustments. Each year, and immediately upon receipt of any notice pursuant to section 5.2 above, TVA will calculate adjusted Maximum Annual Awards (Adjusted Awards) for the Evaluation Period. The Adjusted Awards will be calculated by applying the VII Metrics provided in Company's Annual Certification or notice to the same formula that was used in calculating the Maximum Annual Awards set out in the tabulation in section 4 above, except that if the total kWh usage in the previous year is at least 80% of the total kWh usage for the Base Year, the monthly Total Metered Demand and kWh usage values from the Base Year will be used in the calculation. If the Adjusted Awards are less than the Maximum Annual Awards for those years set out in section 4 above, the sum of Company's monthly Bill Credits in the remaining Award Period years will be equal to the Adjusted Awards for the remaining Award Period minus the difference between the monthly Bill Credits Company received and the amount that the Bill Credits would have been if they had been calculated using the VII Metrics provided in Company's Annual Certification or notice. Notwithstanding TVA's calculation of Adjusted Awards, it is expressly recognized that Company shall neither earn nor receive in any month Bill Credits greater than 1/12 the Maximum Annual Awards set out above.

7.2 Disqualification. During the term of this agreement, TVA will use Company's VII Metrics and other information available to TVA during the Evaluation Period and Award Period to determine whether Company remains eligible to participate in VII. If at any time during the term of this agreement TVA determines that Company ceases to qualify for VII, the Bill Credits provided under section 4 above shall be discontinued. At such time, if any, during the Award Period that Company provides certification that it again meets the VII eligibility requirements set forth in the VII Award Application, the Bill Credits will resume. Company shall not be eligible for and will not earn or receive any Bill Credits for those periods when it does not qualify for VII.

7.3 Award Recovery. Company shall not be eligible to receive Bill Credits under section 4 above if at any time any of the following occurs:

- (a) Company provides materially false information on its VII Award Application or Annual Certifications;
- (b) Company fails to notify TVA of material changes in information provided in its VII Award Application or Annual Certification;
- (c) Company materially breaches the power supply contract under which power is supplied to Company's Qualifying Plant or materially breaches any overlay, supplement, or amendment to that contract, such that Distributor either suspends or terminates power supply, or suspends or terminates any product or other arrangements made available as an overlay, supplement, or amendment to the power supply contract;
- (d) Company's power supply contract otherwise expires or is terminated without being renewed or replaced by a power supply contract meeting the requirements of the VII Award Application; or
- (e) Company ceases commercial operation of its Qualifying Plant.

If any of the events identified in (a) – (e) above occur, this agreement shall be deemed to have automatically terminated as of the date of said occurrence, and promptly upon receipt of an invoice, Company shall immediately pay to Distributor any and all award amounts paid to Company during any period when Company was ineligible to receive Bill Credits as well as any and all award amounts in excess of those to which Company was entitled based on its actual VII Metrics.

7.4 Final Adjustment and Recovery. Upon receipt of Company's final Annual Certification and calculation of the corresponding Adjusted Award, Company's remaining monthly Bill Credits will be reduced by the difference between the monthly Bill Credits Company received and the amount that the Bill Credits would have been if they had been calculated using the VII Metrics provided in Company's final Annual Certification. In the event that the remaining Bill Credits are insufficient to recover the difference, Company shall immediately pay to Distributor the unrecovered balance of the difference.

#### SECTION 8 - ENHANCED GROWTH CREDIT

It is understood and agreed that Company and Distributor shall not enter into an Enhanced Growth Credit (EGC) participation agreement during the term of this agreement.

It is expressly recognized and agreed that the EGC participation agreement between Company and Distributor dated May 1, 2007, is hereby terminated as of January 22, 2010.

#### SECTION 9 - WHOLESALE ADJUSTMENTS

9.1 Company Credit. Each month Distributor shall apply the Bill Credit to Company's power bill. TVA shall notify Distributor of (a) any adjustment to the Bill Credits provided for under section 7.1 of this agreement and (b) any discontinuance of Bill Credits in accordance with sections 7.2, 7.3, or 7.4 of this agreement.

9.2 Distributor Credit. TVA will apply a monthly credit to Distributor's wholesale power bill equal to the Bill Credit applied by Distributor to Company's bill in that month.

9.3 Award Recovery. In the event that under the provisions of section 7.3 of this agreement it is determined that Company received Bill Credits for which it was not eligible, Distributor and TVA shall fully cooperate in (a) endeavoring to collect from Company any amounts due under said sections 7.3 and/or 7.4 and (b) making appropriate adjustments to Distributor's wholesale power bill to pass through to TVA amounts collected from Company. The obligations of this paragraph shall survive any expiration or termination of the VII Participation Agreement until they are discharged.

#### SECTION 10 - CONFIDENTIALITY

It is expressly recognized that the VII Award Application and the Annual Certification are the property of TVA and are not intended for further distribution. Except as may be otherwise required by law, (a) Company shall not disclose those documents or their contents except to TVA or Distributor and (b) TVA and Distributor will not disclose confidential information provided by Company in those documents or confidential information provided pursuant to 3.2 above without Company's consent.

#### SECTION 11 - NOTICES

11.1 Persons to Receive Notice. Any notice required by this agreement shall be deemed properly given if delivered in writing to the address specified below: (a) personally, (b) by recognized overnight courier service, or (c) by United States Mail, postage prepaid.

To TVA:

Jared E. Mitchem  
Valley Investment Manager  
TVA Economic Development  
26 Century Blvd., Suite 100 OCP 2  
Nashville, TN 37214

To Company:

Carlton Freeman  
Environmental, Health, & Safety Manager  
BADA Division of Hennessy Industries, Inc.  
759 Hennessy Way  
Bowling Green, KY 42101

To Distributor:

President and CEO  
Warren Rural Electric Cooperative Corporation  
Post Office Box 1118  
Bowling Green, Kentucky 42102-1118

11.2 Changes in Persons to Receive Notice. The designation of the person to be so notified, or the address of such person, may be changed at any time and from time to time by any party by similar notice.

#### SECTION 12 - WAIVERS

A waiver of one or more defaults shall not be considered a waiver of any other or subsequent default.

**SECTION 13 - APPLICATION CORRECTION**

Notwithstanding the information provided by Company on page 3 of the attached VII-E Award Application, the parties acknowledge and agree that the proper Energy Efficiency Improvements are Year 1: 8.4%, Year 2: -0.6%, Year 3: -0.5%, Year 4: -0.6%, Year 5: 4.6%.

Notwithstanding the information provided by Company on page 1 of the attached VII-E Award Application, the parties acknowledge and agree that the proper NAICS code is 331522.

**SECTION 14 - ENTIRE AGREEMENT**


All terms and conditions with respect to this agreement are expressly contained herein and Company agrees that no representative or agent of TVA or Distributor has made any representation or promise with respect to this agreement not expressly contained herein.

**SECTION 15 - SUCCESSORS AND ASSIGNS**

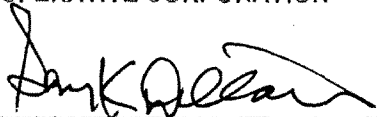
This agreement may be assigned by TVA, but shall not be assignable by Company or Distributor without written consent of TVA.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized representatives, as of the day and year first above written.

BADA DIVISION OF HENNESSY  
INDUSTRIES, INC.

By   
Title: President

WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION

By   
Title: PRESI/CEO

TENNESSEE VALLEY AUTHORITY

By   
Executive Vice President  
Customer Relations



AGREEMENT  
Between  
TENNESSEE VALLEY AUTHORITY  
And  
WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

THIS AGREEMENT, made and entered into as of the 7<sup>th</sup> day of JANUARY, 1987, by and between TENNESSEE VALLEY AUTHORITY (hereinafter called "TVA"), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended, and WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (hereinafter called "Distributor"), a cooperative corporation duly created, organized, and existing under and by virtue of the laws of the Commonwealth of Kentucky;

W I T N E S S E T H:

WHEREAS, TVA and Distributor have heretofore entered into a contract dated May 7, 1982 (which contract as amended and supplemented is hereinafter called the "Power Contract"), under which electric power and energy are supplied by TVA at wholesale and purchased by Distributor for resale; and

WHEREAS, the parties wish to amend the Schedule of Terms and Conditions attached to and made a part of the Power Contract;

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, and subject to the provisions of the Tennessee Valley Authority Act of 1933, as amended, the parties hereto covenant and agree as follows:

1. The section entitled "Financial and Accounting Policy" of the Schedule of Terms and Conditions attached to and made a part of the Power Contract is hereby amended by deleting paragraphs (c) and (d) therein and inserting in lieu thereof the following:

(c) Cooperative shall supply TVA not later than August 15 of each year with an annual financial report in such form as may be requested, of electric system transactions for the preceding year ending June 30 and of electric system assets and liabilities as of June 30. Cooperative shall furnish to TVA such printed operating, statistical, and financial reports relating to electric system monthly operations as may reasonably be requested by TVA. Such monthly reports to TVA should be submitted not later than 30 days after each calendar monthly end.  
\*(Where information relating to such statistical reports is maintained on computers Cooperative will also

\* Warren is unable to do this at the present time.


provide such statistical report information by a computer medium, working with TVA in developing a satisfactory format.) In the event of failure by Cooperative to furnish promptly any such reports, TVA, following written notification to Cooperative of intention to do so, may with its own staff perform at Cooperative's expense all work necessary to collect and process the data necessary to provide the information that should have been furnished in the reports.

(d) Cooperative shall have the electric system financial statements examined annually by independent certified public accountants in accordance with generally accepted auditing standards. A copy of the audit report and any related letters to Cooperative from the certified public accountants shall be provided to TVA. These documents should be provided to TVA not later than October 31 of each year.

2. This agreement shall become effective as of the date first above written and shall continue in effect until the expiration of the Power Contract. The Power Contract as supplemented and amended by this agreement is hereby ratified and confirmed as the continuing obligation of the parties.

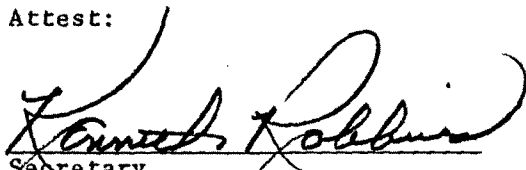
IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers, as of the day and year first above written.

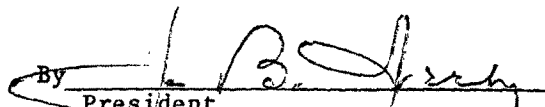
TENNESSEE VALLEY AUTHORITY

By   
Director of Energy Use  
and Distributor Relations

WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION

Attest:

  
Secretary

By   
President

W090586  
A XVI-25

TENNESSEE VALLEY AUTHORITY  
Chattanooga, Tennessee 37402-2801

TV-59578A  
Supp No. 11

April 1, 1987

Mr. Joe B. Neeley, President  
Warren Rural Electric Cooperative  
Corporation  
Bowling Green, Kentucky 42101

Dear Mr. Neeley:

This will confirm the understanding reached between representatives of the Warren Rural Electric Cooperative Corporation (hereinafter called "Distributor") and the Tennessee Valley Authority (hereinafter called "TVA") with respect to supplementing and amending Power Contract TV-59578A, dated May 7, 1982 (which contract as heretofore amended and supplemented is hereinafter called the "Power Contract"), between Distributor and TVA, in the respects necessary to provide for the application by Distributor of an additional charge to its consumers located in school districts levying the Kentucky utility gross receipts license tax for schools in order to facilitate payment of the tax.

It is understood and agreed that:

1. Beginning with billings based on meter readings taken on and after July 2, 1987, and continuing until Distributor is no longer subject to the Kentucky utility gross receipts license tax for schools or until termination of the Power Contract, whichever is earlier, Distributor may add a uniform charge to its monthly billings to all consumers in any school district levying said tax (excluding any consumers whose purchases are exempt from this tax). Said charge shall be determined by multiplying by three (3) percent the amount of each consumer's bill computed in accordance with the Schedule of Rates and Charges under the Power Contract as such schedule may be adjusted or changed from time to time, including any surcharges applied thereunder other than the uniform charge authorized by this agreement.

2. For such period of time as Distributor applies the additional charge provided for above, it shall state separately on all bills to its affected consumers in the aforesaid school districts the amount of the additional charge provided for above and shall identify the amount on the bills by the following statement: "Increase for ~~SCHOOL~~ Tax,  
Utility *[Signature]*"

3. This agreement shall become effective as of the date first above written.

4. The Power Contract as supplemented and amended by this agreement is hereby ratified and confirmed as the continuing obligation of the parties.

Mr. Joe B. Neeley  
April 1, 1987

5. No member of or delegate to Congress, or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom unless the agreement be made with a corporation for its general benefit, nor shall Distributor offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34. Breach of this provision shall constitute a material breach of this agreement.

If this letter correctly sets forth the understanding between us, please execute three duplicate originals hereof and return them to the TVA power district office. Upon execution by TVA, a fully executed duplicate original will be returned to you.

Very truly yours,

TENNESSEE VALLEY AUTHORITY



R. B. Davis, Director  
Division of Energy Use  
and Distributor Relations

Accepted and agreed to as of  
the date first above written.

WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION

By

  
\_\_\_\_\_  
President

TENNESSEE VALLEY AUTHORITY  
Chattanooga, Tennessee 37402-2801

TV-59578A  
Supp No. 20

October 1, 1989

SEE SUPP. No. 24, 11/28/91

Mr. Joe Meng, President  
Warren Rural Electric  
Cooperative Corporation  
Bowling Green, Kentucky 42101

Dear Mr. Meng:

This will confirm the arrangements developed between representatives of Warren Rural Electric Cooperative Corporation (hereinafter called "Distributor") and the Tennessee Valley Authority (hereinafter called "TVA") with respect to amending the wholesale power contract dated May 7, 1982 (which contract, as heretofore amended, is hereinafter called the "Power Contract"), between TVA and Distributor to cover arrangements for Distributor and TVA to participate in a program (hereinafter called "Program") under which eligible new and expanding general power customers of Distributor may receive credits against their electric bills.

It is understood and agreed that:

1. Distributor shall inform each of its general power customers that meets the eligibility requirements for participation as set forth in Exhibit A, attached hereto and hereby made a part hereof, about the Program. In the event that a particular customer is not clearly eligible, the Operating Representatives of the parties shall make a joint determination about such customer's eligibility.

Distributor shall enter into an agreement (hereinafter called "Participation Agreement") with each eligible customer that wishes to participate in the Program. For a customer that qualifies as a new customer (hereinafter called "New Customer") under paragraph A of Exhibit A, such agreement shall be in the form of Exhibit B attached hereto. For a customer that qualifies as an expansion customer (hereinafter called "Expansion Customer") under paragraph B of Exhibit A, such agreement shall be in the form of Exhibit C attached hereto. Exhibits B and C are hereby made a part of this agreement. Distributor shall conduct the Program in strict accordance with the provisions hereof and of the Participation Agreement; provided, however, that the Operating Representatives may agree upon a revised Participation Agreement in a case where use of Exhibit B or C is inappropriate. (Separate contractual arrangements shall be made for a qualifying nonfirm power customer or for an Expansion Customer that is combining delivery points in connection with expansion of its load.)

W092689  
1701L

Mr. Joe Meng  
October 1, 1989

2. It is recognized that under the Participation Agreement customers may receive credit amounts that include a component based on the number of employees hired by the customer in connection with the new load. Accordingly, on or as soon as practicable after the effective date of each Participation Agreement, Distributor shall obtain from the customer an initial notarized statement certifying the number of full-time employees the customer anticipates will be employed at the end of the 6-month period following such effective date. At the end of said 6-month period, and every 6 months thereafter, Distributor shall obtain from the customer a notarized statement certifying the actual number of full-time employees then employed in connection with the new load. Said initial notarized statement shall be in the form of Attachment A to the applicable Participation Agreement and subsequent notarized statements shall be in the form of Attachment B to the applicable Participation Agreement.

Distributor shall furnish to TVA a copy of each Participation Agreement entered into, the corresponding power supply contract (including any amendments thereto), and each notarized statement received.

3. Distributor shall apply a credit (a) to the electric bill of each New Customer for each month such customer's measured demand exceeds 1,000 kW and (b) to the electric bill of each Expansion Customer for each month such customer's measured demand exceeds 1,000 kW and is also at least 250 kW greater than an amount equal to the higher of (i) the customer's highest contract demand during the 12-consecutive-month period immediately preceding the effective date of the Participation Agreement or (ii) the highest measured demand established on or after October 1, 1988, up to the effective date of the Participation Agreement. For purposes of this agreement, for customers with contract demands above 5,000 kW, the term "measured demand" shall be deemed to refer to the highest average during any 30-consecutive-minute period of the month of the load measured in kW; for customers with contract demands of 5,000 kW or less, the term "measured demand" shall be deemed to refer to the highest average during any 30-consecutive-minute period of the month of the higher of the load measured in kW or 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA. The amount of the credit shall be determined each month in accordance with the provisions of the applicable Participation Agreement, including the attachments thereto. It is understood that no credit will be applied to any bills rendered from meter readings taken after September 30, 1995.

W092689  
1701L

Mr. Joe Meng  
October 1, 1989

4. Distributor shall submit to TVA a monthly report (in a form furnished or approved by TVA) showing for each New and Expansion Customer the customer's measured demand and the amount of the credit applied during that month pursuant to section 3 hereof, together with such other information as may be required by TVA. Following receipt and verification of said information, TVA shall apply a credit to Distributor's wholesale power bill equal to 110 percent of the total credits appropriately applied by Distributor during that month. In the event that information becomes available which indicates that the credit amounts were incorrectly applied to a customer's bill for any reason (including but not limited to a difference between projected and actual employment levels), Distributor shall make an appropriate adjustment to the customer's bill and TVA shall make a corresponding adjustment to Distributor's wholesale power bill. In the event that it is determined that the customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information on an employment certification form, Distributor shall, if so requested by TVA, terminate the payment of any further credits to that customer.

5. The section of the Power Contract entitled "Term of Contract" is hereby amended by deleting the first sentence thereof and substituting therefor the following:

This contract shall become effective as of June 11, 1982, and shall continue in effect for an initial term of 20 years from said effective date; provided, however, that beginning on the tenth anniversary of said effective date, and on each subsequent anniversary thereof (whether falling during said initial term or any renewal term as provided for herein), this contract shall be extended automatically without further action of the parties for an additional 1-year renewal term beyond its then-existing time of expiration. Notwithstanding any other provision of this section, either party may terminate this contract at any time upon not less than 10 years' prior written notice.

Mr. Joe Meng  
October 1, 1989

6. Except as otherwise provided herein, this agreement shall become effective as of February 1, 1990, and shall continue in effect until all of the obligations of the parties hereto have been fulfilled; provided, however, that in the event that (a) the cumulative total of the contract demands (including subsequent increases) of New Customers and contract demand increases of Expansion Customers covered under the Program (including New and Expansion Customers served directly by TVA) equals or exceeds 500,000 kW or (b) TVA determines, in its sole judgment, that its ability to supply its then-existing loads is threatened, TVA shall have the right, by written notice to Distributor, to suspend additional entry into the Program. Effective immediately upon receipt of such notice, (i) Distributor shall enter into no new Participation Agreements, and (ii) for purposes of determining credit amounts for customers with a Participation Agreement in effect, no contract demand increase which takes effect after receipt of such notice shall be recognized for purposes of determining credit amounts under the Participation Agreement; provided, however, that such notice of suspension shall not otherwise limit application of credit amounts under then-existing Participation Agreements.

7. TVA's Operating Representative for administration of this agreement shall be the Senior Vice President, Power, or a designee. Distributor's Operating Representative for administration of this agreement shall be the manager of its electric system or a designee. Subject to the provisions of this agreement, the Power Contract, and any applicable law, the Operating Representatives shall be authorized to agree upon such incidental administrative arrangements as are appropriate for the efficient and expeditious implementation of this agreement.

8. The Power Contract, as amended and supplemented by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties.

9. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom unless the agreement be made with a corporation for its general benefit, nor shall Distributor offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34. Breach of this provision shall constitute a material breach of this agreement.



Mr. Joe Meng  
October 1, 1989

If this letter satisfactorily sets forth our understandings, please execute three counterparts hereof and return them to the TVA district office. Upon execution by TVA, this letter shall be a binding agreement, and a fully executed counterpart will be returned to you.

Very truly yours,

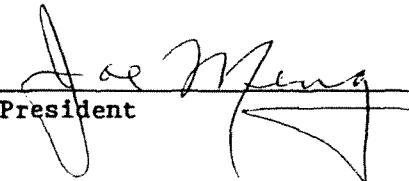
TENNESSEE VALLEY AUTHORITY



G. Douglas Carver, Manager  
Distributor Marketing  
and Services

Accepted and agreed to as of  
the date first above written.

WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION

By   
President

Eligibility Requirements

- A. New Customer. A customer qualifies as a New Customer if it (1) either initiates operations at an entirely new facility through a new delivery point or restarts an existing facility with no current contract demand and which has been shut down for a period of at least 12 consecutive months prior to such restart, (2) on or after the effective date of this agreement enters into a power supply contract with Distributor which includes a firm contract demand greater than 1,000 kW, and (3) enters into an agreement with Distributor in the form of Exhibit B attached to this agreement. Except for a restart customer under (1) above, no customer replacing or renewing its power supply contract shall qualify as a New Customer.
- B. Expansion Customer. An existing customer qualifies as an Expansion Customer if it (1) revises its contractual arrangement with Distributor on or after the effective date of this agreement whereby the firm contract demand level is (a) greater than 1,000 kW and (b) at least 250 kW greater than the higher of (i) the highest contract demand of the customer during the 12-consecutive-month period immediately preceding the effective date of said arrangement or (ii) the highest measured demand established on or after October 1, 1988, up to the effective date of said arrangement and (2) enters into an agreement with Distributor in the form of Exhibit C attached to this agreement.

For purposes of applying the provisions of A and B above: (1) for a customer taking power under a time-of-day rate schedule, the term "contract demand" shall mean the higher of the onpeak or offpeak contract demand, and the term "measured demand" shall mean the higher of the onpeak or offpeak measured demand and (2) customers taking service on a seasonal basis shall not qualify.

AGREEMENT  
between

\_\_\_\_\_  
(hereinafter called "Distributor")  
and

\_\_\_\_\_  
(hereinafter called "Customer")

This agreement will confirm the understandings reached between representatives of Distributor and Customer with respect to Customer's participation in the Growth Credit Program (hereinafter called "Program") being jointly conducted by Distributor and its wholesale power supplier, the Tennessee Valley Authority (hereinafter called "TVA").

It is understood and agreed that:

1. This agreement shall become effective on \_\_\_\_\_, which is the date of initial availability of power under the power supply contract (hereinafter called "Power Supply Contract") dated \_\_\_\_\_, between Customer and Distributor, covering the provision of electric service to Customer's new or restarted facility (hereinafter called "Facility") located at \_\_\_\_\_.

This agreement shall continue in effect until (a) the obligations of the parties hereunder are fulfilled or (b) Customer ceases to be a customer of Distributor, whichever is earlier.

2. On or as soon as practicable after the effective date of this agreement, Customer shall submit to Distributor a notarized statement (in the form of Attachment A hereto) certifying the number of employees Customer reasonably anticipates will be employed at the Facility at the end of the 6-month period following said effective date. At the end of said 6-month period, and every 6 months thereafter, Customer shall submit to Distributor a notarized statement (in the form of Attachment B hereto) certifying the actual number of employees then employed by Customer at the Facility. For purposes of this agreement, an employee shall be defined as a person directly employed by Customer on a full-time basis in a position which Customer reasonably expects to remain filled for at least 6 months following the date as of which certification is made. Independent contractors and employees of third parties are expressly excluded from this definition.

During the first 6 months of this agreement, for purposes of determining the new jobs component of any applicable credits under section 3 below, Distributor shall use the estimated number of employees set out in Customer's initial certification; provided, however, that following receipt of the first certification of actual employment, Distributor shall determine if the actual number of employees was greater or less than the estimate by an

amount such that different credit amounts would have applied if the actual employment at the end of 6 months had been known in advance. If so, an appropriate adjustment of the new jobs component of the credit amounts applied for the first 6 months will be made on Customer's subsequent bill. For purposes of determining the new jobs component of any credits applicable after the first 6 months of this agreement, Customer's most recent certification of actual employment shall be used.

In the event that it is found that Customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information in any certification or assurance submitted under the Program, it is agreed that application of all further credits hereunder may be discontinued. Customer shall promptly repay to Distributor any and all credit amounts overpaid to Customer as a result of Distributor's use of such false information. In addition, persons providing false information in connection with this Program may be subject to civil and/or criminal prosecution pursuant to the provisions of 18 U.S.C. § 1001 (1982); 31 U.S.C. §§ 3729-3733 (1982 & Supp. V 1987); 31 U.S.C. §§ 3801-3812 (Supp. V 1987).

3. Beginning with the effective date of this agreement and continuing through the last meter reading taken prior to October 1, 1995, Distributor shall apply a credit to Customer's bill for any month during which Customer's measured demand exceeds 1,000 kW. For purposes of this agreement, if Customer's contract demand is over 5,000 kW, the term "measured demand" shall be deemed to refer to the highest average during any 30-consecutive-minute period of the month of the load measured in kW; if Customer's contract demand is 5,000 kW or less, the term "measured demand" shall be deemed to refer to the highest average during any 30-consecutive-minute period of the month of the higher of the load measured in kW or 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA.

The dollar amount of the credit per kW in any month will be the sum of (a) the applicable base amount for the month as set out in Attachment C hereto entitled "Growth Credit Amounts (New Customer)" and (b) the applicable new jobs amount, if any, determined in accordance with said attachment. The dollar amount of the credit will be applied to each kW of Customer's measured demand in the month (excluding any kW in excess of the firm contract demand). (In the event that Customer takes power under a time-of-day rate schedule, said measured demand shall be the onpeak measured demand in the month.) Credit amounts shall be prorated for partial billing months.

4. In the event that Distributor and Customer amend the Power Supply Contract during the Program to increase the firm contract demand, the term "contract demand" as used in section 3 above shall be deemed to refer to said increased contract demand; provided, however, that in the event that TVA notifies Distributor that additional entry into the Program has been suspended, no such contract demand increase which takes effect after

Distributor's receipt of said notice shall be recognized for purposes of calculating credit amounts hereunder.

5. Customer shall keep complete and accurate books and records with respect to its employees at the Facility. Distributor, TVA, or their agents and employees, shall have the right to inspect, at any time during normal working hours and upon reasonable notice, any of Customer's books and records related thereto and to require further verification of and supporting documentation for the employment levels certified by Customer.

6. The Power Supply Contract, as supplemented by this agreement, is hereby ratified as the continuing obligation of the parties hereto.

(Distributor)

By \_\_\_\_\_  
(Title)

Accepted and agreed to as of  
this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

(Customer)

By \_\_\_\_\_  
(Title)

GROWTH CREDIT PROGRAM  
EMPLOYMENT CERTIFICATION STATEMENT  
New Customer Initial Certification

Customer's full legal name: \_\_\_\_\_

Customer's address: \_\_\_\_\_

Date of Initial Availability of Power: \_\_\_\_\_

Customer has agreed with \_\_\_\_\_

(hereinafter called "Distributor") to participate in a Growth Credit Program (hereinafter called "Program") offered by Distributor and the Tennessee Valley Authority (hereinafter called "TVA"), an agency and instrumentality of the United States of America. Under the Program, Customer may receive credits on its electric bills based, in part, upon the number of employees employed by Customer at Customer's new or restarted facility (hereinafter called "Facility") located at \_\_\_\_\_

For purposes of this certification, an employee shall be defined as a person directly employed by Customer on a full-time basis in a position which Customer reasonably expects to remain filled for at least 6 months beyond the date that is 6 months after the Date of Initial Availability.

Customer expects to employ \_\_\_\_\_ employees at the Facility 6 months after the Date of Initial Availability referred to above.

Customer understands that the credits it receives under the Program will be based in part on the information provided to Distributor and TVA by way of this and subsequent certifications. In the event that it is found that Customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information on this or any previously submitted certification, Customer understands that application of all credits under the Program may be discontinued. Customer will in any event promptly repay to Distributor any and all credit amounts overpaid to Customer as a result of Distributor's use of such false information. In addition, persons providing false information in connection with the Program may be subject to civil and/or criminal prosecution pursuant to the provisions of 18 U.S.C. § 1001 (1982); 31 U.S.C. §§ 3729-3733 (1982 & Supp. V 1987); 31 U.S.C. §§ 3801-3812 (Supp. V 1987).

Customer hereby certifies to TVA and to Distributor that the information given above is correct, accurate, and complete.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Before me appeared \_\_\_\_\_,  
to me personally known, who being by me first duly sworn, did say that  
he/she is an officer of \_\_\_\_\_

\_\_\_\_\_ (Customer), duly authorized to  
execute legal instruments on behalf of Customer as its legal agent, and  
that he/she signed the foregoing certification in his/her individual  
capacity and on behalf of Customer, and he/she acknowledged said  
certification to be his/her free act and deed and the free act and deed  
of Customer.

Witness my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_.

GROWTH CREDIT PROGRAM  
EMPLOYMENT CERTIFICATION STATEMENT  
New Customer Actual Employment Certification

Customer's full legal name: \_\_\_\_\_

Customer's address: \_\_\_\_\_

Six-month period ending: \_\_\_\_\_ (date)

Customer has agreed with \_\_\_\_\_

(hereinafter called "Distributor") to participate in a Growth Credit Program (hereinafter called "Program") offered by Distributor and the Tennessee Valley Authority (hereinafter called "TVA"), an agency and instrumentality of the United States of America. Under the Program, Customer may receive credits on its electric bills based, in part, upon the number of employees employed by Customer at Customer's new or restarted facility (hereinafter called "Facility") located at \_\_\_\_\_

For purposes of this certification, an employee shall be defined as a person directly employed by Customer on a full-time basis in a position which Customer reasonably expects to remain filled for at least 6 months beyond the date specified above.

As of the date specified above, Customer employs \_\_\_\_\_ employees at the Facility.

Customer understands that the credits it receives under the Program will be based in part on the information provided to Distributor and TVA by way of this and subsequent certifications. In the event that it is found that Customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information on this or any previously submitted certification, Customer understands that application of all credits under the Program may be discontinued. Customer will in any event promptly repay to Distributor any and all credit amounts overpaid to Customer as a result of Distributor's use of such false information. In addition, persons providing false information in connection with the Program may be subject to civil and/or criminal prosecution pursuant to the provisions of 18 U.S.C. § 1001 (1982); 31 U.S.C. §§ 3729-3733 (1982 & Supp. V 1987); 31 U.S.C. §§ 3801-3812 (Supp. V 1987).

Customer hereby certifies to TVA and to Distributor that the information given above is correct, accurate, and complete.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



Before me appeared \_\_\_\_\_,  
to me personally known, who being by me first duly sworn, did say that  
he/she is an officer of \_\_\_\_\_

\_\_\_\_\_ (Customer), duly authorized to  
execute legal instruments on behalf of Customer as its legal agent, and  
that he/she signed the foregoing certification in his/her individual  
capacity and on behalf of Customer, and he/she acknowledged said  
certification to be his/her free act and deed and the free act and deed  
of Customer.

Witness my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_.

## Attachment C

Growth Credit Amounts  
(New Customer)

<u>Applicable for Bills Rendered from Meter Readings Taken From</u>	<u>Base Amount</u>	<u>New Jobs Amount</u>		
		<u>Employment Level 1*</u>	<u>Employment Level 2**</u>	<u>Employment Level 3***</u>
October 1, 1989, through September 30, 1990	\$5.00	\$0.35	\$0.75	\$1.50
October 1, 1990, through September 30, 1991	5.00	0.35	0.75	1.50
October 1, 1991, through September 30, 1992	4.00	0.30	0.60	1.20
October 1, 1992, through September 30, 1993	3.00	0.25	0.45	0.90
October 1, 1993, through September 30, 1994	2.00	0.15	0.30	0.60
October 1, 1994, through September 30, 1995	1.00	0.10	0.15	0.30

In determining additional credit amounts, the number of jobs per 1,000 kW will be rounded to the nearest whole number.

\*Level 1 applies if Customer's operations utilize at least one but not more than 25 full-time employees per 1,000 kW of firm contract demand.

\*\*Level 2 applies if Customer's operations utilize at least 26 but not more than 75 full-time employees per 1,000 kW of firm contract demand.

\*\*\*Level 3 applies if Customer's operations utilize more than 75 full-time employees per 1,000 kW of firm contract demand.

AGREEMENT  
between

\_\_\_\_\_  
(hereinafter called "Distributor")  
and

\_\_\_\_\_  
(hereinafter called "Customer")

This agreement will confirm the understandings reached between representatives of Distributor and Customer with respect to Customer's participation in the Growth Credit Program (hereinafter called "Program") being jointly conducted by Distributor and its wholesale power supplier, the Tennessee Valley Authority (hereinafter called "TVA").

It is recognized that Customer has been taking power from Distributor for purposes of operating its facility located at \_\_\_\_\_ (hereinafter called "Facility") and is expanding the Facility in a manner that requires that an increased amount of electric power be made available. In that connection, the parties hereto have entered into a contract (hereinafter called the "Expansion Contract") dated \_\_\_\_\_ to provide for the availability of such increased amount.

It is understood and agreed that:

1. This agreement shall become effective on \_\_\_\_\_, which is the effective date of the Expansion Contract, and shall continue in effect until (a) the obligations of the parties hereunder are fulfilled or (b) Customer ceases to be a customer of Distributor, whichever is earlier.

2. On or as soon as practicable after the effective date of this agreement, Customer shall submit to Distributor an initial notarized statement (in the form of Attachment A hereto) certifying the number of employees Customer reasonably anticipates will be employed as a direct result of the expansion of the Facility at the end of the 6-month period following said effective date. At the end of said 6-month period, and every 6 months thereafter, Customer shall submit to Distributor a notarized statement (in the form of Attachment B hereto) certifying the actual number of employees then employed by Customer at the Facility as a direct result of said expansion. For purposes of this agreement, an employee shall be defined as a person directly employed by Customer on a full-time basis in a position which Customer reasonably expects to remain filled for at least 6 months following the date as of which certification is made. Independent contractors and employees of third parties are expressly excluded from this definition.

During the first 6 months of this agreement, for purposes of determining the new jobs component of any applicable credits under section 3 below, Distributor shall use the estimated number of employees set out in

Customer's initial certification; provided, however, that following receipt of the first certification of actual employment, Distributor shall determine if the actual number of employees was greater or less than the estimate by an amount such that different credit amounts would have applied if the actual employment at the end of 6 months had been known in advance. If so, an adjustment of the new jobs component of the credit amounts applied for the first 6 months will be made on Customer's subsequent bill. For purposes of determining the new jobs component of any credits applicable after the first 6 months of this agreement, Customer's most recent certification of actual employment shall be used.

In the event that it is found that Customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information in any certification or assurance submitted under the Program, it is agreed that application of all further credits hereunder may be discontinued. Customer shall promptly repay to Distributor any and all credit amounts overpaid to Customer as a result of Distributor's use of such false information. In addition, persons providing false information in connection with this Program may be subject to civil and/or criminal prosecution pursuant to the provisions of 18 U.S.C. § 1001 (1982); 31 U.S.C. §§ 3729-3733 (1982 & Supp. V 1987); 31 U.S.C. §§ 3801-3812 (Supp. V 1987).

3. Beginning with the effective date of this agreement and continuing through the last meter reading taken prior to October 1, 1995, Distributor shall apply a credit to Customer's bill for any month during which Customer's measured demand exceeds 1,000 kW and is at least 250 kW greater than an amount (hereinafter called the "Base Amount") equal to the higher of (a) the highest contract demand of Customer during the 12-consecutive-month period immediately preceding the effective date of the Expansion Contract or (b) the highest measured demand established on or after October 1, 1988, up to the effective date of the Expansion Contract. For purposes of this agreement, if Customer's contract demand is over 5,000 kW, the term "measured demand" shall be deemed to refer to the highest average during any 30-consecutive-minute period of the month of the load measured in kW; if customer's contract demand is 5,000 kW or less, the term "measured demand" shall be deemed to refer to the highest average during any 30-consecutive-minute period of the month of the higher of the load measured in kW or 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA.

The dollar amount of the credit per kW in any month will be the sum of (a) the applicable base amount for that month as set out in Attachment C hereto entitled "Growth Credit Amounts (Expansion Customer)" and (b) the applicable new jobs amount, if any, determined in accordance with said attachment. The dollar amount of the credit will be applied to each kW by which Customer's measured demand in the month (excluding any kW in excess of the firm contract demand) exceeds the Base Amount. (In the event that Customer takes power under a time-of-day rate schedule, said measured demand shall be the onpeak measured demand in the month.) Credit amounts shall be prorated for partial billing months.

4. In the event that Distributor and Customer amend the Expansion Contract during the Program to further increase the firm contract demand, the term "contract demand" as used in section 3 above shall be deemed to refer to said increased contract demand; provided, however, that in the event that TVA notifies Distributor that additional entry into the Program has been suspended, no such contract demand increase which takes effect after Distributor's receipt of such notice shall be recognized for purposes of calculating credit amounts hereunder.

5. Customer shall keep accurate books and records with respect to its employees at the Facility. Distributor, TVA, or their agents and employees, shall have the right to inspect, at any time during normal working hours and upon reasonable notice, any of Customer's books and records related thereto and to require further verification of and supporting documentation for the employment levels certified by Customer.

6. The Expansion Contract, as supplemented by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties hereto.

(Distributor)

By \_\_\_\_\_  
(Title)

Accepted and agreed to as of  
this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

(Customer)

By \_\_\_\_\_  
(Title)

GROWTH CREDIT PROGRAM  
EMPLOYMENT CERTIFICATION STATEMENT  
Expansion Customer Initial Certification

Customer's full legal name: \_\_\_\_\_

Customer's address: \_\_\_\_\_

Customer has agreed with \_\_\_\_\_ (hereinafter called "Distributor") to participate in a Growth Credit Program (hereinafter called "Program") offered by Distributor and the Tennessee Valley Authority (hereinafter called "TVA"), an agency and instrumentality of the United States of America. Customer qualifies for the Program, in part, because it is expanding its existing facility (hereinafter called "Facility") located at \_\_\_\_\_

and has accordingly entered into a contract (hereinafter called the "Expansion Contract") with Distributor providing for an increased amount of electric power to be made available at the Facility. The effective date of the Expansion Contract is \_\_\_\_\_.

Under the Program, Customer may receive a credit to its electric bills based, in part, upon the number of employees employed by Customer at the Facility as a direct result of the expansion. For purposes of this certification, an employee shall be defined as a person directly employed by Customer on a full-time basis in a position which Customer reasonably expects to remain filled for at least 6 months beyond the date that is 6 months after the effective date of the Expansion Contract.

Customer expects to have \_\_\_\_\_ employees employed at the Facility 6 months after the effective date of the Expansion Contract as a direct result of the expansion of the Facility.

Customer understands that the credits it receives under the Program will be based in part on the information provided to Distributor and TVA by way of this and subsequent certifications. In the event that it is found that Customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information on this or any previously submitted certification, Customer understands that application of all credits under the Program may be discontinued. Customer will in any event promptly repay to Distributor any and all credit amounts overpaid to Customer as a result of Distributor's use of such false information. In addition, persons providing false information in connection with the Program may be subject to civil and/or criminal

prosecution pursuant to the provisions of 18 U.S.C. § 1001 (1982);  
31 U.S.C. §§ 3729-3733. (1982 & Supp. V. 1987); 31 U.S.C. §§ 3801-3812.  
(Supp. V 1987).

Customer hereby certifies to TVA and to Distributor that the information  
given above is correct, accurate, and complete.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Before me appeared \_\_\_\_\_,  
to me personally known, who being by me first duly sworn, did say that  
he/she is an officer of \_\_\_\_\_  
\_\_\_\_\_ (Customer), duly authorized to  
execute legal instruments on behalf of Customer as its legal agent, and  
that he/she signed the foregoing certification in his/her individual  
capacity and on behalf of Customer, and he/she acknowledged said  
certification to be his/her free act and deed and the free act and deed  
of Customer.

Witness my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_.

GROWTH CREDIT PROGRAM  
EMPLOYMENT CERTIFICATION STATEMENT  
Expansion Customer Actual Employment Certification

Customer's full legal name: \_\_\_\_\_

Customer's address: \_\_\_\_\_

Six-month period ending: \_\_\_\_\_ (date)

Customer has agreed with \_\_\_\_\_

(hereinafter called "Distributor") to participate in a Growth Credit Program (hereinafter called "Program") offered by Distributor and the Tennessee Valley Authority (hereinafter called "TVA"), an agency and instrumentality of the United States of America. Under the Program, Customer may receive a credit to its electric bills based, in part, upon the number of employees employed by Customer at Customer's expanded facility located at \_\_\_\_\_

For purposes of this certification, an employee shall be defined as a person directly employed by Customer on a full-time basis in a position which Customer reasonably expected to remain filled for at least 6 months beyond the date specified above.

As of the date specified above, Customer employs \_\_\_\_\_ employees at the Facility as a direct result of the expansion of the Facility.

Customer understands that the credits it receives under the Program will be based in part on the information provided to Distributor and TVA by way of this and subsequent certifications. In the event that it is found that Customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information on this or any previously submitted certification, Customer understands that application of all credits under the Program may be discontinued. Customer will in any event promptly repay to Distributor any and all credit amounts overpaid to Customer as a result of Distributor's use of such false information. In addition, persons providing false information in connection with the Program may be subject to civil and/or criminal prosecution pursuant to the provisions of 18 U.S.C. § 1001 (1982); 31 U.S.C. §§ 3729-3733 (1982 & Supp. V 1987); 31 U.S.C. §§ 3801-3812 (Supp. V 1987).

Customer hereby certifies to TVA and to Distributor that the information given above is correct, accurate, and complete.

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



Growth Credit Amounts  
(Expansion Customer)

Applicable for Bills Rendered from Meter Readings Taken From	Base Amount	New Jobs Amount		
		Employment Level 1*	Employment Level 2**	Employment Level 3***
October 1, 1989, through September 30, 1990	\$5.00	\$0.35	\$0.75	\$1.50
October 1, 1990, through September 30, 1991	5.00	0.35	0.75	1.50
October 1, 1991, through September 30, 1992	4.00	0.30	0.60	1.20
October 1, 1992, through September 30, 1993	3.00	0.25	0.45	0.90
October 1, 1993, through September 30, 1994	2.00	0.15	0.30	0.60
October 1, 1994, through September 30, 1995	1.00	0.10	0.15	0.30

In determining additional credit amounts, the number of jobs per 1,000 kW will be rounded to the nearest whole number.

\*Level 1 applies if Customer employs as a direct result of the expansion at least one but not more than 25 full-time employees per 1,000 kW of the amount by which the expanded contract demand exceeds the Base Amount.

\*\*Level 2 applies if Customer employs as a direct result of the expansion at least 26 but not more than 75 full-time employees per 1,000 kW of the amount by which the expanded contract demand exceeds the Base Amount.

\*\*\*Level 3 applies if Customer employs as a direct result of the expansion more than 75 full-time employees per 1,000 kW of the amount by which the expanded contract demand exceeds the Base Amount.

Before me appeared \_\_\_\_\_,  
to me personally known, who being by me first duly sworn, did say that  
he/she is an officer of \_\_\_\_\_  
\_\_\_\_\_ (Customer), duly authorized to  
execute legal instruments on behalf of Customer as its legal agent, and  
that he/she signed the foregoing certification in his/her individual  
capacity and on behalf of Customer, and he/she acknowledged said  
certification to be his/her free act and deed and the free act and deed  
of Customer.

Witness my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_.

AGREEMENT  
Between  
TENNESSEE VALLEY AUTHORITY  
And  
WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

THIS AGREEMENT, made and entered into as of the 1st day of May, 1992, by and between TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act), and WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation duly created, organized, and existing under and by virtue of the laws of the Commonwealth of Kentucky;

W I T N E S S E T H:

WHEREAS, TVA and Distributor have heretofore entered into a contract dated May 7, 1982, as amended (Power Contract), under which electric power and energy are supplied by TVA at wholesale and purchased by Distributor for resale; and

WHEREAS, after appropriate studies and investigations and after continued discussions between TVA and the distributors, certain changes have been developed in the wholesale and resale rate schedules in accordance with the provisions of the Power Contract; and

WHEREAS, the parties wish to amend the Power Contract in the respects necessary to place into effect such changed schedules and in certain other respects;

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, and subject to the provisions of the TVA Act, the parties hereto covenant and agree as follows:

1. The Schedule of Rates and Charges attached to and made a part of the Power Contract contains a wholesale rate schedule (Existing Wholesale Schedule) and various resale rate schedules (Existing Resale Schedules). A substitute wholesale schedule, designated Schedule WS (Changed Wholesale Schedule) and dated May 1992, and substitute resale schedules, designated Schedules RS, GSA, GSB, GSC, GSD, LS, TGSB, TGSC, and TGSD (Changed Resale Schedules) and dated May 1992, are attached hereto. The Existing Wholesale Schedule shall remain in full force and effect for all bills rendered from wholesale meter readings scheduled to be taken before May 2, 1992, and the Changed Wholesale Schedule shall become effective in accordance with the provisions thereof for all bills rendered from wholesale meter readings scheduled to be taken on and after May 2, 1992. Commencing with the first application of the Changed Wholesale Schedule, all references in the

Power Contract to the Existing Wholesale Schedule shall be deemed to refer to the Changed Wholesale Schedule. The Existing Resale Schedules shall remain in full force and effect for all bills rendered from resale meter readings taken for revenue months of Distributor prior to Distributor's May 1992 revenue month, and the respective Changed Resale Schedules shall become effective in accordance with the provisions thereof for all bills rendered from resale meter readings taken for revenue months of Distributor beginning with the May 1992 revenue month. Distributor will, promptly upon execution of this agreement, inform TVA of the period that will comprise its revenue month and will inform TVA of any changes thereto. Commencing with the first application of each of the Changed Resale Schedules, all references in the Power Contract to an Existing Resale Schedule shall be deemed to refer to the corresponding Changed Resale Schedule as designated in the Resale Schedules Replacement Table attached hereto.

2. Beginning with Distributor's May 1992 revenue month, Distributor shall provide electric service to all customers at and in accordance with the rates, charges, and provisions of the appropriate Changed Resale Schedule and the provisions of the Power Contract as supplemented and amended by this agreement.

3. It is recognized that, under the Changed Wholesale Schedule, (a) a portion of Distributor's wholesale bill each month will be computed by applying the base demand and energy charges set out in the Changed Wholesale Schedule to the amounts of power and energy resold to Distributor's customers under the Changed Resale Schedules and (b) another portion of Distributor's wholesale bill will be determined by applying other charges set out in the Changed Wholesale Schedule to deliveries of power and energy by TVA to Distributor at the delivery points provided for in the Power Contract. For purposes of determining said portion under (a) above, Distributor shall, as soon as practicable after the end of each revenue month beginning with the May 1992 revenue month, report to TVA in a form specified by TVA said amounts of power and energy resold to Distributor's customers during the revenue month under the Changed Resale Schedules. To the extent that said amounts are not so reported by Distributor by the time that TVA has determined said deliveries of power and energy to Distributor under (b) above and is prepared to bill Distributor therefor, TVA shall be entitled to bill Distributor, and Distributor shall pay, based upon amounts estimated by TVA to have been resold by Distributor during said revenue month. In the event that TVA renders such an estimated bill, following provision by Distributor of the necessary data and calculation by TVA of an appropriate billing adjustment to reflect the actual amounts of power and energy so resold to Distributor's customers during said revenue month, said adjustment will be included as a part of the next wholesale bill to Distributor.

It is recognized that under section 1(b) of the Schedule of Terms and Conditions attached to and made a part of the Power Contract, TVA has access at all reasonable times to Distributor's books and records relating to electric system operations, including access to records of the amounts of power and energy resold by Distributor and used by TVA to compute the wholesale bill under the Changed Wholesale Schedule. It is further recognized that some distributors of TVA power utilize a third-party service for billing their customers and that TVA needs comparable access to the resale billing data in the possession of such third parties. It is therefore agreed that in the event that Distributor utilizes a third-party billing service to assist it in billing its customers, Distributor shall enter into such arrangements with said third party as are necessary to grant TVA and its agents the right to examine, upon reasonable notice and during normal working hours, said third party's records and books (including computer software) solely as they relate to the processing or reporting of resale billing data of Distributor.

4. In the event that any amount accrues to TVA under Adjustment 3 of the Changed Wholesale Schedule with respect to a customer of Distributor, and that customer then fails to pay any of the minimum bill obligations which caused that amount to accrue, Distributor shall promptly so notify TVA in writing. Within 90 days after the date on which a customer becomes past due in making payment on any such minimum bill obligations, Distributor, after consultation with TVA, shall institute litigation to enforce payment of the minimum bill obligations. To the extent determined by TVA to be appropriate, TVA will assist Distributor in such efforts. Upon failure of Distributor to do so, TVA may institute such litigation in the name of Distributor, or in the name of TVA, or in the name of both, and any actions taken by TVA in connection with such litigation shall be binding on Distributor.

For all wholesale bills rendered after the initiation of any such litigation, the provisions of this paragraph shall apply, notwithstanding any provision of the Changed Wholesale Schedule. The amounts applicable under Adjustment 3 as a result of service to a customer being sued shall continue to accrue but shall not become payable by Distributor until collections are being made from the customer. If all legal remedies are pursued and less than full recovery is realized, Distributor's payment obligations to TVA on the amounts which accrue under Adjustment 3 shall be limited to (a) 50 percent of the amount recovered from a customer covered only by the first paragraph of Adjustment 3 and (b) 75 percent of the amount recovered from a customer covered by the first paragraph of Adjustment 3 as modified by the second paragraph. If all legal remedies are pursued by Distributor, Distributor's payment obligations to TVA on the amounts which accrue under Adjustment 3 shall be reduced (a) by 50 percent of the costs (not recovered from the customer) reasonably incurred by Distributor in the prosecution of such litigation with respect to a customer covered only by the first paragraph of Adjustment 3 and (b) by 75 percent of the costs (not recovered from the

customer) reasonably incurred by Distributor in the prosecution of such litigation with respect to a customer covered by the first paragraph of Adjustment 3 as modified by the second paragraph. Notwithstanding any other provision of this agreement, in the event litigation was brought by TVA under the preceding paragraph, unless otherwise agreed by TVA and Distributor, all costs (including personnel costs of attorneys and all other employees engaged in the prosecution of such litigation) incurred by TVA in its collection efforts shall be reimbursed to TVA from the portion of any amounts recovered that Distributor would otherwise be entitled to receive or retain.

5. Notwithstanding anything in the Changed Wholesale Schedule to the contrary and except with respect to any customer supplied through a delivery point which serves only that customer (Special Delivery Point), in calculating the wholesale bill, the base demand and energy charges set out in the Changed Wholesale Schedule for Schedules GSD and TGSD shall be divided by 1.03. For any such customer supplied through a Special Delivery Point, said charges shall be divided by a factor of 1 plus the percentage (expressed in decimal form) of actual losses, if any, occurring between the Special Delivery Point and the point of delivery of power and energy by Distributor to the customer. Said adjusted charges shall also be used for the distribution loss calculation made in determining the wholesale bill.

6. It is recognized that, under the provisions of the section entitled "Distribution Loss Charge" of the Changed Wholesale Schedule, an Annual Loss Adjustment is applied to Distributor's wholesale bill to reflect distribution losses actually incurred during the 12-month period ending on June 30 of each year. Notwithstanding anything appearing in said section, the Annual Loss Adjustment for the period ending on June 30, 1992, shall be determined in such a manner as to reflect distribution losses actually incurred during the first 2 months of application under this agreement.

7. Except as otherwise specifically provided herein, this agreement shall become effective as of the date first above written, and shall continue in effect until expiration of the Power Contract, or any renewal, extension, or replacement thereof.

8. It is recognized that the parties have heretofore entered into an agreement dated October 2, 1986 (1986 Agreement), placing into effect changes developed for the wholesale and resale rate schedules. Effective with the effective date of this agreement (except to the extent necessary to allow any final applications of the Existing Wholesale Schedule or of the existing Resale Schedules), the 1986 Agreement is hereby terminated.

9. It is recognized that TVA and Distributor have heretofore entered into agreements amending the Power Contract to provide for wholesale billing arrangements in connection with the supply of Economy Surplus Power (ESP) to certain customers of Distributor. Such agreements and customers are identified in the tabulation below. The tri-party contracts for the supply of power to each such customer are referred to below as Company Contracts.

<u>Agreement Nos. and Dates</u>	<u>Customers</u>
TV-59578A, Supp. <u>26</u> March 10, 1992	General Motors Corporation

Effective with the first application of the Changed Wholesale Schedule to Distributor, the section entitled "Adjustments to Distributor's Wholesale Billing" in each agreement listed above is hereby amended in the respects necessary to provide that the following steps will be taken, in lieu of the steps presently set out in said section, with respect to the wholesale bill each month to Distributor for the power and energy delivered to each such customer:

(a) In accordance with the Changed Wholesale Schedule, Distributor will be billed demand and energy charges as provided in the Changed Wholesale Schedule for any firm power and energy resold under the Company Contract; provided, however, that for the purposes of calculating said charges for any billing month in which the customer is deemed to have taken any ESP energy under said contract, the term "metered demand" in the Changed Wholesale Schedule shall be deemed to refer to an amount equal to the sum of the billing demand for firm power and any billing demand for excess power (as those demands are calculated under the Company Contract).

(b) The total dollar amount of base demand and energy charges calculated under the Changed Wholesale Schedule shall be increased by adding thereto an amount equal to the sum of Distributor's monthly charges (exclusive of any surcharge for distribution costs) to the customer for ESP energy and unscheduled ESP (as determined under the Company Contract and adjusted to reflect losses as provided in (c) below). In addition, an amount equal to the sum of (i) the monthly charge (currently \$1,075 each month) applicable under the Company Contract for system access and administrative costs and (ii) any computer transaction charges applicable under said contract and included in the invoice to the customer for that month will be included as part of the wholesale bill.

(c) The loss adjustments provided for in the first sentence of (b) above shall be made by dividing the charges to be adjusted by 1.03.

(d) The amounts added to the base charges of the wholesale bill pursuant to the first sentence of (b) above shall also be added to the "sum of all charges" used for the distribution loss calculation under the section entitled "Distribution Loss Charge" of the Changed Wholesale Schedule. In the event the ESP energy amount deemed taken by the customer under the Company

Contract in any month exceeds the metered amount of the customer's total energy takings for the month, the total amount of energy resold by Distributor to such customer during that month shall be reduced by the amount of said excess for the purpose of determining the Loss Factor under said Distribution Loss Charge section.

10. The agreement between the parties dated April 20, 1983, and numbered TV-59578A, Supplement No. 3, covering establishment of a Special Delivery Point to Distributor for service to The Firestone Tire & Rubber Company is hereby amended in the respects necessary to provide that notwithstanding anything appearing in the Power Contract, including the Changed Wholesale Schedule, or in that agreement which might be construed to the contrary, the monthly bill to Distributor under the Power Contract shall include, with respect to power and energy made available through said Special Delivery Point, a credit equal to the delivery point charge provided for in the Changed Wholesale Schedule; provided, however, that in the event that the firm contract demand of this customer is increased to a level exceeding 5,000 kW, such credit shall be reduced to \$500.

The agreement between the parties dated August 24, 1988, and numbered TV-59578A, Supplement No. 16, covering establishment of a Special Delivery Point to Distributor for service to Zielinski Construction Company is hereby amended in the respects necessary to provide that notwithstanding anything appearing in the Power Contract, including the Changed Wholesale Schedule, or in that agreement which might be construed to the contrary, the monthly bill to Distributor under the Power Contract shall include, with respect to power and energy made available through said Special Delivery Point, a credit equal to the delivery point charge provided for in the Changed Wholesale Schedule; provided, however, that in the event that the firm contract demand of this customer is increased to a level exceeding 5,000 kW, such credit shall be reduced to \$500.

The agreement between the parties dated January 1, 1989, and numbered TV-59578A, Supplement No. 17, covering establishment of a Special Delivery Point to Distributor for service to Peabody Coal Company is hereby amended in the respects necessary to provide that notwithstanding anything appearing in the Power Contract, including the Changed Wholesale Schedule, or in that agreement which might be construed to the contrary, the monthly bill to Distributor under the Power Contract shall include, with respect to power and energy made available through said Special Delivery Point, a credit equal to \$500.

11. The Power Contract, as supplemented and amended by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties.



IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers as of the day and year first above written.

TENNESSEE VALLEY AUTHORITY

By *Patton H. Hill*  
Manager of Business Resources

Attest:

WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION

*J. B. Hurley*  
Secretary

By *James W. McQuirk*  
President

RESALE SCHEDULES REPLACEMENT TABLE

The table below lists existing resale schedules (Existing Resale Schedules) offered by distributors of TVA power as of the April 1992 resale revenue month and the corresponding substitute resale schedules (Changed Resale Schedules) that will replace each of them (or the specified part thereof), effective for all bills rendered from resale meter readings taken for revenue months beginning with the May 1992 resale revenue month.

<u>Existing Resale Schedules</u>	<u>Changed Resale Schedules</u>
RP-1 through RP-20	RS
GP-1 through GP-20, Part A	GSA
GP-1 through GP-20, Part B*	GSB*
GP-1 through GP-20, Part B*	GSC*
GP-1 through GP-20, Part C	GSD
LP	LS
RPT-1 through RPT-20	TRS
GPT-1 through GPT-20	TGSA
GPTA-1 through GPTA-20	TGSA
SPT-1 through SPT-20	TGSA
TGP, Part I**	TGSB**
TGP, Part I**	TGSC**
TGP, Part II	TGSD
DPP-1 through DPP-20	DPS

\* GSB will apply for customers with contract demands greater than 5,000 kW but not more than 15,000 kW and GSC will apply for customers with contract demands greater than 15,000 kW but not more than 25,000 kW.

\*\* TGSB will apply for customers with contract demands greater than 5,000 kW but not more than 15,000 kW and TGSC will apply for customers with contract demands greater than 15,000 kW but not more than 25,000 kW.



General Power Service

Schedule GSA

Part 1 Energy Charge: 5.112¢ per kWh per month

Part 2 Demand Charge: First 50 kW of measured demand per month, no charge  
Excess over 50 kW of measured demand per month, at \$6.92 per kW

Energy Charge: First 15,000 kWh per month, at 5.112¢ per kWh  
Additional kWh per month, at 2.921¢ per kWh

Part 3 Demand Charge: First 1,000 kW of measured demand per month, at \$7.39 per kW  
Excess over 1,000 kW of measured demand per month, at \$8.50 per kW

Energy Charge: 2.921¢ per kWh per month.

Schedule GSB

Demand Charge: \$9.08 per kW of metered demand per month

Energy Charge: 2.609¢ per kWh for up to 620 hours use of metered demand per month  
2.129¢ per kWh for additional kWh per month

Schedule GSC

Demand Charge: \$9.08 per kW of metered demand per month

Energy Charge: 2.609¢ per kWh for up to 620 hours use of metered demand per month  
2.129¢ per kWh for additional kWh per month

Schedule GSD

Demand Charge: \$11.61 per kW of metered demand per month

Energy Charge: 2.154¢ per kWh per month

Outdoor Lighting Service

Schedule LS

Energy Charge: 2.921¢ per kWh per month

TIME-OF-DAY SERVICE

Residential Service

Schedule TRS

Energy Charge: 7.534¢ per kWh for all onpeak kWh per month  
2.449¢ per kWh for all offpeak kWh per month

General Power Service

Schedule TGSA

Part 1 Energy Charge: 9.008¢ per kWh for all onpeak kWh per month  
2.449¢ per kWh for all offpeak kWh per month

Part 2 Demand Charge: \$6.92 for each kW of measured onpeak demand per month

\$0.96 per month for each kW, if any, by which measured offpeak demand exceeds measured onpeak demand

Energy Charge: 3.813¢ per kWh for all onpeak kWh per month  
2.349¢ per kWh for all offpeak kWh per month

Part 3 Demand Charge: \$8.06 for each kW of measured onpeak demand per month

\$0.96 per month for each kW, if any, by which measured offpeak demand exceeds measured onpeak demand

Energy Charge: 3.813¢ per kWh for all onpeak kWh per month  
2.349¢ per kWh for all offpeak kWh per month

Schedule TGSB

Demand Charge: \$9.08 for each kW of metered onpeak demand per month

\$0.96 per month for each kW, if any, by which metered offpeak demand exceeds metered onpeak demand

Energy Charge: 3.497¢ per kWh for all onpeak kWh per month  
2.084¢ per kWh for all offpeak kWh per month

Schedule TGSC

Demand Charge: \$9.08 for each kW of metered onpeak demand per month  
\$0.96 per month for each kW, if any, by which metered offpeak demand exceeds metered onpeak demand

Energy Charge: 3.497¢ per kWh for all onpeak kWh per month  
2.084¢ per kWh for all offpeak kWh per month

Schedule TGSD

Demand Charge: \$11.71 for each kW of metered onpeak demand per month  
\$1.60 per month for each kW, if any, by which metered offpeak demand exceeds metered onpeak demand

Energy Charge: 2.249¢ per kWh for all onpeak kWh per month  
2.102¢ per kWh for all offpeak kWh per month

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.

2. Distributor's bill for each month shall be adjusted by subtracting \$4.00 for each customer served by Distributor under Schedules RS and TRS. However, such dollar amount and the base 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, and in such event, TVA shall make corresponding increases or decreases in Distributor's Resale Schedules.

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. When such bill involves a customer served under a standard schedule, the amount added shall be computed by multiplying (except as provided in the next paragraph) 50 percent of the amount by which the customer's billing demand exceeds the metered demand times the appropriate base demand charge, as adjusted, of this rate schedule. When such bill involves a customer served under a time-of-day rate schedule, the amount added shall be (except as provided in the next paragraph) 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.

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

### Distribution Loss Charge

There shall be added to Distributor's bill each month a distribution loss charge. Such charge shall be determined by applying a Loss Factor, as determined below, to the sum of all charges for that month applicable under "Demand and Energy Charges" above. The Loss Factor for each month shall be determined by (a) taking the ratio of (i) the sum of all energy takings of Distributor measured at each delivery point to Distributor for the preceding 12 wholesale billing months to (ii) the amount of energy resold by Distributor during its preceding 12 revenue months and (b) subtracting 1 from such ratio.

As soon as practicable after June 30 of each year, an Annual Loss Adjustment will be applied to Distributor's wholesale bill to reflect distribution losses actually incurred during the preceding 12 months. The Annual Loss Adjustment shall be applied by (a) recalculating the distribution loss charges applied under the preceding paragraph by substituting the Loss Factor determined for the July wholesale billing month of that year for each of the 12 monthly Loss-Factors so applied under the preceding paragraph and (b) making the appropriate billing adjustment to account for the difference.

### 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 higher of (1) 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) or (2) the sum of the currently effective contract demands for all customers, whose contract demands are greater than 5,000 kW, served by Distributor with power and energy taken from such point. (For purposes of this calculation for a customer taking power under a time-of-day rate schedule, the term "contract demand" shall mean the higher of the onpeak or offpeak contract demands). 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 78¢ 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 33¢ 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.

#### 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.

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**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**

**RESIDENTIAL RATE--SCHEDULE RS**

(May 1992)

Availability

This rate shall apply only to electric service to a single-family dwelling (including its appurtenances if served through the same meter), where the major use of electricity is for domestic purposes such as lighting, household appliances, and the personal comfort and convenience of those residing therein.

Character of Service

Alternating current, single-phase, 60 hertz. Power shall be delivered at a service voltage available in the vicinity or agreed to by Distributor. Multiphase service shall be supplied in accordance with Distributor's standard policy.

Base Charges

Customer Charge: \$8.85 per month, less

Hydro Allocation Credit: \$4.00 per month

Energy Charge: 5.863¢ per kWh per month

Adjustment

The base energy charge shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. (In addition, the base energy charge and the hydro allocation credit shall be increased or decreased to correspond to increases or decreases determined by TVA in the value of the hydro generation benefit allocated to residential customers.)

Minimum Monthly Bill

The base customer charge, as reduced by the hydro allocation credit, constitutes the minimum monthly bill for all customers served under this rate schedule except those customers for which a higher minimum monthly bill is required under Distributor's standard policy because of special circumstances affecting Distributor's cost of rendering service.

**Payment**

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

**Single-Point Delivery**

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage.

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Service is subject to Rules and Regulations of Distributor.

**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**

**GENERAL POWER RATE--SCHEDULE GSA**

(May 1992)

Availability

This rate shall apply to the firm power requirements (where a customer's contract demand is 5,000 kW or less) for electric service to commercial, industrial, and governmental customers, and to institutional customers including, without limitation, churches, clubs, fraternities, orphanages, nursing homes, rooming or boarding houses, and like customers. This rate shall also apply to customers to whom service is not available under any other resale rate schedule.

Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a service voltage available in the vicinity or agreed to by Distributor.

Base Charges

1. If (a) the higher of (i) the customer's currently effective contract demand, if any, or (ii) its highest billing demand during the latest 12-month period is not more than 50 kW and (b) customer's monthly energy takings for any month during such period do not exceed 15,000 kWh:

Customer Charge: \$10.56 per delivery point per month

Energy Charge: 6.709¢ per kWh per month

2. If (a) the higher of (i) the customer's currently effective contract demand or (ii) its highest billing demand during the latest 12-month period is greater than 50 kW but not more than 1,000 kW or (b) the customer's billing demand is less than 50 kW and its energy takings for any month during such period exceed 15,000 kWh:

Customer Charge: \$10.56 per delivery point per month

Demand Charge: First 50 kW of billing demand per month, no demand charge

Excess over 50 kW of billing demand per month, at \$10.49 per kW

Energy Charge: First 15,000 kWh per month at 6.709¢ per kWh

Additional kWh per month at 3.286¢ per kWh

3. If (a) the higher of the customer's currently effective contract demand or (b) its highest billing demand during the latest 12-month period is greater than 1,000 kW:

Customer Charge: \$50.00 per delivery point per month

Demand Charge: First 1,000 kW of billing demand per month, at \$10.19 per kW

Excess over 1,000 kW of billing demand per month, at \$11.19 per kW, plus an additional

\$11.19 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds the higher of 2,500 kW or its contract demand

Energy Charge: 3.286¢ per kWh per month

### Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. (In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA in the value of the hydro generation benefit allocated to residential customers.)

### Determination of Demand

Distributor shall meter the demands in kW of all customers having loads in excess of 50 kW. The metered demand for any month shall be the highest average during any 30-consecutive-minute period of the month of the load metered in kW. The measured demand for any month shall be the higher of the highest average during any 30-consecutive-minute period of the month of (a) the load metered in kW or (b) 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA, and such measured demand shall be used as the billing demand, except that the billing demand for any month shall in no case be less than 30 percent of the higher of the currently effective contract demand or the highest billing demand established during the preceding 12 months.

### Minimum Bill

The monthly bill under this rate schedule shall not be less than the the sum of (a) the base customer charge, (b) the base demand charge, as adjusted, applied to the customer's billing demand, and (c) the base energy charge, as adjusted, applied to the customer's energy takings; provided, however, that, under 2 of the Base Charges, the monthly bill shall in no event be less than the sum of (a) the base customer charge and (b) 20 percent of the portion of the base demand charge, as adjusted, applicable to the second block (excess over 50 kW) of billing demand, multiplied by the higher of the customer's currently effective contract demand or its highest billing demand established during the preceding 12 months.

Distributor may require minimum bills higher than those stated above.

### Seasonal Service

Customers who contract for service on a seasonal basis shall be limited to 2,500 kW and shall pay the above charges, as adjusted, plus an additional seasonal use charge equal to (1) 1.33¢ per kWh per month under 1 of the Base Charges, (2) the sum of 1.33¢ per kWh for the first 15,000 kWh per month and \$4.00 per kW per month of billing demand in excess of 50 kW under 2 of the Base Charges, and (3) \$4.00 per kW per month of billing demand under 3 of the Base Charges. Consistent with Distributor's standard policy, the customer may arrange for seasonal testing of equipment during offpeak hours.

For such customers, the minimum bill provided for above shall not apply. Distributor may require additional charges to provide recovery of costs for customer-specific distribution facilities.

### Contract Requirement

Distributor may require contracts for service provided under this rate schedule. Customers whose demand requirements exceed 50 kW shall be required to execute contracts and such contracts shall be for an initial term of at least 1 year. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor.

**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**

**GENERAL POWER RATE--SCHEDULE GSB  
(May 1992)**

Availability

This rate shall apply to the firm electric power requirements where a customer's currently effective contract demand is greater than 5,000 kW but not more than 15,000 kW.

Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

Base Charges

Customer Charge:	\$1,500 per delivery point per month
Demand Charge:	\$10.36 per kW of billing demand per month, plus an additional \$10.36 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds its contract demand
Energy Charge:	2.687¢ per kWh for up to 620 hours use of metered demand per month 2.193¢ per kWh for all additional kWh per month

Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. (In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA in the value of the hydro generation benefit allocated to residential customers.)

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 at less than 161 kV, there shall be added to the customer'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.

Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective contract demand and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

### Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of 78¢ per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill a reactive charge of 33¢ 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.

### Determination of Demand

Distributor shall meter the demands in kW of all customers served under this rate schedule. The metered demand for any month shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the month of the load metered in kW, and such amount shall be used as the billing demand, except that the billing demand for any month shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW and (2) 40 percent of any kW in excess of 5,000 kW of the higher of the currently effective contract demand or the highest billing demand established during the preceding 12 months.

### Minimum Bill

The monthly bill under this rate schedule, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the base demand charge, as adjusted (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applied to the customer's billing demand, and (3) the base energy charge, as adjusted, applied to the customer's energy takings.

Distributor may require minimum bills higher than those stated above.

### Contract Requirement

Distributor shall require contracts for all service provided under this rate schedule. The contract shall be for an initial term of at least 5 years and any renewals or extensions of the initial contract shall be for a term of at least 1 year; after 10 years of service, any such contract for the renewal or extension of service may provide for termination upon not less than 4 months' notice. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor.



**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**

**GENERAL POWER RATE--SCHEDULE GSC**

(May 1992)

Availability

This rate shall apply to the firm electric power requirements where a customer's currently effective contract demand is greater than 15,000 kW but not more than 25,000 kW.

Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

Base Charges

Customer Charge:	\$1,500 per delivery point per month
Demand Charge:	\$9.85 per kW of billing demand per month, plus an additional \$9.85 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds its contract demand
Energy Charge:	2.687¢ per kWh for up to 620 hours use of metered demand per month 2.193¢ per kWh for all additional kWh per month

Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. (In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA in the value of the hydro generation benefit allocated to residential customers.)

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 at less than 161 kV, there shall be added to the customer'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. Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective contract demand and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

### Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of 78¢ per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill a reactive charge of 33¢ 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.

### Determination of Demand

Distributor shall meter the demands in kW of all customers served under this rate schedule. The metered demand for any month shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the month of the load metered in kW, and such amount shall be used as the billing demand, except that the billing demand for any month shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, and (3) 50 percent of any kW in excess of 25,000 kW of the higher of the currently effective contract demand or the highest billing demand established during the preceding 12 months.

### Minimum Bill

The monthly bill under this rate schedule, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the base demand charge, as adjusted (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applied to the customer's billing demand, and (3) the base energy charge, as adjusted, applied to the customer's energy takings.

Distributor may require minimum bills higher than those stated above.

### Contract Requirement

Distributor shall require contracts for all service provided under this rate schedule. The contract shall be for an initial term of at least 5 years and any renewals or extensions of the initial contract shall be for a term of at least 1 year; after 10 years of service, any such contract for the renewal or extension of service may provide for termination upon not less than 4 months' notice. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor.

**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**

**GENERAL POWER RATE--SCHEDULE GSD**

(May 1992)

Availability

This rate shall apply to the firm electric power requirements where a customer's currently effective contract demand is greater than 25,000 kW.

Character of Service

Alternating current, single-or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

Base Charges

Customer Charge:	\$1,500 per delivery point per month
Demand Charge:	\$12.01 per kW of billing demand per month, plus an additional \$12.01 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds its contract demand
Energy Charge:	2.154¢ per kWh per month

Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. (In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA in the value of the hydro generation benefit allocated to residential customers.)

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 at less than 161 kV, there shall be added to the customer'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.

Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective contract demand and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

### Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of 78¢ per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill a reactive charge of 33¢ 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.

### Determination of Demand

Distributor shall meter the demands in kW of all customers served under this rate schedule. The metered demand for any month shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the month of the load metered in kW, and such amount shall be used as the billing demand, except that the billing demand for any month shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, (3) 50 percent of the next 25,000 kW, (4) 60 percent of the next 50,000 kW, (5) 70 percent of the next 100,000 kW, (6) 80 percent of the next 150,000 kW, and (7) 85 percent of all kW in excess of 350,000 kW of the higher of the currently effective contract demand or the highest billing demand established during the preceding 12 months.

### Minimum Bill

The monthly bill under this rate schedule, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the base demand charge, as adjusted (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applied to the customer's billing demand, and (3) the base energy charge, as adjusted, applied to the customer's energy takings.

Distributor may require minimum bills higher than those stated above.

### Contract Requirement

Distributor shall require contracts for all service provided under this rate schedule. The contract shall be for an initial term of at least 5 years and any renewals or extensions of the initial contract shall be for a term of at least 5 years; after 10 years of service, any such contract for the renewal or extension of service may provide for termination upon not less than 16 months' notice. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor.

**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**

**OUTDOOR LIGHTING RATE--SCHEDULE LS**

(May 1992)

**Availability**

Available for service to street and park lighting systems, traffic signal systems, athletic field lighting installations, and outdoor lighting for individual customers.

Service under this schedule is for a term of not less than 1 year.

**Payment**

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

**Adjustment**

The energy charge in Part A and Part B of this rate schedule shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. (In addition, the energy charge in Part A and Part B of this rate schedule shall be increased or decreased to correspond to increases or decreases determined by TVA in the value of the hydro generation benefit allocated to residential customers.)

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**PART A--CHARGES FOR STREET AND PARK LIGHTING SYSTEMS, TRAFFIC SIGNAL SYSTEMS, AND ATHLETIC FIELD LIGHTING INSTALLATIONS**

I. Energy Charge: 4.221¢ per kWh per month

II. Facility Charge

The annual facility charge shall be 10 percent of the installed cost to Distributor's electric system of the facilities devoted to street and park lighting service specified in this Part A. Such installed cost shall be recomputed on July 1 of each year, or more often if substantial changes in the facilities are made. Each month, one-twelfth of the then total annual facility charge shall be billed to the customer. If any part of the facilities has not been provided at the electric system's expense or if the installed cost of any portion thereof is reflected on the books of another municipality or agency or department, the annual facility charge shall be adjusted to reflect properly the remaining cost to be borne by the electric system.

Traffic signal systems and athletic field lighting installations shall be provided, owned, and maintained by and at the expense of the customer, except as Distributor may agree

otherwise in accordance with the provisions of the paragraph next following in this section II. The facilities necessary to provide service to such systems and installations shall be provided by and at the expense of Distributor's electric system, and the annual facility charge provided for first above in this section II shall apply to the installed cost of such facilities.

When so authorized by policy duly adopted by Distributor's governing board, traffic signal systems and athletic field lighting installations may be provided, owned, and maintained by Distributor's electric system for the customer's benefit. In such cases Distributor may require reimbursement from the customer for a portion of the initial installed cost of any such system or installation and shall require payment by the customer of a facility charge sufficient to cover all of Distributor's costs (except reimbursed costs), including appropriate overheads, of providing, owning, and maintaining such system or installation; provided that, for athletic field lighting installations, such facility charge shall in no case be less than 12 percent per year of such costs. Said facility charge shall be in addition to the annual facility charge on the facilities necessary to provide service to such system or installation as provided for in the preceding paragraph. Replacement of lamps and related glassware for traffic signal systems and athletic field lighting installations provided under this paragraph shall be paid for under the provisions of paragraph A in Section IV.

**III. Customer Charge - Traffic Signal Systems and Athletic Field Lighting Installations.**

Distributor shall apply a uniform monthly customer charge of \$2.50 for service to each traffic signal system or athletic field lighting installation.

**IV. Replacement of Lamps and Related Glassware - Street and Park Lighting**

Customer shall be billed and shall pay for replacements as provided in paragraph B below, which shall be applied to all service for street and park lighting.

- A. Distributor shall bill the customer monthly for such replacements during each month at Distributor's cost of materials, including appropriate storeroom expense.
- B. Distributor shall bill the customer monthly for one-twelfth of the amount by which Distributor's cost of materials, including appropriate storeroom expense, exceeds the product of 3 mills multiplied by the number of kilowatthours used for street and park lighting during the fiscal year immediately preceding the fiscal year in which such month occurs.

**Metering**

For any billing month or part of such month in which the energy is not metered or for which a meter reading is found to be in error or a meter is found to have failed, the energy for billing purposes for that billing month or part of such month shall be computed from the rated capacity of the lamps (including ballast) plus 5 percent of such capacity to reflect secondary circuit losses, multiplied by the number of hours of use.



## Revenue and Cost Review

Distributor's costs of providing service under Part A of this rate schedule are subject to review at any time and from time to time to determine if Distributor's revenues from the charges being applied are sufficient to cover its costs. (Such costs, including applicable overheads, include, but are not limited to, those incurred in the operation and maintenance of the systems provided and those resulting from depreciation and payments for taxes, tax equivalents and interest.) If any such review discloses that revenues are either less or more than sufficient to cover said costs, Distributor shall revise the above facility charges so that revenues will be sufficient to cover said costs. Any such revision of the annual facility charge provided for first above in section II of Part A of this rate schedule shall be by agreement between Distributor and TVA.

### PART B--CHARGES FOR OUTDOOR LIGHTING FOR INDIVIDUAL CUSTOMERS

#### Charges Per Fixture Per Month

(a) <u>Type of Fixture</u>	<u>Lamp Size</u>		<u>Rated kWh</u>	<u>Facility Charge</u>
	<u>(Watts)</u>	<u>(Lumens)</u>		
Mercury Vapor or Incandescent	175	7,650	70	\$2.51
	400	19,100	155	\$3.80

(b) Energy Charge: For each lamp size under (a) above, 4.221¢ per rated kWh per month

#### Additional Facilities

The above charges in this Part B are limited to service from a photoelectrically controlled standard lighting fixture installed on a pole already in place. If the customer wishes to have the fixture installed at a location other than on a pole already in place, Distributor may apply an additional monthly charge.

#### Lamp Replacements

Replacements of lamps and related glassware will be made in accordance with replacement policies of Distributor without additional charge to the customer.

#### Special Outdoor Lighting Installations

When so authorized by policy duly adopted by Distributor's governing board, special outdoor lighting installations (other than as provided for under Parts A and B above) may be provided, owned, and maintained by Distributor's electric system. In such cases Distributor may require reimbursement from the customer for a portion of the initial installed cost of any such installation and shall require payment by the customer of monthly charges sufficient to cover all of Distributor's costs (except reimbursed costs), including appropriate overheads, or providing, owning, and maintaining such installations, and making lamp replacements.

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Service is subject of Rules and Regulations of Distributor.

**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**

**TIME-OF-DAY GENERAL POWER RATE--SCHEDULE TGSB  
(May 1992)**

Availability

This rate shall be available for the firm electric power requirements where the higher of a customer's currently effective onpeak or offpeak contract demand is greater than 5,000 kW but not more than 15,000 kW, provided that the other conditions of this section are met.

For a customer requesting that its onpeak contract demand be different from its offpeak contract demand, this schedule shall be available only for (1) a new contract, (2) a replacement or renewal contract following expiration of the existing contract, or (3) a replacement or renewal contract or an amended existing contract in which the customer is increasing its demand requirements above the existing contract demand level, but under this item (3) neither the new onpeak nor the new offpeak contract demand shall be lower than the customer's existing contract demand.

Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

Base Charges

- Customer Charge:** \$1,500 per delivery point per month
- Demand Charge:** \$10.36 per kW per month of the customer's onpeak billing demand, plus
- \$2.00 per month for each kW, if any, of the amount by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus an additional
- \$10.36 per kW per month for each kW, if any, of the amount by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher

Energy Charge: 3.602¢ per kWh per month for all onpeak kWh  
2.147¢ per kWh per month for all offpeak kWh

### Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. (In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA in the value of the hydro generation benefit allocated to residential customers.)

### 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 at less than 161 kV, there shall be added to the customer'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. Such charge shall be applied to the highest of (1) the highest onpeak or offpeak billing demand established during the latest 12-consecutive-month period, (2) the customer's currently effective onpeak contract demand, or (3) the customer's currently effective offpeak contract demand and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

### Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of 78¢ per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill a reactive charge of 33¢ 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.

### 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 be 10 a.m. to 10 p.m. during calendar months of

May through September and from 6 a.m. to 12 noon and from 4 p.m. to 10 p.m. during all other calendar months. 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. The onpeak and offpeak hours under this rate schedule 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, and Distributor shall promptly notify customer.

### Determination of Onpeak and Offpeak Demands and Energy Amounts

The onpeak and offpeak kWh for any month shall be the energy amounts taken during the respective hours of the month designated under this rate schedule as onpeak and offpeak hours.

Distributor shall meter the onpeak and offpeak demands in kW of all customers taking service under this rate schedule. The onpeak metered demand and offpeak metered demand for any month shall be determined separately for the respective hours of the month designated under this rate schedule as onpeak and offpeak hours and in each case shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the month of the load metered in kW, and, except as provided below in this section, such amounts shall be used as the onpeak and offpeak billing demands. The onpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW and (2) 40 percent of any kW in excess of 5,000 kW of the higher of the currently effective onpeak contract demand or the highest onpeak billing demand established during the preceding 12 months. The offpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW and (2) 40 percent of any kW in excess of 5,000 kW of the higher of the currently effective offpeak contract demand or the highest offpeak billing demand established during the preceding 12 months.

### Minimum Bill

The monthly bill, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the portion of the base demand charge, as adjusted, applicable to onpeak billing demand applied to the customer's onpeak billing demand, (3) the portion of the base demand charge, as adjusted, applicable to any excess of offpeak over onpeak billing demand applied to the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, (4) the base onpeak energy charge, as adjusted, applied to the customer's onpeak energy takings, and (5) the base offpeak energy charge, as adjusted, applied to the customer's offpeak energy takings.

Distributor may require minimum bills higher than those stated above.

### Contract Requirement

Distributor shall require contracts for all service provided under this rate schedule. The contract shall be for an initial term of at least 5 years and any renewals or extensions of the initial contract shall be for a term of at least 1 year; after 10 years of service, any such contract for the renewal or extension of service may provide for termination upon not less than 4 months' notice. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.

After having received service for at least one year under this rate schedule, the customer, subject to appropriate amendments in its power contract with Distributor, may receive service under the General Power Rate--Schedule GSB. In such case the term of the power contract shall remain the same and the contract demand for service under the General Power Rate--Schedule GSB shall not be less than the onpeak contract demand in effect when service was taken under this rate schedule.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor.

**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**

**TIME-OF-DAY GENERAL POWER RATE--SCHEDULE TGSC**

(May 1992)

Availability

This rate shall be available for the firm electric power requirements where the higher of a customer's currently effective onpeak or offpeak contract demand is greater than 15,000 kW but not more than 25,000 kW, provided that the other conditions of this section are met.

For a customer requesting that its onpeak contract demand be different from its offpeak contract demand, this schedule shall be available only for (1) a new contract, (2) a replacement or renewal contract following expiration of the existing contract, or (3) a replacement or renewal contract or an amended existing contract in which the customer is increasing its demand requirements above the existing contract demand level, but under this item (3) neither the new onpeak nor the new offpeak contract demand shall be lower than the customer's existing contract demand.

Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

Base Charges

Customer Charge:	\$1,500 per delivery point per month
Demand Charge:	\$9.85 per kW per month of the customer's onpeak billing demand, plus \$1.49 per month for each kW, if any, of the amount by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus an additional \$9.85 per kW per month for each kW, if any, of the amount by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher
Energy Charge:	3.602¢ per kWh per month for all onpeak kWh 2.147¢ per kWh per month for all offpeak kWh

### Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. (In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA in the value of the hydro generation benefit allocated to residential customers.)

### 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 at less than 161 kV, there shall be added to the customer'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. Such charge shall be applied to the highest of (1) the highest onpeak or offpeak billing demand established during the latest 12-consecutive-month period, (2) the customer's currently effective onpeak contract demand, or (3) the customer's currently effective offpeak contract demand and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

### Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of 78¢ per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill a reactive charge of 33¢ 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.

### 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 be 10 a.m. to 10 p.m. during calendar months of May through September and from 6 a.m. to 12 noon and from 4 p.m. to 10 p.m. during all other calendar months. 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. The onpeak and offpeak hours under this rate schedule 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, and Distributor shall promptly notify customer.

### Determination of Onpeak and Offpeak Demands and Energy Amounts

The onpeak and offpeak kWh for any month shall be the energy amounts taken during the respective hours of the month designated under this rate schedule as onpeak and offpeak hours.

Distributor shall meter the onpeak and offpeak demands in kW of all customers taking service under this rate schedule. The onpeak metered demand and offpeak metered demand for any month shall be determined separately for the respective hours of the month designated under this rate schedule as onpeak and offpeak hours and in each case shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the month of the load metered in kW, and, except as provided below in this section, such amounts shall be used as the onpeak and offpeak billing demands. The onpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, and (3) 50 percent of any kW in excess of 25,000 kW of the higher of the currently effective onpeak contract demand or the highest onpeak billing demand established during the preceding 12 months. The offpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, and (3) 50 percent of any kW in excess of 25,000 kW of the higher of the currently effective offpeak contract demand or the highest offpeak billing demand established during the preceding 12 months.

### Minimum Bill

The monthly bill, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the portion of the base demand charge, as adjusted, applicable to onpeak billing demand applied to the customer's onpeak billing demand, (3) the portion of the base demand charge, as adjusted, applicable to any excess of offpeak over onpeak billing demand applied to the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, (4) the base onpeak energy charge, as adjusted, applied to the customer's onpeak energy takings, and (5) the base offpeak energy charge, as adjusted, applied to the customer's offpeak energy takings.

Distributor may require minimum bills higher than those stated above.

### Contract Requirement

Distributor shall require contracts for all service provided under this rate schedule. The contract shall be for an initial term of at least 5 years and any renewals or extensions of the initial contract shall be for a term of at least 1 year; after 10 years of service, any such contract for the renewal or extension of service may provide for termination upon not less than 4 months' notice. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.



After having received service for at least 1 year under this rate schedule, the customer, subject to appropriate amendments in its power contract with Distributor, may receive service under the General Power Rate--Schedule GSC. In such case the term of the power contract shall remain the same and the contract demand for service under the General Power Rate--Schedule GSC shall not be less than the onpeak contract demand in effect when service was taken under this rate schedule.

#### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

#### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor.

**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**

**TIME-OF-DAY GENERAL POWER RATE--SCHEDULE TGSD**

(May 1992)

Availability

This rate shall be available for the firm electric power requirements where the higher of a customer's currently effective onpeak or offpeak contract demand is greater than 25,000 kW, provided that the other conditions of this section are met.

For a customer requesting that its onpeak contract demand be different from its offpeak contract demand, this schedule shall be available only for (1) a new contract, (2) a replacement or renewal contract following expiration of the existing contract, or (3) a replacement or renewal contract or an amended existing contract in which the customer is increasing its demand requirements above the existing contract demand level, but under this item (3) neither the new onpeak nor the new offpeak contract demand shall be lower than the customer's existing contract demand.

Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

Base Charges

Customer Charge:	\$1,500 per delivery point per month
Demand Charge:	\$12.11 per kW per month of the customer's onpeak billing demand, plus \$2.00 per month for each kW, if any, of the amount by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus an additional \$12.11 per kW per month for each kW, if any, of the amount by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher
Energy Charge:	2.249¢ per kWh per month for all onpeak kWh 2.102¢ per kWh per month for all offpeak kWh

### Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. (In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA in the value of the hydro generation benefit allocated to residential customers.)

### 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 at less than 161 kV, there shall be added to the customer'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. Such charge shall be applied to the highest of (1) the highest onpeak or offpeak billing demand established during the latest 12-consecutive-month period, (2) the customer's currently effective onpeak contract demand, or (3) the customer's currently effective offpeak contract demand and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

### Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of 78¢ per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill a reactive charge of 33¢ 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.

### 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 be 10 a.m. to 10 p.m. during calendar months of May through September and from 6 a.m. to 12 noon and from 4 p.m. to 10 p.m. during all other calendar months. 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. The onpeak and offpeak hours under this rate schedule 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, and Distributor shall promptly notify customer.

### Determination of Onpeak and Offpeak Demands and Energy Amounts

The onpeak and offpeak kWh for any month shall be the energy amounts taken during the respective hours of the month designated under this rate schedule as onpeak and offpeak hours.

Distributor shall meter the onpeak and offpeak demands in kW of all customers taking service under this rate schedule. The onpeak metered demand and offpeak metered demand for any month shall be determined separately for the respective hours of the month designated under this rate schedule as onpeak and offpeak hours and in each case shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the month of the load metered in kW, and, except as provided below in this section, such amounts shall be used as the onpeak and offpeak billing demands. The onpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, (3) 50 percent of the next 25,000 kW, (4) 60 percent of the next 50,000 kW (5) 70 percent of the next 100,000 kW, (6) 80 percent of the next 150,000 kW, and (7) 85 percent of all kW in excess of 350,000 kW of the higher of the currently effective onpeak contract demand or the highest onpeak billing demand established during the preceding 12 months. The offpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, (3) 50 percent of the next 25,000 kW, (4) 60 percent of the next 50,000 kW (5) 70 percent of the next 100,000 kW, (6) 80 percent of the next 150,000 kW, and (7) 85 percent of all kW in excess of 350,000 kW of the higher of the currently effective offpeak contract demand or the highest offpeak billing demand established during the preceding 12 months.

### Minimum Bill

The monthly bill, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the portion of the base demand charge, as adjusted, applicable to onpeak billing demand applied to the customer's onpeak billing demand, (3) the portion of the base demand charge, as adjusted, applicable to any excess of offpeak over onpeak billing demand applied to the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, (4) the base onpeak energy charge, as adjusted, applied to the customer's onpeak energy takings, and (5) the base offpeak energy charge, as adjusted, applied to the customer's offpeak energy takings.

Distributor may require minimum bills higher than those stated above.

### Contract Requirement

Distributor shall require contracts for all service provided under this rate schedule. The contract shall be for an initial term of at least 5 years and any renewals or extensions of the initial contract shall be for a term of at least 5 years; after 10 years of service, any such contract for the renewal or extension of service may provide for termination upon not less than 16 months' notice. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the

customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.

After having received service for at least 1 year under this rate schedule, the customer, subject to appropriate amendments in its power contract with Distributor, may receive service under the General Power Rate--Schedule GSD. In such case the term of the power contract shall remain the same and the contract demand for service under the General Power Rate--Schedule GSD shall not be less than the onpeak contract demand in effect when service was taken under this rate schedule.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor.

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TENNESSEE VALLEY AUTHORITY  
Chattanooga, Tennessee 37402-2801

TV-59578A  
Supp No. 31

July 23, 1991

Mrs. Becky L. Goad, President  
Warren Rural Electric  
Cooperative Corporation  
Bowling Green, Kentucky 42101

Dear Mrs. Goad:

This will confirm the arrangements developed between representatives of Warren Rural Electric Cooperative Corporation (Cooperative) and the Tennessee Valley Authority (TVA) with respect to Cooperative's obtaining access to certain outputs from the 161-kV revenue metering installation at TVA's East Bowling Green 161-kV Switching Station.

It is understood and agreed that:

1. It is recognized that TVA is replacing its existing magnetic-tape metering equipment at the East Bowling Green 161-kV Switching Station with solid-state metering equipment (Electronic Meter) which utilizes a telephone circuit for various data transmission and communication purposes. In connection therewith, Cooperative wishes to obtain access to metering outputs from TVA's Electronic Meter for such purposes as monitoring and load control and TVA is willing to make such access available at no charge to Cooperative. Accordingly, Cooperative may, at such time as it deems appropriate, provide and install at its expense such additional facilities as are necessary for obtaining access to metering outputs hereunder, including the provision and installation of a cable to be connected by TVA to a terminal block in TVA's meter cabinet. Cooperative will keep TVA informed as to Cooperative's plans for installation of said cable to the extent necessary and practicable. Cooperative will neither install any facilities which are to be connected to TVA's metering equipment, nor, once installed, change them, without prior written notification from TVA that such installation or change is satisfactory to TVA. It is understood that the arrangements set out under this paragraph may be terminated by TVA or Cooperative at any time upon at least 120 days' prior written notice to the other party. As soon as practicable following the effective date of such termination, TVA will disconnect said metering cable from said terminal block.

2. It is recognized that the metering installation is being installed, operated, and maintained for measuring the power and energy taken by Cooperative at the East Bowling Green 161-kV Switching Station. In recognition of the allowance of access to the metering outputs at no charge to Cooperative, it is understood and agreed that Cooperative shall reimburse TVA for any damage to TVA's property and to property in TVA's custody, and

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Mrs. Becky L. Goad  
July 23, 1991

Cooperative hereby waives, and releases the United States of America, TVA, their agents and employees from, and shall indemnify and save harmless the United States of America, TVA, their agents and employees from, any and all claims, demands, or causes of action, including, without limitation, those for personal injuries, property damage, loss of life or property, or consequential damages sustained by Cooperative, its agents and employees, or third parties, arising out of or in any way connected with (a) any of Cooperative's or TVA's work performed under this agreement to allow Cooperative access to the metering outputs or (b) Cooperative's exercise of access to the metering outputs; provided, however, that the provisions of this sentence shall apply only if the personal injuries, property damage, loss of life or property, consequential damages, or other damage or loss is caused by the negligence or other wrongful act or omission of Cooperative, its agents or employees.

TVA makes no statement, representation, claim, guarantee, assurance, or warranty of any kind whatsoever, including, but not limited to, representations or warranties, express or implied, (a) as to the accuracy or completeness of the metering outputs to which Cooperative has access hereunder or as to such outputs' merchantability or fitness for any purposes for which Cooperative uses or will use them or (b) as to quantity, kind, character, quality, capacity, design, performance, compliance with specifications, condition, size, description of any property, merchantability, or fitness for any use or purpose of any facilities installed by TVA hereunder. Cooperative hereby waives, and releases TVA, the United States of America, and their agents and employees from, any and all claims, demands, or causes of action, including, without limitation, consequential damages, arising out of or in any way connected with Cooperative's use of the metering outputs. Cooperative's obligations under this and the preceding paragraph shall survive any expiration or termination of this agreement until they are discharged.

It is understood that in exercising its access to metering outputs hereunder Cooperative shall not interfere with TVA's operation and use of the Electronic Meter. In this regard Cooperative agrees to immediately modify its facilities and operations in any manner as may be requested by TVA to avoid any such interference.

3. It is understood that any plans, specifications, requirements, guidelines, or coordination, and any review or approvals, provided by TVA hereunder are only for TVA's purposes, which include helping to assure (a) the safe and efficient operation of TVA's facilities and (b) that the arrangements provided for hereunder do not cause undue hazards to TVA's facilities and operations. They are not to be construed as confirming or endorsing such arrangements for Cooperative's purposes.

4. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may

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AMENDATORY AGREEMENT  
Between  
TENNESSEE VALLEY AUTHORITY  
And  
WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

THIS AGREEMENT, made and entered into as of the first day of October, 1992, by and between TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act), and WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation duly created, organized, and existing under and by virtue of the laws of the Commonwealth of Kentucky;

W I T N E S S E T H:

WHEREAS, TVA and Distributor have heretofore entered into a contract dated May 7, 1982, as amended (Power Contract), under which electric power and energy are supplied by TVA at wholesale and purchased by Distributor for resale; and

WHEREAS, TVA and Distributor wish to amend the Power Contract to provide for certain revisions in the determination of reactive power amounts delivered by TVA to Distributor and billed under Wholesale Power Rate-- Schedule WS (Schedule WS) of the Schedule of Rates and Charges of the Power Contract;

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants hereinafter set forth, and subject to the provisions of the Tennessee Valley Authority Act of 1933, as amended, the parties hereto mutually covenant and agree as follows:

1. Term of Agreement. This agreement shall become effective as of the date first above written, and shall continue in effect until termination of the Power Contract.

2. Determination of Reactive Demand on Simultaneous Basis. For all bills rendered from wholesale meter readings scheduled to be taken on or after October 2, 1992, for purposes of determining any applicable reactive charges under the Reactive Demand Charges section of Schedule WS, that section shall be applied to all delivery points to Distributor considered together, and the terms "Delivery Point Demand" and "lowest measured demand" appearing in that section shall mean the highest sum and the lowest sum, respectively, of the average demands measured in kW for all delivery points to Distributor.

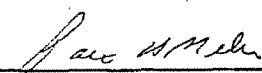
3. Suspension of Voltage Limitations. It is recognized that any reactive demand for any delivery point to Distributor that would have (except for section 2 above) resulted in a charge to Distributor under the Reactive Demand Charges section of Schedule WS may adversely affect TVA's ability to maintain voltage at the delivery point within the 3-percent voltage limitations set out in section 3 of the Power Contract. Accordingly, Distributor and TVA hereby agree that the 3-percent voltage limitations of that section shall not be applicable for any delivery point to Distributor during a billing month when a charge for reactive demand at that delivery point would have (except for section 2 above) been applicable under the Reactive Demand Charges section of Schedule WS.

4. Restriction of Benefits. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom unless the agreement be made with a corporation for its general benefit, nor shall Distributor offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34. Breach of this provision shall constitute a material breach of this agreement.

5. Affirmation of Power Contract. Except as expressly supplemented and amended herein, the Power Contract is hereby ratified as the continuing obligation of the parties.

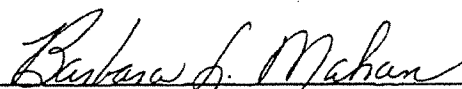
IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers, as of the day and year first above written.

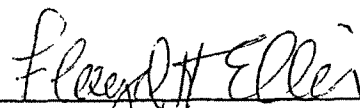
TENNESSEE VALLEY AUTHORITY

By   
Manager of Business Resources

Attest:

WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION

  
Secretary

By   
President

K10 941103 501



TV-59578A  
Supp. No. 40

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

August 22, 1994

Mr. Joseph B. Neely, Chairman  
Warren Rural Electric  
Cooperative Corporation  
P.O. Box 1118  
Bowling Green, Kentucky 42101

Dear Mr. Neely:

This will confirm the arrangements developed between representatives of Warren Rural Electric Cooperative Corporation (Distributor) and Tennessee Valley Authority (TVA) with respect to amending the wholesale power contract dated May 7, 1982, as amended (Power Contract), between the parties to provide for electronic payment of Distributor's monthly wholesale power bill.

It is understood and agreed that effective with the September 1994 wholesale billing month:

1. Definition of Terms. For the purposes of this agreement:
  - a. The time shall be Eastern Standard Time or Eastern Daylight Time, whichever is then applicable.
  - b. A business day shall be any day except Saturday, Sunday, or a weekday that is observed by TVA as a Federal holiday.
  - c. Federal holidays currently include New Year's Day, Martin Luther King's Birthday, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veteran's Day, Thanksgiving Day, and Christmas Day.
  - d. The Due Date for payment of the wholesale power bill shall be 15 calendar days after TVA's meter reading date or 7 calendar days after the date of the bill, whichever is later.
  - e. For the purpose of applying the late payment charges under section 5 of this agreement, the last date for electronic bill payment shall be the first business day that falls at least 17 calendar days after the Due Date.

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Mr. Joseph B. Neely  
Page 2  
August 22, 1994

- f. For the purpose of applying the early payment credit under section 6 of this agreement, the last date for electronic bill payment shall be 17 calendar days after the Due Date.
  - g. TVA's average short-term interest rate shall be determined in the same manner set out in the first paragraph of the section headed "Billing" of the Schedule of Terms and Conditions of the Power Contract.
  - h. The section headed "Billing" of the Schedule of Terms and Conditions of the Power Contract shall be called the "Billing Section."
2. Electronic Payment of Wholesale Bill. Distributor agrees to pay its wholesale bill to TVA using one of the electronic payment methods approved by TVA. There are currently 2 methods available: Automatic Clearing House (ACH) Credit and ACH Debit. Distributor will inform TVA of the method it selects and TVA will supply Distributor with detailed instructions on using the method selected. Distributor may change to any other TVA-approved method upon 30 days notice. A third payment method, Fedwire Transfer, is only to be used on an emergency basis. If Distributor is currently using this method, unless otherwise agreed by TVA, Distributor will promptly arrange for the conversion from the Fedwire Transfer method to one of the above ACH payment methods following execution of this agreement.
3. All Invoice Items Covered. The provisions of this agreement will apply to all items shown on the monthly wholesale power invoice, whether or not such items are directly related to payment for power and energy used in the monthly billing period.
4. When Payment Is Considered Received. Payment will be considered to have been received by TVA on a particular business day if (a) the electronic fund transfer to TVA's account is effective that day and (b) Distributor notifies TVA, in the manner specified by TVA, of the pending electronic payment by no later than 12:00 p.m. on the preceding business day. Otherwise, the business day following the date that the transfer is effective will be considered to be the date of payment for all purposes of this agreement.

Mr. Joseph B. Neely  
Page 3  
August 22, 1994

5. Late Charge. To any amount not considered received on or before the last date for electronic bill payment, there shall be added an additional charge. This charge shall be equal to the sum of (a) \$150 and (b) an amount calculated by applying TVA's average short-term interest rate to the unreceived portion of the bill for each day of the period from the due date to the date payment in full is considered received.
6. Early Payment Credit. If payment is considered received by TVA at least 5 calendar days prior to the last date for electronic bill payment, TVA will allow Distributor an early payment credit. Such credit will be determined by applying TVA's average short-term interest rate to the amount of the early payment for each day of the period (not to exceed 25 days) from the date payment was considered received to the last date for electronic bill payment. Distributor may deduct the amount of this credit from its wholesale power bill. In such case, Distributor will send a credit advice showing how the credit amount was calculated.
7. Term of Agreement. This agreement shall remain in effect for the term of the Power Contract, unless terminated by either party upon 30 days prior written notice.
8. Suspension of Certain Existing Billing Provisions. During the term of this agreement certain provisions of the Billing Section are suspended. Those provisions are the first four sentences of the first paragraph and the entire second paragraph. In the event this agreement is terminated under section 7 above, the suspended provisions will be automatically reinstated.
9. Power Contract Affirmed. Except as expressly provided otherwise under this agreement, the provisions of the Billing Section shall remain in full force and effect. The Power Contract, as supplemented and amended by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties.

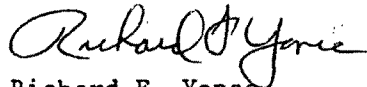
Mr. Joseph B. Neely

Page 4

August 22, 1994

If this letter satisfactorily sets forth our understandings, please have three copies executed on behalf of Distributor and return them to the TVA customer service center. Upon execution by TVA, this letter shall be a binding agreement, and a fully executed copy will be returned to you.

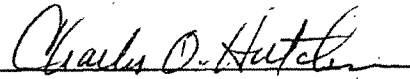
Very truly yours,



Richard F. Yonce  
Manager of Business Resources

Accepted and agreed to as of  
the date first above written.

WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION

By   
Chairman

**K 1 0 9 5 0 2 0 7 5 1 8**

LARGE MANUFACTURER BILL CREDIT AGREEMENT  
Between  
TENNESSEE VALLEY AUTHORITY  
And  
WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

THIS AGREEMENT, made and entered into as of the 1st day of June, 1994, by and between TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act), and WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky;

W I T N E S S E T H:

WHEREAS, TVA and Distributor have heretofore entered into a contract dated May 7, 1982, as amended (Power Contract), under which electric power and energy are supplied by TVA at wholesale and purchased by Distributor for resale; and

WHEREAS, the TVA Act provides that among TVA's objectives shall be those of promoting the wider and better use of electric power, of supplying electric power at the lowest feasible rates, and of applying electric power to the fuller and better balanced development of the resources of the region; and

WHEREAS, TVA and Distributor wish to cooperate in a program (Program) to encourage the fuller and better balanced development of the resources of the region by the application of credits against the electric bills of large manufacturing industries served by Distributor; and

WHEREAS, the parties wish to supplement and amend the Power Contract in the respects necessary to implement the Program;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained and subject to the provisions of the TVA Act, the parties agree as follows:

1. Identification of Eligible Accounts. An eligible account (Eligible Account) shall be a billing account for a delivery point serving any general power customer of Distributor which is (a) served under Schedules GSB, GSC, or GSD or Time-of-Day Schedules TGSB, TGSC, or TGSD, (b) where the customer's total power contract availability exceeds 5,000 kW, and (c) where the activities conducted are classified with a 2-digit Standard Industrial Classification code between 20 and 39, inclusive.

Distributor shall identify to TVA its customer accounts that it believes meet the eligibility requirements for participation in the Program. In the event that a particular customer account is not clearly eligible, TVA shall make the eligibility determination.

2. Application Forms. As soon as practicable after execution of this agreement, Distributor shall provide each eligible general power customer an application form for credit for each of its Eligible Accounts. The application forms shall be provided by or in a form approved by TVA.

Distributor shall furnish TVA a copy of each completed application form and shall notify TVA of any additions to or deletions of Eligible Accounts. It is understood and agreed that credits shall not be allowed by Distributor for any account until a completed application is received and approved by TVA.

3. Allowance of Credit. Notwithstanding anything appearing in the Power Contract (including the Schedule of Rates and Charges) that may be construed to the contrary, beginning with Distributor's July 1994 revenue month (as that term is defined in Wholesale Power Rate--Schedule WS, attached to and made a part of the Power Contract), Distributor shall apply a credit against the electric bill of each eligible manufacturing account as provided below. Allowance of the credits shall continue until implementation of the next Rate Change as provided for in the section of the Power Contract's Schedule of Terms and Conditions headed "Adjustment and Change of Wholesale Rate and Resale Rates." Distributor may, at its option, provide monthly credit amounts as a direct cash payment.

(a) Application of Credit. Subject to (b) below, for each Eligible Account, the credit shall be equal to 5 percent of the portion of the customer's monthly bill calculated under the Base Charges section of Distributor's applicable General Power Rate Schedule; provided, however, that no credit shall apply in any month in which the customer's metered demand for that account does not exceed 5,000 kW.

(b) Ineligible Bill Components. No credit shall be allowed against any portion of customer's bill for nonfirm power, for power billed under Competitive Indexed Rates, for special facilities charges, or for any amount calculated under sections of the General Power Rate Schedule other than the Base Charges section. Before applying any credit, the customer's bill shall first be reduced by any credits that will apply under the Growth Credit Program or any comparable program.

4. Reports. Distributor shall submit to TVA a monthly report (in a form furnished or approved by TVA) showing for each Eligible Account amounts billed to the customer for firm power and energy and the amount of the credit applied during that revenue month under section 3 above, together with such other information as may be reasonably required by TVA. Following receipt and verification of this information, TVA shall apply a credit to Distributor's



wholesale power bill equal to the total credits appropriately applied by Distributor during that revenue month. In the event that information becomes available which indicates that the credit amounts were incorrectly applied to a customer's bill for any reason, Distributor shall make an appropriate adjustment to the customer's bill and TVA shall make a corresponding adjustment to Distributor's wholesale power bill.

5. False Information Submitted by Applicant. It is recognized that the determination of a customer's eligibility may be based in part on information provided by such customer. In the event that it is subsequently determined that the customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information to Distributor, Distributor shall, if so requested by TVA's Operating Representative, terminate the payment of any further credits to that customer. Additionally, Distributor shall cooperate with TVA in collecting from such customer any and all credit amounts paid to such customer as a result of Distributor's use of such information.

6. Reimbursement of Distributor's Costs. In order to reimburse Distributor for costs incurred under the Program, for each month in which Distributor has at least one Eligible Account, TVA will credit Distributor's wholesale bill in the amount of \$300.

7. Effective Date. Except as otherwise provided above, this agreement shall become effective as of the date first above written, and shall continue in effect until all of the obligations of the parties have been fulfilled.

8. Operating Representatives. TVA's Operating Representative for administration of this agreement shall be the Senior Vice President, Customer Group, or a designee. Distributor's Operating Representative for administration of this agreement shall be the manager of its electric system or a designee. Subject to the provisions of this agreement, the Power Contract, and any applicable law, the Operating Representatives shall be authorized to agree upon such incidental administrative arrangements as are appropriate for the efficient and expeditious implementation of this agreement.

9. Program Guidelines. From time to time TVA shall furnish Distributor with Guidelines, consistent with the provisions of this agreement, providing for the efficient operation of the program.

10. Indemnity. TVA hereby releases Distributor, its officials, agents, and employees from, and shall indemnify and save harmless Distributor, its officials, agents, and employees from, any and all claims, demands, or causes of action of any kind of character whatsoever arising out of or in any way connected with TVA's development of or performance under this agreement. However, TVA's release and indemnity obligations to Distributor under this paragraph shall not apply unless such claims, demands, or causes of action are proximately caused by TVA's development, performance, or failure to perform

any of its obligations under this agreement or by the negligence or other wrongful acts of TVA or its agents or employees.

Distributor hereby releases the United States of America, TVA, their officials, agents, and employees from, and shall indemnify and save harmless the United States of America, TVA, their officials, agents, and employees from, any and all claims, demands, or causes of action of any kind or character whatsoever arising out of or in any way connected with Distributor's performance under this agreement. However, Distributor's release and indemnity obligations to TVA under this paragraph shall not apply unless such claims, demands, or causes of action are proximately caused by Distributor's failure to perform any of its obligations under this agreement or by the negligence or other wrongful acts of Distributor or its agents or employees.

Either party shall, along with a request for indemnification or reimbursement for a claim submitted to the other party, provide the other party with the information, explanation, and documentation necessary for the other party to determine that the indemnification or reimbursement of the requesting party is appropriate pursuant to the provisions contained in this section.

11. Power Contract Affirmed. The Power Contract, as amended and supplemented by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties.

12. Officials Not to Benefit. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise from it unless the agreement is made with a corporation for its general benefit. Distributor shall not offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 5 C.F.R. part 2635 (as amended, supplemented, or replaced). Breach of this provision shall constitute a material breach of this agreement.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers as of the day and year first above written.

TENNESSEE VALLEY AUTHORITY

By Richard D. Yancey  
Manager of Business Resources

Attest:

WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION

Joe Mung  
Secretary

By Charles O. Hutchins  
Chairman



K 10 9 5 0 3 1 7 5 2 6

TV-59578A  
Supp. No. 42

Tennessee Valley Authority, 1101 Market Street, Chattanooga, Tennessee 37402-2801

December 5, 1994

Mr. Joseph B. Neely, Chairman  
Warren Rural Electric Cooperative Corporation  
P.O. Box 1118  
Bowling Green, Kentucky 42101

Dear Mr. Neely:

This will confirm the arrangements developed between representatives of Tennessee Valley Authority (TVA) and Warren Rural Electric Cooperative Corporation (Distributor) to amend and supplement their wholesale power contract dated May 7, 1982, so that Distributor will be able to utilize the financing being made available by TVA under its wholesale power contract arrangements as part of the efforts to provide low-cost service to power consumers.

It is understood and agreed that:

1. TVA will upon request and subject to development of arrangements make available financing assistance to Distributor to provide, consistent with the criteria and conditions established by TVA, financing for Distributor's capital needs and other electric system purposes approved by TVA.
2. In consideration of such financing being made available by TVA, Distributor, unless otherwise agreed by TVA, will make available to its customers TVA's programs that are developed for the benefit of consumers such as those for Economy Surplus Power and Growth Credits, and Distributor will comply with all other terms and conditions applicable with respect to any financing obtained from TVA.
3. Any such financial transaction exceeding \$150,000 is subject to the requirements of Public Law No. 101-121 (codified at 31 U.S.C. 1352), which prohibits certain lobbying activities and requires disclosure of certain others, and to TVA's

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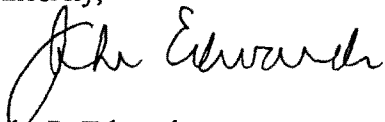
Mr. Joseph B. Neely  
Page 2  
December 5, 1994

implementing regulations published at 55 Fed. Reg. 6736 (codified at 18 C.F.R. 1315). In compliance with this law, when applicable, Distributor will execute the certification attached to and made a part of this agreement.

4. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom unless the agreement be made with a corporation for its general benefit, nor shall Distributor offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 5 C.F.R. part 2635 (as such provisions may subsequently be amended, supplemented, or replaced). Breach of this provision shall constitute a material breach of this agreement.

If this letter satisfactorily sets forth our understandings, please execute three counterparts hereof and return them to the TVA customer service center. Upon execution by TVA, this letter shall be a binding agreement, and a fully executed counterpart will be returned to you.

Sincerely,



John P. Edwards  
Senior Vice President  
Customer Group

Accepted and agreed to as of  
the date first above written.

WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION

Attest:

By Charles O. Hutter  
(Title)

By Joe Meng  
(Title)

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Certification for Contracts, Grants,  
Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

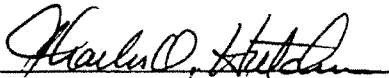
1. No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION

By   
(title)

Date 12-16-94

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Tennessee Valley Authority, Post Office Box 292409, Nashville, Tennessee 37229-2409

August 20, 2010

Mr. Orville W. Dotson, Chairman  
Warren Rural Electric  
Cooperative Corporation  
Post Office Box 1118  
Bowling Green, Kentucky 42102

SUBJECT: Enhanced Growth Credit (EGC) Program Termination

The EGC Program is being discontinued as previously communicated to you by TVA's Customer Service staff. Going forward, TVA's primary economic development incentive will be the Valley Investment Initiative, which is now available to both new and existing qualifying customers. Therefore, in accordance with the provisions of the Enhanced Growth Credit Program Agreement TV-59578A, Supp. No. 45, dated May 5, 1994, as amended (EGCP Agreement), between Warren Rural Electric Cooperative Corporation and TVA, this letter serves as written notice to terminate additional participation in the EGC Program, effective December 1, 2010. Except as otherwise described below, Warren Rural Electric Cooperative Corporation will not be authorized to enter into any new EGC Participation Agreements as of that date. As provided in the EGCP Agreement, this notice of termination has no effect upon the application of any credits provided for under any currently existing Participation Agreement.

In order to accommodate any outstanding commitments that may have been made prior to the date of this notice, we are offering a means of preserving certain offers of EGC beyond December 1, 2010. For your convenience, an Enhanced Growth Credit Written Offer Preservation Form is now available at TVA's Online Connection. If your system has provided a written offer of EGC to a potential new or expanding customer, please complete a Written Offer Preservation Form and submit it online, along with a copy of the written offer, no later than September 30, 2010.

Upon TVA's approval of a Written Offer Preservation Form for any company, you may enter into a Participation Agreement with that company, provided that the Participation Agreement is executed no later than December 31, 2012. Accordingly, Warren Rural Electric Cooperative Corporation will only be authorized to enter into Participation Agreements beyond December 1, 2010, where (1) TVA approves the Written Offer Preservation Form and (2) the Participation Agreement related to said offer is executed no later than December 31, 2012.

We look forward to continuing to work with you to encourage economic growth in the Valley. If you have should have any questions, please contact your TVA Customer Service Manager.

Sincerely,

A handwritten signature in black ink that reads "K R Breeden".

Kenneth R. Breeden  
Executive Vice President  
Customer Relations

cc: Mr. Gary K. Dillard, President and CEO  
Warren Rural Electric Cooperative Corporation  
Post Office Box 1118  
Bowling Green, Kentucky 42102-1118

K10 950324 538

ENHANCED GROWTH CREDIT PROGRAM AGREEMENT  
Between  
WARREN RURAL ELECTRIC COOPERATIVE CORPORATION  
And  
TENNESSEE VALLEY AUTHORITY

DATE: May 5, 1994

TV-59578A, Supp. No. 45

THIS AGREEMENT, made and entered into between TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act), and WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky;

W I T N E S S E T H:

WHEREAS, TVA and Distributor have entered into a contract dated May 7, 1982, as amended (Power Contract), under which electric power and energy are supplied by TVA at wholesale and purchased by Distributor for resale; and

WHEREAS, the TVA Act provides that among TVA's objectives shall be those of promoting the wider and better use of electric power, of supplying electric power at the lowest feasible rates, and of applying electric power to the fuller and better balanced development of the resources of the region; and

WHEREAS, TVA and Distributor wish to cooperate in an Enhanced Growth Credit Program (EGC Program) to encourage the fuller and better balanced development of the resources of the region by applying credits against the electric bills of certain eligible new and expanding general power customers of Distributor; and

WHEREAS, the parties wish to supplement and amend the Power Contract in the respects necessary to implement the EGC Program;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained and subject to the provisions of the TVA Act, the parties agree as follows:

SECTION 1 - ELIGIBILITY

1.1 Qualifying Customers. To be eligible for participation in the EGC Program, a general power customer must qualify under the provisions of either Guideline 2.1 or Guideline 3.1 of the EGC Participation Agreement Guidelines (Guidelines) attached to and made a part of this agreement. Distributor shall inform each of its qualifying customers about the EGC



Program. In the event that a particular customer does not clearly qualify, the Operating Representatives of the parties shall make a joint determination about the customer's eligibility.

1.2 Participation Agreement. Distributor shall conduct the EGC Program in strict accordance with the provisions of this agreement, including the Guidelines. Distributor shall enter into a Participation Agreement (as defined in and in accordance with the Guidelines) with each qualifying customer that wishes to participate in the EGC Program.

1.3 Notice to TVA of Customer Participation. Distributor shall promptly furnish to TVA a copy of each Participation Agreement, a copy of the corresponding power supply contract, and such other information concerning each customer's qualification for and participation in the EGC Program as TVA may reasonably request. In addition, Distributor shall promptly furnish a copy of any amendment to or renewal or replacement of such power supply contract which becomes effective during the term of the Participation Agreement.

1.4 Materially False Information. It is recognized that the determination of a customer's eligibility may be based in part on information provided by the customer. In the event that it is subsequently determined that the customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information to Distributor, Distributor shall, if so requested by TVA, terminate the payment of any further credits under 2.1 below to that customer. Additionally, Distributor shall cooperate with TVA in collecting from the customer any and all credit amounts paid as a result of Distributor's use of the false information.

## SECTION 2 - CREDITS

2.1 Retail Credits. Distributor shall apply the credits (Retail Credits) provided for in Participation Agreements entered into in accordance with the Guidelines.

2.2 Wholesale Credit. Distributor shall be entitled to a credit (Wholesale Credit) on its wholesale power bill equal to 110 percent of the total Retail Credits applied by Distributor in accordance with this agreement. Distributor shall take this Wholesale Credit by deducting it from the amount owed to TVA under the wholesale invoice for power and energy resold to Company in the month for which the Retail Credits were applied.

2.3 Monthly Reports. Distributor shall promptly submit to TVA a monthly report (in a form furnished or approved by TVA) showing for each customer participating in the EGC Program (a) the amount of any Retail Credit for the month and (b) the billing data used to calculate that Retail Credit, together with such other information as may be reasonably required by TVA. In the event that information becomes available, through

Distributor's monthly report or otherwise, which establishes that any Retail Credits were incorrectly applied to a customer's bill for any reason, Distributor and TVA shall fully cooperate in (a) making appropriate adjustments to the retail power bill; (b) endeavoring to collect from the customer any amounts due as a result of the adjustment of the retail bill; and (c) making appropriate adjustments to the wholesale power bill to pass through to TVA amounts collected from the customer.

### **SECTION 3 - TERMINATION OF ADDITIONAL PARTICIPATION**

3.1 Notice of Termination. At any time upon at least ninety (90) days' written notice, either party may terminate the applicability of the provisions of section 1 of this agreement to customers that have not yet signed Participation Agreements. From and after the effective date of such a termination, Distributor shall not be authorized to enter into any new Participation Agreements.

3.2 Automatic Termination. The applicability of the provisions of section 1 of this agreement to customers that have not yet signed Participation Agreements shall automatically terminate upon the date of receipt of any Power Contract termination notice given under the section of the Power Contract entitled "Term of Contract." From and after any such date of receipt, Distributor shall not be authorized to enter into any new Participation Agreements.

3.3 Existing Participation Agreements. Any termination under 3.1 or 3.2 above shall have no effect upon the application of the Retail and Wholesale Credits provided for under any then-existing Participation Agreements and section 2 of this agreement.

### **SECTION 4 - OPERATING REPRESENTATIVES**

TVA's Operating Representative for administration of this agreement shall be the Senior Vice President, Customer Group, or a designee. Distributor's Operating Representative for administration of this agreement shall be the manager of its electric system or a designee. Subject to the provisions of this agreement, the Power Contract, and any applicable law, the Operating Representatives shall be authorized to agree upon such incidental administrative arrangements as are appropriate for the efficient and expeditious implementation of this agreement.

### **SECTION 5 - INDEMNITY**

TVA hereby releases Distributor, its officials, agents, and employees from, and shall indemnify and save harmless Distributor, its officials, agents, and employees from, any and all claims, demands, or causes of action of any kind of character whatsoever arising out of or in any way connected with TVA's development of or performance under this agreement. However, TVA's release and indemnity obligations to Distributor under this

paragraph shall not apply unless such claims, demands, or causes of action are proximately caused by TVA's development, performance, or failure to perform any of its obligations under this agreement or by the negligence or other wrongful acts of TVA or its agents or employees.

Distributor hereby releases the United States of America, TVA, their officials, agents, and employees from, and shall indemnify and save harmless the United States of America, TVA, their officials, agents, and employees from, any and all claims, demands, or causes of action of any kind or character whatsoever arising out of or in any way connected with Distributor's performance under this agreement. However, Distributor's release and indemnity obligations to TVA under this paragraph shall not apply unless such claims, demands, or causes of action are proximately caused by Distributor's failure to perform any of its obligations under this agreement or by the negligence or other wrongful acts of Distributor or its agents or employees.

Either party shall, along with a request for indemnification or reimbursement for a claim submitted to the other party, provide the other party with the information, explanation, and documentation necessary for the other party to determine that the indemnification or reimbursement of the requesting party is appropriate pursuant to the provisions contained in this section.

#### SECTION 6 - RESTRICTION OF BENEFITS

No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise from it unless the agreement be made with a corporation for its general benefit. Distributor shall not offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 5 C.F.R. part 2635 (as amended, supplemented, or replaced). Breach of this provision shall constitute a material breach of this agreement.

#### SECTION 7 - TERM OF AGREEMENT

This agreement shall be effective as of the date first above written and shall continue in effect until all obligations of the parties have been fulfilled.

#### SECTION 8 - AFFIRMATION OF POWER CONTRACT

Except as expressly supplemented and amended by this agreement, the Power Contract shall be the continuing obligation of the parties.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized officers, as of the day and year first above written.

Attest:

Joe Murray  
Secretary

WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION

By Charles O. Hutton  
Chairman

TENNESSEE VALLEY AUTHORITY

By William C. Butts  
for Senior Vice President  
Customer Group

EGC PARTICIPATION AGREEMENT GUIDELINES

GUIDELINE 1 - DEFINITION OF TERMS

As used in these guidelines:

1.1 "Customer" shall mean a customer of Distributor purchasing power under one of the following rate schedules:

- (a) Standard Service Schedules GSA, GSB, GSC, or GSD, or
- (b) Time-of-Day Service Schedules TGSA, TGSB, TGSC, or TGSD;

except that "Customer" shall not be deemed to include customers taking service under the seasonal service provisions of schedules GSA or TGSA. (All references to a rate schedule in this Guideline 1.1 shall be deemed to refer to that schedule as modified, changed, replaced, or adjusted from time to time in accordance with the provisions of the Power Contract.)

1.2 "Power Supply Contract" shall mean a contract between Distributor and a Customer for the sale of power through a specific delivery point.

1.3 "Participation Agreement" shall mean an agreement entered into between Distributor and a Customer in accordance with Guideline 2 or Guideline 3 below.

1.4 Contract Demand

1.4.1 Standard Service. Under a Power Supply Contract with a Standard Service Schedule, "Contract Demand" shall mean the amount of firm power made available under that contract.

1.4.2 Time-of-Day Service. Under a Power Supply Contract with a Time-of-Day Service Schedule, "Contract Demand" shall mean the amount of firm power made available under that contract during onpeak periods.

1.5 Actual Firm Demand

1.5.1 Standard Service. Under a Power Supply Contract with a Standard Service Schedule, "Actual Firm Demand" shall mean an amount equal to the highest billing demand for firm power in any month computed under the Power Supply Contract but without regard to the exception language (Demand Ratchet) set out in the section headed "Determination of Demand" of that rate schedule.

1.5.2 Time-of-Day Service. Under a Power Supply Contract with a Time-of-Day Service Schedule, "Actual Firm Demand" shall mean an amount equal to the highest onpeak billing demand for firm power in any month computed under the Power Supply Contract but without regard to the exception language (Demand Ratchet) set out in the section headed "Determination of Demand" of that rate schedule.

1.6 "Base Amount" shall mean the highest Actual Firm Demand established at the Customer's delivery point during the 12-consecutive-month period immediately preceding the effective date of the Participation Agreement. (In the event that the necessary demand metering data is not available for any part of such a period, Distributor and TVA will jointly develop a reasonable approximation of the metered demands necessary to determine a particular Base Amount.)

1.7 "Total Metered Demand" shall mean the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the total load at the Customer's delivery point metered in kW.

1.8 "Total Metered Base Amount" shall mean the highest Total Metered Demand established during the 12-consecutive-month period immediately preceding the effective date of the Participation Agreement.

1.9 "SIC Customer" shall mean a Customer with a Contract Demand of at least 100 kW using power taken under a written Power Supply Contract to conduct activities which are classified with one of the following 2-digit Standard Industrial Classification (SIC) codes:

Division B: Mining 10 through 14, inclusive  
Division D: Manufacturing 20 through 39, inclusive  
Division E: 40 - Railroad Transportation  
42 - Motor Freight Transportation and  
Warehousing  
44 - Water Transportation  
45 - Transportation by Air

It is recognized that the above SIC codes have been selected to encourage new and expanded electrical loads in cases where the price of electricity has a particularly significant impact upon location, expansion, or fuel choice decisions. TVA may from time to time, by written notice to Distributor, modify the above listing of SIC codes when it deems it necessary to do so in order to better serve such purpose. In addition, in the event that TVA determines that a particular Customer is within the intended scope of the EGC Program but is excluded only because of the technical definition of an SIC code category, TVA and the Distributor may agree to consider that Customer to be an SIC Customer.

1.10 "All-Electric Customer" shall mean a Customer with a Contract Demand of at least 250 kW using power under a written Power Supply Contract where

(a) the Customer's space conditioning is accomplished solely by an all-electric heating, ventilating, and air conditioning system (HVAC System),

(b) at least fifty percent (50%) of the Customer's interior floor space at that location is heated and cooled by the all-electric HVAC System, and

(c) at least fifty percent (50%) of the rated electric load served under the Power Supply Contract is for interior lighting, cooking, and the HVAC System.

## GUIDELINE 2 - NEW CUSTOMERS

2.1 Qualification. An SIC Customer or an All-Electric Customer is eligible to enter into a Participation Agreement under 2.2 below if the Customer

(a) initiates operations at an entirely new facility through a new delivery point, or

(b) restarts an existing facility with no current Contract Demand which has been operationally shut down for a period of at least 12 consecutive months.

2.2 New Customer Participation Agreement. To participate in the EGC Program, a Customer qualifying under 2.1 above must enter into a Participation Agreement. The Participation Agreement shall:

(a) be in a form furnished or approved by TVA;

(b) include (i) a certification by the Customer showing that it qualifies under 2.1 above and (ii) a requirement that the Customer promptly notify Distributor of any change in any aspect of such qualifying status;

(c) provide for a monthly credit to the Customer for the time period and in the credit amount specified in Guideline 4.2 or 4.3 below for each kW of the Customer's Actual Firm Demand in the month (up to and including the kW amount of the Contract Demand); provided, however, to receive a credit in any month

(i) an SIC Customer must establish an Actual Firm Demand of at least 100 kW in that month, and

(ii) an All-Electric Customer must establish an Actual Firm Demand of at least 250 kW in that month;

(d) provide that a Customer billed under part 2 of the section of schedule GSA or TGSA entitled "Base Charges" shall not receive a credit in any month which exceeds fifty percent (50%) of the amount of the charges billed to the Customer under that section; and

(e) provide for the automatic termination of the Participation Agreement if the Customer (i) does not qualify for a credit under (c), and where applicable (d), above within 12 months of the effective date of the Participation Agreement or (ii) ceases at any time to qualify for participation in the EGC Program under 2.1 above.

GUIDELINE 3 - EXPANSION CUSTOMER

3.1 Qualification

3.1.1 SIC Customer. An SIC Customer is eligible to enter into a Participation Agreement under 3.2 below if the Customer

(a) initiates an expansion of its facilities served through an existing delivery point, and

(b) on or before the effective date of the Participation Agreement, enters into a written Power Supply Contract specifying a Contract Demand which is at least 100 kW greater than the Base Amount applicable for that Customer.

3.1.2 All-Electric Customer. An All-Electric Customer is eligible to enter into a Participation Agreement under 3.2 below if the Customer

(a) initiates an expansion of its facilities served through an existing delivery point, and

(b) on or before the effective date of the Participation Agreement, enters into a written Power Supply Contract specifying a Contract Demand which is at least 250 kW greater than the Base Amount applicable for that Customer.

3.1.3 Other Qualified Customer. A Customer is eligible to enter into a Participation Agreement under 3.2 below if the Customer

(a) initiates an expansion of its facilities (served through an existing delivery point) where it adds at least 250 kW in load for the purpose(s) of all-electric space conditioning, all-electric water conditioning, and/or all-electric cooking, and

(b) on or before the effective date of the Participation Agreement, enters into a written Power Supply Contract specifying a Contract Demand which is at least 250 kW greater than the Base Amount applicable for that Customer.

3.2 Expansion Customer Participation Agreement. To participate in the EGC Program, a Customer qualifying under 3.1 above must enter into a Participation Agreement. The Participation Agreement shall:

(a) be in a form furnished or approved by TVA;

(b) include (i) a certification by the Customer showing that it qualifies under 3.1 above and (ii) a requirement that the Customer promptly notify Distributor of any change in any aspect of such qualifying status;



(c) provide for a monthly credit to the Customer for the time period and in the amount specified in Guideline 4.2 or 4.3 below for each kW by which the Customer's Actual Firm Demand (up to and including the kW amount of the Contract Demand) in the month exceeds the applicable Base Amount; provided, however, that

(i) for an SIC Customer, no credit shall be applicable unless such Actual Firm Demand exceeds the Base Amount by at least 100 kW, and

(ii) for an All-Electric Customer, or a Customer that qualifies under 3.1.3 above, no credit shall be applicable unless such Actual Firm Demand exceeds the Base Amount by at least 250 kW;

(d) provide that a Customer billed under part 2 of the section of schedule GSA or TGSA entitled "Base Charges" shall not receive a credit in any month which exceeds fifty percent (50%) of the amount of the charges billed to the Customer under that section;

(e) provide that where any type of power other than firm power was available at the Customer's delivery point at any time during the period used to calculate the applicable Base Amount

(i) for an SIC Customer no credit shall be applicable in any month unless the highest Total Metered Demand (up to and including the kW amount of the amount of power available) in that month exceeds the Total Metered Base Amount by at least 100 kW,

(ii) for an All-Electric Customer, or a Customer that qualifies under 3.1.3 above, no credit shall be applicable in any month unless the highest Total Metered Demand (up to and including the kW amount of the total amount of power available) in that month exceeds the Total Metered Base Amount by at least 250 kW, and

(iii) the kW amount eligible for a credit will be the lesser of the kW amount calculated under (c) above or the kW amount by which the highest Total Metered Demand (up to and including the kW amount of the total amount of power available) in the month exceeds the Total Metered Base Amount; and

(f) provide for the automatic termination of the Participation Agreement if (i) the Customer does not qualify for a credit under (c), and where applicable (d) and (e), above within 12 months of the effective date of the Participation Agreement or (ii) ceases at any time to qualify for participation in the EGC Program under 3.1 above.

#### GUIDELINE 4 - CREDITS

4.1 Credit Method. Distributor shall make available to each Customer that qualifies for participation in the Program one of the two credit

options set forth in 4.2 and 4.3 below and shall specify in the Participation Agreement with such Customer the credit option so selected.

4.2 Declining 6 Year Credit Option. If this credit option is selected, Distributor shall apply the following schedule of credit amounts in calculating the credits to be applied under a Participation Agreement. Such credits will be applied for a 6-year period beginning with the first month in which the Customer qualifies for a credit under 2.2(c) or 3.2(c) above.

\$6.00 per kW for the first 12-consecutive-month period.

\$5.00 per kW for the second 12-consecutive-month period.

\$4.00 per kW for the third 12-consecutive-month period.

\$3.00 per kW for the fourth 12-consecutive-month period.

\$2.00 per kW for the fifth 12-consecutive-month period.

\$1.00 per kW for the sixth 12-consecutive-month period.

4.3 Flat 3 Year Credit Option. If this credit option is selected, Distributor will apply a credit amount of \$6.00 per kW in calculating the credits to be applied under a Participation Agreement. Such credits will be applied for a 3-year period beginning with the first month in which the Customer qualifies for a credit under 2.2(c) or 3.2(c) above.

#### GUIDELINE 5 - EXPANSION DURING GROWTH CREDIT PARTICIPATION

It is recognized that a Customer receiving credits under the EGC Program or under the initial Growth Credit Program may subsequently expand its facilities in a manner which would qualify the Customer for additional credits under Guideline 3.1 above. In such event, the Customer may enter into a Participation Agreement (Additional Credit Agreement) to cover credits for the expanded load except that

(a) a Customer shall not be eligible to enter into such an Additional Credit Agreement within the 12-month period immediately following the month in which the Customer begins to receive credits under any Participation Agreement, and

(b) the Additional Credit Agreement shall provide that any kW amount of Actual Firm Demand for which the Customer receives a credit under the Additional Credit Agreement shall not be counted for purposes of determining the credit applicable under any previous Growth Credit or EGC agreements which are still effective.

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AGREEMENT  
Between  
WARREN RURAL ELECTRIC COOPERATIVE CORPORATION  
And  
TENNESSEE VALLEY AUTHORITY

DATE: January 3, 1996

TV-59578A, Supp. No. 47

THIS AGREEMENT, made and entered into between TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act), and WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky;

W I T N E S S E T H:

WHEREAS, TVA and Distributor have entered into a contract dated May 7, 1982, as amended (Power Contract), under which electric power and energy are supplied by TVA at wholesale and purchased by Distributor for resale; and

WHEREAS, the parties wish to amend the provisions of the Power Contract relative to its transfer or assignment;

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements set forth below, and subject to the Tennessee Valley Authority Act of 1933, as amended, the parties mutually agree as follows:

SECTION 1 - POWER CONTRACT AMENDED

Section 12 of the Power Contract is entirely deleted, and the following language is substituted for it:

12. Transfer of Contract. Neither this contract nor any interest herein shall be transferable or assignable by either party without the consent of the other party.

SECTION 2 - TERM

This agreement shall become effective as of the date first above written and shall continue in effect for the term of the Power Contract.

SECTION 3 - POWER CONTRACT AFFIRMED

The Power Contract, as supplemented and amended by this agreement, is ratified and confirmed as the continuing obligation of the parties.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized officers, as of the day and year first above written.

Attest:

WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION

James L. Good  
Secretary

By

Kenneth Robbins  
Chairman

TENNESSEE VALLEY AUTHORITY

By

R. H. Goodson Jr.  
Senior Vice President  
Customer Group

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NEW DELIVERY POINT AGREEMENT  
Between  
WARREN RURAL ELECTRIC COOPERATIVE CORPORATION  
And  
TENNESSEE VALLEY AUTHORITY

DATE: 7-29-96

TV-59578A, Supp. 49

THIS AGREEMENT, made and entered into between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended;

W I T N E S S E T H:

WHEREAS, Distributor purchases power at specified delivery points from TVA for resale under Power Contract TV-59578A, dated May 7, 1982, as amended (Power Contract); and

WHEREAS, Distributor is building the Bristow 161-kV Substation (New Substation) near Bristow, Kentucky; and

WHEREAS, the parties wish to amend the Power Contract to add a new delivery point at the New Substation with a target in-service date of July 1, 1996;

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements set forth below, and subject to the Tennessee Valley Authority Act of 1933, as amended, the parties mutually agree as follows:

**SECTION 1 - CONSTRUCTION BY DISTRIBUTOR**

Distributor shall at its expense:

- (a) provide the New Substation and
- (b) perform all work on its distribution system necessary to enable it to take power and energy at the New Substation on or as soon as practicable after the date the New Substation is completed.

**SECTION 2 - CONSTRUCTION BY TVA**

TVA shall at its expense connect its existing tap point in its East Bowling Green-Summer Shade 161-kV Line to the New Substation.

**SECTION 3 - AMENDMENT TO POWER CONTRACT**

Effective as of the date on which Distributor first takes power at the New Substation, section 3 of the Power Contract is amended by adding to the respective columns of the tabulation set out in that section the following:

<u>Delivery Point</u>	<u>Normal Wholesale Delivery Voltage</u>
161-kV side of the Bristow 161-kV Substation	161 kV

**SECTION 4 - INCORPORATION OF TERMS AND CONDITIONS**

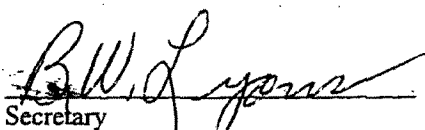
The attached Terms and Conditions are made a part of this agreement. In the event of any conflict between the body of this agreement and the Terms and Conditions, the former shall control.

**SECTION 5 - METERING**

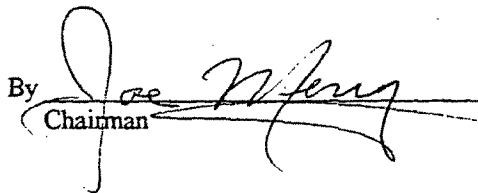
TVA and Distributor will cooperate in providing a 13-kV revenue metering installation at the New Substation in accordance with the Terms and Conditions.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized officers, as of the day and year first above written.

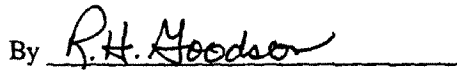
Attest:

  
Secretary

WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION

By   
Chairman

TENNESSEE VALLEY AUTHORITY

By   
General Manager  
Business Development  
Customer Group

**TERMS AND CONDITIONS**  
(New Delivery Point)

**SECTION 1 - COORDINATION**

1.1 Objectives of Coordination. The parties agree that it is necessary to coordinate their efforts under this agreement to ensure that the following objectives are met: (a) timely and efficient completion of construction and connection of the New Substation to the TVA system, (b) timely and efficient completion of the metering installation, (c) the safe, reliable, and efficient operation of TVA's facilities, and (d) prevention of any undue hazards to TVA's facilities and operations. Each party will use reasonable diligence in carrying out its responsibilities under this agreement and will notify the other of any significant changes in schedule.

1.2 New Substation Plans and Specifications. Distributor shall consult with TVA in designing the New Substation and shall use plans and specifications that TVA concurs will ensure consistency with objectives (c) and (d) in subsection 1.1 above. Distributor will design, construct, operate, and maintain the New Substation in accordance with good, modern practices and procedures.

1.3 New Substation Protective Scheme. Distributor shall also consult with TVA in planning for the installation, operation, testing, calibration, and maintenance of the protective scheme for the New Substation. Distributor agrees not to install, operate, or maintain any protective devices without TVA's concurrence that objectives (c) and (d) in subsection 1.1 above will be fully met.

1.4 TVA Review. Any review by TVA of Distributor's plans provided for in this agreement should not be considered an endorsement that they are adequate for Distributor's purposes. TVA will not unreasonably withhold its concurrence following any such review.

1.5 Metering. TVA and Distributor will coordinate their work under section 2 below to the extent necessary and practicable.

**SECTION 2 - METERING**

2.1 TVA's Installation Work. TVA at its expense shall provide and install the revenue meter, meter cabinet, and related items necessary to determine the power and energy taken by Distributor at the New Substation. This metering installation will be at a mutually satisfactory location in the New Substation.

2.2 Distributor's Installation Work.

2.2.1 Current and Voltage Transformers. Distributor shall, at its expense and in accordance with plans and specifications furnished or approved by TVA, install the metering current and voltage transformers (furnished by TVA). This will be done on the source side of any station service transformers and voltage correction equipment.

2.2.2 Miscellaneous Facilities. Distributor shall install all other facilities required for the metering installation, including the foundation (if necessary) for TVA's meter cabinet, the primary connections from the metering transformers to Distributor's facilities and the conduit (together with any required test boxes) and cable extending from the metering transformer secondaries to the meter cabinet. Distributor will furnish the supplies and materials needed under this subsection 2.2.2, except that TVA will furnish the cable and test boxes.

*TVA*  
*Flag OTEllis*  
*Warner RECC*  
*RHG/TVA*

2.3 Remote Access to Metering Installation.

2.3.1 Installation of Circuit. For TVA's metering purposes, Distributor shall provide and install (or have installed) a telephone circuit (Circuit) and, if needed, protective conduit extending from TVA's revenue meter to a location specified by TVA. The installation shall be in accordance with guidelines and specifications furnished or approved by TVA. Distributor shall install and then operate and maintain the Circuit (and any such conduit) at its expense. TVA will connect the Circuit to the revenue meter.

*O.K. Flag OTEllis*  
*Warner RECC*  
*RHG/TVA*

~~2.3.2 Distributor Access to Meter Data. TVA agrees to allow Distributor (a) remote access to TVA's metering data through the Circuit and (b) access to the metering information available from the readout display of the revenue meter. Use of the Circuit and access to the readout display will be coordinated between TVA's and Distributor's operating representatives to ensure unrestricted telephone access by TVA for data retrieval purposes during such periods as specified by TVA.~~

*O.K. Flag OTEllis*  
*Warner RECC*  
*RHG/TVA*

~~2.3.3 Remote Access Equipment. It is recognized that Distributor will need equipment not provided by TVA in order to obtain metering data by remote telephone access. If requested, TVA will assist Distributor in selecting such equipment, but acquisition of the equipment shall be the sole responsibility of Distributor.~~

2.4 Control of Metering Installation. Except as specifically provided otherwise in this agreement (or as agreed otherwise by TVA), the metering installation shall be for TVA's exclusive use and control. It may be used by TVA separately or in conjunction with any other metering facilities of TVA. TVA will place its seals on the revenue meter and metering facilities in the metering installation, and Distributor shall assure that those seals are not broken except at TVA's request.

2.5 Maintenance of Metering Installation.

2.5.1 TVA's Responsibilities. TVA at its expense shall test, calibrate, operate, maintain, and replace the portion of the metering installation provided and installed by TVA.

2.5.2 Distributor's Responsibilities. As requested by TVA from time to time, Distributor at its expense shall perform necessary maintenance (including making of replacements) of the remaining portion of the metering installation. In doing this work Distributor shall furnish the necessary materials, except that TVA shall furnish for installation by Distributor any replacements required for the current and voltage transformers, metering cable, and test boxes.



### **SECTION 3 - METERING OUTPUTS**

3.1 Access to Outputs. Distributor may desire access to metering outputs from the metering installation for such purposes as monitoring and load control, and TVA is willing to make such access available at no charge. Accordingly, Distributor may, at such time as it deems appropriate, provide and install at its expense such additional facilities as are necessary for obtaining access to metering outputs. This includes provision and installation of cable to be connected by TVA to a terminal block in TVA's meter cabinet. Distributor shall also furnish and install any protective facilities requested by TVA for the protection of TVA's metering installation.

3.2 Approval of Facilities. Distributor shall keep TVA informed as to Distributor's plans for installation of any such additional facilities to the extent necessary and practicable. Distributor shall neither install any facilities which are to be connected to the metering installation nor, once installed, change them without prior written notification from TVA that such installation or change is satisfactory to TVA insofar as required for the safe and efficient operation of the metering installation.

3.3 Noninterference With Metering. In exercising access to metering outputs, Distributor shall not interfere with any operation, use of, or access to the metering installation by TVA. In this regard Distributor agrees to immediately modify its facilities and operations, in any manner requested by TVA, to avoid any such interference.

3.4 No Warranty of Outputs. TVA makes no statement, representation, claim, guarantee, assurance, or warranty of any kind whatsoever, including, but not limited to, representations or warranties, express or implied, (a) as to the accuracy or completeness of the metering outputs or as to such outputs' merchantability or fitness for any purposes for which Distributor uses or will use them or (b) as to quantity, kind, character,

quality, capacity, design, performance, compliance with specifications, condition, size, description of any property, merchantability, or fitness for any use or purpose of any facilities through which the metering outputs are supplied. Distributor hereby waives, and releases the United States of America, TVA, and their agents and employees from, any and all claims, demands, or causes of action, including, without limitation, those for consequential damages, arising out of or in any way connected with Distributor's use of the metering outputs.

3.5 Termination of Arrangements. The arrangements set out under this section 3, may be terminated by TVA or Distributor at any time upon at least 120 days' written notice. As soon as practicable following the effective date of such termination, TVA will disconnect the cable from the metering installation.

### **SECTION 4 - ADJUSTMENT OF METERED AMOUNTS**

If the metering installation at the New Substation is not at the point of delivery specified in the Power Contract, the metered amounts of power and energy shall be appropriately adjusted to reflect losses (and non-metered station service or equipment use, if any)

between the point of delivery and the metering installation. Distributor shall from time to time furnish TVA with the loss data for Distributor's facilities needed to allow TVA to make such adjustments.

#### **SECTION 5 - RIGHTS OF ACCESS**

Distributor hereby grants to TVA such rights to use Distributor's property as are reasonably necessary or desirable to enable TVA to carry out its responsibilities under this agreement. These rights include installation, operation, maintenance, replacement, removal, and inspection of TVA's electrical facilities and equipment (including metering equipment) installed in connection with service to Distributor.

#### **SECTION 6 - POWER REQUIREMENTS**

Distributor shall at its expense provide the battery and station service power requirements for TVA's facilities and equipment (including metering equipment) installed at the New Substation.

#### **SECTION 7 - TERM OF AGREEMENT**

Except as otherwise provided, this agreement shall become effective as of the date of the agreement and shall continue in effect for the term of the Power Contract or any renewal, extension, or replacement of it.

#### **SECTION 8 - AFFIRMATION OF POWER CONTRACT**

Except as expressly supplemented and amended by this agreement, the Power Contract shall be the continuing obligation of the parties.

#### **SECTION 9 - RESTRICTION OF BENEFITS**

No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise from it unless the agreement be made with a corporation for its general benefit. Distributor shall not offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 5 C.F.R. part 2635 (as amended, supplemented, or replaced). Breach of this provision shall constitute a material breach of this agreement.



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Tennessee Valley Authority, Post Office Box 20260, Bowling Green, Kentucky 42102-6260

September 23, 1996

Floyd H. Ellis, President  
Warren RECC  
Post Office Box 1118  
Bowling Green, KY 42102-1118

Dear Mr. Ellis:

This references our discussions concerning the acquisition by Warren Rural Electric Cooperative Corporation (WRECC) of TVA's pending Bristow 161-RV Switching Station for use as a 161-kV Delivery Point to supply load from WRECC's Bristow 161-kV Substation.

We understand that, pending our development of the necessary conveyance instrument, WRECC has an urgent need to perform necessary modifications to incorporate the substation into WRECC's distribution system. We have no objection to such request as long as WRECC will indemnify and save harmless TVA from any claims, demands, or causes of action arising out of or in any way connected with any work or activities performed by WRECC under this permission. This permission may be revoked by TVA at any time by written notice if the provisions of this letter are not met.

If this letter properly states our understandings, please so indicate by signing in the space provided below for each of the four duplicates enclosed. Please return two signed duplicates to us and retain one for your files.

Sincerely,

Mark C. Shults  
Customer Service Manager  
Kentucky Customer Service Center

Enclosures

Accepted and agreed to as of  
the 3 day of Oct, 1996

WARREN RURAL ELECTRIC COOPERATIVE CORPORATION  
By Floyd H. Ellis  
President

**AGREEMENT**  
**Between**  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**And**  
**TENNESSEE VALLEY AUTHORITY**

DATE: October 1, 1997

TV-59578A, Supp. No. 54

THIS AGREEMENT, made and entered into between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky, and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended;

**W I T N E S S E T H:**

WHEREAS, TVA and Distributor have entered into a contract dated May 7, 1982, as amended (Power Contract), under which Distributor purchases its entire requirements for electric power and energy from TVA for resale; and

WHEREAS, the parties wish to amend the provisions of the Power Contract relative to its term;

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements set forth below, and subject to the Tennessee Valley Authority Act of 1933, as amended, the parties mutually agree as follows:

**SECTION 1 - EFFECTIVE DATE**

This agreement shall become effective as of the date first above written (Effective Date) and shall continue for the term of the Power Contract.

**SECTION 2 - POWER CONTRACT AMENDED**

From and after the Effective Date of this agreement, the second sentence of the section of the Power Contract entitled "Term of Contract" is hereby amended in the respects necessary to provide that the Power Contract may be terminated by either TVA or Distributor at any time upon not less than 5 years' prior written notice.

**SECTION 3 - NOTICE OF POWER CONTRACT TERMINATION**

Notwithstanding the provisions of the section of the Power Contract entitled "Term of Contract" (as amended by section 2 of this agreement), neither TVA nor Distributor shall exercise its right to give notice of termination under that section before the date occurring five years after the Effective Date of this agreement.

#### **SECTION 4 - COST RECOVERY**

- (a) It is recognized that in providing service to Distributor, TVA has made investments, thereby incurring fixed costs, in generation, transformation, and transmission facilities. In consideration of the agreements set out in sections 2 and 3 above, TVA fully releases and discharges all claims against Distributor for the recovery of those fixed costs to the extent they are not recovered through payment of charges billed for service during the term of the Power Contract. Without limiting the foregoing release and discharge, TVA represents and covenants that, following the termination of the Power Contract in accordance with the notice provisions set out in the Power Contract and in this agreement, TVA will neither charge nor impose upon Distributor (or any retail customer of Distributor) charges for unrecovered fixed costs (commonly referred to as "stranded investment"), whether such charges are denominated as exit fees, wire surcharges, transmission surcharges, or terms having similar effect, nor shall such costs be otherwise assigned by TVA to Distributor or any retail customer of Distributor; provided, however, that with respect to any retail customer of Distributor, the provisions of this sentence are expressly made subject to the provisions of (c) below. Accordingly, nothing in this agreement shall be construed to relieve any retail customer of Distributor of any obligation to Distributor or TVA for unrecovered investment in the event that retail open access occurs in Distributor's service area and the retail customer of Distributor discontinues the retail purchase of power and energy from Distributor. It is further understood and agreed that nothing in this agreement shall be construed to (i) relieve Distributor from the obligation to pay all invoices submitted by TVA in accordance with the terms of the Power Contract for power, energy, property, materials or services furnished to Distributor during the term of the Power Contract, or (ii) relieve Distributor from paying the agreed-upon price for any power, energy, property, materials or services (including, but not limited to, transmission service) that TVA may furnish to Distributor after the termination of the Power Contract.
- (b) Notwithstanding any provision of (a) above, there shall be no discharge or release of any claim for any investment made in connection with additions to or changes in facilities as provided under the last sentence of the section of the Power contract entitled Term of Contract (as amended by section 2 above).
- (c) It is further understood and agreed that if retail open access occurs in Distributor's service area, TVA and Distributor will work together to (i) identify the amount of unrecovered investment by Distributor and TVA in generation, transformation, transmission, and distribution facilities and (ii) collect such amounts from departing retail customers of Distributor or the successor power supplier of the departing retail customer to the extent allowed by law. It is expressly understood and agreed that neither TVA nor Distributor by this agreement releases or discharges any claim that either may have against any retail customer of Distributor or of TVA for any such amounts.
- (d) For the purposes of this section 4, the words "retail customer of Distributor" shall mean a person or entity who purchases from Distributor electric power and energy that Distributor has purchased from a wholesale supplier and which Distributor in turn sells at retail to such person or entity connected to its distribution lines.

**SECTION 5 - FUTURE ADJUSTMENTS AND CHANGES IN RATES AND CHARGES**

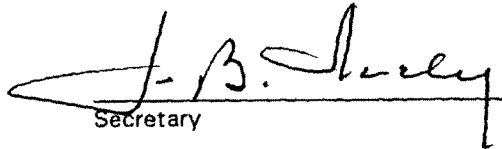
In evaluating whether there is any need for future rate increases to recover its fixed costs, TVA will (a) abide by the requirements of the TVA Act, including particularly section 15d(f), having due regard for the primary objectives of the Act, including the objective now set out in that section that power shall be sold at rates as low as are feasible and (b) meet all tests and comply with the provisions of TVA's bond resolutions (as from time to time adopted and amended) in such a manner as to assure TVA's ability to continue to finance and operate its power program at the lowest feasible cost.

**SECTION 6 - POWER CONTRACT AFFIRMED**


The Power Contract, as supplemented and amended by this agreement, is ratified and confirmed as the continuing obligation of the parties.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized officers, as of the day and year first above written.

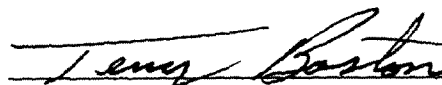
Attest:

  
Secretary

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By   
Vice Chairman

**TENNESSEE VALLEY AUTHORITY**

By   
Manager, Pricing  
Customer Service and Marketing

**AGREEMENT**  
Between  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**  
And  
**TENNESSEE VALLEY AUTHORITY**

DATE: October 1, 1997

TV-59578A, Supp No. 55

THIS AGREEMENT, made and entered by and between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky, and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act);

W I T N E S S E I H:

WHEREAS, TVA and Distributor have entered into a contract dated May 7, 1982, as amended (Power Contract), under which Distributor purchases its entire requirements for electric power and energy from TVA for resale; and

WHEREAS, under an agreement dated June 1, 1994 (LMBC Agreement), TVA and Distributor have been participating in a Large Manufacturer Bill Credit Program (LMBC Program) to encourage the fuller and better balanced development of the resources of the region by the application of credits against the electric bills of manufacturing industries with demands greater than 5,000 kW; and

WHEREAS, in connection with TVA's publishing of the October 1997 Adjustment Addendum, the LMBC Program is being expanded to provide for the application of additional credits to the electric bills of manufacturing industries with demands greater than 1,000 kW to offset the adjustment amounts specified in that Adjustment Addendum; and

WHEREAS, the parties wish to supplement the LMBC Agreement and the Power Contract in the respects necessary to provide for the application of these additional credits;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained and subject to the provisions of the TVA Act, the parties agree as follows:

**SECTION 1 - EXPANDED CREDITS**

TVA and Distributor agree to participate in an expanded program under which certain credits (Expanded Credits) will be applied to the bills of manufacturing customers with loads greater than 1,000 kW. Accordingly, the LMBC Agreement is hereby supplemented and amended by inserting the following new section 1a (between sections 1 and 2) and the following new section 3a (between sections 3 and 4) to provide for the application of such Expanded Credits:

1a. Identification of Expanded Eligible Accounts. An Expanded Eligible Account shall be a billing account for a delivery point serving any general power

customer of Distributor (a) which is served under Part 3 of either Schedule GSA or Time-of-Day Schedule TGSA or under Schedules GSB, GSC, GSD or Time-of-Day Schedules TGSB, TGSC, or TGSD and (b) where the activities conducted are classified with a 2-digit Standard Industrial Classification code between 20 and 39, inclusive. The provisions of this agreement (except for those in sections 1 and 3) applicable to Eligible Accounts shall also apply to Expanded Eligible Accounts.

Distributor shall identify to TVA its customer accounts that it believes meet the eligibility requirements for participation in the expanded Program. In the event that a particular customer account is not clearly eligible, TVA shall make the eligibility determination.

3a. Allowance of Expanded Credit. Notwithstanding anything in the Power Contract (including the Schedule of Rates and Charges and the October 1997 Adjustment Addendum (Adjustment Addendum)) that may be construed to the contrary, beginning with Distributor's October 1997 revenue month (as that term is defined in Wholesale Power Rate--Schedule WS of the Schedule of Rates and Charges), Distributor shall apply a credit against the electric bill of each Expanded Eligible Account as provided below. Allowance of the Expanded Credits shall continue until implementation of the next Rate Change as provided for in the section of the Power Contract's Schedule of Terms and Conditions headed "Adjustment and Change of Wholesale Rate and Resale Rates." Distributor may, at its option, provide monthly credit amounts as a direct cash payment.

(a) Application of Credit. The dollar amount of the Expanded Credit shall be equal to (i) the amount of the kW and kWh increases set out in the column of the Adjustment Addendum entitled "Resale Schedules" for the General Power Rate Schedule applicable to each Expanded Eligible Account multiplied by (ii) the respective kW components of firm billing demand and kWh components of firm energy determined for the customer's monthly bill; provided, however, that no Expanded Credit shall be applied in any month in which the customer's measured demand for that account does not exceed 1,000 kW. For purposes of so determining measured demand:

(A) if the customer is served under Part 3 of either Schedule GSA or Time-of-Day Schedule TGSA, the term "measured demand" shall be deemed to refer to the highest average during any 30-consecutive-minute period of the month of the higher of the load measured in kW or 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA; or

(B) if the customer is served under any other general power rate schedule, the term "measured demand" shall be deemed to refer to the highest average during any 30-consecutive-minute period of the month of the load measured in kW.

(b) Application of Other Credits. The customer's bill shall be reduced by the amount of the Expanded Credit prior to the application of any credit amounts provided for under section 3 of this agreement, and any credits applicable under the Growth Credit Program, or any comparable program, for which the customer may be eligible.



**SECTION 2 - TERM**

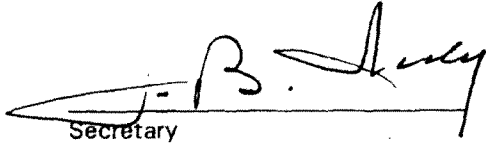
This agreement shall become effective with Distributor's October 1997 revenue month, and shall continue in effect for the term of the LMBC Agreement.

**SECTION 3 - RATIFICATION OF CONTRACTS**

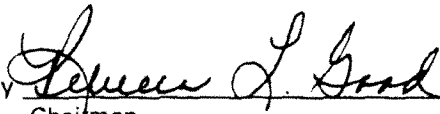
The Power Contract and the LMBC Agreement, as supplemented and amended by this agreement, are ratified and confirmed as the continuing obligations of the parties.

IN WITNESS WHEREOF, the parties to this agreement have caused it to be executed by their duly authorized officers, as of the day and year first above written.

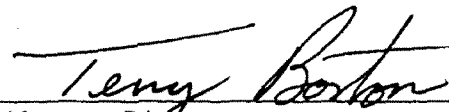
Attest:

  
Secretary

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By   
Chairman

**TENNESSEE VALLEY AUTHORITY**

By   
Manager, Pricing  
Customer Service and Marketing

**SOLAR POWER WHOLESALE AGREEMENT**  
**Between**  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION,**  
**And**  
**TENNESSEE VALLEY AUTHORITY**

Date: June 7, 2001

Contract No. TV-59578A, Supp. No. 62

THIS AGREEMENT, made and entered into between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky; and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act);

WITNESSETH:

WHEREAS, Distributor and TVA heretofore have entered into a contract numbered TV-59578A and dated May 7, 1982, as amended (Power Contract), under which Distributor purchases its entire requirements for electric power and energy from TVA for resale; and

WHEREAS, the TVA Act provides that among TVA's objectives shall be those of promoting the wider and better use of electric power and cooperating in the application of electric power to the fuller and better balanced development of the resources of the region; and

WHEREAS, TVA wishes to test, evaluate, and demonstrate the capabilities and efficiencies of solar-generated electric power and energy by installing and operating a solar generation facility (Solar Facility) within Distributor's service area; and

WHEREAS, Distributor owns and operates an electrical distribution system and is willing to provide a point of connection (Connection) to Distributor's system for the power and energy generated by the Solar Facility; and

WHEREAS, Distributor and TVA wish to agree upon the terms and conditions for the supply of power and energy generated by the Solar Facility, including appropriate adjustments to Distributor's wholesale bill;

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements set forth below, and subject to the provisions of the TVA Act, the parties mutually agree as follows:

## **SECTION 1 - TERM OF AGREEMENT**

This agreement shall become effective as of the date first written above and shall terminate with any termination or expiration of the Power Contract.

## **SECTION 2 - LOCATION OF SOLAR FACILITY**

This agreement applies to the Solar Facility installed at the Lovers Lane Soccer Complex, Bowling Green, Kentucky, (Complex), which is located in Distributor's service area.

## **SECTION 3 - CONNECTION AND OPERATION OF SOLAR FACILITY**

3.1 Connection of Facility. Distributor shall perform the work necessary to connect the Solar Facility to Distributor's distribution system at Distributor's existing 480 volt transformer located behind the Concession Building at the Complex.

3.2 Costs of Connection. Within sixty (60) days after execution of this agreement, Distributor shall submit an itemized invoice to TVA for the labor and material cost incurred by Distributor in connecting the Solar Facility to Distributor's system. TVA shall reimburse Distributor (in an amount not to exceed \$1,000) for such costs within thirty (30) days after receipt of Distributor's invoice.

3.3 Connection Monitoring, Maintenance, and Repair. During the term of this agreement, Distributor shall monitor the Connection and shall notify TVA when maintenance or repair may be necessary for the continued safe and efficient operation of the Connection. After obtaining TVA's approval and cost authorization, Distributor shall perform any maintenance or repair the parties deem necessary for the Connection. Distributor shall submit an itemized invoice within sixty (60) days after performing such work, and TVA shall reimburse Distributor for such costs within thirty (30) days after receipt of Distributor's invoice.

3.4 Utility Practice. Distributor and TVA shall perform their activities in furtherance of this agreement consistent with good utility practice.

3.5 TVA Operation of Generation. TVA shall have the exclusive right at all times to operate the Solar Facility and shall own all electrical output of the Solar Facility. The provisions of this subsection 3.5 shall survive any expiration or termination of this agreement.

## **SECTION 4 - METERING**

4.1 TVA's Installation Work. TVA, at its expense, provided and installed a meter (Meter) and related items necessary to determine the power and energy supplied to Distributor at the Solar Facility (Metering Installation). The Metering Installation is located within the AC Combiner Box identified in the appendices to the party's Solar Project Agreement, dated June 7, 2001, and identified on TVA's records as Contract No. 01PCG-272207.

4.2 Remote Access to Metering Installation. TVA, at its expense and for its exclusive use, provided a telephone circuit and connected it to the Meter to remotely access the data output from the Metering Installation.

4.3 Distributor Access to Meter Data. Distributor may have access to the metering information available from the readout display of the Meter. TVA's and Distributor's operating representatives will coordinate access to the readout display.

4.4 Control of Metering Installation. Except as specifically provided otherwise in this agreement (or as agreed otherwise by TVA), the Metering Installation shall be for TVA's exclusive use and control. It may be used by TVA separately or in conjunction with any other metering facilities of TVA. TVA has placed its seals on the Meter and metering facilities in the Metering Installation, and Distributor shall assure that those seals are not broken except at TVA's request.

4.5 Maintenance of Metering Installation. TVA at its expense shall test, calibrate, operate, maintain, and replace the Metering Installation.

#### **SECTION 5 - REVIEW**

Any plans, specifications, requirements, guidelines, or coordination, and any review or approvals, provided by TVA under this agreement are only for TVA's purposes and are not to be considered a confirmation or endorsement that they are adequate for Distributor's purposes. TVA's purposes include helping to assure (a) the safe and efficient operation of TVA's facilities and (b) that the arrangements under this agreement do not cause undue hazards to TVA's facilities and operations.

#### **SECTION 6 - RIGHTS OF ACCESS**

Distributor hereby grants to TVA such rights to use Distributor's property as are reasonably necessary or desirable to enable TVA to carry out its responsibilities under this agreement. These rights include installation, operation, maintenance, replacement, removal, and inspection of TVA's electrical facilities and equipment (including metering equipment) installed in connection with this agreement.

#### **SECTION 7 - WHOLESALE BILLING**

Notwithstanding provisions of the Power Contract that may be interpreted to the contrary, beginning with the June 2001 wholesale billing month and ending with expiration or termination of this agreement, the amounts of power and energy delivered by TVA to Distributor at the East Bowling Green 161-kV Substation as provided under the Power Contract will be adjusted by adding the amounts of power and energy produced by and metered at the Solar Facility.

**SECTION 8 - ADDITIONAL TERMS AND CONDITIONS**

8.1 No Delivery Point. The Connection of the Solar Facility to Distributor's system is not a delivery point under the Power Contract.

8.2 Unrecovered Costs. The parties recognize and agree that any investments made or fixed costs incurred by TVA in the development and installation of the Solar Facility were not incurred on behalf of or for the benefit of Distributor. Distributor therefore will not be responsible for or obligated to pay to TVA any such costs that remain unrecovered upon the termination or expiration of the Power Contract.

IN WITNESS WHEREOF, the parties to this agreement have caused it to be executed by their duly authorized representatives, as of the day and year first above written.

ATTEST:

By Nancy J. Huffman  
Secretary

Date: 6-26-01

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By General Hayes  
President and CEO

Date: 6-26-01

**TENNESSEE VALLEY AUTHORITY**

By Cynthia L. Heron  
Manager, Contracts and Pricing  
Customer Service and Marketing

Date: 7-18-01

Tennessee Valley Authority, Post Office Box 292409, Nashville, Tennessee 37229-2409

James D. Keiffer  
Senior Vice President  
Marketing

July 10, 2007

Mr. Gerald W. Hayes, President  
Warren Rural Electric  
Cooperative Corporation  
Post Office Box 1118  
Bowling Green, Kentucky 42102

Dear Mr. Hayes:

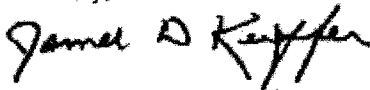
In light of your reinstated participation, effective January 10, 2007, in the Enhanced Security Deposit Program (ESDP), this letter is to advise you of some minor revisions that are reflected in the enclosed guidelines and forms. These revisions are consistent with the Program Agreement and include the following:

- Exhibit A - Credit Application and Nomination Form
- Exhibit B - Uncollectable Account Form reflects TVA Risk Management's address change.
- Program Guidelines (Revised July 2005) have been modified to reflect the insurance carrier's new name, Coface North America, Inc., and change of address.
- Collection Procedures (Revised July 2005) include clarifying language to ensure the process works effectively and efficiently when a delinquency occurs. The original Collection Procedures dated November 2001 is replaced by the enclosed Collection Procedures dated July 2005, in accordance with section 2.12 of the Program Agreement.

Please note that conditions for submitting an "Uncollectable Account Form" are detailed in Section 5.4 of the Program Agreement which states in part "...TVA will declare the account uncollectible after verification that Distributor has exhausted all reasonable efforts to collect the unpaid balance in full compliance with the Guidelines." TVA will be unable to pay any claims that are not in full compliance with the Agreement. If you have not already done so, we recommend putting processes in place to monitor participating accounts for compliance with the ESDP Agreement.

Should you have any questions concerning these matters, please contact Myron Cailaham or Hugh Meyer.

Sincerely,



James D. Keiffer

Enclosures

**Exhibit "A"**  
**Enhanced Security Deposit Program**  
**Credit Application & Nomination Form**

Credit Application Section (to be completed by Applicant)

**APPLICANT:** \_\_\_\_\_

(List all name(s) under which the nominated account will contract for or be billed for power and energy.)

**Applicant Information:**

**Address:** (Include  
address, city, state  
and zip code) \_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Duns No.:** \_\_\_\_\_

**Additional financial information is attached** (Providing additional financial information may facilitate faster processing of this application.)

By the signature of its duly authorized representative and as an application for participation in the Enhanced Security Deposit Program (Program) being jointly conducted by Distributor and its wholesale power supplier, the Tennessee Valley Authority (TVA), Applicant hereby:

1. represents and warrants that the above information and any attached financial information is true and correct;
2. authorizes such inquiries as are considered necessary by the insurer or underwriter used by TVA for the Program (hereinafter "Underwriter") to obtain credit information regarding Applicant and authorizes banks, creditors, or other entities having such credit information to release such information to the Underwriter;
3. agrees to furnish such financial information (including, without limitation, balance sheets, income statements, cash flow statements and notes to financial statements) as might be requested by the Underwriter in connection with its review of this application;
4. agrees, if nominated and approved for participation in the Program on the basis of credit insurance obtained by TVA (hereinafter "Insurance Coverage"):
  - (a) to furnish such financial information as might from time to time be requested by the Underwriter or TVA, and
  - (b) authorizes such inquiries as are considered necessary by the Underwriter or TVA to from time to time obtain credit information regarding Applicant and authorizes banks, creditors, or other entities having such credit information to release such information to the Underwriter or TVA, and
  - (c) to immediately substitute or provide alternative security, in a form and amount that TVA deems acceptable, upon any lapse in the Insurance Coverage for any reason, including, without limitation, the Underwriter or TVA (i) canceling the coverage for any reason or (ii) not renewing the coverage for any reason;
5. agrees that as a part of such alternative security arrangements Distributor may employ weekly or other extraordinary meter-reading or billing arrangements calculated to facilitate such alternative security arrangements;
6. agrees that any failure to substitute or provide alternative security will be deemed to be a breach of the Applicant's power supply arrangements with the Distributor;
7. agrees that if Applicant does not fully remedy such a breach by the date falling 30 days' after the date when it first arises, Distributor shall have the right, upon 15 days' written notice, to discontinue the supply of power to Applicant and to refuse to resume delivery until Applicant substitutes or provides alternative security to fully remedy the breach; and
8. agrees that any discontinuance of supply in accordance with 7 above shall not relieve Applicant of liability for minimum monthly charges or payment of past due amounts.

**Signature:** \_\_\_\_\_

**Title:** \_\_\_\_\_

Nomination Section (to be completed by Distributor)

**DISTRIBUTOR**

(List all name(s) under which power and energy will be sold or billed by Distributor.)

**Requested Insurance Coverage Amount:** \$ \_\_\_\_\_

**Distributor Contact Name:** \_\_\_\_\_

**E-mail Address:** \_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Fax:** \_\_\_\_\_

By the signature of its duly authorized representative and in accordance with and subject to the Program Agreement and Guidelines, Distributor hereby:

1. nominates the Applicant for participation in the Program, and
2. represents and warrants that (a) said nominated account is a new or existing commercial or industrial customer from which Distributor would otherwise require a cash deposit or other substantially equivalent form of security, (b) the Requested Insurance Coverage Amount set forth above reflects the amount of such deposit or security that Distributor would otherwise so require, (c) that the Credit Application section of this form has been completed by a duly authorized representative of the Applicant, and (d) account has electrical requirements of greater than 50 kW.

**Signature:** \_\_\_\_\_

**Title:** \_\_\_\_\_

W061505

Enhanced Security Deposit Program Master Contract Exhibit A.060905.doc

**Exhibit "B"**  
**Enhanced Security Deposit Program**  
**Uncollectable Account Form**

Date:

Tennessee Valley Authority  
Attn. Corporate Credit  
400 West Summit Hill Drive, WT 4B  
Knoxville, Tennessee 37902-1499

Dear Credit Manager:

This is in reference to the account of \_\_\_\_\_ (name of the Insured Account or Uninsured Covered Account) for service to its plant/facility in/near \_\_\_\_\_, which account is an account to which a limited guarantee applies under the Enhanced Security Deposit Program being jointly conducted by TVA and \_\_\_\_\_ (Distributor). By the signature of its duly authorized representative appearing below and in accordance with and subject to the Enhanced Security Deposit Program Agreement, and Guidelines, Distributor hereby makes a written application to TVA to have the account declared by TVA to be uncollectable and certifies that:

1. Distributor has fully complied with the procedures set forth in the Enhanced Security Deposit Program Agreement and the Guidelines.
2. The total uncollected amount for which it believes it is entitled to be reimbursed by TVA through credits applicable under the Enhanced Security Deposit Program Agreement is \$ \_\_\_\_\_.
3. Distributor has attached to this form copies of all documents from Distributor's records (a) showing such compliance (b) showing the details of or relating to Distributor's efforts to collect the delinquent account, and (c) supporting the amount claimed under item 2 above.

Distributor: \_\_\_\_\_

By: \_\_\_\_\_  
Title:



## **ENHANCED SECURITY DEPOSIT PROGRAM GUIDELINES (July 2005)**

**Guideline 1 - Purpose.** Distributors that have entered into an Enhanced Security Deposit Program Agreement (Agreement) with TVA have an opportunity to offer their qualifying accounts relief from any cash deposit or other substantially equivalent security Distributor would otherwise require. In accordance with subsection 2.12 of the Agreement, these Guidelines specify procedures, standards, and other guidelines to ensure the proper and efficient operation of the Enhanced Program. The underlined defined terms used in these Guidelines shall have the meanings set forth in Article II of the Agreement.

**Guideline 2 - Account Approval.** A completed Credit Application and Nomination Form shall be mailed to Underwriter at the following address:

Underwriter  
c/o Coface North America, Inc.  
3326 Aspen Grove Drive, Suite 302  
Franklin, Tennessee 37067

For faster processing of an application, the form may also be faxed (toll free) to Underwriter at (866) 376-6006 in addition to mailing the form. It is expected that Insurance Coverage determinations will be made and Distributors will be notified of the coverage decision within 5 business days of Underwriter's receipt of a faxed Credit Application and Nomination Form.

**Guideline 3 - Collection Of Accounts.** If an Insured Account or an Uninsured Covered Account fails to fully comply with its payment obligations, Distributor shall promptly and diligently pursue efforts to collect all amounts owed, including, at a minimum, the steps outlined in the attached Collection Procedures which are made a part of these Guidelines.

**Guideline 4 - Guideline Changes.** These Guidelines will continue in effect until modified or replaced by TVA by notice to all Distributors participating in the Enhanced Program. No change in these Guidelines shall be construed to amend the Agreement or any arrangement previously approved by TVA under the Agreement or under Guideline 3 and the Collection Procedures.

## **COLLECTION PROCEDURES**

**(July 2005)**

**These Collection Procedures shall be applicable under Guideline 3 of the Enhanced Security Deposit Program Guidelines.**

### **PROCEDURE A - Collection Measures**

**When an account is delinquent in payment, Distributor will follow its standard collection and termination of service procedures and, as a part of, or, in addition to such procedures, will at a minimum, comply with the following requirements:**

- 1. Five (5) days after payment is due, Distributor should have contacted the account by telephone or other personal contact. By such date, Distributor should also send an official "past due notice." Such notice, in accordance with Distributor's obligations to afford due process to customers prior to any suspension of service, shall also include a notification to the account of the procedures available to dispute the accuracy of the account's bill or of Distributor's payment records.**
- 2. Thirteen (13) days after payment is due, Distributor must send a "past due notice" to the account and submit copies to TVA. TVA also recommends that the Distributor, at this time, notify the account in writing that the Distributor will discontinue electric power service to the account if the past-due balance is not satisfied within five (5) days.**
- 3. Distributor should thereafter discontinue the service if the balance is not paid or if the account does not otherwise make acceptable arrangements with Distributor.**
- 4. Twenty-eight (28) days after payment is due, Distributor must have instituted efforts for the liquidation of any security provided on behalf of a delinquent account, if applicable, and thereafter shall promptly initiate and continue to diligently pursue all available remedies for collection and/or for requiring cure of any security defect until such time that all payments are current and all security defects are cured.**

**Assuming a 30-day billing month, the timing of the minimum requirements set forth in steps 1 through 4 above may be illustrated as follows:**

**Day 1 - First day of billing month**

**Day 30 - Read meter (metering)**

**Day 31 - Mail out bill (billing)**

**Day 47 - Payment due date (last day to pay before late charges apply)**

**Day 48 - Late charges become applicable**

**Day 52 - Step 1**

**Day 65 - Steps 2 & 3** \*Note that except as provided otherwise with respect to bankruptcy, the coverage for nonpayment provided by the limited guarantee will not exceed a total period of 65 days.

**Day 75 - Step 4**

#### **PROCEDURE B - Coordination of Collection Efforts**

As soon as a delinquency occurs, and at every stage of the collection process, Distributor shall closely coordinate its efforts with TVA, to the extent necessary or appropriate under the circumstances. More detailed and frequent reports, or other coordination between TVA and Distributor (such as status or collection letters, etc.) may be required if they are deemed necessary by Underwriter or if TVA has another reasonable basis for requesting them with respect to any particular account. Distributor should be mindful of the limitations of the limited guarantee and the need for timely collection activities.

#### **PROCEDURE C - Bankruptcy**

Distributor will provide written notification to TVA within five (5) business days after Distributor receives notice of the filing of a bankruptcy petition by an account, whether or not such account is delinquent in its payments. In addition, during the entire period that any bankruptcy action is pending with respect to such an Uninsured Covered Account:

1. Distributor shall coordinate with and report to TVA, to the extent deemed necessary and appropriate by TVA under the circumstances, regarding all actions taken to comply with Distributor's obligations under the Agreement, and
2. Distributor's compliance with its obligations under item 1 of this Procedure C shall be deemed to be compliance with the requirements of Procedure A above.

#### **PROCEDURE D - Modification of Collection Steps**

Distributor may request written approval from TVA's operating representative to eliminate or delay any particular collection step described in these procedures. Generally, to obtain such approval, Distributor should show both the reasons for the elimination or delay and that in the circumstances the elimination or delay will not significantly jeopardize collection efforts or the likelihood of full payment from the account. Unless such advance written approval is obtained from TVA, in accordance with the requirements of the Agreement, the Distributor must promptly and diligently follow the procedures above as precondition to enforcement of the limited guarantee provided for in the Agreement; provided, however, that any failure of Distributor to follow any one or more requirements set forth herein because of reasonable circumstances preventing a request for such advance written approval under this paragraph shall not be deemed to be a violation of these Guidelines so long as (i) TVA is notified of such circumstances as soon as practicable after the failure occurs and (ii) for any further delay, TVA's written approval is obtained in accordance with this paragraph.

**March 9, 2004**

**Mr. Gerald W. Hayes, President  
Warren Rural Electric  
Cooperative Corporation  
Post Office Box 1118  
Bowling Green, Kentucky 42102**

**Dear Mr. Hayes:**

**This letter follows up discussions between Warren Rural Electric Cooperative Corporation (WRECC) and Tennessee Valley Authority (TVA) representatives regarding WRECC's participation in the Enhanced Security Deposit Program (ESDP). Our records indicate that WRECC has no existing ESDP accounts. Accordingly, this letter serves as written notice to terminate Enhanced Security Deposit Program Agreement (ESDP Agreement) TV-59578A, Supp. No. 65, dated January 15, 2002, between WRECC and TVA, effective as of 120 days from the date of this letter.**

**Please call your TVA Customer Service Manager if you have any questions.**

**Sincerely,**

**James D. Keiffer  
Senior Vice President, Marketing  
Customer Service and Marketing**

**cc: Mr. Terry Garmon, Chairman**

**ENHANCED SECURITY DEPOSIT PROGRAM AGREEMENT**  
**Between**  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**And**  
**TENNESSEE VALLEY AUTHORITY**

Date: January 15, 2002

TV-59578A, Supp. No. 65

THIS AGREEMENT, made and entered into by and between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky, and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act);

**WITNESSETH:**

WHEREAS, Distributor and TVA have entered into a contract dated May 7, 1982, as amended (Power Contract), under which Distributor purchases its entire requirements for electric power and energy from TVA for resale; and

WHEREAS, Distributor, under its standard policy, requires a cash deposit or other substantially equivalent form of security for power bills for commercial and industrial accounts; and

WHEREAS, TVA has developed an Enhanced Security Deposit Program (Enhanced Program), replacing an earlier Security Deposit Program; and

WHEREAS, the Enhanced Program has been designed to provide an enhanced limited guarantee to Distributor in lieu of Distributor's requiring or maintaining the standard cash deposit or other substantially equivalent form of security for those commercial and industrial accounts which are nominated by Distributor and as to which TVA obtains credit insurance (from a third-party underwriter selected by TVA) to cover the risk of non-payment by the account; and

WHEREAS, the Enhanced Program will be especially responsive to the needs of commercial and industrial customers who operate in more than one location; and

WHEREAS, the parties hereto wish to agree upon the terms and conditions under which Distributor may participate in the Enhanced Program;

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements set forth below, and subject to the provisions of the TVA Act, the parties mutually agree as follows and enter into this agreement consisting of the Articles and exhibits listed in Article I below:

**ARTICLE I**  
**AGREEMENT CONTENTS**

**ARTICLE I**            **AGREEMENT CONTENTS**

**ARTICLE II**        **DEFINITIONS**

- 2.1 Applicant
- 2.2 Commercial or Industrial Account
- 2.3 Underwriter
- 2.4 Insurance Coverage
- 2.5 Requested Insurance Coverage
- 2.6 Insured Account
- 2.7 Uninsured Account
- 2.8 Uninsured Covered Account
- 2.9 Alternative Security
- 2.10 Credit Application and Nomination Form
- 2.11 Uncollectable Account Form
- 2.12 Guidelines
- 2.13 Retail Adder
- 2.14 Wholesale Billing Adjustment Provisions
- 2.15 Adjustment 3 Amount
- 2.16 Wholesale Portion

**ARTICLE III**        **INSURED ACCOUNTS**

- 3.1 Procedures
- 3.2 Account Nomination
- 3.3 Credit Worthiness Determination
- 3.4 Coverage as an Insured Account
- 3.5 Adjustments in Coverage Amount

**ARTICLE IV**        **UNINSURED ACCOUNTS**

- 4.1 Lapse of Insurance Coverage
- 4.2 Coverage as an Uninsured Covered Account
- 4.3 Alternative Security

**ARTICLE V**        **LIMITED GUARANTEE**

- 5.1 TVA Limited Guarantee
- 5.2 Cooperation Regarding Insurance and Claims
- 5.3 Distributor Collection Efforts
- 5.4 Uncollectable Accounts
- 5.5 Wholesale Bill Credits
- 5.6 Bankruptcy
- 5.7 Collections after Exercise of the TVA Limited Guarantee

**ARTICLE VI**

**TERM PROVISIONS**

- 6.1 Agreement Term
- 6.2 Early Termination
- 6.3 Continuing Obligations

**ARTICLE VII**

**MISCELLANEOUS PROVISIONS**

- 7.1 Additional Security
- 7.2 Third Parties Not to Benefit
- 7.3 Previous Security Deposit Agreement

**AGREEMENT ATTACHMENTS:**

- Exhibit A - Credit Application & Nomination Form
- Exhibit B - Uncollectable Account Form



ARTICLE II DEFINITIONS

**SECTION 2.1 - APPLICANT**

"Applicant" shall mean a potentially eligible account nominated by Distributor.

**SECTION 2.2 - COMMERCIAL OR INDUSTRIAL ACCOUNT**

"Commercial or Industrial Account" shall mean a new or existing account that satisfies the "Availability" requirements of the General Power Rate - Schedule GSA, Schedule GSB, Schedule GSC, or Schedule GSD contained in the Schedule of Rates and Charges attached to and made a part of the Power Contract, as such schedules may be modified, changed, replaced, or adjusted from time to time.

**SECTION 2.3 - UNDERWRITER**

"Underwriter" shall mean a business entity that regularly rates and secures risk in the routine course of commerce.

**SECTION 2.4 - INSURANCE COVERAGE**

"Insurance Coverage" shall mean credit insurance purchased by TVA from a third-party Underwriter selected by TVA in an amount that transfers the risk of Applicant's non-payment of its electric power bills to the Underwriter for a period not to exceed 65 days. It is expressly recognized and agreed:

(a) that such coverage of any particular account will be approved and issued by the Underwriter in accordance with the terms of the credit insurance purchased by TVA;

(b) that the Underwriter will be solely responsible for creditworthiness determinations, and neither TVA nor Distributor will be responsible for determining creditworthiness;

(c) that TVA will be solely responsible for the payment of premiums on any Insurance Coverage;

(d) that deductible amounts applicable under any such Insurance Coverage shall not reduce any amounts owed by TVA to Distributor under the limited guarantee provided for by this agreement; and

(e) Distributor shall not be an additional insured under the Insurance Coverage.

**SECTION 2.5 - REQUESTED INSURANCE COVERAGE**

"Requested Insurance Coverage" shall mean the amount of credit insurance coverage requested by Distributor in the Credit Application and Nomination Form. The requested



coverage shall reflect the amount that Distributor would normally require as a security deposit.

## **SECTION 2.6 - INSURED ACCOUNT**

**"Insured Account"** shall mean a Commercial or Industrial Account:

- (a) which has electrical requirements of greater than 50 kW served by Distributor; and
- (b) which is nominated by Distributor for participation in **the Enhanced Program** as provided in section 3.2 below; and
- (c) from which Distributor otherwise would require a cash deposit or other substantially equivalent form of security for the account's electric power bill under Distributor's standard deposit policy in the amount specified in the Credit Application and Nomination Form as the Requested Insurance Coverage; and
- (d) which is approved for and continues to be subject to Insurance Coverage, in a specified amount; and
- (e) which assumes contract obligations, as set out in the Credit Application and Nomination Form, to: (i) furnish such financial information (including, without limitation, balance sheets, income statements, cash flow statements and notes to financial statements) as might from time to time be requested by the Underwriter or TVA, and (ii) to immediately provide Alternative Security upon any lapse of Insurance Coverage; and
- (f) as to which Distributor assumes the obligations set forth in this agreement.

## **SECTION 2.7 - UNINSURED ACCOUNT**

**"Uninsured Account"** shall mean an account originally qualifying and approved for the Enhanced Program under 2.6 above and Article III below as an Insured Account but as to which Insurance Coverage is no longer operative or in force, regardless of the basis for any such loss of Insurance Coverage. It is expressly recognized and agreed that the basis for a loss of Insurance Coverage may include, but is not limited to:

- (a) cancellation, for **any reason**, of the Insurance Coverage for a particular Insured Account;
- (b) expiration or termination, for any reason, of the Insurance Coverage policy or agreement providing the risk coverage for the Insured Account without that policy or agreement being renewed or replaced, regardless of the reasons for **there being no such renewal or replacement**; or
- (c) **the occurrence of any other event which triggers cancellation, termination, expiration, or any other lapse of the Insurance Coverage**;

provided, however, that nothing in this section shall prevent an Uninsured Account from requalifying as an Insured Account at such time, if any, that Insurance Coverage is restored.

#### **SECTION 2.8 - UNINSURED COVERED ACCOUNT**

"Uninsured Covered Account" shall mean an Uninsured Account that is still covered by the limited guarantee provided for in Article V below; provided, however, that it is expressly recognized and agreed that such limited guarantee coverage for an Uninsured Covered Account shall be further limited to the Wholesale Portion of the covered retail bill as provided for in section 5.5 below.

#### **SECTION 2.9 - ALTERNATIVE SECURITY**

"Alternative Security" shall mean security from an Uninsured Covered Account in a form and amount acceptable to TVA; provided, however, that TVA shall not require such security in an amount which exceeds the amount provided for under item (b) of section 5.5 below.

#### **SECTION 2.10 - CREDIT APPLICATION AND NOMINATION FORM**

"Credit Application and Nomination Form" shall mean the form covering nomination and credit application information which is attached as Exhibit A to this agreement or such revised form as may be specified by TVA by giving at least 30 days' notice to Distributor. It is expressly recognized and agreed that the Credit Application and Nomination Form to be submitted under section 3.2 below shall be in substantially the same form as that provided for in this section 2.10 and shall be signed by an authorized representative of the Distributor and an authorized representative of the Applicant.

#### **SECTION 2.11 - UNCOLLECTABLE ACCOUNT FORM**

"Uncollectable Account Form" shall mean the form, certifying to TVA that Distributor has exhausted all reasonable efforts to collect any unpaid balance consistent with the terms of this agreement and the Guidelines, which is attached as Exhibit B to this agreement or such revised form as may be specified by TVA by giving at least 30 days' notice to Distributor. It is expressly recognized and agreed that the Uncollectable Account Form to be submitted under section 5.4 below shall be in substantially the same form as that provided for in this section 2.11.

#### **SECTION 2.12 - GUIDELINES**

"Guidelines" shall mean such guidelines applicable to the Enhanced Program as may from time to time be furnished or approved by TVA. In the event of any conflict between the provisions of the Guidelines and the provisions of this agreement, the provisions of this agreement shall control.

#### **SECTION 2.13 - RETAIL ADDER**

"Retail Adder" shall mean all amounts other than the Wholesale Portion of the retail bill.

## **SECTION 2.14 - WHOLESALE BILLING ADJUSTMENT PROVISIONS**

"**Wholesale Billing Adjustment Provisions**" shall mean provisions setting forth the steps to be taken with respect to the **Uninsured Covered Account** in calculating the wholesale bill each month, which are set forth in any agreement between Distributor and TVA amending or supplementing the Power Contract to provide for arrangements under which an **Uninsured Covered Account** pays for power or energy other than at the rates and charges provided for in the Schedule of Rates and Charges to the Power Contract.

## **SECTION 2.15 - ADJUSTMENT 3 AMOUNT**

"**Adjustment 3 Amount**" shall mean any amount accruing to TVA under **Adjustment 3** of the wholesale rate schedule contained in the **Schedule of Rates and Charges to the Power Contract**.

## **SECTION 2.16 - WHOLESALE PORTION**

"**Wholesale Portion**" of a retail bill shall mean an amount equal to TVA's wholesale charges to Distributor for the end-usage resulting in the retail bill, consisting of:

- (a) the per kW and per kWh wholesale charges to Distributor for kW and kWh amounts delivered to the **Uninsured Covered Account** (adjusted to reflect losses as provided for below in this section 2.16);
- (b) any other charges added to the wholesale bill under **Wholesale Billing Adjustment Provisions** expressly providing for wholesale charges equal to all or part of a retail charge to the **Uninsured Covered Account**; and
- (c) any **Adjustment 3 Amount**;

provided, however, that for purposes of determining the amount of credits to be applied under section 5.5 or 5.6 below, under which payment of such **Adjustment 3 Amount** is deferred under the second paragraph of section 4 of Agreement TV-59578A, Supp. No. 27, dated May 1, 1992, the amount referenced in item (c) above shall be deemed to be only that portion, if any, of the **Adjustment 3 Amount** which actually becomes payable by Distributor.

Except as provided below with respect to any **Uninsured Covered Account** served through a wholesale delivery point which serves only that customer (Special Delivery Point), the loss adjustments provided for in (a) above shall be made by multiplying the charge to be adjusted by 1.03.

If an **Uninsured Covered Account** is served through a Special Delivery Point, the loss adjustments provided for in (a) above shall be made by multiplying the charge to be adjusted by a factor of 1 plus the percentage (expressed in decimal form) of actual losses, if any, occurring between the Special Delivery Point and the point of delivery of power and energy provided for in the retail contract between the Distributor and the **Uninsured Covered Account**.

## **ARTICLE III INSURED ACCOUNTS**

### **SECTION 3.1 - PROCEDURES**

Distributor may consider potentially eligible accounts for nomination under the Enhanced Program, and TVA may also suggest that Distributor consider certain accounts, especially those that operate in more than one location. Applicants shall be considered for approval as Insured Accounts in accordance with the provisions of this Article III and such procedures as may be specified by TVA in the Guidelines; provided, however, that it is expressly recognized and agreed that a suggestion by TVA in accordance with the preceding sentence that Distributor consider an account with electrical requirements of 50 kW or less, shall be deemed to be a waiver with respect to that account of the requirement set forth in item (a) of section 2.6 above.

### **SECTION 3.2 - ACCOUNT NOMINATION**

Distributor shall in its sole discretion determine whether to nominate a potentially eligible account as an Applicant. When Distributor wishes to nominate an account it shall submit, or cause the Applicant to submit, a completed Credit Application and Nomination Form.

### **SECTION 3.3 - CREDITWORTHINESS DETERMINATION**

TVA will cause the Underwriter to review the Credit Application and Nomination Form and such additional information as the Underwriter may require to determine whether an otherwise eligible Applicant qualifies for Insurance Coverage, and if so, the amount of Insurance Coverage (up to the Requested Insurance Coverage) for which the Applicant qualifies. The determination of whether or not the Applicant meets the requirement of item (d) in section 2.6 shall be in the Underwriter's sole discretion.

### **SECTION 3.4 - COVERAGE AS AN INSURED ACCOUNT**

If Applicant otherwise meets the requirements set forth in this agreement, TVA will promptly obtain Insurance Coverage for any Applicant approved by the Underwriter, and Distributor will be promptly notified of the amount of Insurance Coverage for which the Applicant is approved. The Applicant shall then be deemed to be an Insured Account from the date of such notice until the date, if any, as of which the account becomes an Uninsured Account under 2.7 above.

### **SECTION 3.5 - ADJUSTMENTS IN COVERAGE AMOUNT**

If at any time there is a substantial increase in an Insured Account's load or the charges it incurs for power and energy such that Distributor would normally seek additional security under its standard deposit policy, Distributor shall have the right to submit a supplemental Credit Application and Nomination Form seeking an increase in the amount of Insurance Coverage. Any such supplemental Credit Application and Nomination Form will be processed in accordance with section 3.3 and section 3.4 above.

## **ARTICLE IV UNINSURED ACCOUNTS**

### **SECTION 4.1 - LAPSE OF INSURANCE COVERAGE**

The provisions of this Article IV shall apply when the Insurance Coverage for an Insured Account lapses for any reason.

### **SECTION 4.2 - COVERAGE AS AN UNINSURED COVERED ACCOUNT**

An Uninsured Account shall be deemed to be an Uninsured Covered Account from the **effective date of the lapse in Insurance Coverage until the earlier of:**

- (a) such time, if any, that Insurance Coverage is restored and the account again becomes an Insured Account;**
- (b) the effective date of the expiration or termination of this agreement; or**
- (c) the effective date of any termination notice given by TVA under paragraph (d) of section 4.3 below.**

### **SECTION 4.3 - ALTERNATIVE SECURITY**

**(a) Upon notice from TVA that Insurance Coverage has lapsed, or will lapse as of a specified date, Distributor and TVA will cooperate in efforts to enforce the account's obligation to provide Alternative Security.**

**(b) If the Alternative Security provided by an Uninsured Covered Account in accordance with paragraph (a) of this section 4.3 becomes defective in any way:**

- (i) the party first discovering the defect will promptly notify the other party; and**
- (ii) Distributor and TVA will cooperate in efforts to resolve the defect and/or to enforce the account's obligation to provide Alternative Security.**

**(c) As used in this section 4.3, "cooperate" shall mean to promptly initiate and diligently pursue all available remedies legally available for the correction of the defect or the substitution of Alternative Security, including, without limitation, those provided for under the Distributor's power arrangements with the Uninsured Account and under the Credit Application and Nomination Form submitted by the Uninsured Account. Further, in the event that other Alternate Security arrangements are not in place by the date falling 60 days after the date of a notice given under (a) or (b) above, Distributor's obligation of cooperation under this section 4.3 shall include, without limitation, its employment of extraordinary billing and metering arrangements (including weekly metering and billing) where they are a part of Alternative Security arrangements acceptable to TVA and the account.**

**(d) It is expressly recognized and agreed that as long as the cooperation provided for above in this section 4.3 continues, an account shall be deemed to be an Uninsured**



Covered Account without regard to whether Alternative Security is actually put in place or maintained. If, however, the Distributor fails or refuses to cooperate with TVA in the enforcement of an Uninsured Account's obligation to provide and maintain Alternative Security, TVA may terminate the account's status as an Uninsured Covered Account upon at least 10 days' notice to Distributor.

(e) Any monitoring activities undertaken by TVA with respect to the status of an Uninsured Covered Account shall not relieve Distributor of its responsibility to notify TVA of any defect in the Alternative Security.

## **ARTICLE V LIMITED GUARANTEE**

### **SECTION 5.1 - TVA LIMITED GUARANTEE**

To the extent of and subject to the conditions set forth in this Article V, including, without limitation, Distributor's obligations under sections 5.2 and 5.3 and subsection 5.6.1 below, TVA shall provide a limited guarantee applicable to each Insured Account and each Uninsured Covered Account.

### **SECTION 5.2 - COOPERATION REGARDING INSURANCE AND CLAIMS**

As a condition of payment by TVA of the limited guarantee, the Distributor shall agree to fully cooperate with TVA and to provide such information as may be needed by TVA in:

- (a) obtaining or maintaining Insurance Coverage for an account, and
- (b) filing and receiving payment on any claim in accordance with the provisions of any such Insurance Coverage.

Such obligation to cooperate shall include, without limitation:

- (i) submitting all names under which the Distributor will sell power and energy to a nominated account and under which the nominated account will purchase power and energy, including any such names which will be used in either contracting with or billing such account, and
- (ii) allowing access by TVA or the Underwriter to Distributor's books and records regarding an Insured Account or any account as to which there is a claim; and
- (iii) promptly providing such information regarding the financial condition and solvency of an Insured Account as may be known to the Distributor and specified or requested by TVA or Underwriter; and
- (iv) notifying TVA or the Underwriter of any sizable decrease in an Insured Account's load or the charges it incurs for power and energy such that the amount of Insurance Coverage, and the corresponding limited guarantee, can be substantially reduced (except that no reduction will be required if the Distributor would not reduce its security under its standard deposit policy); and
- (v) assigning to the Underwriter all Distributor's rights, claims, or causes of action arising from any nonpayment by an Insured Account which are the basis of any claim, to the extent that such assignment is necessary in order for TVA to file or receive payment from the Underwriter on that claim.

It is expressly recognized and agreed that the amount to be assigned to the Underwriter under item (v) above may exceed the total amount of Insurance Coverage approved and issued by the Underwriter for the account (Insurance Coverage Amount); provided, however, that in no event shall such assignment allow the Underwriter to retain any

funds collected from the account pursuant to the assignment which are in excess of the Insurance Coverage Amount plus reasonable collection expenses, including, without limitation, attorney's fees.

### **SECTION 5.3 - DISTRIBUTOR COLLECTION EFFORTS**

**5.3.1 Collection Procedures.** When any Insured Account or any Uninsured Covered Account becomes delinquent, Distributor shall promptly and diligently pursue collection efforts in accordance with the Guidelines. At such times and intervals as may be specified in the Guidelines, Distributor shall provide reports to TVA concerning any such delinquent accounts and collection efforts.

**5.3.2 Allocation of Collected Amounts.** Any amounts collected from a delinquent account, excluding any amounts applied to litigation or other collection costs in accordance with the Guidelines, shall be applied to that account's electric bill, beginning with the oldest outstanding past due amount (commonly known as the "first in first out" accounting basis), and shall be assigned on a pro-rata basis to the Wholesale Portion and the Retail Adder of the account.

### **SECTION 5.4 - UNCOLLECTABLE ACCOUNTS**

If Distributor, through the collection efforts outlined in the Guidelines, is unable to fully collect from a delinquent Insured Account or Uninsured Covered Account, Distributor may submit an Uncollectable Account Form, along with documentation, to TVA to have the account deemed uncollectable. The Uncollectable Account Form, along with documentation, shall:

- (a) reflect the details of all actions Distributor has taken to collect the past-due amounts;
- (b) show full implementation of the collection efforts provided for by this agreement and the Guidelines; and
- (c) show the uncollected dollar amount for which Distributor is entitled to be reimbursed through credits applicable under this agreement.

TVA will declare the account uncollectible after verification that Distributor has exhausted all reasonable efforts to collect the unpaid balance in full compliance with the Guidelines.

Upon TVA's approval of a Distributor request to have an account declared uncollectable, such account will no longer be an Insured Account or an Uninsured Covered Account for any purpose under the Enhanced Program until such time, if any, that a new nomination to the Enhanced Program is made by Distributor and approved by TVA.

### **SECTION 5.5 - WHOLESALE BILL CREDITS**

For each account declared to be uncollectible under section 5.4 above, TVA will apply a credit to Distributor's wholesale bill in an amount up to the lower of:



(a) the amount of the retail bill for the first two monthly billing cycles of usage that resulted in the unpaid balance (not to exceed a total period of 65 days), to the extent such balance remains uncollected after application of any collected amounts in accordance with subsection 5.3.2 above; or

(b) the amount of Insurance Coverage, or in the case of an Uninsured Covered Account, the amount of Insurance Coverage which was in effect immediately prior to the lapse of coverage;

provided, however, that for any of the usage described in item (a) above which occurred while the account was an Uninsured Covered Account, the amount used to calculate said item (a) shall be deemed to be limited to the Wholesale Portion of said retail bill and, thus, shall not include the amount of the Retail Adder.

It is expressly recognized and agreed that, except as otherwise provided in subsection 5.6.2 below with respect to bankruptcy, TVA's limited guarantee shall not:

(i) apply to any unpaid balance resulting from usage after the billing cycles described in item (a) above; or

(ii) result in a credit to the Distributor greater than the amount described in item (b) above.

#### **SECTION 5.6 - BANKRUPTCY**

**5.6.1 Security and Collections.** It is expressly recognized and agreed that with regard to a bankruptcy under **Title 11 of the United States Code** (as it now exists or may hereafter be amended and referred to below as the "Bankruptcy Code"), Distributor shall fulfill its obligations under section 5.3 above to promptly and diligently pursue collection efforts in accordance with the Guidelines by:

(a) promptly obtaining adequate assurance of payment under section 366 of the Bankruptcy Code; and

(b) otherwise promptly and diligently pursuing all of its rights to collection and security under the Bankruptcy Code.

**5.6.2 Additional Wholesale Credit.** If an Insured Account or an Uninsured Covered Account:

(a) files for protection from creditors under Bankruptcy Code; and

(b) is declared to be uncollectible under section 5.4 above;

in addition to any credits applicable under section 5.5 above and expressly subject to the Distributor's obligations described in 5.6.1 above, for any period beyond the two monthly billing cycles of usage covered under said section 5.5 during which Distributor is required to supply electricity to the account as debtor (or to the bankruptcy trustee for the account) under section 366 of the Bankruptcy Code, TVA will apply a credit to Distributor's wholesale bill in the amount of the Wholesale

Portion of any retail bill for **such additional period**, to the extent such portion remains uncollected after application of any collected amounts in accordance with subsection 5.3.2 above. It is expressly recognized and agreed that the portion of the TVA limited guarantee provided for by **this subsection 5.6.2 shall not apply to the Retail Adder.**

#### **SECTION 5.7 - COLLECTIONS AFTER EXERCISE OF THE TVA LIMITED GUARANTEE**

In the event that circumstances arise under which collection efforts again become reasonable in relation to an account that has been declared uncollectible and for which TVA has provided a credit to **Distributor under sections 5.5 or 5.6 above, subject to any rights or claims by Underwriter.**

- (a) **TVA may request that Distributor pursue collection efforts;**
- (b) **TVA may provide assistance to Distributor in pursuing collection efforts to the extent TVA determines that such assistance is appropriate;**
- (c) **upon Distributor's refusal or failure to pursue collection efforts, TVA may pursue such efforts, including litigation, in the name of Distributor, TVA, or both, and any actions taken by TVA in such efforts will be binding on Distributor; and**
- (d) **any amounts received through collection efforts will be allocated in accordance with subsection 5.3.2 above.**

**ARTICLE VI**  
**TERM PROVISIONS**

**SECTION 6.1 - AGREEMENT TERM**

This agreement shall become effective as of the **date first written above**. Unless sooner terminated as provided below, it shall continue in effect during the term of the Power Contract.

**SECTION 6.2 - EARLY TERMINATION**

Either party may **terminate this agreement** at any time upon one hundred twenty (120) days' written notice.

**SECTION 6.3 - CONTINUING OBLIGATIONS**

Notwithstanding the **termination or expiration** of this agreement, the obligations of the parties:

(a) with respect to **the retail bills of any Insured Account or any Uninsured Covered Account accruing prior to the effective date of any such expiration or termination; and**

(b) **under sections 5.6 and 5.7 above;**

shall continue in effect until they are discharged.

**ARTICLE VII**  
**MISCELLANEOUS PROVISIONS**

**SECTION 7.1 - ADDITIONAL SECURITY**

During the term of this agreement Distributor shall not require or retain any deposit or other security from an Insured Account or Uninsured Covered Account; provided, however, that nothing in this section 7 or elsewhere in this agreement shall be construed to prohibit Distributor from requiring or retaining a deposit or other security:

(a) from a nominated account until such time as it becomes an Insured Account;

(b) from an Insured Account in an amount up to the amount, if any, by which the Requested Insurance Coverage exceeds the amount of Insurance Coverage;

(c) from an Uninsured Covered Account in the amount of the Alternative Security obtained from the account, plus, to the extent, if any, that it is not included as a part of such Alternative Security:

(i) the amount, if any, allowed under (b) above when the account was an Insured Account; and

(ii) an amount equal to the Retail Adder reflected in the amount of Insurance Coverage approved by the Underwriter under section 3.3 above; and

(d) from an Uninsured Account after such time, if any, that it ceases to be an Uninsured Covered Account.

**SECTION 7.2 - THIRD PARTIES NOT TO BENEFIT**

Notwithstanding any provision of this agreement that may be interpreted to the contrary, this agreement does not confer any benefits or rights on any third party except as specifically set out in this agreement.

IN WITNESS WHEREOF, the parties to this agreement have caused it to be executed by their duly authorized representatives, as of the day and year first above written.

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By Leslie C. White  
Title: chairman

**TENNESSEE VALLEY AUTHORITY**

By James D. Keyser  
Senior Vice President, Marketing

**Exhibit "A"**  
**Enhanced Security Deposit Program**  
**Credit Application & Nomination Form**

**Credit Application Section (to be completed by Applicant)**

**APPLICANT:** \_\_\_\_\_  
(List all name(s) under which the nominated account will contract for or be billed for power and energy.)

**Applicant Address:** \_\_\_\_\_  
(include street address, City, State, & zip code) **Telephone:** \_\_\_\_\_

**DUNS No.** \_\_\_\_\_  **Additional financial information is attached.**  
(Providing additional financial information may facilitate faster processing of this application.)

- By the signature of its duly authorized representative and as an application for participation in the Enhanced Security Deposit Program (Program) being jointly conducted by Distributor and its wholesale power supplier, the Tennessee Valley Authority (TVA), Applicant hereby:
1. represents and warrants that the above information and any attached financial information is true and correct;
  2. authorizes such inquiries as are considered necessary by the insurer or underwriter used by TVA for the Program (hereinafter "Underwriter") to obtain credit information regarding Applicant and authorizes banks, creditors, or other entities having such credit information to release such information to the Underwriter;
  3. agrees to furnish such financial information (including, without limitation, balance sheets, income statements, cash flow statements and notes to financial statements) as might be requested by the Underwriter in connection with its review of this application; and
  4. agrees, if nominated and approved for participation in the Program on the basis of credit insurance obtained by TVA (hereinafter "Insurance Coverage"):
    - (a) to furnish such financial information as might from time to time be requested by the Underwriter or TVA, and
    - (b) authorizes such inquiries as are considered necessary by the Underwriter or TVA to from time to time obtain credit information regarding Applicant and authorizes banks, creditors, or other entities having such credit information to release such information to the Underwriter or TVA, and
    - (c) to immediately substitute or provide alternative security, in a form and amount that TVA deems acceptable, upon any lapse in the Insurance Coverage for any reason, including, without limitation, the Underwriter or TVA (i) canceling the coverage for any reason or (ii) not renewing the coverage for any reason;
  5. agrees that as a part of such alternative security arrangements Distributor may employ weekly or other extraordinary meter-reading or billing arrangements calculated to facilitate such alternative security arrangements;
  6. agrees that any failure to substitute or provide alternative security will be deemed to be a breach of the Applicant's power supply arrangements with the Distributor;
  7. agrees that if Applicant does not fully remedy such a breach by the date falling 30 days' after the date when it first arises, Distributor shall have the right, upon 15 days' written notice, to discontinue the supply of power to Applicant and to refuse to resume delivery until Applicant substitutes or provides alternative security to fully remedy the breach; and
  8. agrees that any discontinuance of supply in accordance with 7 above shall not relieve Applicant of liability for minimum monthly charges or payment of past due amounts.

**Signature:** \_\_\_\_\_ **Title:** \_\_\_\_\_

**Nomination Section (to be completed by Distributor)**

**DISTRIBUTOR:** \_\_\_\_\_  
(List all name(s) under which power and energy will be sold or billed by Distributor.)

**Requested Insurance Coverage Amount: \$** \_\_\_\_\_

**Distributor Contact Name:** \_\_\_\_\_

**E-mail Address:** \_\_\_\_\_ **Telephone:** \_\_\_\_\_ **Fax:** \_\_\_\_\_

By the signature of its duly authorized representative and in accordance with and subject to the Enhanced Security Program Agreement and Guidelines, Distributor hereby:

1. nominates the Applicant for participation in the Enhanced Security Deposit Program, and
2. represents and warrants that (a) said nominated account is a new or existing commercial or industrial customer from which Distributor would otherwise require a cash deposit or other substantially equivalent form of security, (b) the Requested Insurance Coverage Amount set forth above reflects the amount of such deposit or security that Distributor would otherwise so require, and (c) that the Credit Application section of this form has been completed by a duly authorized representative of the Applicant.

**Signature:** \_\_\_\_\_ **Title:** \_\_\_\_\_

**Exhibit "B"**  
**Enhanced Security Deposit Program**  
**Uncollectable Account Form**

Date:

Tennessee Valley Authority  
Attn. Credit Department  
400 West Summit Hill Drive, WT 5D  
Knoxville, TN 37902-1499

Dear Credit Manager:

This is in reference to the account of \_\_\_\_\_  
(name of the Insured Account or Uninsured Covered Account) for service to its  
plant/facility in/near \_\_\_\_\_, which account is an account to  
which a limited guarantee applies under the Enhanced Security Deposit Program being  
jointly conducted by TVA and \_\_\_\_\_  
(Distributor). By the signature of its duly authorized representative appearing below and  
in accordance with and subject to the Enhanced Security Deposit Program Agreement,  
and Guidelines, Distributor hereby makes a written application to TVA to have the  
account declared by TVA to be uncollectable and certifies that:

1. Distributor has fully complied with the procedures set forth in the  
Enhanced Security Deposit Program Agreement and the Guidelines.
2. The total uncollected amount for which it believes it is entitled to be  
reimbursed by TVA through credits applicable under the Enhanced  
Security Deposit Program Agreement is \$ \_\_\_\_\_.
3. Distributor has attached to this form copies of all documents from  
Distributor's records (a) showing such compliance (b) showing the details  
of or relating to Distributor's efforts to collect the delinquent account, and  
(c) supporting the amount claimed under item 2 above.

Distributor: \_\_\_\_\_

By: \_\_\_\_\_  
Title:



## **ENHANCED SECURITY DEPOSIT PROGRAM GUIDELINES (November 2001)**

**Guideline 1 - Purpose.** Distributors that have entered into an Enhanced Security Deposit Program Agreement (Agreement) with TVA have an opportunity to offer their qualifying accounts relief from any cash deposit or other substantially equivalent security Distributor would otherwise require. In accordance with subsection 2.12 of the Agreement, these Guidelines specify procedures, standards, and other guidelines to ensure the proper and efficient operation of the Enhanced Program. The underlined defined terms used in these Guidelines shall have the meanings set forth in Article II of the Agreement.

**Guideline 2 - Account Approval.** A completed Credit Application and Nomination Form shall be mailed to Underwriter at the following address:

Underwriter  
c/o CNA Credit  
Bristol Building  
7003 Chadwick Drive, Suite 220  
Brentwood, Tennessee 37027

For faster processing of an application, the form may also be faxed (toll free) to Underwriter at (866) 376-6006 in addition to mailing the form. It is expected that Insurance Coverage determinations will be made and Distributors will be notified of the coverage decision within 5 business days of Underwriter's receipt of a faxed Credit Application and Nomination Form.

**Guideline 3 - Collection Of Accounts.** If an Insured Account or an Uninsured Covered Account fails to fully comply with its payment obligations, Distributor shall promptly and diligently pursue efforts to collect all amounts owed, including, at a minimum, the steps outlined in the attached Collection Procedures which are made a part of these Guidelines.

**Guideline 4 - Guideline Changes.** These Guidelines will continue in effect until modified or replaced by TVA by notice to all Distributors participating in the Enhanced Program. No change in these Guideline shall be construed to amend the Agreement or any arrangement previously approved by TVA under the Agreement or under Guideline 3 and the Collection Procedures.

- EDMS  
- Contract  
BOOK



## COLLECTION PROCEDURES (November 2001)

These Collection Procedures shall be applicable under Guideline 3 of the Enhanced Security Deposit Program Guidelines.

### PROCEDURE A - Collection Measures

When an account is delinquent in payment, Distributor will follow its standard collection and termination of service procedures and, as a part of, or, in addition to such procedures, will at a minimum, comply with the following requirements:

1. Five (5) days after payment is due, Distributor should have contacted the account by telephone or other personal contact. By such date, Distributor should also send an official "past due notice." Such notice, in accordance with Distributor's obligations to afford due process to customers prior to any suspension of service, shall also include a notification to the account of the procedures available to dispute the accuracy of the account's bill or of Distributor's payment records.
2. Thirteen (13) days after payment is due, Distributor must send a "past due notice" to the account and submit copies to TVA. TVA also recommends that the Distributor, at this time, notify the account in writing that the Distributor will discontinue electric power service to the account if the past-due balance is not satisfied within five (5) days.
3. Distributor should thereafter discontinue the service if the balance is not paid or if the account does not otherwise make acceptable arrangements with Distributor.
4. Twenty-eight (28) days after payment is due, Distributor must have instituted efforts for the liquidation of any security provided on behalf of a delinquent account, if applicable, and thereafter shall promptly initiate and continue to diligently pursue all available remedies for collection and/or for requiring cure of any security defect until such time that all payments are current and all security defects are cured.

Assuming a 30-day billing month, the timing of the minimum requirements set forth in steps 1 through 4 above may be illustrated as follows:

- Day 1 - First day of billing month
- Day 30 - Read meter (metering)
- Day 31 - Mail out bill (billing)
- Day 47 - Payment due date (last day to pay before late charges apply)
- Day 48 - Late charges become applicable
- Day 52 - Step 1

Day 65 - Step 3

**\*Note that except as provided otherwise with respect to bankruptcy, the coverage for nonpayment provided by the limited guarantee will not exceed a total period of 65 days.**

Day 75 - Step 4

### **PROCEDURE B - Coordination of Collection Efforts**

At every stage of the collection process, Distributor shall closely coordinate its efforts with TVA, to the extent necessary or appropriate under the circumstances. More detailed and frequent reports, or other coordination between TVA and Distributor (such as status or collection letters, etc.) may be required if they are deemed necessary by Underwriter or if TVA has another reasonable basis for requesting them with respect to any particular account. Distributor should be mindful of the limitations of the limited guarantee and the need for timely collection activities.

### **PROCEDURE C - Bankruptcy**

Distributor will provide written notification to TVA within five (5) business days after Distributor receives notice of the filing of a bankruptcy petition by an account, whether or not such account is delinquent in its payments. In addition, during the entire period that any bankruptcy action is pending with respect to such an Uninsured Covered Account:

1. Distributor shall coordinate with and report to TVA, to the extent deemed necessary and appropriate by TVA under the circumstances, regarding all actions taken to comply with Distributor's obligations under the Agreement, and
2. Distributor's compliance with its obligations under item 1 of this Procedure C shall be deemed to be compliance with the requirements of Procedure A above.

### **PROCEDURE D - Modification of Collection Steps**

Distributor may request written approval from TVA's operating representative to eliminate or delay any particular collection step described in these procedures. Generally, to obtain such approval, Distributor should show both the reasons for the elimination or delay and that in the circumstances the elimination or delay will not significantly jeopardize collection efforts or the likelihood of full payment from the account. Unless such advance written approval is obtained from TVA, in accordance with the requirements of the Agreement, the Distributor must promptly and diligently follow the procedures above as precondition to enforcement of the limited guarantee provided for in the Agreement; provided, however, that any failure of Distributor to follow any one or more requirements set forth herein because of reasonable circumstances preventing a request for such advance written approval under this paragraph shall not be deemed to be a violation of these Guidelines so long as (i) TVA is notified of such circumstances as soon as practicable after the failure occurs and (ii) for any further delay, TVA's written approval is obtained in accordance with this paragraph.

**AGREEMENT**  
**Between**  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**And**  
**TENNESSEE VALLEY AUTHORITY**

Effective Date: October 1, 2003

TV-59578A, Supp. No. 68

THIS AGREEMENT, made and entered into between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky, and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act);

**W I T N E S S E T H:**

WHEREAS, TVA and Distributor have entered into a contract dated May 7, 1982, as amended (Power Contract), under which Distributor purchases its entire requirements for electric power and energy from TVA for resale; and

WHEREAS, the parties wish to supplement and amend the Power Contract in the respects necessary to provide for revised and extended manufacturing credits for small manufacturing loads;

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements set forth below, and subject to the TVA Act, the parties mutually agree as follows:

**SECTION 1 – REVISED GSA AND TGSA MANUFACTURING CREDITS**

1.1 Previous Agreement. It is recognized that the agreement numbered TV-59578A, Supp. No. 41, and dated June 1, 1994, as supplemented and amended by an agreement numbered TV-59578A, Supp. No. 55, and dated October 1, 1997 (Manufacturing Credit Agreement), is due to terminate and be of no further force and effect after Distributor's September 2003 revenue month. Notwithstanding that scheduled termination, it is agreed that said Manufacturing Credit Agreement shall continue in effect for the limited purpose provided for below in this section 1.

1.2 Revised Credits. (a) Notwithstanding the scheduled termination of the Manufacturing Credit Agreement, it shall be deemed amended in the respects necessary to provide that effective with Distributor's October 2003 revenue month:

- (i) the Manufacturing Credit Agreement shall continue to apply, in its entirety, to provide for the revised Expanded Credits specified in (ii) and (iii) below;

(ii) only customers served under Part 3 of either Schedule GSA or Time-of-Day Schedule TGSA shall be deemed to be Expanded Eligible Accounts eligible for the revised Expanded Credits; and

(iii) section 3a of the Manufacturing Credit Agreement shall be replaced with the following:

3a. Allowance of Expanded Credit. Notwithstanding anything in the Power Contract (including the Schedule of Rates and Charges) that may be construed to the contrary, beginning with Distributor's October 2003 revenue month (as that term is defined in Wholesale Power Rate--Schedule WS of the Schedule of Rates and Charges), Distributor shall apply a credit against the electric bill of each Expanded Eligible Account as provided below. Allowance of the Expanded Credit shall continue until implementation of the next Rate Change as provided for in the section of the Power Contract's Schedule of Terms and Conditions headed "Adjustment and Change of Wholesale Rate and Resale Rates." Distributor may, at its option, provide monthly credit amounts as a direct cash payment.

(a) Application of Credit. Except as provided in the next paragraph with respect to accounts taking time-of-day service, the dollar amount of the Expanded Credit applicable to each Expanded Eligible Account shall be equal to the sum of:

(i) \$1.38 per kW multiplied by the first 1,000 kW of metered demand applicable in calculating the firm billing demand determined for the customer's monthly bill;

(ii) \$1.63 per kW multiplied by any amount in excess of 1,000 kW of such metered demand; and

(iii) 0.54¢ per kWh multiplied by the firm energy determined for the customer's monthly bill;

provided, however, that no Expanded Credit shall be applied in any month in which the customer's metered demand for that account does not exceed 1,000 kW.

The dollar amount of the Expanded Credit applicable to each Expanded Eligible Account taking time-of-day service shall be equal to the sum of:

(i) \$1.52 per kW multiplied by the metered onpeak demand applicable in calculating the firm billing demand determined for the customer's monthly bill;

(ii) \$0.16 per kW multiplied by each kW of metered offpeak demand applicable in calculating such firm billing demand (which shall be the kW amount, if any, by which the metered offpeak demand exceeds the metered onpeak demand);

(iii) 0.708¢ per kWh multiplied by the firm onpeak energy determined for the customer's monthly bill; and

(iv) 0.433¢ per kWh multiplied by the firm offpeak energy determined for the customer's monthly bill;

provided, however, that no Expanded Credit shall be applied in any month in which the customer's metered demand for that account does not exceed 1,000 kW.

(b) Application of Other Credits. The customer's bill shall be reduced by the amount of the Expanded Credit prior to the application of any credits applicable under the Growth Credit Program, or any comparable program, for which the customer may be eligible.

(b) It is expressly recognized that effective with Distributor's October 2003 revenue month, no credits other than the revised Expanded Credits provided for above in this section 3 shall be applicable under the Manufacturing Credit Agreement.

## **SECTION 2 - TERM**

Except as otherwise specifically provided herein, this agreement shall become effective as of the Effective Date first above written, and shall continue in effect until expiration of the Power Contract, or any renewal, extension, or replacement thereof.

## **SECTION 3 - POWER CONTRACT AFFIRMED**

Except as expressly set out above, nothing in this agreement shall affect the other terms of the Power Contract.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized representatives, as of the day and year first above written.

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By *Donald Dwyer*  
Title: *Pres + CEO*

**TENNESSEE VALLEY AUTHORITY**

By *Cynthia L. Henry*  
General Manager, Contracts and Pricing  
Customer Service and Marketing



Tennessee Valley Authority, Post Office Box 292409, Nashville, Tennessee 37229-2409

September 29, 2004

TV-59578A, Supp. No. 69

Mr. Gerald W. Hayes, President  
Warren Rural Electric  
Cooperative Corporation  
Post Office Box 1118  
Bowling Green, Kentucky 42102

Dear Mr. Hayes:

This will confirm the arrangements developed between representatives of the Warren Rural Electric Cooperative Corporation (Distributor) and the Tennessee Valley Authority (TVA) with respect to supplementing and amending the wholesale power contract numbered TV-59578A, dated May 7, 1982, as amended (Power Contract), between the parties to provide for changing the revenue metering at the Bristow, KY 161-kV Substation (Substation) to include power supply to Distributor's Magna, KY 161-kV Substation over Distributor's one mile, 161-kV transmission line from the Substation. The target in-service date for this metering change is December 1, 2004.

It is understood and agreed that:

1. The attachment entitled "Terms and Conditions (New Metering Installation)" and "Billing and Payment Terms" are made a part of this agreement. In the event of any conflict between the body of this agreement and the attachments, the former shall control.
2. TVA and Distributor will cooperate in providing at the Substation a new 161-kV revenue metering installation (161-kV Meter) as shown in the attached TVA specification diagram, SK-1200, R1 (Attachment C), in accordance with the Terms and Conditions. Distributor shall modify the existing telephone circuit for use with the 161-kV Meter. Accordingly, section 1.3.1 of the Terms and Conditions applies and addresses access to the 161-kV Meter. After the work is completed, Distributor shall, consistent with the Billing and Payment Terms, reimburse TVA for the total costs, including applicable overheads, incurred by TVA (estimated to be \$75,000) for the 161-kV Meter.
3. After the 161-kV metering installation is completed, the 161-kV Meter will replace the two existing 13-kV revenue metering installations. TVA shall transfer to Distributor in place at no additional cost to Distributor the existing 13-kV metering installations. These 13-kV revenue metering installations are transferred to Distributor "as is," and TVA makes no warranties of any kind whatsoever (including any warranty of merchantability), expressed or implied, as to these

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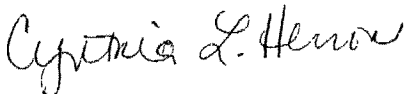
Mr. Gerald W. Hayes  
Page 2  
September 29, 2004

metering installations. After the 161-kV Meter is completed, this transfer becomes effective without further action of the parties.

4. The point of delivery referenced in section 3 of the Terms and Conditions is at the 161-kV side of the Substation. Accordingly, from and after the meter-reading time on the date the 161-kV Meter is put in service, no adjustment of the metered amounts will be needed to reflect losses, and the adjustment for losses (with the 13-kV metering) under the parties' agreement dated July 29, 1996, and numbered TV-59578A, Supp. 49, will cease.

If this letter satisfactorily sets forth our understandings, please execute two counterparts hereof and return one fully executed counterpart to your TVA customer service center. Upon execution by your duly authorized representative, this letter shall be a binding agreement.

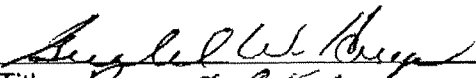
Sincerely,



General Manager, Contracts and Pricing  
Customer Service and Marketing

Accepted and agreed to as of  
the date first above written.

WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION

By   
Title: Pres & CEO



**TERMS AND CONDITIONS**  
**(New Metering Installation)**

**SECTION 1 - METERING**

1.1 TVA's Installation Work. TVA at its expense shall provide and install the revenue meter and related items necessary to determine the power and energy taken by Distributor at the Substation. This metering installation will be at a mutually satisfactory location in the Substation.

1.2 Distributor's Installation Work.

1.2.1 Current and Voltage Transformers. Distributor shall, at its expense and in accordance with plans and specifications furnished or approved by TVA, install the metering current and voltage transformers (supplied by TVA). This will be done on the source side of any station service transformers and voltage correction equipment.

1.2.2 Miscellaneous Facilities. Distributor shall install all other facilities required for the metering installation, including a prewired meter cabinet (supplied by TVA) and the foundation (if necessary) for TVA's meter cabinet, the primary connections from the metering transformers to Distributor's facilities and the conduit (together with any required test boxes) and cable extending from the metering transformer secondaries to the meter cabinet. Distributor will provide the supplies and materials needed under this subsection 1.2.2, except that TVA will supply the cable and test boxes.

1.3 Remote Access to Metering Installation.

1.3.1 Telephone Circuit. If Distributor provides and installs a telephone circuit:

1.3.1.1 Installation of Circuit. For TVA's metering purposes, Distributor shall provide and install (or have installed) a telephone circuit (Circuit) and, if needed, protective conduit extending from TVA's revenue meter to a location specified by TVA. The installation shall be in accordance with guidelines and specifications furnished or approved by TVA. Distributor shall install and then operate and maintain the Circuit (and any such conduit) at its expense. TVA will connect the Circuit to the revenue meter.

1.3.1.2 Distributor Access to Meter Data. Distributor may have (a) remote access to TVA's metering data through the Circuit and (b) access to the metering information available from the readout display of the revenue meter. TVA's and Distributor's operating representatives will coordinate use of the Circuit and access to the readout display to ensure unrestricted telephone access by TVA for data retrieval purposes during periods specified by TVA.

1.3.1.3 Remote Access Equipment. Distributor will need equipment not provided by TVA to obtain metering data by remote telephone access. If requested, TVA will assist Distributor in selecting such equipment, but acquisition of the equipment is Distributor's responsibility.

1.3.2 Cellular Phone. If TVA provides and installs a cellular phone:

1.3.2.1 Installation of Cellular Phone. For TVA's metering purposes, TVA will provide (for its exclusive use) a cellular phone for remote access to the metering installation, and Distributor will provide TVA at no charge 120-volt power for TVA's cellular phone.

1.3.2.2 Distributor Access to Meter Data. Distributor may have access to the metering information available from the readout display of the revenue meter. TVA's and Distributor's operating representatives will coordinate access to the readout display.

1.4 Control of Metering Installation. Except as specifically provided otherwise in this agreement (or as agreed otherwise by TVA), the metering installation shall be for TVA's exclusive use and control. It may be used by TVA separately or in conjunction with any other metering facilities of TVA. TVA will place its seals on the revenue meter and metering facilities in the metering installation, and Distributor shall assure that those seals are not broken except at TVA's request.

1.5 Maintenance of Metering Installation.

1.5.1 TVA's Responsibilities. TVA at its expense shall test, calibrate, operate, maintain, and replace the portion of the metering installation provided and installed by TVA.

1.5.2 Distributor's Responsibilities. As requested by TVA from time to time, Distributor at its expense shall perform necessary maintenance (including making of replacements) of the remaining portion of the metering installation. In doing this work Distributor shall supply the necessary materials, except that TVA shall supply for installation by Distributor any replacements required for the current and voltage transformers, metering cable, and test boxes.

## **SECTION 2 - METERING OUTPUTS**

2.1 Access to Outputs. Distributor may have access at no charge to metering outputs from the metering installation for such purposes as monitoring and load control. Accordingly, Distributor may, at such time as it deems appropriate, provide and install at its expense such additional facilities as are necessary for obtaining access to metering outputs. This includes provision and installation of cable to be connected by TVA to a terminal block in TVA's meter cabinet. Distributor shall also furnish and install any protective facilities requested by TVA for the protection of TVA's metering installation.

2.2 Approval of Facilities. Distributor shall keep TVA informed as to Distributor's plans for installation of any such additional facilities consistent with TVA's Revenue Metering Guide for Customer-Owned Substations. Distributor shall neither install any facilities which are to be connected to the metering installation nor, once installed, change them without prior written notification from TVA that such installation or change is satisfactory to TVA insofar as required for the safe and efficient operation of the metering installation.

2.3 Noninterference with Metering. In exercising access to metering outputs, Distributor shall not interfere with any operation, use of, or access to the metering installation by TVA. In this regard Distributor agrees to immediately modify its facilities and operations, in any manner requested by TVA, to avoid any such interference.

2.4 No Warranty of Outputs. TVA makes no statement, representation, claim, guarantee, assurance, or warranty of any kind whatsoever, including, but not limited to, representations or warranties, express or implied, (a) as to the accuracy or completeness of the metering outputs or as to such outputs' merchantability or fitness for any purposes for which Distributor uses or will use them or (b) as to quantity, kind, character, quality, capacity, design, performance, compliance with specifications, condition, size, description of any property, merchantability, or fitness for any use or purpose of any facilities through which the metering outputs are supplied. Distributor hereby waives, and releases the United States of America, TVA, and their agents and employees from, any and all claims, demands, or causes of action, including, without limitation, those for consequential damages, arising out of or in any way connected with Distributor's use of the metering outputs.

2.5 Termination of Arrangements. The arrangements set out under this section 2, may be terminated by TVA or Distributor at any time upon at least 120 days' written notice. As soon as practicable following the effective date of such termination, TVA will disconnect the cable from the metering installation.

### **SECTION 3 - ADJUSTMENT OF METERED AMOUNTS**

If the metering installation at the Substation is not at the point of delivery specified in the Power Contract, TVA shall adjust the metered amounts of power and energy appropriately to reflect losses (and non-metered station service or equipment use, if any) between the point of delivery and the metering installation and use these adjusted amounts for billing purposes under the Power Contract. Distributor shall from time to time furnish TVA with the loss data for Distributor's facilities needed to allow TVA to make such adjustments.

### **SECTION 4 - COORDINATION AND REVIEW**

4.1 Coordination. TVA and Distributor will coordinate their work under section 1 above to the extent necessary and practicable.

4.2 TVA Review. Any plans, specifications, requirements, guidelines, or coordination, and any review or approvals, provided by TVA under this agreement are only for TVA's purposes and are not to be considered a confirmation or endorsement that they are adequate for Distributor's purposes. TVA's purposes include helping to assure (a) the safe and efficient operation of TVA's facilities and (b) that the arrangements under this agreement do not cause undue hazards to TVA's facilities and operations.

## **SECTION 5 - RIGHTS OF ACCESS**

Distributor hereby grants to TVA such rights to use Distributor's property as are reasonably necessary or desirable to enable TVA to carry out its responsibilities under this agreement. These rights include installation, operation, maintenance, replacement, removal, and inspection of TVA's metering installation and related equipment.

## **SECTION 6 - POWER REQUIREMENTS**

Distributor shall at its expense provide the battery and station service power requirements for TVA's facilities and equipment (including metering equipment) installed at the Substation.

## **SECTION 7 - TERM OF AGREEMENT**

Except as otherwise provided, this agreement shall become effective as of the date of the agreement and shall continue in effect for the term of the Power Contract or any renewal, extension, or replacement of it.

## **SECTION 8 - RESTRICTION OF BENEFITS**

No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise from it unless the agreement be made with a corporation for its general benefit. Distributor shall not offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 5 C.F.R. part 2635 (as amended, supplemented, or replaced). Breach of this provision shall constitute a material breach of this agreement.

## **BILLING AND PAYMENT TERMS**

### **SECTION 1 - DEFINITION OF TERMS**

"TVA" means the Tennessee Valley Authority.

"Reimbursable Contract" means the agreement or contract to which these Billing and Payment Terms are made a part as an attachment or exhibit.

"Billing Party" means the party owed any amount due under the Reimbursable Contract in accordance with these Billing and Payment Terms.

"Billed Party" means the party obligated to pay any amount due under the Reimbursable Contract in accordance with these Billing and Payment Terms. (The same party to the Reimbursable Contract may be the Billing Party or the Billed Party or both.)

"Payment Due Date" means the date by which payment is due the Billing Party as defined in Section 2 below.

"Deliverables" means the work or services performed, or property or equipment furnished, by the Billing Party under the Reimbursable Contract for the ownership benefit of the Billed Party.

### **SECTION 2 - INVOICING AND PAYMENT DUE DATE**

The Billing Party shall submit an invoice to the Billed Party for the amount due. The invoice may be submitted in electronic form, if permitted under the Reimbursable Contract. The invoice shall include reasonably sufficient detail or supporting documentation to permit the Billed Party to verify the appropriateness or accuracy of the amount owed. Unless a later due date is specified in the Reimbursable Contract, the Payment Due Date shall be 30 days from the later of the date or receipt of the invoice.

### **SECTION 3 - INTEREST ON UNDERPAYMENTS OR OVERPAYMENTS**

If the Billed Party fails to pay the amount due by the Payment Due Date, the Billed Party shall pay interest on the unpaid amount based on the maximum rate under the United States Prompt Payment Act, (31 U.S.C. §§ 3901-3907) as published in the Federal Register and adjusted periodically (currently semi-annually). Interest shall accrue from the Payment Due Date until the date the Billing Party receives payment. Failure to pay within 90 days after the Payment Due Date shall constitute a material breach of the Reimbursable Contract. If the Billed Party overpays (such as, due to erroneous or inaccurate invoicing by the Billing Party or due to refund of an excess deposit payment), the Billing Party shall promptly refund the amount overpaid with interest on the overpaid amount at the rate set out above for the period from the date the Billing Party received the overpaid amount to the date the refund is paid by the Billing Party.

#### **SECTION 4 - DELAY OR SUSPENSION OF WORK DUE TO PAYMENT FAILURE**

If the Billed Party fails to pay the amount due by the Payment Due Date, the Billing Party shall have the right to delay or suspend the work or services being performed until after such payment failure has been satisfactorily resolved. Nothing herein contained shall be construed as relieving the Billed Party of the obligation to pay the Billing Party for the work completed as of the date such work or services are delayed or suspended.

#### **SECTION 5 - PAYMENT DISPUTE**

The Billed Party may dispute the payment of all or a portion of the amount due in an invoice if the Billed Party has a reasonable basis to demonstrate that such amount is inappropriate or questionable. In that case, the Billed Party shall promptly advise the Billing Party in writing of the reasons for disputing all or a portion of the invoiced amount. Upon receipt of the Billed Party's written statement of reasons, the dispute resolution provisions of Section 12 below shall apply. If as a result of the dispute resolution, one party is required to pay the other for the amount overpaid or underpaid, such amount shall include interest calculated in accordance with Section 3 (**Interest on Underpayments or Overpayments**) above.

#### **SECTION 6 - OFFSET**

Each party reserves the right to offset any amount owed to the other party against any amount owed by the other party.

#### **SECTION 7 - WARRANTIES AND LIMITATION OF LIABILITY**

Unless otherwise provided in the Reimbursable Contract, the Billing Party warrants the Deliverables to be in conformance with generally accepted professional standards prevailing at the time of delivery. Any Deliverables not in accordance with such standards shall be corrected at no cost to the Billed Party as long as such nonconformance is reported in writing within one year from the date of delivery. The Billing Party expressly disclaims any other warranties, including implied warranties of merchantability or fitness for any particular use or purpose, as to any Deliverables provided hereunder.

#### **SECTION 8 - TIME OF COMPLETION AND FORCE MAJEURE**

Any delays in or failure of performance by the Billing Party or its contractors shall not constitute default hereunder if and to the extent such delays or failures of performance are caused by occurrences beyond the reasonable control of Billing Party or its contractors, and Billing Party shall not be liable for any loss or damage due to or arising out of any such delays or failure of performance. Such occurrences include, but are not limited to, acts of God or the public enemy, fires, epidemics, quarantines, strikes, freight embargoes or delays in transportation, priorities or other acts or orders of Governmental authority, or unforeseeable severe weather or floods, or any causes, whether or not of the same class or kind of those specifically above named, which are not within the control of Billing Party or its contractors.

## **SECTION 9 - ACCESS TO BILLING RECORDS AND CONFIDENTIALITY**

Upon written request by the Billed Party, the Billing Party shall provide access during normal working hours to its records as necessary to permit the Billed Party to verify the accuracy or appropriateness of the invoice. The Billed Party shall keep the information examined confidential. If a billing dispute is submitted to dispute resolution as set out in Section 12 below, the Billing Party agrees to provide the pertinent records or information to counsel and independent experts of the Billed Party and those attempting to resolve the dispute, provided such third parties agree to keep such records or information confidential. Nothing in this Section shall be construed as in any way impairing the ability pursuant to statutory authority of the Office of the Inspector General of TVA or of any other Federal agency having auditing jurisdiction over TVA to examine the records of the Billing Party to the extent relating to any amount billed TVA by the Billing Party.

## **SECTION 10 - ENTIRE CONTRACT**

The Reimbursable Contract and all exhibits or attachments thereto (including these Billing and Payment Terms) shall constitute the entire agreement between the parties. In the event of any conflict between the provisions of the Reimbursable Contract and these Billing and Payment Terms, the Reimbursable Contract shall prevail.

## **SECTION 11 - ASSIGNMENT OF CONTRACT NUMBER**

The Reimbursable Contract will have a contract number assigned by TVA for all parties to use as a reference as part of the invoicing and payment processes.

## **SECTION 12 - DISPUTE RESOLUTION**

If a billing amount dispute arises out of or relates to the Reimbursable Contract, including these Billing and Payment Terms, or the breach thereof, the parties agree to use their best efforts to resolve such a dispute informally at the lowest possible levels of decisionmaking. Such a dispute not resolved at the working level should be referred to higher levels of management of both parties for consideration, as necessary. If said dispute cannot be so settled, the parties further agree to develop and use consensual alternative dispute resolution processes, such as facilitation and mediation to try in good faith to settle said dispute, before resorting to arbitration, litigation, or some other dispute resolution procedure. The parties may, for example, try to resolve the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules.

## **SECTION 13 - RESTRICTION OF BENEFITS**

No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of the Reimbursable Contract or to any benefit that may arise from it unless the agreement be made with a corporation for its general benefit. The other party to the Reimbursable Contract shall not offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as

provided in 5 C.F.R. part 2635 (as amended, supplemented, or replaced). Breach of this provision shall constitute a material breach of the Reimbursable Contract.

#### **SECTION 14 - CONFORMANCE WITH WORK SCOPE AND COST ESTIMATE**

It is recognized that depending on the nature or extent of the work involved, the Reimbursable Contract may include a detailed work scope and a cost estimate (or cost limitation) for work subject to reimbursement based on actual costs incurred. In that case, the Billing Party shall use its best efforts to perform the work within the specified work scope and cost estimate. If at any time the Billing Party becomes aware that the actual costs will likely exceed the cost estimate by 15 percent or more, the Billing Party shall use its best efforts to obtain concurrence or resolution with the Billed Party regarding such cost estimate overrun. This shall include notification of the Billed Party in writing of the cost estimate overrun together with a revised cost estimate and an explanation for the cost estimate overrun so as to provide the Billed Party an opportunity for input and/or consultation. For work or services in excess of the work scope, unless mutually agreed by the parties in advance (such as in the form of an amendment to the Reimbursable Contract), the Billing Party shall not be obligated to perform such work or services, and the Billed Party shall not be obligated to pay for such work or services. The Billing Party may elect to suspend the work in question until it has obtained concurrence or resolution with the Billed Party regarding work in excess of the work scope and/or cost estimate.



**AGREEMENT**  
**Between**  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**And**  
**TENNESSEE VALLEY AUTHORITY**

Date: October 1, 2006

TV-59578A, Supp. No. 74

THIS AGREEMENT, made and entered into between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky, and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act);

**W I T N E S S E T H:**

WHEREAS, TVA and Distributor have a longstanding relationship as seller and buyer of power, under which Distributor currently purchases all of its power requirements from TVA pursuant to Power Contract TV-59578A, dated May 7, 1982, as amended (Power Contract); and

WHEREAS, in accordance with the rate adjustment provisions in section 6 of the Terms and Conditions to the Power Contract, TVA has published an Adjustment Addendum, effective October 1, 2006, which includes a Fuel Cost Adjustment (FCA) formula under which rates will be automatically adjusted quarterly to reflect changes in costs for fuel and purchased power; and

WHEREAS, TVA and Distributor wish to agree upon a communication and oversight process under which FCA issues could be raised with TVA staff, TVA management, and the TVA Chief Executive Officer (CEO), and following such process, FCA policy issues could be ultimately appealed to the TVA Board; and

WHEREAS, TVA and Distributor also wish to agree upon an additional process to be applicable with respect to any proposed changes to or replacement of the FCA formula;

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements set forth below, and subject to the provisions of the TVA Act, the parties agree as follows:

**1. Communication and Oversight Process.**

- 1.1 FCA Information. TVA will endeavor to provide the following Information related to the FCA at least 45 days prior to the quarterly operation of the FCA or as soon thereafter as practicable; provided, however, that such information shall in no event be provided later than 15 days in advance of such quarterly operation:

- (a) The FCA adjustment amounts for the following quarter.
- (b) Reconciliation between the prior quarter's forecast data and actual data, including the resulting deferred account impact.
- (c) A revised preliminary forecast for each of the next four quarters following the quarter for which FCA adjustment amounts are provided under (a).

1.2 Oversight. TVA and Distributor agree to use their best efforts to resolve any FCA issues that may arise informally at the lowest possible levels of decision making. Accordingly, any such issues may be submitted by Distributor to TVA in accordance with an oversight process consisting of the following progressive steps:

Step 1: Review by TVA Customer Service & Marketing (CS&M).

- (a) As a part of this step, Distributor may request additional information from TVA supporting the FCA amounts and TVA will provide that information subject to the qualifications in section 3 below.
- (b) Unless otherwise agreed, this step shall be completed within 30 days of its being initiated by Distributor.
- (c) If this step does not result in resolution of the issue(s), CS&M will provide Distributor with contact information for the appropriate senior TVA management representative(s) for step 2.

Step 2: Review by appropriate senior TVA management.

Unless otherwise agreed, this step shall be completed within 30 days of its being initiated by Distributor.

Step 3: Review by the TVA CEO.

Unless otherwise agreed, this step shall be completed within 30 days of its being initiated by Distributor.

Step 4: Appeal to the TVA Board.

If an FCA issue which has first been the subject of steps 1, 2, and 3 above presents policy questions, it may be appealed to the TVA Board by the distributor submitting a written request for review to the Finance, Strategy and Rates Committee of the Board, or to such other committee as may be designated by the Board, for such committee's recommendation to the Board. Any such request for Board review shall include:

- (a) a description of the issue(s),
- (b) a statement of the Distributor's position on the issue(s) and why it does not consider the results of the previous steps to have resulted in a satisfactory resolution of the issues, and
- (c) such other information as might be reasonably specified by TVA in procedures relating to such appeals.

- 1.3 **Board Decision Final.** The decision made by the TVA Board on any appeal to it under 1.2 above shall be final and shall not be subject to further review under, or based on or arising out of, any provision of this section 1. Further, it is expressly recognized and agreed that nothing in this section 1, shall be deemed to
- (a) create any right to any review of or oversight of TVA actions and decisions other than the process expressly provided for in this section 1;
  - (b) waive any otherwise applicable rights related to such review or oversight,
  - (c) relieve either Distributor or TVA of any obligation to continue to perform its contract obligations to the other party pending the outcome of said process; or
  - (d) in any way impair or restrict either party's ability to bring any action to enforce the FCA formula or the provisions of the other sections of this agreement.

- 1.4 **Process Revisions.** If either party believes that the oversight process provided for by 1.2 above should be revised for any reason, it shall propose such revisions and the parties shall endeavor to reach agreement upon revisions to the process. If after 90 days the parties have not reached agreement, TVA may, upon 30 days' written notice to Distributor implement:
- (a) any revisions related to steps 1, 2, and 3 of the process as are determined to be necessary or appropriate by its CEO, or
  - (b) any revisions related to step 4 of the process as are determined to be necessary or appropriate by its Board.

2. **Changes to FCA.** Section 6 of the Terms and Conditions to the Power Contract is amended in the respects necessary to provide that if TVA believes that any factors warrant a rate adjustment which would involve any change to or replacement of the FCA formula, TVA will not implement any such change or replacement of the FCA formula without first requesting that the parties or their representatives meet and endeavor to reach agreement upon the change or replacement. If within 90 days after any such request the parties have not reached agreement, TVA may, following a quarterly rate review as provided for in the paragraph entitled "Adjustment" of said section, publish an Adjustment Addendum implementing any such change or replacement of the FCA formula determined to be appropriate under the provisions of said paragraph.
3. **Confidentiality.** As a condition of any information provided by TVA to Distributor under this agreement, TVA may require Distributor to execute a confidentiality agreement in a form acceptable to TVA. Further, where deemed necessary by TVA to protect confidential or proprietary information, any such agreement may require that specified information provided for Distributor review remain in the possession of TVA, or a Distributor representative (such as the Tennessee Valley Public Power Association) that also enters into a confidentiality agreement with TVA, and that such information not be retained by Distributor or maintained as part of the record system of Distributor.

4. **No Limitation of Rate Adjustments.** Except as expressly set out in section 2 above with respect to any change to or replacement of the FCA formula, nothing in this agreement shall limit TVA's ability to adjust rates under the paragraph entitled "Adjustment" in section 6 of the Terms and Conditions to the Power Contract; provided, however, that it is further expressly recognized and agreed that nothing in this agreement shall be deemed to expand TVA's authority under said "Adjustment" paragraph or to in any way modify the rights and obligations of either party under any other provision of section 6 of the Terms and Conditions to the Power Contract.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized officers, as of the day and year first above written.

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By *Steven L. Brad*  
Title: *Chairman of Board*

**TENNESSEE VALLEY AUTHORITY**

By *K. Breeden*  
Executive Vice President  
Customer Service and Marketing

**AGREEMENT**  
**Between**  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**And**  
**TENNESSEE VALLEY AUTHORITY**

Date: January 10, 2007

TV-59578A, Supp. No. 75

THIS AGREEMENT, made and entered into between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation duly created, organized, and existing under and by virtue of the laws of the Commonwealth of Kentucky, and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act);

**W I T N E S S E T H:**

WHEREAS, TVA and Distributor have a longstanding relationship as seller and buyer of power, under which Distributor currently purchases all of its power requirements from TVA pursuant to Power Contract TV-59578A, dated May 7, 1982, as amended (Power Contract); and

WHEREAS, Distributor has furnished TVA a Power Contract termination notice (Termination Notice) dated March 28, 2003, and under which the Power Contract was scheduled to end at 0000 hours on April 1, 2008 ; and

WHEREAS, TVA and Distributor have entered an agreement numbered TV-59578A, Supp. No. 73, dated September 29, 2006 (Extension Agreement), to extend the term of the Power Contract through April 1, 2009, when East Kentucky Power Cooperative (EKPC) would begin service to Distributor; and

WHEREAS, Distributor and EKPC have now agreed to a termination of the arrangements under which EKPC would have began service on April 1, 2009; and

WHEREAS, Distributor now wishes to withdraw the Termination Notice, and TVA is agreeable to such withdrawal; and

WHEREAS, Distributor has agreed to cooperate with TVA in efforts to cause the Federal Energy Regulatory Commission (FERC) to vacate certain orders and terminate the proceedings in Docket Nos. TX05-1-000, et al.; and

WHEREAS, certain transmission improvements requiring long-term investments have not been made or planned during the period that the Termination Notice was pending and TVA and Distributor wish to agree upon certain improvements that will now be made;

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements set forth below, and subject to the provisions of the TVA Act, the parties agree as follows:

#### **SECTION 1 - REINSTATEMENT OF CONTRACT TERM**

The Termination Notice shall be deemed withdrawn as of December 7, 2006 (Effective Date), and the Power Contract shall be deemed reinstated such that it continues in effect beyond the termination date provided by the Termination Notice and the Extension Agreement. Further, it is expressly recognized and agreed that from and after the Effective Date:

- (a) The Extension Agreement shall be deemed superseded by this agreement such that the provisions in its section 2 entitled "Adder to Rates" shall never be of any force and effect;
- (b) The notice given by TVA's separate letters regarding the *energy right*<sup>®</sup> program, the Comprehensive Services Program, and the Enhanced Security Deposit Program, all dated March 9, 2004, shall be deemed to be of no force and effect; and
- (c) All TVA programs and services in which Distributor was participating before the Termination Notice, which were terminated or modified due to said notice, shall be deemed reinstated from and after said Effective Date, and Distributor shall hereafter be eligible to participate in other TVA programs as though the Termination Notice had not been given.

#### **SECTION 2 - FERC PROCEEDING TX05-1**

(a) Distributor shall cooperate with TVA and file a joint motion with TVA at the FERC requesting that FERC vacate all orders issued in Docket Nos. TX05-1-000, et al., and terminate the proceeding in Docket Nos. TX05-1-000, et al. (Joint Distributor/TVA Motion to Vacate). The Joint Distributor/TVA Motion to Vacate shall be filed with FERC on or before February 1, 2007, or such later date as may be designated by TVA.

(b) Distributor shall use its best efforts to cause EKPC to: (1) promptly withdraw its application with FERC for an order requiring interconnections with TVA in Docket Nos. TX05-1-000, et al., dated October 1, 2004, as subsequently amended and supplemented and (2) join the Joint Distributor/TVA Motion to Vacate or promptly file a document with FERC supporting the Joint Distributor/TVA Motion to Vacate.

### **SECTION 3 - POWER SUPPLY IMPROVEMENTS**

(a) It is recognized that certain power supply improvements requiring long-term investments have not been made or planned during the period that the Termination Notice was pending and that representatives of TVA and Distributor have recently agreed upon a plan to improve service to Distributor's loads in the areas of Leitchfield, Salmons, Magna, and Memphis Junction. That plan is further described in the attachment to this agreement.

(b) In recognition of TVA's commitment to these planned improvements, the parties have agreed to incorporate an initial 10 year commitment into this agreement and, accordingly, neither TVA nor Distributor shall exercise its right to give notice of termination of the Power Contract before the date occurring 5 years after the Effective Date of this agreement.

### **SECTION 4 - ENHANCED GROWTH CREDIT (EGC) PROGRAM**

(a) It is expressly recognized that under section 1(c) above, the Enhanced Growth Credit (EGC) Program, which was terminated due to the Termination Notice, will be reinstated from and after the Effective Date of this Agreement. Further, the parties wish to amend the EGC Agreement (which is numbered TV-59578A, Supp. No. 45, and dated May 5, 1994) in the respects necessary to provide for expanded credits to customers that qualify for participation in the EGC Program on or after the Effective Date of this agreement. Accordingly, as of the Effective Date, the EGC Agreement is amended as follows:

- (i) Unless otherwise specified, terms appearing in (ii) and (iii) below shall have the meaning set out in the EGC Agreement.
- (ii) The definition of Customer provided in Guideline 1.1 of the EGC Participation Agreement Guidelines attached to and made a part of the EGC Agreement (Guidelines) shall be deemed to also refer to any customer of Distributor meeting the conditions of Manufacturing Classifications MSB, MSC, MSD, TMSB, TMSC, or TMSD.
- (iii) Guideline 4 of the Guidelines is amended by adding the following new Guidelines 4.4 and 4.5:

4.4. Declining 8 Year Credit Option. If this credit option is selected, Distributor shall apply the following schedule of credit amounts in calculating the credits to be applied under a Participation Agreement. Such credits will be applied for an 8-year period beginning with the first month in which the Customer qualifies for a credit under 2.2(c) or 3.2(c) above.

\$6.00 per kW for the first 12-consecutive-month period.

\$5.25 per kW for the second 12-consecutive-month period.

\$4.50 per kW for the third 12-consecutive-month period.

\$3.75 per kW for the fourth 12-consecutive-month period.

\$3.00 per kW for the fifth 12-consecutive-month period.

\$2.25 per kW for the sixth 12-consecutive-month period.

\$1.50 per kW for the seventh 12-consecutive-month period.

\$.075 per kW for the eighth 12-consecutive-month period.

**4.5 Flat 4 Year Credit Option.** If this credit option is selected, Distributor will apply a credit amount of \$6.00 per kW in calculating the credits to be applied under a Participation Agreement. Such credits will be applied for a 4-year period beginning with the first month in which the Customer qualifies for a credit under 2.2(c) or 3.2(c) above.

- (iv) Any reference to Guideline 4.2 or 4.3 appearing in the Guidelines shall be deemed to also refer to Guideline 4.4 or 4.5.

(b) It is expressly recognized and agreed that Distributor will continue to apply the credit amounts provided for in Guideline 4.2 or 4.3 to any Customer which is eligible to receive credits under a Participation Agreement entered into prior to the Termination Notice. It is further expressly recognized and agreed that in the event of any Power Contract termination notice, TVA will be obligated to pay all credits provided for by any then-existing Participation Agreement until the earlier of (i) the end of the credit period provided for by Guideline 4.2, 4.3, 4.4, or 4.5 (as applicable under said Participation Agreement) or (ii) the end of the Power Contract.

#### **SECTION 5 - ROLLING-TERM POWER CONTRACT AFFIRMED**

It is expressly recognized that section 1 above reinstates the rolling term of the Power Contract. Accordingly, under the provisions of section 15 of the Power Contract, the Power Contract shall be considered to have been extended so that it is presently to be effective through June 11, 2016. It is further expressly recognized and agreed:

- (a) that under said section 15 as previously amended by section 2 of Agreement TV-59578A, Supp. No. 54, dated October 1, 1997, either TVA or Distributor may hereafter terminate the Power Contract upon not less than 5 years' written notice, subject to the provisions of section 3(b) of this agreement; and
- (b) that section 3 of said Supplement No. 54 is no longer of any force and effect and thus shall not limit the right to give such notice.

Except as expressly set out above, nothing in this agreement shall affect the other terms of the Power Contract.



IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized officers, as of the day and year first above written.

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By Rebecca L Goad  
Chairperson of the Board

**TENNESSEE VALLEY AUTHORITY**

By K R Breeden  
Executive Vice President  
Customer Resources

## Plan for Power Supply Improvements

1. TVA will make arrangements with and pay for LGEE/KU to provide a new 138-kV delivery point for WRECC at Meredith by adding breakers and looping the Bonnieville-Ohio County line into a new Meredith substation. WRECC will fund construction of the new 138-69-kV Substation. Planned In-Service Date: December 2009.

2. TVA will loop in the Memphis Junction-Portland 161-kV Transmission line, construct a Salmons 161-kV Switching Station with two 161-kV breakers, and provide a connection to a new Salmons Substation to be constructed by WRECC.  
Planned In-Service Date: April 2009

As an alternative, WRECC may locate their substation differently, requiring that TVA provide a 1.5 mile line to their substation. Economics will dictate whether TVA would provide a switching station under this alternative.

3. TVA will extend the 161-kV bus in the Memphis Junction 161-kV Substation to provide a connection to a new 161-13-kV transformer that WRECC will install inside the Memphis Junction fence. Planned In-Service Date: January 2008

As an alternative, TVA will provide a tap point and switch along with a slack span connection should WRECC choose to construct a new substation adjacent to the Bowling Green-Memphis 161-kV Transmission Line.

4. TVA will work with KU to resolve administrative issues with emergency back feeds.

5. TVA will equally share the costs with WRECC to provide a loop supply to Magna and General Motors by opening a section of TVA's East Bowling Green-Summer Shade 161-kV Transmission Line between East Bowling Green and the Bristow tap point. This would create a new Summer Shade-Bristow-Magna-GM-East Bowling Green line. TVA would operate and maintain all of this new line including the breakers in each of the substations to provide a complete path from Summer Shade to East Bowling Green.  
Planned In-Service Date: January 2008.

6. WRECC plans to do corrective work on their portion of the ground mat at the East Bowling Green Substation. If this work impacts TVA's 161-kV switchyard, TVA will work with WRECC to resolve any compatibility issues.

**AGREEMENT**  
**Between**  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**And**  
**TENNESSEE VALLEY AUTHORITY**  
**FOR**  
**HARDCASTLE-GREENWOOD 69-KV TRANSMISSION LINE PROJECT**

Date: March 1, 2008

TV-59578A, Supp. 76

THIS AGREEMENT, made and entered into between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (WRECC), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky, and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act);

**W I T N E S S E T H:**

WHEREAS, TVA and WRECC have entered into a power contract dated May 7, 1982, numbered in TVA's record as TV-59578A, under which WRECC purchases its entire requirements for electric power and energy from TVA for resale; and

WHEREAS, TVA wishes to construct a new 161-kV transmission line from a point in TVA's East Bowling Green-South Scottsville 161-kV Transmission Line to the proposed North Mill 161-kV Substation; and

WHEREAS, TVA desires to minimize the need for obtaining additional right-of-way for its new 161-kV line by utilizing a portion of the right-of-way for WRECC's Hardcastle-Greenwood 69-kV Transmission Line; and

WHEREAS, the parties wish to cooperate in a project to reconstruct WRECC's lines in this portion of right-of-way on new double-circuit structures with WRECC's 161-kV line (operated at 69 kV) on one side and TVA's 161-kV line on the other; and

WHEREAS, the parties have entered into an agreement dated February 23, 2007 (numbered 00060574), to cooperate in providing a temporary 13-kV transmission line needed for this project;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained, the parties agree as follows:

**ARTICLE 1**  
**DEFINITIONS**

In this agreement, these terms have the following meanings:

"Danger Tree" means any tree which in falling could strike or come within five feet of the New Line Section.

"Electric power circuits" means the conductors, arms, insulators, overhead ground wires, and related hardware and fixtures attached to Structures, which together allow the transmission of electric energy.

"Existing Line Section" means the approximately 3.1-mile section from structure 4 to structure 57 of WRECC's Hardcastle-Greenwood 69-kV Transmission Line and of WRECC's 13-kV distribution line on the Right-of-Way Portion.

"Facilities Matrix" means the table set out in Exhibit FM that identifies (a) the major facilities or equipment to be installed and work activities to be performed by TVA or WRECC under this agreement and (b) the responsibilities of each party (where an "X" or a percentage is shown in the matrix columns) with respect to (i) performance and cost responsibility for initial installation of the facilities (or the performance of work), (ii) ownership of the facilities, (iii) performance and cost responsibility for maintenance and repairs of the facilities during the term of this agreement, and (iv) estimated reimbursement to a party for work performed for which the other party has cost responsibility. The Facilities Matrix indicates phases of the installation work, using the heading "Ev" in column (a) for "environmental," "E" in column (b) for "engineering," "P" in column (c) for "procurement," and "C" in column (d) for "construction."

"Good Utility Practice" means any of the practices, methods, and acts engaged in or adopted by a significant portion of the electric utility industry, or practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time, could have been expected to accomplish the desired result at reasonable cost consistent with reliability, safety, and expedition. Good Utility Practice is not intended to be limited to any particular set of optimum practices, methods, or acts to the exclusion of all others, but rather is intended to include a spectrum of acceptable practices, methods, or acts. However, depending on the nature of the work involved, TVA and WRECC shall, to the extent applicable and appropriate, ensure that their work performance is consistent with the National Electrical Safety Code of the American National Standards Institute (which Code, as it may be revised from time to time, is commonly known as "ANSI Code").

"New Line Section" means the approximately 3.1-mile segment of Structures and related facilities, including the electric power circuits, communication circuits, overhead ground wires, and guy wires, to be constructed under this agreement on the Right-of-Way Portion that will contain (1) a new, rebuilt section of WRECC's Hardcastle-Greenwood 161-kV (initially operated at 69 kV) Transmission Line and of WRECC's 13-kV distribution line and (2) a new section of TVA's East Bowling Green-Scottsville (Tap to North Mill) 161-kV Transmission Line, as shown on "TVA's Use of WRECC's ROWs" (Exhibits FC and FC1, dated 9/17/2007).

"Overhead ground wire" means the overhead shield or static wire that makes an electrical connection with the earth for transmission line lightning protection.

"Right-of-Way Portion" means the right-of-way and easement rights that WRECC now owns (identified in the following table) or acquires in the future for the Existing Line Section. The Right-of-Way Portion extends approximately 3.1 miles and is 75 feet in

width (and includes rights of ingress and egress, clearing rights, and rights to remove Danger Trees). TVA's additional property rights for the New Line Section, identified on TVA's records as part of US-TVA Tracts BGSNM-4 through BGSNM-36, substantially coincide with the Right-of-Way Portion; accordingly the Right-of-Way Portion is indicated in TVA drawing LW-6218, Sheet P3A, Revision 6, as beginning at TVA's structure 503 (approximately at survey station 6+64.47) and extending approximately 3.1 miles to TVA's structure 555 (approximately at survey station 176+00) for TVA's East Bowling Green-Scottsville (Tap to North Mill) Transmission Line.

<b>Date Recorded</b>	<b>Warren County, Kentucky, Clerk's Office Recording Information</b>	<b>Corresponding TVA Tract No.</b>
12/31/1974	Deed Book 436 Page 37	BGSNM-4
12/31/1974	Deed Book 436 Page 45	BGSNM-5
12/31/1974	Deed Book 436 Page 74	BGSNM-6
12/23/1974	Deed Book 436 Page 48	BGSNM-7
12/23/1974	Deed Book 436 Page 48	BGSNM-8
12/23/1974	Deed Book 436 Page 47	BGSNM-10
02/18/1975	Deed Book 438 Page 644	BGSNM-11
12/30/1974	Deed Book 436 Page 42	BGSNM-12
12/30/1974	Deed Book 436 Page 42	BGSNM-13
12/30/1974	Deed Book 436 Page 42	BGSNM-15
12/30/1974	Deed Book 436 Page 42	BGSNM-16
12/30/1974	Deed Book 436 Page 42	BGSNM-17
12/31/1974	Deed Book 436 Page 38	BGSNM-18
01/02/1975	Deed Book 436 Page 44	BGSNM-19
01/02/1975	Deed Book 436 Page 40	BGSNM-20
12/30/1974	Deed Book 436 Page 42	BGSNM-21
12/23/1974	Deed Book 436 Page 46	BGSNM-22
		BGSNM-23
12/23/1974	Deed Book 436 Page 41	BGSNM-24
12/23/1974	Deed Book 436 Page 51	BGSNM-25
12/23/1974	Deed Book 436 Page 51	BGSNM-26
12/23/1974	Deed Book 436 Page 51	BGSNM-27
01/15/1975	Deed Book 10 Page 530	BGSNM-28
01/15/1975	Deed Book 10 Page 530	BGSNM-29
		BGSNM-30
12/23/1974	Deed Book 436 Pages 49 & 50	BGSNM-31
01/15/1975	Deed Book 10 Page 530	BGSNM-32
		BGSNM-33
12/23/1974	Deed Book 436 Pages 49 & 50	BGSNM-34
		BGSNM-35
12/23/1974	Deed Book 436 Page 39	BGSNM-36

**"Structures"** means TVA's poles, arms, and related hardware (including guy wires) that support the electric power circuits (and communication facilities, if any) in the New Line Section.

**"TVA's Facilities"** means the part of the New Line Section owned by TVA (which includes the Structures, TVA's 161-kV electric power circuit, and the associated overhead ground wire).

"WRECC's Facilities" means the part of the New Line Section installed by TVA and owned by WRECC (which includes the 161-kV electric power circuit (initially operated at 69-kV) and the 13-kV circuit). (In addition to the WRECC Facilities, WRECC will construct and own distribution facilities in the New Line Section, including associated switches, apparatus, and protective equipment and hardware.)

## **ARTICLE 2** **EXHIBITS**

The attached:

TVA drawing (LW-6218, Sheet P3A, Revision 6), dated 5/15/2007; and  
Exhibit FC (Facilities Configuration), dated 9/17/2007; and  
Exhibit FC1 (Facilities Configuration), dated 9/17/2007; and  
Exhibit FM (Facilities Matrix), dated 9/28/2007; and  
Exhibit TC (Terms and Conditions, Reimbursable Contracts - Billing and  
Payment), dated 7/05/2007

are a part of this agreement.

## **ARTICLE 3** **PROJECT DESCRIPTION**

**Section 3.1 - General** The parties will cooperate in replacing the Existing Line Section on the Right-of-Way Portion with the New Line Section by performing the activities generally described in the Facilities Matrix.

**Section 3.2 - Use of Right-of-Way Portion for Removal Work** WRECC hereby provides TVA permission to enter upon and use the Right-of-Way Portion for the purpose of removing the Existing Line Section. TVA, at its expense, shall acquire from the owners of land over which the Right-of-Way Portion lies, documented rights, or rights through court proceedings, to undertake activities on the Right-of-Way Portion consistent with this agreement.

**Section 3.3 - Existing Line Section Removal** WRECC hereby authorizes TVA to remove, at no cost to WRECC, the Existing Line Section. TVA shall remove the Existing Line Section, WRECC shall salvage those facilities it wants, and TVA shall dispose of the rest of the facilities from the removed Existing Line Section.

**Section 3.4 - New Line Section Construction** Before the New Line Section construction, TVA shall, at no cost to WRECC, perform (or cause to be performed) the surveys, engineering, and design work for the New Line Section and shall clear the Right-of-Way Portion and remove Danger Trees. TVA shall construct, at no cost to WRECC, the New Line Section on the Right-of-Way Portion. The New Line Section will be configured as indicated generally on Exhibit FC and include a 161-kV double-circuit transmission line, including its associated Structures, and a segment of 13-kV underbuild distribution circuit to be owned and operated by WRECC. The New Line Section shall be of a design approved by WRECC in accordance with Article 6.

**Section 3.5 - Line Specifications** The New Line Section Structures will be generally light-duty, direct-embedded steel poles with 636-mcm, 26/7 ACSR conductors and Alumoweld overhead ground wires. WRECC's Facilities will be attached by separate arms and insulators; the 161-kV electric power circuit will have 636-mcm, 26/7 ACSR conductors and the 13-kV electric power circuit will have 477-mcm ACSR conductors.

**Section 3.6 - Installation of New Facilities on TVA's Structures** Except for replacement equipment and materials which are the same or similar to the initially installed electric power and communication facilities on the Structures owned by TVA, WRECC shall not install any new facilities or equipment on the Structures or otherwise make changes or modifications to the Structures without advance written consent from TVA, which consent shall not be unreasonably withheld as long as (i) such installation does not interfere with TVA's facilities then in place and (ii) the Structures then in place include sufficient space and strength to accommodate such replacement or installation.

**Section 3.6.1 - Standard Attachments** WRECC shall send TVA drawings and plans for standard WRECC attachments to the Structures that will not require structural modifications by TVA (Standard Attachments) for TVA's review and approval consistent with the principles of Section 6.2.2. TVA shall notify WRECC of approval or of TVA's reasons for non-approval of the Standard Attachments within 30 business days. Thereafter, WRECC shall notify TVA of any particular instances of approved Standard Attachments, and TVA shall notify WRECC of TVA's consent to or of TVA's reasons for withholding consent to any particular instance of approved Standard Attachments within 5 business days.

**Section 3.6.2 - Modifications** WRECC shall also notify TVA and send TVA drawings and plans for WRECC attachments to the Structures that will require structural modifications by TVA (Modifications) for TVA's review and approval consistent with the principles of Section 6.2.2.

#### **ARTICLE 4**

#### **NEW LINE SECTION OWNERSHIP AND RESPONSIBILITY**

**Section 4.1 - Line Section Ownership and Responsibility** Effective as of the in-service date of the New Line Section, TVA hereby transfers to WRECC all of TVA's rights, title, and interest in WRECC's Facilities (including, but not limited to, conductors, insulators, and related hardware), free from all liens and encumbrances. Thereafter, WRECC shall own and be responsible for WRECC's Facilities, and TVA shall own and be responsible for TVA's Facilities. Each party shall exercise proper care to protect the other party's facilities on the Structures and the Right-of-Way Portion and, notwithstanding Section 5.7 below, shall bear the cost of any necessary repairs or replacements of the Structures or the Right-of-Way Portion proximately caused by its neglect to exercise such proper care.

**Section 4.2 - Right-Of-Way Portion Ownership and Responsibility** Except as expressly provided in this agreement, WRECC continues to own and be responsible for the Right-of-Way Portion and shall reimburse TVA for the maintenance of the Right-of-Way Portion in accordance with Section 5.7 (Billing and Payments for TVA's OM&R Work).

**Section 4.2.1 - Right-of-Way Portion Rights** WRECC hereby provides TVA a non-exclusive permanent right to occupy and use the Right-of-Way Portion for the construction, operation, maintenance, and repair of the Structures and TVA's Facilities.

**Section 4.2.2 - Additional TVA Rights** Consistent with Section 3.2 (Use of Right-of-Way Portion for Removal Work), TVA shall acquire additional property rights, including, but not limited to, the following: (i) rights or permission from the owners of the land on which the Right-of-Way Portion lies to construct, operate, and maintain the New Line Section on the Right-of-Way Portion; and (ii) rights or permission from the owners of land immediately adjacent to the Right-of-Way Portion to occupy and use such land in connection with the construction, operation, and maintenance of the New Line Section on the Right-of-Way Portion. TVA shall assume full responsibility for acquiring such additional property rights and for compensating such owners in connection with the acquisition of such additional property rights.

## **ARTICLE 5**

### **FACILITIES ARRANGEMENTS**

**Section 5.1 - Detailed Description of Work Scope Activities** The Facilities Matrix provides a high-level summary of the facilities and work scope involved. Appropriate project drawings, exhibits, and scoping materials provide more detailed description of the work scope activities and facilities involved. These documents include, but are not limited to, work orders referenced in the Facilities Matrix.

**Section 5.2 - Facilities Installed by WRECC** The facilities to be installed (or the work to be performed) by WRECC, if any, are referenced herein as "WRECC-Installed Facilities" and are identified by an "X" in column (f) of the Facilities Matrix, together with an "X" in column (a), (b), (c), or (d), as appropriate, to indicate the phase of the installation work. Where WRECC and TVA are responsible for different phases of the initial installation of the same facilities, the term "WRECC-Installed Facilities" applies only to that particular phase (or phases) of the work for which WRECC is responsible. TVA has the right to review and coordinate the design and installation of WRECC-Installed Facilities (and any future modification of them) as set out in Section 6.2 (Review, Inspection, and Approval of Facilities).

**Section 5.3 - Facilities Installed by TVA** The facilities to be installed (or the work to be performed) by TVA, if any, are referenced herein as "TVA-Installed Facilities" and are identified by an "X" in column (e) of the Facilities Matrix, together with an "X" in column (a), (b), (c), or (d), as appropriate, to indicate the phase of the installation work. Where TVA and WRECC are responsible for different phases of the initial installation of the same facilities, the term "TVA-Installed Facilities" applies only to that particular phase (or phases) of the work for which TVA is responsible. WRECC has the right to review and coordinate the design and installation of TVA-Installed Facilities (and any future modification of them) as set out in Section 6.2 (Review, Inspection, and Approval of Facilities).



**Section 5.4 - Facilities Owned by WRECC** The facilities to be owned by WRECC, if any, are referenced herein as "WRECC-Owned Facilities" and are identified by an "X" in column (j) of the Facilities Matrix.

**Section 5.5 - Facilities Owned by TVA** The facilities to be owned by TVA, if any, are referenced herein as "TVA-Owned Facilities" and are identified by an "X" in column (i) of the Facilities Matrix.

**Section 5.6 – Maintenance and Repairs of Facilities** TVA shall perform maintenance and repairs of the facilities, if any, identified by an "X" in column (k) of the Facilities Matrix. WRECC shall perform maintenance and repair of the facilities, if any, identified by an "X" in column (l) of the Facilities Matrix.

**Section 5.7 - Billing and Payments for TVA's OM&R Work** From the in-service date of the New Line Section until WRECC ceases to use the Structures for supporting its facilities in the New Line Section, WRECC shall, consistent with the applicable billing and payment provisions of this agreement, reimburse TVA for TVA's OM&R costs.

**Section 5.7.1 - Fixed Price Compensation for Structures and Right-of-Way Portion** As indicated by item numbers A10a and A10b of the Facilities Matrix, WRECC shall pay TVA annually a fixed fee (Maintenance Fee) for (a) the routine and ordinary maintenance (including ordinary repairs or replacements) of the Structures and (b) the routine and ordinary maintenance (including ordinary clearing) of the Right-of-Way Portion. WRECC shall pay the Maintenance Fee to TVA (i) by electronic transfer to an account designated by TVA, (ii) within 10 business days after the in-service date of the New Line Section for the first calendar year and on or before the first business day of each calendar year following the calendar year of the in-service date of the New Line Section, and (iii) without TVA's having to send invoices to WRECC. The Maintenance Fee for any period of less than one year will be prorated. The Maintenance Fee for the first calendar year is \$1,120. Each calendar year thereafter the Maintenance Fee increases by three percent (3%) on an annual compounding basis. (For example, the Maintenance Fee in the first calendar year will be \$1,120; the Maintenance Fee in the second calendar year will be \$1,154 (\$1,120 plus 3% of \$1,120); the Maintenance Fee in the third calendar year will be \$1,189 (\$1,154 plus 3% of \$1,154); and so on). Beginning on the third anniversary of the effective date of this agreement, either party - not more often than once every 3 years - may request a review of the Maintenance Fee and its underlying costs. The request will be by notice to the other party, and the parties will complete the review 60 days after the date of the notice (however, the review completion date may be extended for 30-day periods for good cause shown). After any such review the Maintenance Fee may be increased or decreased, upon agreement of the parties, to reflect changes in the costs for providing the routine and ordinary maintenance (including ordinary repairs or replacements) of the Structures and the routine and ordinary maintenance (including ordinary clearing) of the Right-of-Way Portion.

**Section 5.7.2 - Shared Costs for Structures and Right-Of-Way Portion** As indicated by item numbers A11a and A11b of the Facilities matrix, WRECC shall reimburse TVA for fifty percent (50%) of the actual costs (including applicable overheads) incurred by TVA for non-routine or extraordinary repairs, including

replacements or catastrophic damage repairs (such as caused by a tornado or an ice storm), of the Structures or the Right-of-Way Portion. To the extent practicable, TVA shall coordinate and consult with WRECC prior to performing this work to determine the most economical overall power supply arrangement, including possible installation of separate facilities. The parties recognize, however, that in cases of emergency it may be impractical for TVA to delay making such repairs or replacements for coordination or consultation.

**Section 5.8 - Designation of Project Managers** The Project Managers for this agreement are:

TVA Project Manager:  
David M. Goins  
Electric System Projects  
Power System Operations

WRECC Project Manager:  
Steven L. Gwin, P.E.  
Manager of Engineering

Address:  
Tennessee Valley Authority  
1101 Market Street (MR 4B-C)  
Chattanooga, TN 37402-2801

Address:  
Warren RECC  
PO Box 1118 (42102-1118)  
951 Fairview Avenue  
Bowling Green, KY 42101

Telephone No:  
(423) 751-7906

Telephone No:  
(270) 842-5214, extension 2212

Facsimile No:  
(423) 751-7505

Facsimile No:  
(270) 781-3299

E-Mail:  
dmgoins@tva.gov

E-Mail:  
sgwin@wrecc.com

Each party may, by written notice to the other party, at any time designate a new Project Manager to act on its behalf under this agreement. Subject to the provisions of this agreement and any applicable law, the Project Managers are authorized to coordinate all work activities (including work plan, design changes, or operating procedures) for this agreement as well as to agree upon such incidental administrative arrangements as are appropriate for the efficient and expeditious implementation of this agreement.

**Section 5.9 - Referenced Project Documentation** A detailed description of project work scope activities and facilities may be developed as a result of the project scoping workshop activities and include documents such as work orders, drawings, and sketches. These and other project documents become project documentation ("Referenced Project Documentation") on condition that (a) documents (or materials) prepared by one party are submitted to the other party for review, coordination, and approval consistent with Section 6.2 (Review, Inspection, and Approval of Facilities) and (b) the parties consent in writing to the documents, for example, by written communications between the Project Managers. Changes to the Referenced Project Documentation are permissible on condition that (i) the changes are consistent with the scope and objective of the project and (ii) the parties consent in writing to the changes, for example, by written communications between the Project Managers. Each party shall keep the Referenced Project Documentation in its custody, as indicated below.

Each party shall (upon request) provide the Referenced Project Documentation (in hard copy format or computer readable electronic format) to the other party. If a party changes its custody of the Referenced Project Documentation, that party shall notify the other party of the change.

**TVA Custody**

*K. Scot Eaves  
Manager, Project Development  
Power System Operations  
Electric System Projects*

*Tennessee Valley Authority  
1101 Market Street (MR 3H-C)  
Chattanooga, TN 37402-2801*

*Telephone No:  
(423) 751-8371*

**WRECC Custody**

*Steven L. Gwin P.E.  
Manager of Engineering*

*Warren RECC  
951 Fairview Avenue  
Bowling Green, KY 42101*

*Telephone No:  
(270) 842-5214, extension 2212*

**ARTICLE 6**  
**FACILITIES PROVISIONS**

**Section 6.1 - Design and Construction of Facilities** Each party's Facilities shall be designed and constructed in accordance with Good Utility Practice and in accordance with Section 6.2 (Review, Inspection, and Approval of Facilities).

**Section 6.2 - Review, Inspection, and Approval of Facilities**

**6.2.1 - Cooperation and Coordination** TVA and WRECC shall cooperate with each other and coordinate completion of their respective work under this agreement. The primary objectives of the coordination of efforts under this agreement are to achieve (a) timely and efficient completion of TVA-Installed Facilities and WRECC-Installed Facilities, (b) safe, reliable, and efficient operation of each party's facilities, (c) prevention of any undue hazards caused by one party to the other party's facilities and operations, (d) the safety of the parties' personnel, (e) prevention of any undue burden caused by one party to the other party's budget planning for expenditures under this agreement, and (f) prevention of delays caused by one party to the other party's completion of work activities. Each party shall use reasonable diligence in carrying out its responsibilities regarding such coordination under this agreement. To aid in this coordination the parties shall, for example, use mutually acceptable compatible drawing standards. Except as may otherwise be provided in this agreement, neither party shall be required to seek review and approval of the other party on work activities or procedures (such as design, construction, planning, budgeting, testing, or operating) unless failure to do so would materially conflict with or jeopardize the objectives set out in (a) through (f) above. Each party shall give reasonable notice regarding its schedule for installation work to the other party and shall notify the other party promptly in the event of changes or deviations from this schedule.

**6.2.2 - Review, Inspection, and Approval by TVA** To the extent consistent with the objectives set out under Section 6.2.1 (Cooperation and Coordination), WRECC shall obtain TVA's review, inspection, and acceptance of work activities

(including design and installation) for WRECC-Installed Facilities as are reasonably required to enable TVA to accommodate WRECC-Installed Facilities with TVA-Installed Facilities (or with existing facilities and equipment of TVA) in a safe and reliable manner consistent with Good Utility Practice. Such work activities (performed by WRECC) must be submitted, reviewed, inspected, approved, modified, or corrected consistent with Good Utility Practice and within a timeframe developed as a result of project scoping workshop activities jointly conducted by the parties (or as otherwise mutually acceptable to the parties). TVA's review, inspection, and acceptance are provided only insofar as required for the safety and efficiency of TVA's system and employees and are not a guarantee or warranty of (a) the WRECC-Installed Facilities (or subsequent modifications) or (b) the safety or adequacy of the WRECC-Installed Facilities (or subsequent modifications) for WRECC's purposes. TVA shall have no responsibility to WRECC for damages, liabilities, costs, or expenses caused by WRECC's failure to install and maintain equipment to protect the WRECC-Owned Facilities. WRECC, at its expense, may install such additional equipment as it deems necessary for the protection of its own property and operations. Any TVA notice of acceptance may be given orally but shall be confirmed in writing.

**6.2.3 - Review, Inspection, and Approval by WRECC** To the extent consistent with the objectives set out under Section 6.2.1 (Cooperation and Coordination), TVA shall obtain WRECC's review, inspection, and acceptance of work activities (including design and installation) for TVA-Installed Facilities as are reasonably required to enable WRECC to accommodate the interfacing of TVA-Installed Facilities with WRECC-Installed Facilities (or with existing facilities and equipment of WRECC) in a safe and reliable manner consistent with Good Utility Practice. Such work activities (performed by TVA) must be submitted, reviewed, inspected, approved, modified, or corrected consistent with Good Utility Practice and within a timeframe developed as a result of project scoping workshop activities jointly conducted by the parties (or as otherwise mutually acceptable to the parties). WRECC's review, inspection, and acceptance as provided herein are provided only insofar as required for the safety and efficiency of WRECC's system and employees and are not a guarantee or warranty of (a) the TVA-Installed Facilities (or subsequent modifications) or (b) the safety or adequacy of the TVA-Installed Facilities (or subsequent modifications) for TVA's purposes. WRECC shall have no responsibility to TVA for damages, liabilities, costs, or expenses caused by TVA's failure to install and maintain equipment to protect the TVA-Owned Facilities. TVA, at its expense, may install such additional equipment as it deems necessary for the protection of its own property and operations. Any WRECC notice of acceptance may be given orally but shall be confirmed in writing.

**Section 6.3 - Environmental Review** WRECC shall, with the cooperation of TVA, obtain and maintain all Federal, state, and local permits, licenses, and approvals for the construction, operation, and maintenance of WRECC-Installed Facilities and for completing all environmental reviews, analyses, and studies and any associated public review processes for WRECC-Installed Facilities for which an "X" is indicated in column (a) of the Facilities Matrix for environmental review work activities. Likewise, TVA shall, with the cooperation of WRECC, obtain and maintain all Federal, state, and local permits, licenses, and approvals for the removal of facilities from the Right-of-Way Portion and for the construction, operation, and maintenance of TVA-Installed Facilities and for completing all environmental reviews, analyses, and studies and any associated

public review processes for TVA-Installed Facilities for which an "X" is indicated in column (a) of the Facilities Matrix for environmental review work activities. For any WRECC-Installed Facilities designated to be TVA-Owned Facilities (as indicated on the Facilities Matrix), upon WRECC's transfer of ownership to TVA, TVA shall be responsible for maintaining all necessary Federal, state, and local permits, licenses, and approvals for such transferred facilities. Likewise, for any TVA-Installed Facilities designated to be WRECC-Owned Facilities (as indicated on the Facilities Matrix), upon TVA's transfer of ownership to WRECC, WRECC shall be responsible for maintaining all necessary Federal, state, and local permits, licenses, and approvals for such transferred facilities.

**6.4 - Ownership Transfer to WRECC of TVA-Installed Facilities** Except as may be expressly provided for otherwise elsewhere in this agreement, any TVA-Installed Facilities that are also WRECC-Owned Facilities (as indicated on the Facilities Matrix) shall become WRECC's property upon written notice from WRECC to TVA that such facilities have been inspected and approved by WRECC as safe and reliable for operation consistent with Good Utility Practice and Section 6.2 (Review, Inspection, and Approval of Facilities). If such facilities have defects that are unrelated to safe and reliable electrical operation, the notice of acceptance from WRECC shall identify those defects (typically in the form of outstanding "punch list" items), and TVA shall correct them as soon as commercially reasonable after receipt of the notice. TVA shall assign to WRECC all rights and warranties from the manufacturers, vendors, suppliers, or contractors for such facilities and for work or services associated with such facilities.

## **ARTICLE 7** **NOTICES**

Any notice or demand under this agreement is deemed properly given by one party if (a) delivered in person, (b) sent by facsimile, receipt confirmed, or (c) sent by registered or certified mail, postage prepaid, to the Project Manager of the other party, except that oral notices between the Project Managers will be sufficient if confirmed in writing, by facsimile, or otherwise.

## **ARTICLE 8**

### **PERFORMANCE STANDARDS**

**Section 8.1 - Good Utility Practice** If a work activity under this agreement involves the performance by one party ("Performer") of work for the benefit of the other party ("Recipient"), including, but not limited to, clearance and maintenance of the Right-of-Way Portion and the construction, installation, and maintenance of the New Line Section, the Performer shall ensure that the work performance is consistent with Good Utility Practice. Furthermore, if the work involves the design, installation, or construction of facilities or equipment for the Recipient, the Performer shall ensure that the design, installation, and construction are in accordance with plans and specifications and by use of materials approved by the Recipient and Performer prior to the installation or construction. The Recipient shall have the right to inspect the installation or construction work from time to time and, in the event such inspection shows that the work is not in accordance with the approved plans and specifications or is inconsistent with Good Utility Practice, the Performer shall make, at its expense, conforming changes or corrections. (If Good Utility Practice conflicts with the approved plans and specifications, the latter shall prevail for the purpose of establishing performance compliance for the activity.)

**Section 8.2 - Limitation of Warranties** The warranties expressly set forth in this agreement and those of the manufacturers of the facilities and equipment employed in the work identified in this agreement are exclusive, and no other warranties of any kind, whether statutory, written, oral, or implied (including warranties of fitness for particular purpose and merchantability) apply. The Recipient's exclusive remedies and the Performer's exclusive obligations for any claims, whether in contract or tort (including negligence and strict liability), for a work activity by the Performer for the Recipient shall be those set forth in the applicable warranty or warranties.

**Section 8.3 - Performance Affected by Force Majeure** Each party shall exercise due diligence and reasonable care and foresight to perform its obligations under this agreement, but neither party shall be considered to be in default with respect to an obligation under this agreement if prevented from fulfilling such obligation by reason of force majeure. The term "force majeure" means a cause reasonably beyond the control of the party affected, such as, but without limitation to, injunction, strike of employees, war, invasion, fire, accident, floods, backwater caused by floods, acts of God, or inability to obtain or ship essential services, materials, or equipment because of the effect of similar causes on the party's suppliers or carriers. A party unable to fulfill an obligation because of force majeure shall exercise due diligence to remove such disability with reasonable dispatch. (This shall not be interpreted as requiring settlement of labor disputes by concessions that are inadvisable in the discretion of the party affected.)

## **ARTICLE 9**

### **AGREEMENT TERM**

This agreement becomes effective as of the date set out on the first page and continues in effect as long as any facilities constructed under this agreement remain in place and are owned and operated as set forth in this agreement.

**ARTICLE 10**  
**MISCELLANEOUS**

**Section 10.1 - Entire Agreement** This agreement constitutes the parties' entire agreement with respect to its subject matter and supersedes any other agreements, written or oral, between the parties concerning this subject matter. The body of this agreement controls over any document or attachment referenced in this agreement.

**Section 10.2 - No Third-Party Beneficiaries** This Agreement does not and is not intended to confer any rights or remedies upon any person or entity other than the Parties.

**Section 10.3 - Governing Law** Federal law and the laws of the Commonwealth of Kentucky, the former to control to the extent of any conflict, govern all matters arising out of this agreement.

**Section 10.4 - Non-Waiver** The failure of a party to insist upon, in any instance, strict performance by the other party of any of the terms of this agreement is not a waiver of that party's right to enforce such terms on any future occasion.

**Section 10.5 - Not A Joint Venture Or Partnership** Nothing in this agreement will be deemed to create by or between the parties a joint venture, a partnership, or any other entity for the conduct of business for profit.

**Section 10.6 - Right To Audit** Each party shall permit the other party and its authorized representatives to audit records related to reimbursable costs subject to the conditions that the audit is made upon reasonable notice, is made during normal working hours, and is of reasonable duration. A party shall retain each of its records related to reimbursable costs for a period of three (3) calendar years after the date on which the record is created.

**Section 10.7 - Successors And Assigns** Neither party may sell, assign, or otherwise transfer any or all of its rights, or delegate any or all of its obligations, under this agreement at any time, without the other party's prior written consent in each instance, which consent shall not be unreasonably withheld, delayed, or conditioned.

**Section 10.8 - Amendments** This agreement may be altered, amended, or modified only by a writing signed by the parties.

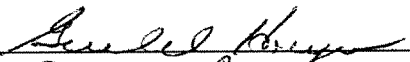
**Section 10.9 - Compliance With Laws And Regulations** TVA and WRECC shall comply in all material respects with applicable governmental laws and regulations in preparing to undertake and in carrying out their respective obligations under this agreement.

**Section 10.10 - Agency** Notwithstanding the restrictions imposed under Section 10.7, WRECC and TVA may appoint agents to act on their behalf under this agreement. Any action undertaken by an agent pursuant to this agreement is imputed to the appointing party as principal, who assumes full responsibility for the agent's acts. Neither WRECC nor TVA nor any agents the parties may utilize in performing their obligations under this agreement (including, but not limited to, employees) is considered an agent of the other party.

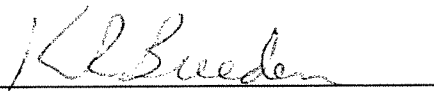
**Section 10.11 - Sharing of Benefits** No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this Agreement or to any benefit that may arise therefrom; but this provision shall not be construed to extend to a corporation or unit of Government contracting for its or for the public's general benefit.

IN WITNESS WHEREOF, the parties' duly authorized representatives are signing this agreement as of the date first above written.

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By   
Title: Pres & CEO

**TENNESSEE VALLEY AUTHORITY**

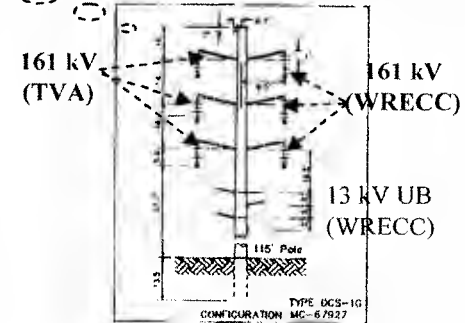
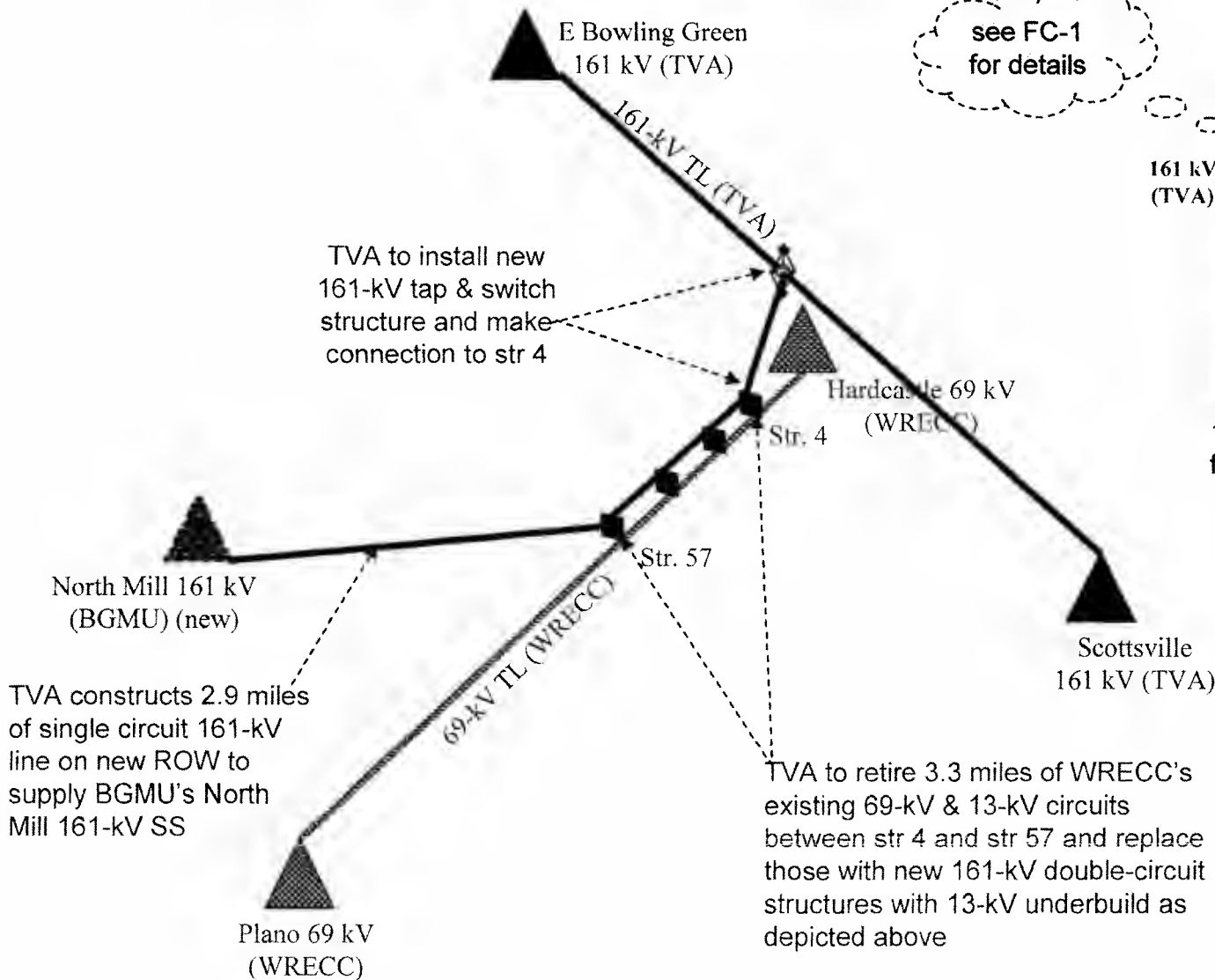
By   
Title: Executive Vice President  
Customer Resources



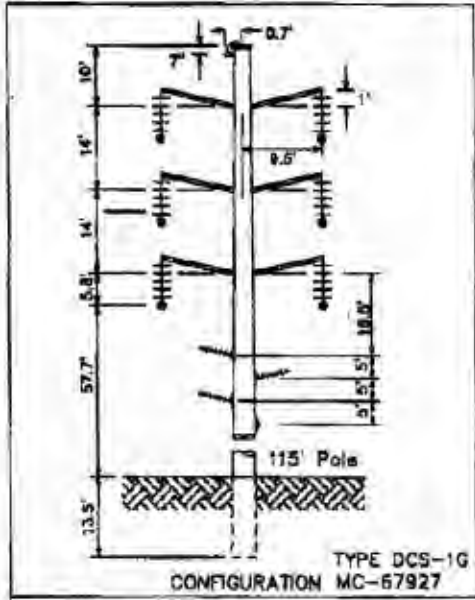
# TVA's Use of WRECC's ROWs

**Exhibit FC**  
**Date: 9/17/2007**

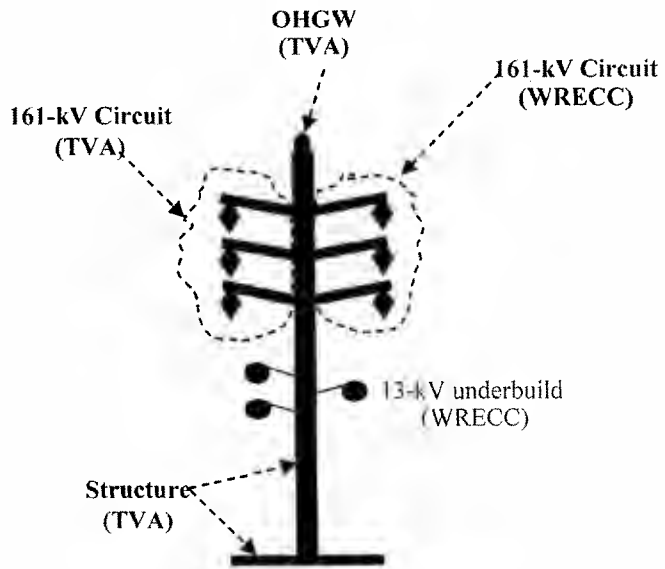
see FC-1  
 for details




161-kV construction  
 for operation at 69 kV



Type Construction Double Circuit Steel Pole w/Underbuild



<b>Legends</b>	
	TVA
	WRECC

**Facilities Matrix**

(TVA/WRECC - 161-kV Double-Circuit Line Connections)

EV = environmental  
E = engineering  
P = procurement  
C = construction (removal)

OM&R = Operation, Maintenance, and Repairs (incl removal & replacement)

Item No.	Description of Work Activities or Cost Category	(a) (b) (c) (d) (e) (f) (g) (h)								(i) (j)		(k) (l)		(m)	Note/Comment	
		Initial Installation (or Removal)				Owned by				OM&R Performed By		OM&R Comp to TVA				
		Phases				Performed				Cost Resp				TVA		WRECC
EV	E	P	C	TVA	WRECC	TVA	WRECC	TVA	WRECC	TVA	WRECC	TVA	WRECC			
A1	Retire a section of WRECC's existing Hardcastle-Greenwood 69-kV Line including 13-kV underbuild, extending approximately 3.1-mile from structure 4 at station 6+38 and ending with structure 57 at station 176+72.				X	X			X			NA	NA			
A2	Grant TVA permanent right to use WRECC's existing easements for TVA-owned structures and 161-kV Circuit						X					NA	NA			
A3	Acquire from property owners supplemental easement rights (as may be required) for TVA's Structures and 161-kV Circuit on WRECC's ROWs				X				X			NA	NA			
A4	Grant WRECC permanent right to attach WRECC's 69-kV Circuit (item A7) and 13-kV Underbuild (item A8) to TVA-owned structures				X			X				NA	NA			
A5	Perform initial clearing and construct new structures for 3.1-mile double circuit 161-kV transmission line	X	X	X	X			X		X		X		see A10a, A10b, A11a, A11b		
A6	Construct TVA's 161-kV circuit	X	X	X	X			X		X		X				
A7	Construct WRECC's 161-kV circuit for operation at 69-kV	X	X	X	X			X			X		X			
A8	Construct WRECC's 13-kV underbuild circuit	X	X	X	X			X			X		X			
A9	Environmental review for TVA's construction and retirement work activities	X			X			X								
A10a	Routine & ordinary maintenance of new structures in 3.1-mile TL section constructed under item A5											X		Fixed Fee	WRECC to pay TVA a fixed fee of \$1,120 per calendar year escalated at 3% annually to compensate TVA for half the costs of routine & ordinary maintenance of the structures & ROW under items A10a and A10b (ref agmt section 5.7)	
A10b	Routine & ordinary maintenance of ROW for 3.1-mile TL section constructed under item A5											X		Fixed Fee		
A11a	Damage repairs or replacements of new structures in 3.1-mile TL section constructed under item A5											X		50%	WRECC to reimburse TVA for 50% of the actual costs of damage repairs or replacements of the TL structures (ref agmt section 5.7)	
A11b	Damage repairs of ROW for 3.1-mile TL section constructed under item A5											X		50%	WRECC to reimburse TVA for 50% of the actual costs of ROW damage repairs (ref agmt section 5.7)	
A12	Construct WRECC's distribution related facilities (including associated switches, apparatus, and protective equipment and hardware)	X	X	X	X		X		X			X				

**TERMS AND CONDITIONS**  
(Reimbursable Contracts - Billing and Payment)

**Section 1 - Definition of Terms**

"TVA" means the Tennessee Valley Authority.

"Reimbursable Contract" means the agreement or contract to which these Terms and Conditions are made a part as an attachment or exhibit.

"Billing party" means the party owed any amount due under the Reimbursable Contract in accordance with these Terms and Conditions.

"Billed party" means the party obligated to pay any amount due under the Reimbursable Contract in accordance with these Terms and Conditions. (The same party to the Reimbursable Contract may be the Billing party or the Billed party or both.)

"Payment Due Date" means the date by which payment is due the Billing party as defined in Section 2 below.

"Deliverables" means the work or services performed, or property or equipment furnished, by the Billing party under the Reimbursable Contract for the ownership benefit of the Billed party.

**Section 2 - Invoicing and Payment Due Date**

The Billing party shall submit an invoice to the Billed party for the amount due. The invoice may be submitted in electronic form, if permitted under the Reimbursable Contract. The invoice shall include reasonably sufficient detail or supporting documentation to permit the Billed party to verify the appropriateness or accuracy of the amount owed. Unless a later due date is specified in the Reimbursable Contract, the Payment Due Date shall be 30 days from the date of the invoice.

**Section 3 - Interest on Underpayments or Overpayments**

If the Billed party fails to pay the amount due by the Payment Due Date, the Billed party shall pay interest on the unpaid amount based on the maximum rate under the United States Prompt Payment Act (31 U.S.C. §§ 3901-3907), as published in the Federal Register and adjusted periodically (currently semi-annually). Interest shall accrue from the Payment Due Date until the date the Billing party receives payment. Failure to pay within 90 days after the Payment Due Date shall constitute a material breach of the Reimbursable Contract. If the Billed party overpays (such as, due to erroneous or inaccurate invoicing by the Billing party or due to refund of an excess deposit payment), the Billing party shall promptly refund the amount overpaid.

**Section 4 - Delay or Suspension of Work Due to Payment Failure**

If the Billed party fails to pay the amount due by the Payment Due Date, the Billing party shall have the right to delay or suspend the work or the services being performed until after such payment failure has been satisfactorily resolved. Nothing herein contained shall be construed as relieving the Billed party of the obligation to pay the Billing party for the work completed as of the date such work or services are delayed or suspended.

**Section 5 - Payment Dispute**

The Billed party may dispute the payment of all or a portion of the amount due in an invoice if the Billed party has a reasonable basis to demonstrate that such amount is inappropriate or questionable. In that case, the Billed party shall promptly advise the Billing party in writing of the reasons for disputing all or a portion of the invoiced amount. Upon receipt of the Billed party's written statement of reasons, the dispute resolution provisions of Section 9 below shall apply. If, as a result of the dispute resolution, one party is required to pay the other for the amount overpaid or underpaid, such amount shall include interest calculated in accordance with Section 3 (Interest on Underpayments or Overpayments) above.

**Section 6 - Offset**

Each party reserves the right to offset any amount owed to the other party against any amount owed by the other party.

**Section 7 - Access to Billing Records and Confidentiality**

Upon written request by the Billed party, the Billing party shall provide access during normal working hours to its records as necessary to permit the Billed party to verify the accuracy or appropriateness of the invoice. The Billed party shall keep the information examined confidential. If a billing dispute is submitted to dispute resolution as set out in Section 9 below, the Billing party agrees to provide the pertinent records or information to counsel and independent experts of the Billed party and those attempting to resolve the dispute, provided such third parties agree to keep such records or information confidential. Nothing in this Section shall be construed as in any way impairing the ability pursuant to statutory authority of the Office of the Inspector General of TVA or of any other Federal agency having auditing jurisdiction over TVA to examine the records of the Billing party to the extent relating to any amount billed TVA by the Billing party.

**Section 8 - Assignment of Contract Number**

The Reimbursable Contract will have a contract number assigned by TVA for all parties to use as a reference as part of the invoicing and payment processes.

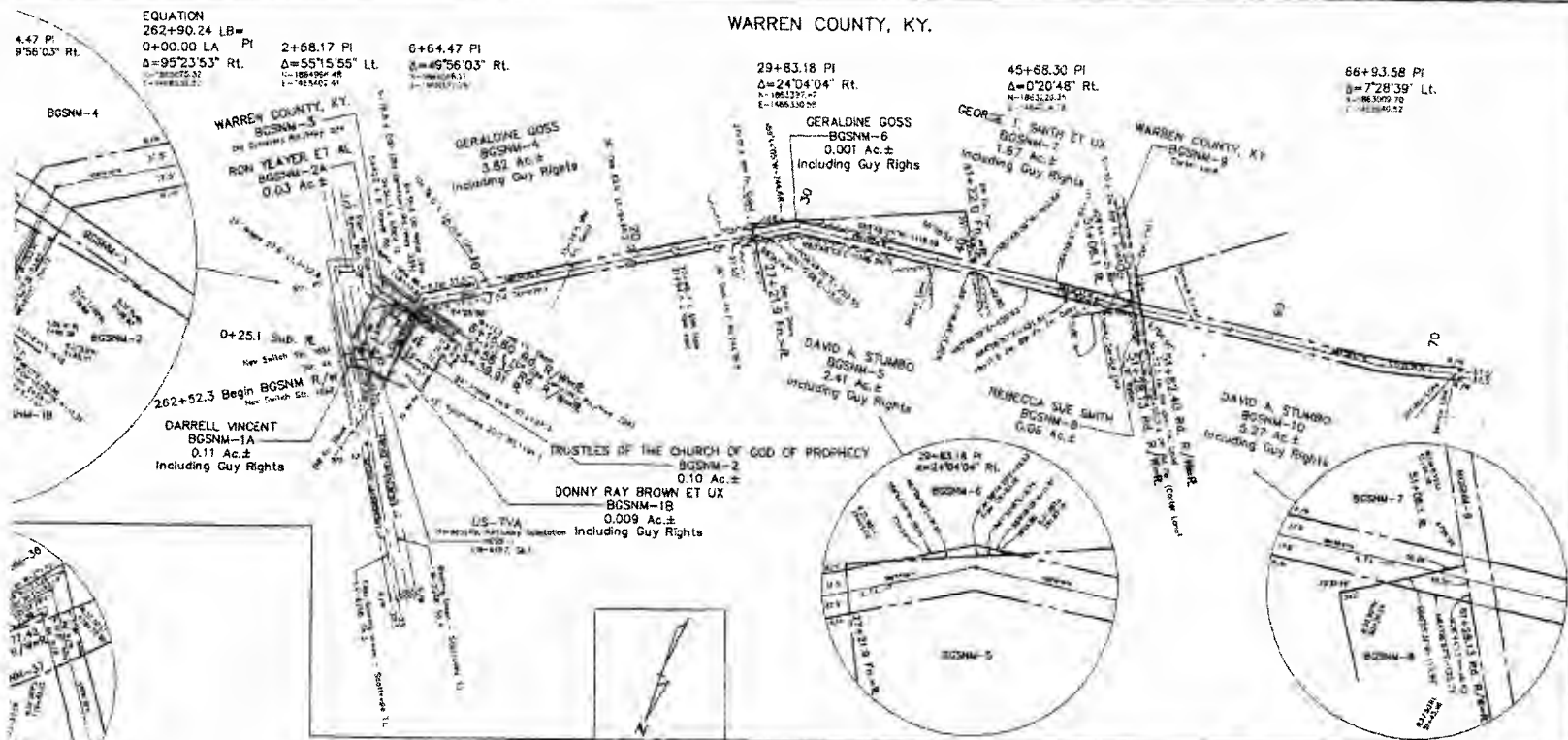
### **Section 9 - Dispute Resolution**

If a billing amount dispute arises out of or relates to the Reimbursable Contract, including these Terms and Conditions, or the breach thereof, the parties agree to use their best efforts to resolve such a dispute informally at the lowest possible levels of decisionmaking. Such a dispute not resolved at the working level should be referred to higher levels of management of both parties for consideration, as necessary. If said dispute cannot be so settled, the parties further agree to develop and use consensual alternative dispute resolution processes, such as facilitation and mediation to try in good faith to settle said dispute, before resorting to arbitration, litigation, or some other dispute resolution procedure. The parties may, for example, try to resolve the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules.

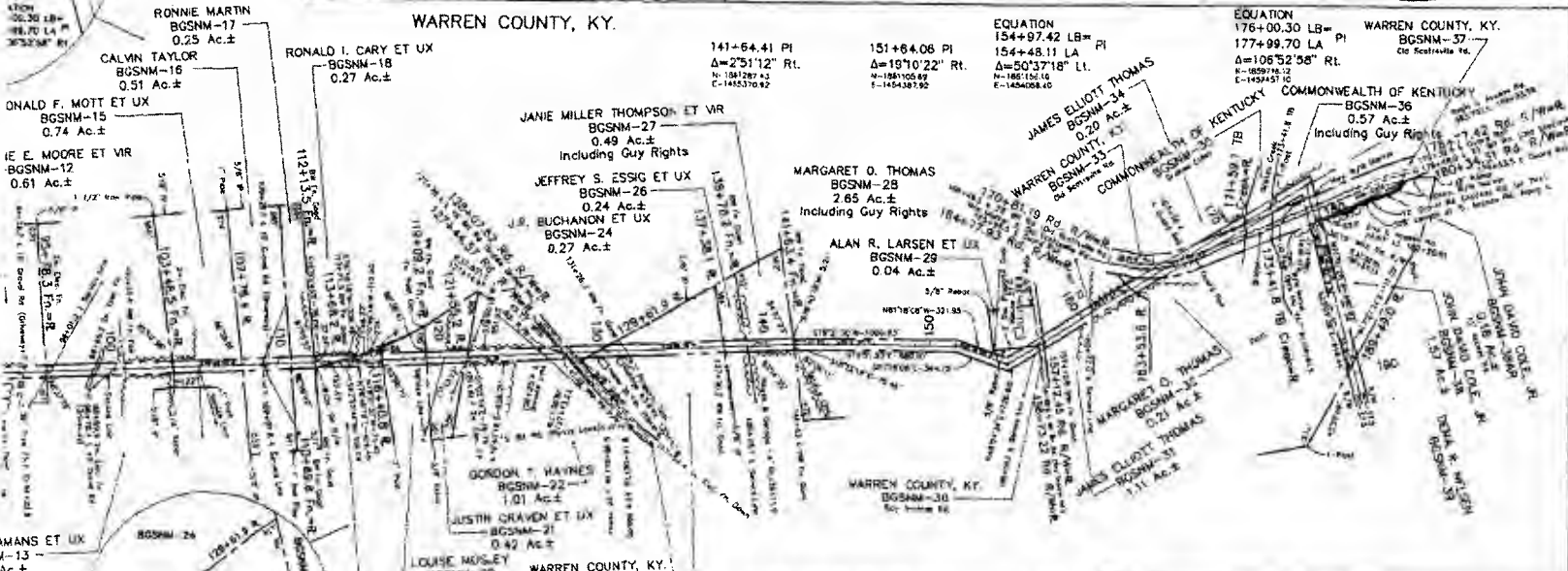
### **Section 10 - Restriction of Benefits**

No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of the Reimbursable Contract or to any benefit that may arise from it unless the agreement be made with a corporation for its general benefit. The other party to the Reimbursable Contract shall not offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 5 C.F.R. part 2635 (as amended, supplemented, or replaced). Breach of this provision shall constitute a material breach of the Reimbursable Contract.

WARREN COUNTY, KY.



WARREN COUNTY, KY.



NO.	DESCRIPTION	ACRES	REMARKS
1	LAND	1.00	...
2	...	...	...
3	...	...	...
4	...	...	...

TENNESSEE VALLEY AUTHORITY  
 EAST DOWLING GREEN SCOTTSVILLE  
 TRANSMISSION LINE  
 TAP TO NORTH MILL, KY. SUBSTATION  
 STA. 0+00 TO STA. 190+00

**GREEN POWER SWITCH® AGREEMENT**  
**Between**  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**And**  
**TENNESSEE VALLEY AUTHORITY**

Date: July 19, 2007

TV-59578A, Supp. No. 77

THIS AGREEMENT, made and entered into by and between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky; and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act);

**WITNESSETH:**

WHEREAS, TVA, pursuant to authority granted it by the TVA Act, operates and maintains an electric power generation and transmission system serving parts of seven States; and

WHEREAS, Distributor and TVA have entered into a contract dated May 7, 1982, as amended (Power Contract), under which Distributor purchases its entire requirements for electric power and energy from TVA for resale; and

WHEREAS, the TVA Act provides that among TVA's objectives shall be those of promoting the wider and better use of electric power and of supplying electric power at the lowest feasible rates; and

WHEREAS, TVA and Distributor wish to participate in a program (Program) in which TVA will provide renewable generation from generation sources acceptable for the Green Power Switch® Program, including photovoltaic solar, wind turbines, and methane gas sources (which generation sources are collectively referred to as "Green Power Sources"), for resale at a premium by Distributor to its participating customers; and

WHEREAS, TVA and Distributor desire to agree upon the respective rights and obligations of the parties with respect to the development, implementation, and administration of the Program;

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements set forth below, and subject to the provisions of the TVA Act and applicable federal, state, and local laws, the parties mutually agree as follows:



## **SECTION 1 - GREEN POWER PROGRAM**

1.1 Purpose. The Program is designed to offer end-use customers a choice in the supply of power by offering participating customers the option of paying for power and energy generated by Green Power Sources.

1.2 Customer Participation. Customers of Distributor who participate in the Program (Participants) will do so by entering into appropriate arrangements with Distributor providing for the selection of and premium payment for one or more 150-kWh blocks of energy (Energy Blocks) generated by Green Power Sources.

1.3 Green Power Switch<sup>®</sup> Charges. A Participant will pay a charge (Green Power Switch<sup>®</sup> Charge) for each Energy Block that the Participant commits to pay for each month. This Green Power Switch<sup>®</sup> Charge will be determined in accordance with Appendix A, attached to and made a part of this agreement, as such Appendix A may be modified, changed, replaced, or adjusted by TVA from time to time in accordance with the Green Power Switch<sup>®</sup> Program.

## **SECTION 2 - RESPONSIBILITY OF PARTIES**

2.1 TVA. TVA will provide, construct, or otherwise obtain the output of various facilities to provide generating capacity from Green Power Sources to meet Participant demand.

2.2 Distributor. Distributor will, consistent with the provisions of this agreement, develop and implement appropriate arrangements with its customers wishing to enroll in the Program and will thereafter conduct the Program with each Participant in accordance with the provisions of this agreement and such participation arrangements.

## **SECTION 3 - RETAIL CHARGE AND WHOLESALE BILLING ADJUSTMENT**

3.1 Retail Charge. Beginning with the first billing month following the effective date of each Participant's enrollment in the Program and for each month thereafter, Distributor will add to that Participant's bill, in addition to all other charges for power and energy determined in accordance with Distributor's rate schedule applicable to that Participant, an amount equal to the applicable Green Power Switch<sup>®</sup> Charge.

3.2 Wholesale Billing Adjustment. The total dollar amount of base demand and energy charges calculated under the wholesale rate schedule attached to and made a part of the Power Contract shall be increased by adding thereto an amount equal to the total Green Power Switch<sup>®</sup> Charges determined in accordance with subsection 3.1 above; provided, however, that any such amounts billed to a Participant but not paid to Distributor will be deducted from the amount due to TVA.

3.3 Reimbursement of Distributor's Costs. In order to compensate Distributor for its Program costs, TVA will for each Participant that enrolls in the Program allow a one-time \$4 credit to Distributor. Such credits will be applied to Distributor's monthly wholesale bill for power and energy.

## **SECTION 4 - JOINT RESPONSIBILITIES**

4.1 Promotion. Distributor will promote the Program using promotional materials, resources, and methods agreed upon by Distributor and TVA and provide TVA annually Distributor's plan of marketing activities to promote the Program. A sample outline of a marketing plan for this purpose is attached to this agreement as Appendix B. Prior to its execution of this agreement Distributor will prepare its own marketing plan (Plan), which will be attached to and made a part of this agreement as a replacement for the sample outline marketing plan. Distributor will update its Plan prior to each anniversary date of this agreement. TVA will support the Program with its marketing personnel and with advertising and promotional campaigns in the TVA region. TVA and Distributor will agree in advance on the cost sharing between TVA and Distributor for any joint marketing and promotional campaigns.

4.2 Evaluation of Program. At TVA's request, Distributor will provide information to TVA regarding the results of Distributor's participation in the Program. Such information may include, but is not limited to, profile data of Participants' in the Program, Distributor personnel working on the Program, results of promotional activities, and customer surveys. TVA, after consultation with Distributor, will compare these results with the objectives set forth in the Plan to determine further funding levels in Distributor's service area for the Program.

4.3 Trademark License. During the term of this agreement TVA grants to Distributor the revocable non-exclusive right and license to adopt and use the trademark, trade name, and logo (Service Marks) developed and owned by TVA for advertising and promoting the Program, in accordance with the terms of the Green Power Switch® Application Guidelines, attached to and made a part of this agreement as Appendix C. Distributor acknowledges that TVA is the sole owner of all rights to such Service Marks, including but not limited to, the "good will" associated with them.

## **SECTION 5 - TERM OF AGREEMENT**

5.1 Term of Agreement. This agreement shall become effective as of the date first above written, and shall remain in effect unless sooner terminated as provided below.

5.2 Termination of Agreement. Either party may terminate this agreement as of one year from its effective date, or as of any time thereafter, by giving written notice to the other party at least 30 days prior to the effective date of termination. This agreement will terminate as of the date that the Power Contract and any renewal, extension, or replacement of it terminates or expires. From and after the effective date of such a termination, Distributor shall not be authorized to enroll any new Participants into the Program and shall terminate its arrangements with existing Participants.

5.3 Continuing Obligations. Nothing contained in this agreement shall be construed as relieving either TVA or Distributor of its obligations arising or accruing prior to the date of termination of this agreement. Upon sending or receiving such a

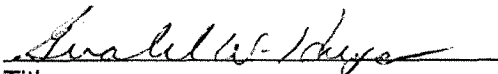
termination notice, Distributor shall make no further commitments affected by the termination.

**SECTION 6 - OPERATING REPRESENTATIVES**

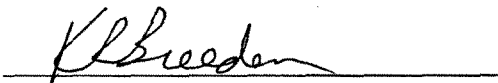
TVA's Operating Representative for administration of this agreement shall be the Executive Vice President, Customer Service and Marketing, or a designee. Distributor's Operating Representative for administration of this agreement shall be the manager of its electric system or a designee. Subject to the provisions of this agreement, the Power Contract, and any applicable law, the Operating Representatives shall be authorized to agree upon such incidental administrative arrangements as are appropriate for the efficient and expeditious implementation of this agreement.

IN WITNESS WHEREOF, the parties to this agreement have caused it to be executed by their duly authorized representatives, as of the day and year first above written.

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By   
Title:

**TENNESSEE VALLEY AUTHORITY**

By   
Senior Vice President  
Pricing and Contracts

## APPENDIX A

### GREEN POWER SWITCH® CHARGE (May 2004)

<u>Resale Schedule Applicable to Participant</u>	<u>Energy Block (kWh)</u>	<u>Charge</u>	<u>Minimum Number of Energy Blocks to be Purchased</u>
Schedule RS and Time-of-Day Schedule TRS	150 kWh	\$4.00 per Energy Block	One
Schedule GSA, Part 1 and Time-of-Day Schedule TGSA, Part 1	150 kWh	\$4.00 per Energy Block	Five
Schedule GSA, Part 2 and Time-of-Day Schedule TGSA, Part 2	150 kWh	\$4.00 per Energy Block	Higher of (a) 25 or (b) the number (rounded to the next following whole number) determined by dividing (i) an amount equal to five percent of Participant's average monthly Energy Load (as defined below) by (ii) 150 kWh *See note for a possible alternative.
Schedule GSA, Part 3 and Time-of-Day Schedule TGSA, Part 3	150 kWh	\$4.00 per Energy Block	250
Schedules GSB, GSC, and GSD and Time-of-Day Schedules TGSB, TGSC, and TGSD	150 kWh	\$4.00 per Energy Block	375

For determining the minimum number of Energy Blocks to be purchased by Participants served under Schedule GSA, Part 2 and Time-of-Day Schedule TGSA, Part 2, Participant's average monthly Energy Load is the monthly kWh average during the 12-consecutive-month period immediately preceding the month in which Participant enrolls in the Program. (After a Participant enrolls in the Program, the minimum number of Energy Blocks to be purchased by the Participant remains constant.)

\*Participants with multiple locations in the TVA region that commit to meet the U.S. EPA's Green Power Partnership requirements may have an alternative minimum number of energy blocks to be purchased. Contact TVA Marketing at (615) 232-6688 for information and Participant eligibility.

# **Green Power Switch Marketing Plan**

## **Warren Rural Electric Cooperative Cooperation**

### **I. SITUATION**

This is the initial introduction into the market for Green Power Switch (GPS). We have to assume our members know nothing about the program, so we will have to educate them on the product before we can expect them to actually sign-up. The initial/introduction campaign will begin July 1, 2007 and end on June 30, 2008.

### **II. PLAN OBJECTIVES**

- Launch the program and build awareness among 50 percent of our service area.
- Achieve 75 residential sign-ups at the end of the campaign.
- Sign-up 25 businesses by the end of the campaign.

### **III. STRATEGY**

We will reach out to a mass audience with a message that will consist of two themes:

1. Explain what GPS is and how the program works; and
2. Explain to members that by signing up for the program they will be protecting the environment for future generations.

We will promote GPS and encourage sign-ups using the following marketing tools:

- Newspaper ads
- Radio spots
- Bill stuffers/billing inserts
- Exhibits at customer events such as annual meeting, home expos, etc.
- *Kentucky Living* magazine insert
- Warren RECC website
- Handouts/brochures

#### IV. TARGET AUDIENCE

*Primary audience* – all Warren RECC members who own their own home.

*Secondary audience* – business owners and executive management of businesses, as well as commercial & industrial accounts in Warren RECC's service area.

#### V. TACTICS

- Run quarter page newspaper ads in local newspapers for at least four weeks.
- Air radio spots on at least four radio stations in our service area for a minimum of four weeks.
- Use billing insert at least once during campaign.
- Direct mailing to top 25 business prospects in service area.
- Distribute handouts and/or brochures in lobbies of four district offices.
- Use company website to promote GPS and encourage sign-ups.

#### VI. BUDGET

- Radio spots – TVA will produce the first initial spot. Warren RECC will produce a spot using co-op personnel talent whose voice our members have come to recognize.
- Radio air time – TVA pays 100 percent for the initial program launch. Afterward, Warren RECC will pay 50 percent and TVA will pay 50 percent for costs of GPS aired spots.
- Newspaper ads – TVA will produce.
- Newspaper costs – TVA pays 100 percent for the initial program launch. Afterward, Warren RECC will pay 50 percent and TVA will pay 50 percent of newspaper and magazine ads promoting GPS.

## APPENDIX C

### APPLICATION GUIDELINES

#### **SECTION 1 - GUIDELINES FOR THE GREEN POWER SWITCH® LOGO**

1.1 A registration symbol (®) must always appear with the name and logo. This symbol indicates that the Green Power Switch® name and logo are always marks of TVA, registered with the U. S. Patent and Trademark Office.

1.2 The Pantone® colors used are 116 yellow, 279 blue, and 368 green.

1.3 It can be reproduced in the three-color format, or as a one-color logo in Pantone® 368 green, black, or white.

1.4 The typeface used for the Green Power Switch® letterform (the words "Green Power Switch" that accompany the logo) is 95 Helvetica Black with capital and lower-case letters as shown.

1.5 The color for the letterform used on the 3-color logo is generally green, however, in situations where legibility might be compromised, it can be white.

1.6 Digital files or camera-ready artwork are available through TVA, or may be downloaded from [www.tva.com/greenpowerswitch/logo.htm](http://www.tva.com/greenpowerswitch/logo.htm).

#### **SECTION 2 - USING THE GREEN POWER SWITCH® LOGO**

2.1 The logo should always be placed on a background that provides a strong visual contrast.

2.2 Green Power Switch® is offered in the Tennessee Valley by TVA and by distributors of TVA power, so multiple logos are often shown in Green Power Switch® products. When used in conjunction with the Green Power Switch® logo, other logos should be shown in black.

2.3 When using multiple logos, the Green Power Switch® logo should be equal to or more prominent than the other logos.

2.4 Logos of TVA and participating power distributors should have about the same size, weight, and importance; leave an equal distance between the various logos not less than half the size of the smallest one. (TVA logo usage guidelines are available from TVA Corporate Branding.)

2.5 In large blocks of text, the words Green Power Switch® are often highlighted in bolder type. When they appear, use the ® symbol as a superscript following the words. The symbol ® should be approximately one-third of the Green Power Switch® font size superscripted beside the words in the upper right-hand corner. If the phrase Green Power Switch® is mentioned several times in a brochure or letter, the symbol only needs to be used in the first reference.



April 9, 2007

TV-59578A, Supp. No. 78

Mr. Gerald W. Hayes, President  
Warren Rural Electric Cooperative Corporation  
Post Office Box 1118  
Bowling Green, Kentucky 42102

Dear Mr. Hayes:

This will confirm the understanding between representatives of Warren Rural Electric Cooperative Corporation (WRECC) and Tennessee Valley Authority (TVA) regarding participation of WRECC's customers in the TVA Enhanced Growth Credit Program (EGC Program). It is recognized that WRECC's right to enroll new customers under section 3.2 of the Enhanced Growth Credit Program Agreement TV-59578A, Supp. No. 45, dated May 5, 1994, as amended (EGC Agreement), ended upon WRECC giving notice to terminate its Power Contract on March 28, 2003 (Termination Notice). It is further recognized that the Termination Notice was rescinded by an agreement between WRECC and TVA dated January 10, 2007 (Reinstatement Agreement), under which WRECC's right to enroll new customers in the EGC Program was reinstated. WRECC has now requested and TVA agrees that WRECC's customers that would have otherwise been eligible for participation in the EGC Program if WRECC had not given notice of contract termination be allowed to participate in the EGC Program going forward.

Accordingly, it is understood and agreed that the customer accounts set forth in Attachment A to this agreement shall be eligible for the eight-year credit option under the EGC Program as of the effective date of this agreement; provided, however, that (i) the customers otherwise continue to qualify for participation in EGC Program and (ii) that the customers enter into participation agreements within 60 days of the effective date of this letter. TVA and WRECC agree that the base demand amount for each customer shall be the amount set out in Attachment A, which reflects the base demand amount appropriate for the time at which the customer would have first qualified for the EGC Program.

TVA and WRECC further agree that this letter contains all understanding of the parties relative to EGC Program credits for the listed customer and that no other commitments or representation shall apply.



Mr. Gerald W. Hayes

Page 2

April 9, 2007

If this letter correctly reflects our understanding on this matter, please so indicate by signing in the space provided below for both of the duplicates enclosed. Please return one fully executed agreement to Myron Callaham and retain one for your records.

Sincerely,



Kenneth R. Breeden  
Executive Vice President  
Customer Resources

Accepted and agreed to as of the 16<sup>th</sup> day  
of April, 2007.

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By Gerald W. Hayes  
Title: Pres & CEO

## ATTACHMENT A

The following are the expanded and new retail loads, with appropriate base amounts, that will be eligible to enroll for participation in the EGC Program under the agreement.

<b>Expanded Loads</b>	<b>Contract Demand (kW)</b>	<b>Base Amount (kW)</b>
Bada	2,250	1,826
Daicel Safety Systems	2,600	869
Hanson Aggregates	2,600	493
Harman/Becker	1,800	1,350
Kerr #01	4,000	2,710
New Mather Metals	4,550	1,314
Owl's Head Alloys	1,500	435
Perdue Farms	6,000	5,931
S-R of Kentucky, Inc.	3,300	3,014
Trace Die Cast	5,600	3,535

<b>New Loads</b>	<b>Contract Demand (kW)</b>
Bowling Green Metalforming	18,750
Bluegrass Specialty Flooring	375
Bowling Green Pallet Co.	375
Butler Co Bd of Ed	550
Eleison Composites	2,200
Kobe Aluminum	3,000
Novitec Industries	375
Owl's Head Alloys	550
Pan-Oston	1,001
Rinker Materials	550
Ritatsu	500
Scotty's Contracting & Stone	525
Yahagi America Molding, Inc.	600

**AGREEMENT**  
**Between**  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**And**  
**TENNESSEE VALLEY AUTHORITY**

Date: May 3, 2007

TV-59578A, Supp. No. 80

THIS AGREEMENT, made and entered into between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Cooperative), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky, and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended;

**WITNESSETH:**

WHEREAS, TVA and Cooperative have a longstanding relationship as seller and buyer of power, under which Cooperative currently purchases all of its power requirements from TVA pursuant to Power Contract TV-59578A, dated May 7, 1982, as amended (Power Contract); and

WHEREAS, section 2 of the Power Contract, as such section may have heretofore been amended and supplemented, covers arrangements with respect to service to certain consumers of electricity; and

WHEREAS, the parties wish to amend the Power Contract to change the provisions of section 2 in order to implement certain alternative arrangements for services to such consumers;

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements set forth below, and subject to the provisions of the Tennessee Valley Authority Act of 1933, as amended, the parties agree as follows:

**SECTION 1 - EFFECTIVE DATE**

This agreement shall become effective as of the date first above written (Effective Date) and shall continue for the term of the Power Contract.

## **SECTION 2 - INDUSTRIAL SERVICE POLICY**

From and after the Effective Date of this agreement, the section of the Power Contract entitled "Power Supply" is hereby stricken and shall be replaced with the following:

2. Power Supply. (a) Subject to the other provisions of this contract, TVA shall produce and deliver to Cooperative at the delivery point or points specified in or hereafter established under section 3 hereof and Cooperative shall take and distribute the electric power required for service to Cooperative's customers. Cooperative shall keep TVA currently informed of any important developments affecting its probable future loads or service arrangements. TVA shall take account of all available information in making its forecasts of the loads of Cooperative and of TVA's other customers. TVA shall make every reasonable effort to increase the generating capacity of its system and to provide the transmission facilities required to deliver the output thereof so as to be in a position to supply additional power therefrom when and to the extent needed to meet increases in their loads.

(b) Cooperative shall be entitled to use the power made available under this contract to serve all consumers except those TVA is entitled to serve directly as provided in subsection (c) below. However, notwithstanding the provisions of subsection (c), Cooperative shall remain entitled to serve all consumers it was serving as of the Effective Date.

(c) TVA shall be entitled to serve directly the following consumers:

- (i) any consumer to whom the resale rate schedules specified in section 5(b) of the Power Contract (or other resale rate arrangements agreed to by TVA) are not applicable,
- (ii) any Federal installations excepting those with loads less than 5,000 kilowatts served from a general delivery point,
- (iii) any existing consumer being served by TVA directly in accordance with section 2 of this contract immediately prior to the Effective Date, and
- (iv) any new consumer that begins taking electric service after the Effective Date, if the consumer's Projected Monthly Base Energy Amount (as determined in subsection (d) below) exceeds the sum of 15 million kilowatthours plus the amount determined by multiplying 1,250 kilowatthours times the applicable number of residential consumers of Cooperative (as determined in subsection (e) below).

(d) The Projected Monthly Base Energy Amount for any new consumer shall be the lesser of (i) the consumer's projection of its highest expected average monthly energy use in kilowatthours or

(ii) 547.5 hours multiplied by the consumer's projection of its highest expected monthly demand. Such projections shall be made by the consumer at the earliest feasible time during discussions regarding the supply of power to such consumer. Further, these projections shall reflect the energy and demand amounts expected by the consumer when its production facilities are in full operation, but in no event later than 36 months after initial service to the consumer. Both TVA and Cooperative shall have the right to participate in discussions with the consumer involving establishment of such projections, and either may request from the consumer such data and other information as it considers desirable in support of the consumer's projections. Such projections shall become accepted as the Projected Monthly Base Energy Amount only after TVA and Cooperative agree that such projections are realistic, which agreement shall not be unreasonably withheld.

(e) If TVA provides no transmission facilities (except such metering facilities, tap point or loop connection point facilities, communication facilities, and manual or sectionalizing switches as are determined by TVA to be necessary) to serve a new consumer, the number of residential consumers used in the computation in subsection (c)(iv) above shall be the total number of residential consumers that were being served by Cooperative as of the June 30 immediately preceding the date of such computation. Otherwise, the number of residential consumers used in that computation shall be only the residential consumers, if any, that were being served by Cooperative as of the immediately preceding June 30 with energy received from TVA at the delivery point through which Cooperative would receive the energy for such new consumer if it were served by Cooperative.

(f) The supply of power by TVA to Cooperative for resale to any consumer which has a supply of 5,000 kilowatts or more of power other than that furnished by Cooperative under the resale rate schedules specified in section 5(b) of the Power Contract, and the contract for such resale between Cooperative and such customer shall be subject to such special arrangements as TVA may reasonably require.

(g) The party entitled to serve a new consumer, as provided under subsections (b) and (c) above, shall continue to be entitled to serve the consumer during the full term of this contract. Transfer between TVA and Cooperative of service to a consumer shall be made only upon specific request by Cooperative and upon agreement among TVA, Cooperative, and the consumer.

(h) Cooperative shall keep TVA informed of any prospective developments affecting any individual load which uses or will use 5,000 kilowatts or more. As soon as practicable after receipt of information from Cooperative regarding the prospective addition of, or increase in, any load of 5,000 kilowatts or larger which Cooperative would be entitled to serve hereunder, TVA shall notify Cooperative of

the time schedule upon which the additional power required for such service could be made available to Cooperative at the wholesale rates then in effect hereunder and, upon request, of any terms under which it could supply any power in advance of said schedule. Cooperative shall not take and deliver such additional power for said load in advance of or in amounts larger than specified in said schedule except to the extent that it has made special arrangements with TVA to do so. TVA, by notice in writing to Cooperative, may change the designated amount of 5,000 kilowatts appearing in this subsection (h) to such other amount as TVA deems necessary.

(i) The area limitations in the first three paragraphs of subsection (a) of section 15d of the TVA Act are incorporated herein by reference as fully as though set out herein, and this contract shall not be construed as permitting any arrangement by Cooperative which would be inconsistent with those limitations.

(j) Notwithstanding any other provision of this section, TVA may, as a condition precedent to TVA's obligation to make power available, require Cooperative to provide such assurances of revenue to TVA as in TVA's judgment may be necessary to justify the reservation, alteration, or installation by TVA of additional generation, transmission, or transformation facilities for the purpose of supplying power to Cooperative.

### **SECTION 3 - POWER CONTRACT AFFIRMED**

Except as expressly set out above, nothing in this agreement shall affect the other terms of the Power Contract.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized officers, as of the day and year first above written.

#### **WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**

By *Sherid W. Hayes*  
Title: *Pres & CEO*

#### **TENNESSEE VALLEY AUTHORITY**

By *K.L. Breeden*  
Senior Vice President  
Pricing and Contracts

**AGREEMENT**  
**Between**  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**And**  
**TENNESSEE VALLEY AUTHORITY**

Effective Date: December 1, 2007

TV-59578A, Supp. No. 81

THIS AGREEMENT, made and entered into between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky, and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act);

**W I T N E S S E T H:**

WHEREAS, TVA and Distributor have entered into a contract dated May 7, 1982, as amended (Power Contract), under which Distributor purchases its entire requirements for electric power and energy from TVA for resale; and

WHEREAS, notwithstanding the termination notice dated August 13, 2007, the parties wish to supplement and amend the Power Contract in the respects necessary to reaffirm and revise the Enhanced Growth Credit Program to exclude large loads with certain operating characteristics;

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements set forth below, and subject to the TVA Act, the parties mutually agree as follows:

**SECTION 1 - EGCP AGREEMENT AMENDED**

Under an agreement numbered TV-59578A, Supp. No. 45 and dated May 5, 1994 as amended (EGCP Agreement), TVA and Distributor are participating in an Enhanced Growth Credit Program (Program) to encourage the fuller and better balanced development of the resources of the region by applying credits against the electric bills of certain eligible new and expanding general power customers of Distributor.

(a) The parties wish to revise the Program in the respects necessary to exclude large industrial customers that exhibit certain adverse load characteristics (Nonconforming Loads). Accordingly, effective as of the Effective Date, (i) as is more expressly set forth in the EGC Participation Agreement Guidelines (December 2007), attached to and made a part of this agreement (Revised Guidelines), the EGCP Agreement is amended in the respects necessary to provide that the definition of Customer provided in Guideline 1.1 shall be not deemed to include

Nonconforming Loads, and (ii) all references to "Guidelines" in the EGCP Agreement shall be deemed to refer to the Revised Guidelines.

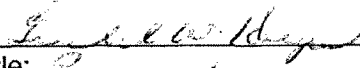
(b) It is expressly recognized and agreed that Distributor will continue to apply the credit amounts provided for in the Guidelines to any Customer which is eligible to receive credits under a Participation Agreement entered into prior to the Effective Date of this agreement.

**SECTION 2 - POWER CONTRACT AFFIRMED**

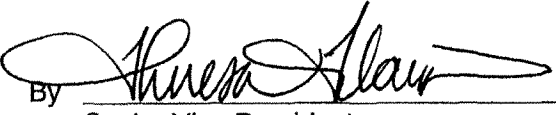
Except as expressly set out above, nothing in this agreement shall affect the other terms of the Power Contract and the termination notice shall be of no force and effect.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized representatives, as of the day and year first above written.

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By   
Title: President

**TENNESSEE VALLEY AUTHORITY**

By   
Senior Vice President  
Pricing and Contracts



# EGC PARTICIPATION AGREEMENT GUIDELINES

(December 2007)

## **GUIDELINE 1 - DEFINITION OF TERMS**

As used in these guidelines:

1.1 "Customer" shall mean a customer of Distributor purchasing power under one of the following rate schedules:

- (a) Standard Service Schedules GSA, GSB, GSC, or GSD,
- (b) Time-of-Day Service Schedules TGSA, TGSB, TGSC, or TGSD,
- (c) Standard Manufacturing Service Schedules MSB, MSC, or MSD, or
- (d) Time-of-Day Manufacturing Service Schedules TMSB, TMSC, or TMSD;

except that "Customer" shall not be deemed to include customers taking service under the seasonal service provisions of schedules GSA or TGSA. (All references to a rate schedule in this Guideline 1.1 shall be deemed to refer to that schedule as modified, changed, replaced, or adjusted from time to time in accordance with the provisions of the Power Contract.)

Further, "Customer" shall not be deemed to include customers with a total contract demand of more than 50 MW and with one or more of the following load characteristics (Nonconforming Loads):

- (i) expected load swings of approximately 50 MW or more and ramp rates of approximately 10 MW or more per minute,
- (ii) loads with expected daily reactive power ramp rates of 50 MVAR or more per minute,
- (iii) loads known to create voltage flicker exceeding the limits set out in the Institute of Electrical and Electronics Engineers (IEEE) Standard 1453, or
- (iv) loads known to create harmonic current distortions exceeding the limits set out in IEEE Standard 519;

provided, however, that for purposes of determining eligibility for any Nonconforming Load that is expanding under Guideline 3, if in TVA's sole discretion, the expansion load itself exhibits no Nonconforming Load characteristics (without regard to size), the expansion load could qualify for credits under the Program.

1.2 "Power Supply Contract" shall mean a contract between Distributor and a Customer for the sale of power through a specific delivery point.

1.3 "Participation Agreement" shall mean an agreement entered into between Distributor and a Customer in accordance with Guideline 2 or Guideline 3 below.

#### 1.4 Contract Demand

1.4.1 Standard Service. Under a Power Supply Contract with a Standard Service Schedule, "Contract Demand" shall mean the amount of firm power made available under that contract.

1.4.2 Time-of-Day Service. Under a Power Supply Contract with a Time-of-Day Service Schedule, "Contract Demand" shall mean the amount of firm power made available under that contract during onpeak periods.

#### 1.5 Actual Firm Demand

1.5.1 Standard Service. Under a Power Supply Contract with a Standard Service Schedule, "Actual Firm Demand" shall mean an amount equal to the highest billing demand for firm power in any month computed under the Power Supply Contract but without regard to the exception language (Demand Ratchet) set out in the section headed "Determination of Demand" of that rate schedule.

1.5.2 Time-of-Day Service. Under a Power Supply Contract with a Time-of-Day Service Schedule, "Actual Firm Demand" shall mean an amount equal to the highest onpeak billing demand for firm power in any month computed under the Power Supply Contract but without regard to the exception language (Demand Ratchet) set out in the section headed "Determination of Demand" of that rate schedule.

1.6 "Base Amount" shall mean the highest Actual Firm Demand established at the Customer's delivery point during the 12-consecutive-month period immediately preceding the effective date of the Participation Agreement. (In the event that the necessary demand metering data is not available for any part of such a period, Distributor and TVA will jointly develop a reasonable approximation of the metered demands necessary to determine a particular Base Amount.)

1.7 "Total Metered Demand" shall mean the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the total load at the Customer's delivery point metered in kW.

1.8 "Total Metered Base Amount" shall mean the highest Total Metered Demand established during the 12-consecutive-month period immediately preceding the effective date of the Participation Agreement.

1.9 "SIC Customer" shall mean a Customer with a Contract Demand of at least 100 kW using power taken under a written Power Supply Contract to conduct activities which are classified with one of the following 2-digit Standard Industrial Classification (SIC) codes:

- Division B: Mining 10 through 14, inclusive
- Division D: Manufacturing 20 through 39, inclusive
- Division E:
  - 40 - Railroad Transportation
  - 42 - Motor Freight Transportation and Warehousing
  - 44 - Water Transportation
  - 45 - Transportation by Air

It is recognized that the above SIC codes have been selected to encourage new and expanded electrical loads in cases where the price of electricity has a particularly significant impact upon location, expansion, or fuel choice decisions. TVA may from time to time, by written notice to Distributor, modify the above listing of SIC codes when it deems it necessary to do so in order to better serve such purpose. In addition, in the event that TVA determines that a particular Customer is within the intended scope of the EGC Program but is excluded only because of the technical definition of an SIC code category, TVA and the Distributor may agree to consider that Customer to be an SIC Customer.

1.10 "All-Electric Customer" shall mean a Customer with a Contract Demand of at least 250 kW using power under a written Power Supply Contract where

- (a) the Customer's space conditioning is accomplished solely by an all-electric heating, ventilating, and air conditioning system (HVAC System),
- (b) at least fifty percent (50%) of the Customer's interior floor space at that location is heated and cooled by the all-electric HVAC System, and
- (c) at least fifty percent (50%) of the rated electric load served under the Power Supply Contract is for interior lighting, cooking, and the HVAC System.

## **GUIDELINE 2 - NEW CUSTOMERS**

2.1 Qualification. An SIC Customer or an All-Electric Customer is eligible to enter into a Participation Agreement under 2.2 below if the Customer

- (a) initiates operations at an entirely new facility through a new delivery point, or
- (b) restarts an existing facility with no current Contract Demand which has been operationally shut down for a period of at least 12 consecutive months.

2.2 New Customer Participation Agreement. To participate in the EGC Program, a Customer qualifying under 2.1 above must enter into a Participation Agreement. The Participation Agreement shall:

- (a) be in a form furnished or approved by TVA;

(b) include (i) a certification by the Customer showing that it qualifies under 2.1 above and (ii) a requirement that the Customer promptly notify Distributor of any change in any aspect of such qualifying status;

(c) provide for a monthly credit to the Customer for the time period and in the credit amount specified in Guideline 4.2, 4.3, 4.4, or 4.5 below for each kW of the Customer's Actual Firm Demand in the month (up to and including the kW amount of the Contract Demand); provided, however, to receive a credit in any month

(i) an SIC Customer must establish an Actual Firm Demand of at least 100 kW in that month, and

(ii) an All-Electric Customer must establish an Actual Firm Demand of at least 250 kW in that month;

(d) provide that a Customer billed under part 2 of the section of schedule GSA or TGSA entitled "Base Charges" shall not receive a credit in any month which exceeds fifty percent (50%) of the amount of the charges billed to the Customer under that section; and

(e) provide for the automatic termination of the Participation Agreement if the Customer (i) does not qualify for a credit under (c), and where applicable (d), above within 12 months of the effective date of the Participation Agreement or (ii) ceases at any time to qualify for participation in the EGC Program under 2.1 above.

### **GUIDELINE 3 - EXPANSION CUSTOMER**

#### **3.1 Qualification**

**3.1.1 SIC Customer.** An SIC Customer is eligible to enter into a Participation Agreement under 3.2 below if the Customer

(a) initiates an expansion of its facilities served through an existing delivery point, and

(b) on or before the effective date of the Participation Agreement, enters into a written Power Supply Contract specifying a Contract Demand which is at least 100 kW greater than the Base Amount applicable for that Customer.

**3.1.2 All-Electric Customer.** An All-Electric Customer is eligible to enter into a Participation Agreement under 3.2 below if the Customer

(a) initiates an expansion of its facilities served through an existing delivery point, and

(b) on or before the effective date of the Participation Agreement, enters into a written Power Supply Contract specifying a Contract Demand which

is at least 250 kW greater than the Base Amount applicable for that Customer.

3.1.3 Other Qualified Customer. A Customer is eligible to enter into a Participation Agreement under 3.2 below if the Customer

(a) initiates an expansion of its facilities (served through an existing delivery point) where it adds at least 250 kW in load for the purpose(s) of all-electric space conditioning, all-electric water conditioning, and/or all-electric cooking, and

(b) on or before the effective date of the Participation Agreement, enters into a written Power Supply Contract specifying a Contract Demand which is at least 250 kW greater than the Base Amount applicable for that Customer.

3.2 Expansion Customer Participation Agreement. To participate in the EGC Program, a Customer qualifying under 3.1 above must enter into a Participation Agreement. The Participation Agreement shall:

(a) be in a form furnished or approved by TVA;

(b) include (i) a certification by the Customer showing that it qualifies under 3.1 above and (ii) a requirement that the Customer promptly notify Distributor of any change in any aspect of such qualifying status;

(c) provide for a monthly credit to the Customer for the time period and in the amount specified in Guideline 4.2, 4.3, 4.4, or 4.5 below for each kW by which the Customer's Actual Firm Demand (up to and including the kW amount of the Contract Demand) in the month exceeds the applicable Base Amount; provided, however, that

(i) for an SIC Customer, no credit shall be applicable unless such Actual Firm Demand exceeds the Base Amount by at least 100 kW, and

(ii) for an All-Electric Customer, or a Customer that qualifies under 3.1.3 above, no credit shall be applicable unless such Actual Firm Demand exceeds the Base Amount by at least 250 kW;

(d) provide that a Customer billed under part 2 of the section of schedule GSA or TGSA entitled "Base Charges" shall not receive a credit in any month which exceeds fifty percent (50%) of the amount of the charges billed to the Customer under that section;

(e) provide that where any type of power other than firm power was available at the Customer's delivery point at any time during the period used to calculate the applicable Base Amount

(i) for an SIC Customer no credit shall be applicable in any month unless the highest Total Metered Demand (up to and including the kW amount of

the amount of power available) in that month exceeds the Total Metered Base Amount by at least 100 kW,

(ii) for an All-Electric Customer, or a Customer that qualifies under 3.1.3 above, no credit shall be applicable in any month unless the highest Total Metered Demand (up to and including the kW amount of the total amount of power available) in that month exceeds the Total Metered Base Amount by at least 250 kW, and

(iii) the kW amount eligible for a credit will be the lesser of the kW amount calculated under (c) above or the kW amount by which the highest Total Metered Demand (up to and including the kW amount of the total amount of power available) in the month exceeds the Total Metered Base Amount; and

(f) provide for the automatic termination of the Participation Agreement if (i) the Customer does not qualify for a credit under (c), and where applicable (d) and (e), above within 12 months of the effective date of the Participation Agreement or (ii) ceases at any time to qualify for participation in the EGC Program under 3.1 above.

#### **GUIDELINE 4 - CREDITS**

4.1 Credit Method. Distributor shall make available to each Customer that qualifies for participation in the Program:

(a) one of the two credit options set forth in 4.2 and 4.3 below, for those customers which qualify for participation in the Program before October 1, 2003, or

(b) one of the two credit options set forth in 4.4 and 4.5 below, for those customers which qualify for participation in the Program on or after October 1, 2003

and shall specify in the Participation Agreement with such Customer the credit option so selected.

4.2 Declining 6 Year Credit Option. If this credit option is selected, Distributor shall apply the following schedule of credit amounts in calculating the credits to be applied under a Participation Agreement, entered into before October 1, 2003. Such credits will be applied for a 6-year period beginning with the first month in which the Customer qualifies for a credit under 2.2(c) or 3.2(c) above.

\$6.00 per kW for the first 12-consecutive-month period.

\$5.00 per kW for the second 12-consecutive-month period.

\$4.00 per kW for the third 12-consecutive-month period.

\$3.00 per kW for the fourth 12-consecutive-month period.

\$2.00 per kW for the fifth 12-consecutive-month period.

\$1.00 per kW for the sixth 12-consecutive-month period.

4.3 Flat 3 Year Credit Option. If this credit option is selected, Distributor will apply a credit amount of \$6.00 per kW in calculating the credits to be applied under a Participation Agreement, entered into before October 1, 2003. Such credits will be applied for a 3-year period beginning with the first month in which the Customer qualifies for a credit under 2.2(c) or 3.2(c) above.

4.4 Declining 8 Year Credit Option. If this credit option is selected, Distributor shall apply the following schedule of credit amounts in calculating the credits to be applied under a Participation Agreement entered into on or after October 1, 2003. Such credits will be applied for an 8-year period beginning with the first month in which the Customer qualifies for a credit under 2.2(c) or 3.2(c) above.

\$6.00 per kW for the first 12-consecutive-month period.

\$5.25 per kW for the second 12-consecutive-month period.

\$4.50 per kW for the third 12-consecutive-month period.

\$3.75 per kW for the fourth 12-consecutive-month period.

\$3.00 per kW for the fifth 12-consecutive-month period.

\$2.25 per kW for the sixth 12-consecutive-month period.

\$1.50 per kW for the seventh 12-consecutive-month period.

\$0.75 per kW for the eighth 12-consecutive-month period.

4.5 Flat 4 Year Credit Option. If this credit option is selected, Distributor will apply a credit amount of \$6.00 per kW in calculating the credits to be applied under a Participation Agreement entered into on or after October 1, 2003. Such credits will be applied for a 4-year period beginning with the first month in which the Customer qualifies for a credit under 2.2(c) or 3.2(c) above.

#### **GUIDELINE 5 - EXPANSION DURING GROWTH CREDIT PARTICIPATION**

It is recognized that a Customer receiving credits under the EGC Program may subsequently expand its facilities in a manner which would qualify the Customer for additional credits under Guideline 3.1 above. In such event, the Customer may enter into a Participation Agreement (Additional Credit Agreement) to cover credits for the expanded load except that

(a) a Customer shall not be eligible to enter into such an Additional Credit Agreement within the 12-month period immediately following the month in

which the Customer begins to receive credits under any Participation Agreement, and

(b) the Additional Credit Agreement shall provide that any kW amount of Actual Firm Demand for which the Customer receives a credit under the Additional Credit Agreement shall not be counted for purposes of determining the credit applicable under any previous EGC agreements which are still effective.



**AMENDATORY AGREEMENT**  
**Between**  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**And**  
**TENNESSEE VALLEY AUTHORITY**

Date: August 3, 2009

TV-59578A, Supp. No. 86

THIS AGREEMENT, made and entered into between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act);

W I T N E S S E T H:

WHEREAS, Distributor purchases power at specified delivery points from TVA for resale under Power Contract TV-59578A, dated May 7, 1982, as amended (Power Contract); and

WHEREAS, Distributor has performed all work necessary to provide the Memphis Junction 161-kV Substation (Substation) near Memphis Junction, Kentucky; and

WHEREAS, TVA has performed all work necessary to establish a 161-kV delivery point at the Substation; and

WHEREAS, Distributor is installing a new 161-13-kV transformer at the Substation; and

WHEREAS, TVA will provide a 161-kV metering installation in connection with said transformer; and

WHEREAS, the parties wish to amend the Power Contract to recognize the establishment of the 161-kV delivery point and the installation of an additional 161-kV meter installation at the Substation;

NOW, THEREFORE, for and in consideration of the premises and of the agreements set forth below, and subject to the TVA Act, the parties agree as follows:

**SECTION 1 - AMENDMENT TO POWER CONTRACT**

It is recognized that Distributor, at its expense, has provided the Substation and TVA, at its expense, has looped the Bowling Green-Gallatin 161-kV Line into the

Substation. Thereby, the parties have established a 161-kV point of delivery at the Substation. Effective as of July 22, 1997 (the date on which the Substation was first energized), section 3 of the Power Contract is amended by adding to the respective columns of the tabulation set out in that section the following:

<u>Delivery Point</u>	<u>Normal Wholesale Delivery Voltage</u>
161-kV side of the Memphis Junction 161-kV Substation	161,000

## **SECTION 2 - INCORPORATION OF TERMS AND CONDITIONS**

The attached Terms and Conditions are made a part of this agreement. In the event of any conflict between the body of this agreement and the Terms and Conditions, the former controls.

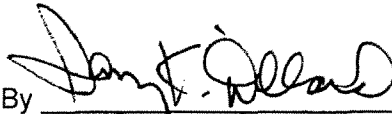
## **SECTION 3 - REVENUE METERING INSTALLATION**

It is recognized that TVA and Distributor provided a 161-kV metering installation at the Substation prior to the date the Substation was first energized as noted in Section 1 above. However, in coordination with Distributor's installation of a third transformer at the Substation, TVA and Distributor will cooperate in providing at the Substation an additional 161-kV revenue metering installation in accordance with the Terms and Conditions to monitor said transformer. However, contrary to section 2.3.1 of the Terms and Conditions, TVA rather than Distributor shall provide and install (for TVA's exclusive use) a telephone circuit for metering purposes at the Substation. TVA shall make available a telephone port from said telephone circuit to Distributor for its use and at its expense.


Also, contrary to section 6 of the Terms and Conditions, TVA rather than Distributor shall at its expense provide the battery power requirements for Distributor's facilities and equipment installed at the New Substation.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized representatives, as of the day and year first above written.

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By   
Title: PRESI./CEO

**TENNESSEE VALLEY AUTHORITY**

By   
Vice President  
Strategy, Pricing and Contracts

**TERMS AND CONDITIONS**  
**(New Delivery Point)**

**SECTION 1 - COORDINATION**

1.1 Objectives of Coordination. The parties agree that it is necessary to coordinate their efforts under this agreement to ensure that the following objectives are met: (a) timely and efficient completion of construction and connection of the New Substation to the TVA system, (b) timely and efficient completion of the metering installation, (c) the safe, reliable, and efficient operation of TVA's facilities, (d) prevention of any undue hazards to TVA's facilities and operations, and (e) the safety of the parties' personnel. Each party will use reasonable diligence in carrying out its responsibilities under this agreement and will notify the other of any significant changes in schedule.

1.2 New Substation Plans and Specifications. Distributor shall consult with TVA in designing the New Substation and shall use plans and specifications that TVA concurs will ensure consistency with objectives (c) and (d) in subsection 1.1 above. Distributor will design, construct, operate, and maintain the New Substation in accordance with good, modern practices and procedures.

1.3 New Substation Protective Scheme. Distributor shall also consult with TVA in planning for the installation, operation, testing, calibration, and maintenance of the protective scheme for the New Substation. Such protective scheme shall include backup protection for the New Substation in the event of failure of primary interrupting devices. As a minimum, backup protection would normally involve secondary interrupting devices and equipment such as backup relays and backup circuit switchers. Distributor agrees not to install, operate, or maintain any protective devices without TVA's concurrence that objectives (c) and (d) in subsection 1.1 above will be fully met.

1.4 TVA Review. Any review by TVA of Distributor's plans provided for in this agreement should not be considered an endorsement that they are adequate for Distributor's purposes. TVA will not unreasonably withhold its concurrence following any such review.

1.5 Metering. TVA and Distributor will coordinate their work under section 2 below to the extent necessary and practicable.

**SECTION 2 - METERING**

2.1 TVA's Installation Work. TVA at its expense shall provide and install the revenue meter and related items necessary to determine the power and energy taken by Distributor at the New Substation. This metering installation will be at a mutually satisfactory location in the New Substation.

## 2.2 Distributor's Installation Work.

2.2.1 Current and Voltage Transformers. Distributor shall, at its expense and in accordance with plans and specifications furnished or approved by TVA, install the metering current and voltage transformers (furnished by TVA). This will be done on the source side of any station service transformers and voltage correction equipment.

2.2.2 Miscellaneous Facilities. Distributor shall install all other facilities required for the metering installation, including a prewired meter cabinet (provided by TVA) and the foundation (if necessary) for TVA's meter cabinet, the primary connections from the metering transformers to Distributor's facilities and the conduit (together with any required test boxes) and cable extending from the metering transformer secondaries to the meter cabinet. Distributor will furnish the supplies and materials needed under this subsection 2.2.2, except that TVA will furnish the cable and test boxes.

## 2.3 Remote Access to Metering Installation.

2.3.1 Installation of Circuit. For TVA's metering purposes, including power quality monitoring, Distributor shall provide and install (or have installed) a telephone circuit (Circuit) and, if needed, protective conduit extending from TVA's revenue meter to a location specified by TVA. If TVA furnishes a telephone switcher, Distributor shall install it at an agreed upon location. Distributor installation of the Circuit and telephone switcher shall be in accordance with guidelines and specifications furnished or approved by TVA. Distributor shall install and then operate and maintain the Circuit (and any such conduit) at its expense. TVA will connect the Circuit to the revenue meter.

2.3.2 Distributor Access to Meter Data. TVA agrees to allow Distributor (a) remote access to TVA's metering data through the Circuit and (b) access to the metering information available from the readout display of the revenue meter. Use of the Circuit and access to the readout display will be coordinated between TVA's and Distributor's operating representatives to ensure unrestricted telephone access by TVA for data retrieval purposes during such periods as specified by TVA.

2.3.3 Remote Access Equipment. It is recognized that Distributor will need equipment not provided by TVA in order to obtain metering data by remote telephone access. If requested, TVA will assist Distributor in selecting such equipment, but acquisition of the equipment shall be the sole responsibility of Distributor.

2.4 Control of Metering Installation. Except as specifically provided otherwise in this agreement (or as agreed otherwise by TVA), the metering installation shall be for TVA's exclusive use and control. It may be used by TVA separately or in conjunction with any other metering facilities of TVA. TVA will place its seals on the revenue meter and metering facilities in the metering installation, and Distributor shall assure that those seals are not broken except at TVA's request.

## 2.5 Maintenance of Metering Installation.

2.5.1 TVA's Responsibilities. TVA at its expense shall test, calibrate, operate, maintain, and replace the portion of the metering installation provided and installed by TVA.

2.5.2 Distributor's Responsibilities. As requested by TVA from time to time, Distributor at its expense shall perform necessary maintenance (including making of replacements) of the remaining portion of the metering installation. In doing this work Distributor shall furnish the necessary materials, except that TVA shall furnish for installation by Distributor any replacements required for the current and voltage transformers, metering cable, and test boxes.

## **SECTION 3 - METERING OUTPUTS**

3.1 Access to Outputs. Distributor may desire access to metering outputs from the metering installation for such purposes as monitoring and load control, and TVA is willing to make such access available at no charge. Accordingly, Distributor may, at such time as it deems appropriate, provide and install at its expense such additional facilities as are necessary for obtaining access to metering outputs. This includes provision and installation of cable to be connected by TVA to a terminal block in TVA's meter cabinet. Distributor shall also furnish and install any protective facilities requested by TVA for the protection of TVA's metering installation.

3.2 Approval of Facilities. Distributor shall keep TVA informed as to Distributor's plans for installation of any such additional facilities to the extent necessary and practicable. Distributor shall neither install any facilities which are to be connected to the metering installation nor, once installed, change them without prior written notification from TVA that such installation or change is satisfactory to TVA insofar as required for the safe and efficient operation of the metering installation.

3.3 Noninterference With Metering. In exercising access to metering outputs, Distributor shall not interfere with any operation, use of, or access to the metering installation by TVA. In this regard Distributor agrees to immediately modify its facilities and operations, in any manner requested by TVA, to avoid any such interference.

3.4 No Warranty of Outputs. TVA makes no statement, representation, claim, guarantee, assurance, or warranty of any kind whatsoever, including, but not limited to, representations or warranties, express or implied, (a) as to the accuracy or completeness of the metering outputs or as to such outputs' merchantability or fitness for any purposes for which Distributor uses or will use them or (b) as to quantity, kind, character, quality, capacity, design, performance, compliance with specifications, condition, size, description of any property, merchantability, or fitness for any use or purpose of any facilities through which the metering outputs are supplied. Distributor hereby waives, and releases the United States of America, TVA, and their agents and employees from, any and all claims, demands, or causes of action, including, without limitation, those for consequential damages, arising out of or in any way connected with Distributor's use of the metering outputs.

3.5 Termination of Arrangements. The arrangements set out under this section 3, may be terminated by TVA or Distributor at any time upon at least 120 days' written notice. As soon as practicable following the effective date of such termination, TVA will disconnect the cable from the metering installation.

#### **SECTION 4 - ADJUSTMENT OF METERED AMOUNTS**

If the metering installation at the New Substation is not at the point of delivery specified in the Power Contract, the metered amounts of power and energy shall be appropriately adjusted to reflect losses (and non-metered station service or equipment use, if any) between the point of delivery and the metering installation. Distributor shall from time to time furnish TVA with the loss data for Distributor's facilities needed to allow TVA to make such adjustments.

#### **SECTION 5 - RIGHTS OF ACCESS**

Distributor hereby grants to TVA such rights to use Distributor's property as are reasonably necessary or desirable to enable TVA to carry out its responsibilities under this agreement. These rights include installation, operation, maintenance, replacement, removal, and inspection of TVA's electrical facilities and equipment (including metering equipment) installed in connection with service to Distributor.

#### **SECTION 6 - POWER REQUIREMENTS**

Distributor shall at its expense provide the battery and station service power requirements for TVA's facilities and equipment (including metering equipment) installed at the New Substation.

#### **SECTION 7 - TERM OF AGREEMENT**

Except as otherwise provided, this agreement becomes effective as of the date of the agreement and continues in effect for the term of the Power Contract or any renewal, extension, or replacement of it.

#### **SECTION 8 - RESTRICTION OF BENEFITS**

No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise from it unless the agreement be made with a corporation for its general benefit. Distributor shall not offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 5 C.F.R. part 2635 (as amended, supplemented, or replaced). Breach of this provision shall constitute a material breach of this agreement.

#### **SECTION 9 - AMENDMENT**

This agreement may be amended only by a writing signed by the parties.

**NEW DELIVERY POINT AGREEMENT**  
**Between**  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**And**  
**TENNESSEE VALLEY AUTHORITY**

Date: August 10, 2009

TV-59578A, Supp. No. 89

THIS AGREEMENT, made and entered into between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky; and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act);

**W I T N E S S E T H:**

WHEREAS, Distributor purchases power from TVA for resale at specified delivery points under Power Contract TV-59578A, dated May 7, 1982, as amended (Power Contract); and

WHEREAS, Distributor constructed the Woodburn 161-kV Substation (New Substation) located near Woodburn, Kentucky, with an in-service date of June 10, 2009; and

WHEREAS, the parties wish to amend the Power Contract to add a new delivery point at the New Substation;

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements set forth below, and subject to the TVA Act, the parties agree as follows:

**SECTION 1 - CONSTRUCTION BY DISTRIBUTOR**

Distributor shall at its expense:

- (a) provide the New Substation, and
- (b) perform all work on its distribution system necessary to enable it to take power and energy at the New Substation on or as soon as practicable after the date the New Substation is completed.



**SECTION 2 - CONSTRUCTION BY TVA**

TVA shall at its expense, as generally described on TVA drawing SK-W0936:

- (a) install a tap point in the Memphis Junction-Portland 161-kV Transmission Line, and
- (b) provide a slack span connection from the tap point to the New Substation.

**SECTION 3 - AMENDMENT TO POWER CONTRACT**

Effective as of the date on which the New Substation is first energized, section 3 of the Power Contract is amended by adding to the respective columns of the tabulation set out in that section the following:

<u>Delivery Point</u>	<u>Normal Wholesale Delivery Voltage</u>
161-kV side of the Woodburn 161-kV Substation	161,000

**SECTION 4 - INCORPORATION OF TERMS AND CONDITIONS**

The attachment entitled "Terms and Conditions" is made a part of this agreement. In the event of any conflict between the body of this agreement and the Terms and Conditions, the former controls.

**SECTION 5 - REVENUE METERING INSTALLATION**

TVA and Distributor shall cooperate in providing at the New Substation one new 13-kV revenue metering installation in accordance with the attached Terms and Conditions. The metering current transformers will be insulated for 26-kV.

**SECTION 6 - RELAY INSTALLATION**

TVA and Distributor shall cooperate in providing at the New Substation an underfrequency load shed assembly consisting of an underfrequency relay, tripping auxiliary relay, test blocks, and accessory equipment (Relay Assembly). In accordance with plans and specifications satisfactory to TVA, Distributor shall at its expense install the Relay Assembly and thereafter remove or replace it at TVA's request. TVA shall at its expense furnish the Relay Assembly and any needed replacements for it and shall operate, maintain, and repair the Relay Assembly.

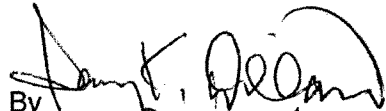
**SECTION 7 - CIRCUIT SWITCHER INSTALLATION**

TVA and Distributor shall cooperate in providing at the New Substation two (one primary and one backup) circuit switchers for transformer bank protection. In accordance with plans and specifications satisfactory to TVA, Distributor shall at its expense provide and install these circuit switchers. As soon as practicable after the New Substation is first energized, TVA shall, consistent with TVA's policy in effect

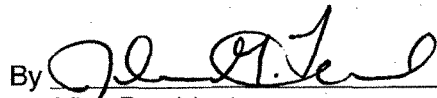
regarding capital cost contribution for backup circuit switcher protection, for the next 18 months apply a credit of \$2000 against the \$2000 delivery point charge for the delivery point at the New Substation.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized representatives, as of the day and year first above written.

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By   
Title: Presi. / CEO

**TENNESSEE VALLEY AUTHORITY**

By   
Vice President  
Strategy, Pricing and Contracts

## **TERMS AND CONDITIONS** **(New Delivery Point)**

### **SECTION 1 - COORDINATION**

1.1 Objectives of Coordination. The parties agree that it is necessary to coordinate their efforts under this agreement to ensure that the following objectives are met: (a) timely and efficient completion of construction and connection of the New Substation to the TVA system, (b) timely and efficient completion of the metering installation, (c) the safe, reliable, and efficient operation of TVA's facilities, (d) prevention of any undue hazards to TVA's facilities and operations, and (e) the safety of the parties' personnel. Each party will use reasonable diligence in carrying out its responsibilities under this agreement and will notify the other of any significant changes in schedule.

1.2 New Substation Plans and Specifications. Distributor shall consult with TVA in designing the New Substation and shall use plans and specifications that TVA concurs will ensure consistency with objectives (c) and (d) in subsection 1.1 above. Distributor will design, construct, operate, and maintain the New Substation in accordance with good, modern practices and procedures.

1.3 New Substation Protective Scheme. Distributor shall also consult with TVA in planning for the installation, operation, testing, calibration, and maintenance of the protective scheme for the New Substation. Such protective scheme shall include backup protection for the New Substation in the event of failure of primary interrupting devices. As a minimum, backup protection would normally involve secondary interrupting devices and equipment such as backup relays and backup circuit switchers. Distributor agrees not to install, operate, or maintain any protective devices without TVA's concurrence that objectives (c) and (d) in subsection 1.1 above will be fully met.

1.4 TVA Review. Any review by TVA of Distributor's plans provided for in this agreement should not be considered an endorsement that they are adequate for Distributor's purposes. TVA will not unreasonably withhold its concurrence following any such review.

1.5 Metering. TVA and Distributor will coordinate their work under section 2 below to the extent necessary and practicable.

### **SECTION 2 - METERING**

2.1 TVA's Installation Work. TVA at its expense shall provide and install the revenue meter and related items necessary to determine the power and energy taken by Distributor at the New Substation. This metering installation will be at a mutually satisfactory location in the New Substation.

## 2.2 Distributor's Installation Work.

2.2.1 Current and Voltage Transformers. Distributor shall, at its expense and in accordance with plans and specifications furnished or approved by TVA, install the metering current and voltage transformers (furnished by TVA). This will be done on the source side of any station service transformers and voltage correction equipment.

2.2.2 Miscellaneous Facilities. Distributor shall install all other facilities required for the metering installation, including a prewired meter cabinet (provided by TVA) and the foundation (if necessary) for TVA's meter cabinet, the primary connections from the metering transformers to Distributor's facilities and the conduit (together with any required test boxes) and cable extending from the metering transformer secondaries to the meter cabinet. Distributor will furnish the supplies and materials needed under this subsection 2.2.2, except that TVA will furnish the cable and test boxes.

## 2.3 Remote Access to Metering Installation.

2.3.1 Installation of Circuit. For TVA's metering purposes, including power quality monitoring, Distributor shall provide and install (or have installed) a telephone circuit (Circuit) and, if needed, protective conduit extending from TVA's revenue meter to a location specified by TVA. If TVA furnishes a telephone switcher, Distributor shall install it at an agreed upon location. Distributor installation of the Circuit and telephone switcher shall be in accordance with guidelines and specifications furnished or approved by TVA. Distributor shall install and then operate and maintain the Circuit (and any such conduit) at its expense. TVA will connect the Circuit to the revenue meter.

2.3.2 Distributor Access to Meter Data. TVA agrees to allow Distributor (a) remote access to TVA's metering data through the Circuit and (b) access to the metering information available from the readout display of the revenue meter. Use of the Circuit and access to the readout display will be coordinated between TVA's and Distributor's operating representatives to ensure unrestricted telephone access by TVA for data retrieval purposes during such periods as specified by TVA.

2.3.3 Remote Access Equipment. It is recognized that Distributor will need equipment not provided by TVA in order to obtain metering data by remote telephone access. If requested, TVA will assist Distributor in selecting such equipment, but acquisition of the equipment shall be the sole responsibility of Distributor.

2.4 Control of Metering Installation. Except as specifically provided otherwise in this agreement (or as agreed otherwise by TVA), the metering installation shall be for TVA's exclusive use and control. It may be used by TVA separately or in conjunction with any other metering facilities of TVA. TVA will place its seals on the revenue meter and metering facilities in the metering installation, and Distributor shall assure that those seals are not broken except at TVA's request.

## 2.5 Maintenance of Metering Installation.

2.5.1 TVA's Responsibilities. TVA at its expense shall test, calibrate, operate, maintain, and replace the portion of the metering installation provided and installed by TVA.

2.5.2 Distributor's Responsibilities. As requested by TVA from time to time, Distributor at its expense shall perform necessary maintenance (including making of replacements) of the remaining portion of the metering installation. In doing this work Distributor shall furnish the necessary materials, except that TVA shall furnish for installation by Distributor any replacements required for the current and voltage transformers, metering cable, and test boxes.

## **SECTION 3 - METERING OUTPUTS**

3.1 Access to Outputs. Distributor may desire access to metering outputs from the metering installation for such purposes as monitoring and load control, and TVA is willing to make such access available at no charge. Accordingly, Distributor may, at such time as it deems appropriate, provide and install at its expense such additional facilities as are necessary for obtaining access to metering outputs. This includes provision and installation of cable to be connected by TVA to a terminal block in TVA's meter cabinet. Distributor shall also furnish and install any protective facilities requested by TVA for the protection of TVA's metering installation.

3.2 Approval of Facilities. Distributor shall keep TVA informed as to Distributor's plans for installation of any such additional facilities to the extent necessary and practicable. Distributor shall neither install any facilities which are to be connected to the metering installation nor, once installed, change them without prior written notification from TVA that such installation or change is satisfactory to TVA insofar as required for the safe and efficient operation of the metering installation.

3.3 Noninterference With Metering. In exercising access to metering outputs, Distributor shall not interfere with any operation, use of, or access to the metering installation by TVA. In this regard Distributor agrees to immediately modify its facilities and operations, in any manner requested by TVA, to avoid any such interference.

3.4 No Warranty of Outputs. TVA makes no statement, representation, claim, guarantee, assurance, or warranty of any kind whatsoever, including, but not limited to, representations or warranties, express or implied, (a) as to the accuracy or completeness of the metering outputs or as to such outputs' merchantability or fitness for any purposes for which Distributor uses or will use them or (b) as to quantity, kind, character, quality, capacity, design, performance, compliance with specifications, condition, size, description of any property, merchantability, or fitness for any use or purpose of any facilities through which the metering outputs are supplied. Distributor hereby waives, and releases the United States of America, TVA, and their agents and employees from, any and all claims, demands, or causes of action, including, without limitation, those for consequential damages, arising out of or in any way connected with Distributor's use of the metering outputs.

3.5 Termination of Arrangements. The arrangements set out under this section 3, may be terminated by TVA or Distributor at any time upon at least 120 days' written notice. As soon as practicable following the effective date of such termination, TVA will disconnect the cable from the metering installation.

#### **SECTION 4 - ADJUSTMENT OF METERED AMOUNTS**

If the metering installation at the New Substation is not at the point of delivery specified in the Power Contract, the metered amounts of power and energy shall be appropriately adjusted to reflect losses (and non-metered station service or equipment use, if any) between the point of delivery and the metering installation. Distributor shall from time to time furnish TVA with the loss data for Distributor's facilities needed to allow TVA to make such adjustments.

#### **SECTION 5 - RIGHTS OF ACCESS**

Distributor hereby grants to TVA such rights to use Distributor's property as are reasonably necessary or desirable to enable TVA to carry out its responsibilities under this agreement. These rights include installation, operation, maintenance, replacement, removal, and inspection of TVA's electrical facilities and equipment (including metering equipment) installed in connection with service to Distributor.

#### **SECTION 6 - POWER REQUIREMENTS**

Distributor shall at its expense provide the battery and station service power requirements for TVA's facilities and equipment (including metering equipment) installed at the New Substation.

#### **SECTION 7 - TERM OF AGREEMENT**

Except as otherwise provided, this agreement becomes effective as of the date of the agreement and continues in effect for the term of the Power Contract or any renewal, extension, or replacement of it.

#### **SECTION 8 - RESTRICTION OF BENEFITS**

No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise from it unless the agreement be made with a corporation for its general benefit. Distributor shall not offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 5 C.F.R. part 2635 (as amended, supplemented, or replaced). Breach of this provision shall constitute a material breach of this agreement.

#### **SECTION 9 - AMENDMENT**

This agreement may be amended only by a writing signed by the parties.

VALLEY INVESTMENT INITIATIVE  
PARTICIPATION AGREEMENT  
Among  
SCA PERSONAL CARE, INC.,  
WARREN RURAL ELECTRIC COOPERATIVE CORPORATION,  
And  
TENNESSEE VALLEY AUTHORITY

Date: 06-07-2010

VII-E Contract No. 3345

TV-59578A, Supp. No. 92

THIS AGREEMENT will confirm the understandings among SCA PERSONAL CARE, INC. (Company), WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), and TENNESSEE VALLEY AUTHORITY (TVA) with respect to Company's participation in the Valley Investment Initiative for Existing Customers (VII-E) being jointly conducted by Distributor and TVA.

It is understood and agreed that:

**SECTION 1 - DEFINITIONS AND ELIGIBILITY REQUIREMENTS**

1.1 Definitions. Except as otherwise provided below, underlined terms used in this agreement are defined in Company's "Valley Investment Initiative for Existing Customers VII-E Award Application" (VII-E Award Application) which is attached to and made a part of this agreement.

1.1.1 Notwithstanding A.1.2 of Attachment 1 to the VII-E Award Application, Annual Base Charges shall mean for any 12-month period the sum of customer charge, demand charges, and energy charges under the applicable Rate Schedule and Adjustment Addendum (if any) during that period which are attributable to a Customer's Qualifying Plant; provided, however, that in calculating the Annual Base Charges, any portion of the energy charge designated as fuel costs shall be excluded, and the Annual Base Charges shall be reduced by the amount of any credits attributable to a Customer's Qualifying Plant which the Customer received under any contract overlays, credit programs, and/or any award programs offered by TVA and/or Distributor, during that period.

1.1.2 Notwithstanding A.1.12 of Attachment 1 to the VII-E Award Application, Meter Data shall mean Plant interval data during Peak Hours and other Plant power use data necessary to calculate the following:

- (a) total Plant kWh usage and highest Total Metered Demand for each month of the Evaluation Period,
- (b) Annual Load Factor,
- (c) Coincident Load Factor.

1.1.3 Notwithstanding A.1.16 of Attachment 1 to the VII-E Award Application, Plant shall mean all (a) physical personal property and (b) things attached, annexed, or fixed to the Customer's real property (such as Customer's building) that are (1) used in Customer's trade or business characterized by the same NAICS code(s),

(2) depreciable for federal income tax purposes, and (3) located on contiguous real property in the TVA service area.

1.2 Eligibility Requirements. It is expressly recognized that in determining Company's initial and continued eligibility for participation in VII, the following applies:

1.2.1 Section A.2.2 of Attachment 2 of the VII-E Award Application is replaced with the following:

Contractual Requirements. A Customer's power supply contract(s) for power supplied to its Plant must provide for the Customer to purchase firm power for a term of at least 66 months from the date of submission of the Customer's completed VII-E Award Application under a general service rate schedule or a manufacturing service rate schedule, or any replacement schedule of the general service or manufacturing service rate schedule. The power supply contract(s) may include a pricing overlay under a separate agreement implementing a TVA-approved program, subject to all of the standard terms and conditions under which the program is offered.

1.2.2 Section A.2.8 of Attachment 2 of the VII-E Award Application is replaced with the following:

Financial Review. A Qualifying Customer must be determined by TVA to be financially viable. In order to facilitate TVA's evaluation of a Customer's financial condition, a Customer will provide, upon request by TVA: (i) copies of Customer's commercial credit ratings, where "commercial credit ratings" shall mean an estimate of creditworthiness as assigned by a recognized rating agency (such as Standard & Poor's, Moody's Investor Services, Inc. or Fitch Ratings) to a rated entity's unsecured, senior long-term debt obligations; and (ii) a copy of Customer's three most recent annual reports containing consolidated financial statements and its most recent quarterly report containing financial statements; and (iii) such different or additional financial information as TVA may from time to time request for TVA's use in evaluating Customer's financial condition. The financial statements to be provided by Customer shall be prepared in accordance with generally accepted accounting principles.

A Customer may provide the commercial credit ratings and/or financial statements requested in subsection (i) above for a parent entity of Customer, if Customer-level ratings and statements are not available. Such a Customer must certify that Customer is a wholly owned subsidiary of the parent entity and Customer's financial information is consolidated within the financial statements of the parent entity.

TVA will consider a Customer financially unviable and ineligible for VII under the following conditions:

- (a) Customer or Customer's parent entity is reorganizing or winding down in bankruptcy as of the date it submits a VII-E Award Application;
- (b) Customer's risk levels exceed allowable levels as solely determined by TVA; or



(c) Customer fails to provide adequate power contract performance assurance as required by TVA or Distributor.

1.2.3 Section A.2.9 of Attachment 2 of the VII-E Award Application is replaced with the following:

Meter Data. A Qualifying Plant must have metering in place capable of recording Plant interval data during Peak Hours and other Plant power use data necessary to calculate the VII Metrics. A Qualifying Customer must have arrangements in place with TVA and/or Customer's Distributor to provide for the collection, processing (if any), and transmission to TVA of all Plant Meter Data and corresponding VII Metrics.

## **SECTION 2 - TERM**

This agreement shall become effective on the date first written above (Effective Date), and shall continue in effect through the end of the Award Period described below, except that the provisions of sections 3.2, 6.2, 7.3, 7.4, 9.3, and 10 below shall continue in effect until the obligations of the parties under them are fulfilled.

## **SECTION 3 - ELIGIBILITY FOR VII-E**

3.1 Company's Certification. Company's eligibility for the VII-E award provided for in section 4 below is based on TVA's determination that Company meets the criteria of a Qualifying Customer at Company's Qualifying Plant. It is expressly recognized that such determination is based on information provided and certified by Company in the VII-E Award Application.

3.2 Access to Records. Company shall keep and make available accurate records and books of accounts related to Company's VII Metrics, as well as data to support compliance with the terms and conditions of this agreement. Company shall allow Distributor, TVA, and their agents and employees, free access, at any time during normal working hours and upon reasonable notice, to all such books, records, and other documents of Company until the completion of all close-out procedures respecting this agreement and the final settlement and conclusion of all issues arising out of this agreement.

#### **SECTION 4 - VII-E AWARDS**

Based on Company's projections and the information contained in the VII-E Award Application, Company will be eligible to receive a VII-E award in the form of monthly credits on Company's power bill (Bill Credits) for a 5-year Award Period, beginning on June 7, 2010. Except as otherwise provided below, Distributor shall apply the monthly Bill Credits for each year of the 5-year period in amounts equal to 1/12 of the Maximum Annual Award amounts set out in the table below.

Year	Maximum Annual Award
1	\$121,768.61
2	\$126,278.56
3	\$132,291.82
4	\$139,808.40
5	\$148,828.30

In the event that Company receives more than one power bill in any month for its Qualifying Plant, a pro rata portion of the Bill Credit will be applied to each power bill in proportion to the total retail amount of each power bill. Company shall not be eligible for and will not earn or receive any Bill Credits for any amount that exceeds the amount of Company's monthly power bill(s) attributable to Company's Qualifying Plant in any given month.

#### **SECTION 5 - REPORTING BY COMPANY**

5.1 Annual Reporting. Within 30 days after the first 12 months of Company's Evaluation Period, and within 30 days after each 12-month period of the Evaluation Period thereafter, Company shall provide TVA a report certified by Company's duly authorized officer (Annual Certification), and verified by Distributor pursuant to section 6.1 below, showing Company's VII Metrics for the previous year. The Annual Certification shall be in a form furnished by TVA.

5.2 Continuing Reporting Obligation. Company shall immediately notify Distributor and TVA of any material changes in the information provided in its VII-E Award Application or its Annual Certifications. Upon receipt of such notice, TVA may at that time calculate an Adjusted Award pursuant to section 7 below.

#### **SECTION 6 - DATA SUPPLIED BY DISTRIBUTOR**

6.1 Annual Certification. It is recognized that Company's eligibility to receive the Bill Credits provided for in this agreement is based on information provided by Company and, where applicable, verified by Distributor in Company's VII-E Award Application and Annual Certifications. Distributor shall review Company's Annual Certification each year and, where requested by TVA, shall certify the accuracy of certain items, including:

- (a) Company's payment history under its power supply contract with Distributor,

- (b) total kWh usage and highest Total Metered Demand of Company's Qualifying Plant for each of the previous 12 months,
- (c) total kWh usage of Company's Qualifying Plant during Peak Hours,
- (d) whether Company's Qualifying Plant is a Nonconforming Load, and
- (e) Company's Annual Base Charges.

6.2 Monthly Data. It is recognized that Distributor may be responsible for providing and maintaining metering facilities which are capable of recording the data specified in items (b) and (c) above. If requested by TVA, Distributor shall make available to TVA any such meter data necessary for TVA to verify Company's eligibility for participation in VII-E or calculate Bill Credits under this agreement. Distributor shall also furnish to TVA a copy of Company's power bill each month, which shall itemize the amount of any Bill Credit for that month, and any other information related to Company's eligibility for and participation in VII-E as TVA may reasonably request.

6.3 Other Information. Distributor shall promptly notify TVA if Company materially breaches the power supply contract under which power is supplied to Company's Qualifying Plant or materially breaches any overlay, supplement, or amendment to that contract, such that Distributor either suspends or terminates power supply, or suspends or terminates any product or other arrangements made available as an overlay, supplement, or amendment to the power supply contract.

## **SECTION 7 - AWARD ADJUSTMENT AND RECOVERY**

7.1 Annual Award Adjustments. Each year, and immediately upon receipt of any notice pursuant to section 5.2 above, TVA will calculate adjusted Maximum Annual Awards (Adjusted Awards) for the Evaluation Period. The Adjusted Awards will be calculated by applying the VII Metrics provided in Company's Annual Certification or notice to the same formula that was used in calculating the Maximum Annual Awards set out in the tabulation in section 4 above, except that if the Annual Base Charges for the previous year are at least 80% of the Annual Base Charges for the Base Year, the Base Year's Annual Base Charges will be used in the calculation. If the Adjusted Awards are less than the Maximum Annual Awards for those years set out in section 4 above, the sum of Company's monthly Bill Credits in the remaining Award Period years will be equal to the Adjusted Awards for the remaining Award Period minus the difference between the monthly Bill Credits Company received and the amount that the Bill Credits would have been if they had been calculated using the VII Metrics provided in Company's Annual Certification or notice. Notwithstanding TVA's calculation of Adjusted Awards, it is expressly recognized that Company shall neither earn nor receive in any month Bill Credits greater than 1/12 the Maximum Annual Awards set out above.

7.2 Disqualification. During the term of this agreement, TVA will use Company's VII Metrics and other information available to TVA during the Evaluation Period and Award Period to determine whether Company remains eligible to participate in VII-E. If at any time during the term of this agreement TVA determines that Company ceases to qualify for VII-E, the Bill Credits provided under section 4 above shall be discontinued. At such time, if any, during the Award Period that Company provides certification that it again meets the VII-E eligibility requirements set forth in the VII-E Award Application, the Bill Credits will resume. Company shall not be eligible for and will not earn or receive any Bill Credits for those periods when it does not qualify for VII-E.

7.3 Award Recovery. Company shall not be eligible to receive Bill Credits under section 4 above if at any time any of the following occurs:

- (a) Company provides materially false information on its VII-E Award Application or Annual Certifications;
- (b) Company fails to notify TVA of material changes in information provided in its VII-E Award Application or Annual Certification;
- (c) Company materially breaches the power supply contract under which power is supplied to Company's Qualifying Plant or materially breaches any overlay, supplement, or amendment to that contract, such that Distributor either suspends or terminates power supply, or suspends or terminates any product or other arrangements made available as an overlay, supplement, or amendment to the power supply contract;
- (d) Company's power supply contract otherwise expires or is terminated without being renewed or replaced by a power supply contract meeting the requirements of the VII-E Award Application; or
- (e) Company ceases commercial operation of its Qualifying Plant.

If any of the events identified in (a) – (e) above occur, this agreement shall be deemed to have automatically terminated as of the date of said occurrence, and promptly upon receipt of an invoice, Company shall immediately pay to Distributor any and all award amounts paid to Company during any period when Company was ineligible to receive Bill Credits as well as any and all award amounts in excess of those to which Company was entitled based on its actual VII Metrics.

7.4 Final Adjustment and Recovery. Upon receipt of Company's final Annual Certification and calculation of the corresponding Adjusted Award, Company's remaining monthly Bill Credits will be reduced by the difference between the monthly Bill Credits Company received and the amount that the Bill Credits would have been if they had been calculated using the VII Metrics provided in Company's final Annual Certification. In the event that the remaining Bill Credits are insufficient to recover the difference, Company shall immediately pay to Distributor the unrecovered balance of the difference.

## **SECTION 8 - ENHANCED GROWTH CREDIT**

It is understood and agreed that Company and Distributor shall not enter into an Enhanced Growth Credit (EGC) participation agreement during the term of this agreement.

## **SECTION 9 - WHOLESALE ADJUSTMENTS**

9.1 Company Credit. Each month Distributor shall apply the Bill Credit to Company's power bill. TVA shall notify Distributor of (a) any adjustment to the Bill Credits provided for under section 7.1 of this agreement and (b) any discontinuance of Bill Credits in accordance with sections 7.2, 7.3, or 7.4 of this agreement.

9.2 Distributor Credit. TVA will apply a monthly credit to Distributor's wholesale power bill equal to the Bill Credit applied by Distributor to Company's bill in that month.

9.3 Award Recovery. In the event that under the provisions of section 7.3 of this agreement it is determined that Company received Bill Credits for which it was not eligible, Distributor and TVA shall fully cooperate in (a) endeavoring to collect from Company any

amounts due under said sections 7.3 and/or 7.4 and (b) making appropriate adjustments to Distributor's wholesale power bill to pass through to TVA amounts collected from Company. The obligations of this paragraph shall survive any expiration or termination of the VII-E Participation Agreement until they are discharged.

#### **SECTION 10 - CONFIDENTIALITY**

It is expressly recognized that the VII-E Award Application and the Annual Certification are the property of TVA and are not intended for further distribution. Except as may be otherwise required by law, (a) Company shall not disclose those documents or their contents except to TVA or Distributor and (b) TVA and Distributor will not disclose confidential information provided by Company in those documents or confidential information provided pursuant to 3.2 above without Company's consent.

#### **SECTION 11 - NOTICES**

11.1 Persons to Receive Notice. Any notice required by this agreement shall be deemed properly given if delivered in writing to the address specified below: (a) personally, (b) by recognized overnight courier service, or (c) by United States Mail, postage prepaid.

To TVA:

Jared E. Mitchem  
Valley Investment Manager  
TVA Economic Development  
26 Century Blvd., Suite 100 OCP 2  
Nashville, Tennessee 37214

To Company:

Janet Stephens  
Plant Manager  
SCA Personal Care, Inc.  
7030 Louisville Road  
Bowling Green, Kentucky 42101

To Distributor:

Gary K. Dillard  
President and CEO  
Warren Rural Electric Cooperative Corporation  
Post Office Box 1118  
Bowling Green, Kentucky 42102-1118

11.2 Changes in Persons to Receive Notice. The designation of the person to be so notified, or the address of such person, may be changed at any time and from time to time by any party by similar notice.

#### **SECTION 12 - WAIVERS**

A waiver of one or more defaults shall not be considered a waiver of any other or subsequent default.

**SECTION 13 - ATTACHMENT CORRECTION**

Notwithstanding the information provided by Company on page 2 of the attached VII-E Award Application, the parties acknowledge and agree that proper value of the Annual Base Charges for the Plant for the twelve months prior to the date of the VII-E Award Application is \$1,279,418.

**SECTION 14 - ENTIRE AGREEMENT**


All terms and conditions with respect to this agreement are expressly contained herein and Company agrees that no representative or agent of TVA or Distributor has made any representation or promise with respect to this agreement not expressly contained herein.

**SECTION 15 - SUCCESSORS AND ASSIGNS**

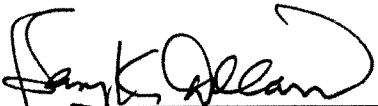
This agreement may be assigned by TVA, but shall not be assignable by Company or Distributor without written consent of TVA.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized representatives, as of the day and year first above written.

**SCA PERSONAL CARE, INC.**

By   
Title: Plant Controller

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By   
Title: President / CEO

**TENNESSEE VALLEY AUTHORITY**

By   
Executive Vice President  
Customer Relations

**VALLEY INVESTMENT INITIATIVE FOR EXISTING CUSTOMERS  
VII-E AWARD APPLICATION**

Please provide the following information and sign the certification below to apply for a Valley Investment Initiative Award. See Attachments 1 and 2 for definitions of relevant terms. The Evaluation Period for any Award based upon this application begins on the date of this VII-E Award Application. Your projections must be based upon such an Evaluation Period. Your distributor of TVA power must verify the items indicated before your VII-E Award Application is submitted to TVA. TVA reserves the right to request additional information to supplement this VII-E Award Application.

1. Customer Name: SCA Personal Care
2. Customer DUNS Number: 78 785 0148
3. Plant Location: 7030 Louisville Rd, Bowling Green, KY
4. Distributor of TVA power to Customer's Plant: WRECC
5. Physical Description of the Plant: Manufacturing Plant for Adult Incontinence Products
6. Project Name/Description: Tene Protective Underwear
7. Plant's NAICS code: 322291
8. Did the Plant have peak monthly demand of 250kW or greater in each of the last 12 months? YES  NO  Distributor verified: *Jan*  
If yes, what was the average monthly peak demand? 4555KW
9. Did the Customer have 25 or more Plant Full-Time Equivalent Employees (FTEs) in each of the previous 12 months? YES  NO  If yes, what was the average number of FTE's in the previous 12 months? 142
10. Does the Customer have any plans to reduce the number of FTE's at the Plant by 50% or more during five-year Evaluation Period? YES  NO
11. Is the Customer projecting 25% Total Capital Investment in its Plant (as a percentage of Plant Book Value) over the five-year VII-E Evaluation Period with at least 5% in Year 1 and at least 3% per year in Years 2-4? YES  NO
12. Power Contracts serving Customer's Plant: 416934-01-AMD2  
Distributor verified: *Jan*

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13. Does the Customer have at least 66 months remaining on each standard firm power contract for the Plant? YES  NO  Distributor verified: *Jaw*  
 If no, will the Customer, within the next 180 days, make the contractual commitment necessary to purchase firm power for the Plant from Distributor for a term to end no earlier than 66 months from the date of submission of a completed VII-E Award Application?  
 YES  NO  Distributor verified: *Jaw*
14. Does the Customer have half-hour interval metering in place at the Plant? YES  NO   
 Distributor verified: *Jaw*  
 If no, will the Customer have such metering installed in the next 180 days and arrangements in place for reading and reporting meter data to TVA? YES  NO   
 Distributor verified:
15. What were Annual Base Charges for the Plant for the previous twelve months? \$  
 \$1,370,855.94  
 Distributor verified: *Jaw*
16. What is the Plant's Book Value? \$22,167,000
17. Award Payment Options (select one): Decreasing  Flat  Increasing
18. What are the Customer's projections for the Plant in the following categories:

	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Capital Investment	\$ 16 MUSD	\$ 4.3MUSD	\$ 4MUSD	\$ 4MUSD	\$ 4MUSD
Annual <u>Energy Efficiency Improvement</u>	0 %	0 %	0 %	0 %	0 %
Average <u>Full-Time Equivalent Employees</u>	142	162	162	162	162
<u>Customer Average Wage</u>	\$ 51kUSD	\$ 53kUSD	\$ 54kUSD	\$ 56kUSD	\$ 57kUSD
<u>Annual Load Factor</u>	53 %	53 %	53 %	53 %	53 %

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	Year 1	Year 2	Year 3	Year 4	Year 5
<u>Coincident Load Factor</u>	67%	67% %	67%	67%	67%

Required Documentation:

- Energy Efficiency Improvement Description:

*Provide with this VII-E Award Application documentation describing the discrete, verifiable Energy Efficiency Improvement measures Customer intends to implement at the Plant and setting forth calculations which support the projected per cent Energy Efficiency Improvements based upon those measures.*

- Billing Documents

*Provide with this VII-E Award Application copies of Customer's power bills for the 12-month period preceding the date of this Award Application.*

- Financial Documents:

*Provide with this VII-E Award Application copies of Customer's most recent annual and quarterly reports containing consolidated financial statements.*

I, Billy Hunter, am an authorized representative of Customer, and I certify to TVA that the above information is true and correct.

Billy Hunter  
Signature

Facilities Engineer  
Title

12-3-09  
Date

I, Tom Martin, am an authorized representative of Distributor, and I certify to TVA that the information verified above is true and correct.

Thomas A. Martin  
Signature

VP Technical Services  
Title

12-07-09  
Date

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Attachment 1  
Definitions

- A.1.1 "Annual Average Demand" shall mean for any 12-month period the kW amount calculated by dividing a Plant's total kWh usage during that period by the total number of clock hours in the period.
- A.1.2 "Annual Base Charges" shall mean for any 12-month period the sum of customer charge, demand charges, and energy charges under the applicable Rate Schedule and Adjustment Addendum (if any) during that period which are attributable to a Customer's Plant; provided, however, that in calculating the Annual Base Charges, any portion of the energy charge designated as fuel costs shall be excluded, and the Annual Base Charges shall be reduced by the amount of any credits attributable to a Customer's Plant which the Customer received under any contract overlays, credit programs, and/or any award programs offered by TVA and/or Distributor during that period.
- A.1.3 "Annual Load Factor" shall mean the percentage calculated by dividing a Plant's total metered energy for any year by the product of the highest Total Metered Demand for that year and the number of clock hours in that year.
- A.1.4 "Award Period" shall mean the period from the first billing period in which a Customer is scheduled to receive a VII Bill Credit through the 5th anniversary of said billing period.
- A.1.5 "Base Year" shall mean the 12-month period immediately preceding the date a Customer submits a VII-E Award Application.
- A.1.6 "Coincident Load Factor" shall mean for any 12-month period the percentage calculated by dividing the Annual Average Demand for that period by the Peak Period Average Demand for that period.
- A.1.7 "Customer" shall mean a customer purchasing power for its Plant from TVA or a distributor of TVA power under a written power supply contract(s).
- A.1.8 "Customer Average Wage" shall mean the Customer's total annual payroll (minus benefits) for Full-Time Equivalent Employees divided by the number of Full-Time Equivalent Employees.
- A.1.9 "Energy Efficiency Improvement" shall mean the projected percentage improvement during the Evaluation Period in a Plant's Energy Efficiency Measurement (as defined below) resulting from the implementation of either building improvements (Commercial Metric) or process-based improvements (Manufacturing Metric) at the Plant. The projected improvement in the Energy Efficiency Measurement will be based on calculations either performed or approved by TVA.

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The Energy Efficiency Measurement to be used in determining the Commercial Metric is the Customer's annual kWh usage per square foot of Plant area. The Energy Efficiency Measurement to be used in determining the Manufacturing Metric is the measurement submitted by the Customer and approved by TVA. This measurement may be the Plant's annual kWh usage per unit of plant output, the total Btu energy usage per unit of plant output, the ratio of the Plant's annual kWh usage and the Customer Average Wage, or such other measurement that is approved by TVA.

- A.1.10 "Evaluation Period" shall mean the period from the date of submission of a Customer's completed VII-E Award Application through the 5th anniversary of said date.
- A.1.11 "Full-Time Equivalent Employee" for any month shall mean the sum of (a) the number of full-time on-site Plant employees and contractors of a Customer who spend 100% of their work time on Plant-related matters in that month and (b) a number equal to the sum of total hours worked on Plant-related matters in that month by (i) full-time on-site Plant employees of Customer who spend less than 100% of their work time on Plant-related matters and (ii) part-time on-site Plant employees of Customer divided by the number of work hours in that month (based on an 8-hour work day, Monday through Friday).
- A.1.12 "Meter Data" shall mean Plant half-hourly interval data during Peak Hours and other Plant power use data necessary to calculate the following:
- (a) total Plant kWh usage and highest Total Metered Demand for each month of the Evaluation Period,
  - (b) Annual Load Factor,
  - (c) Coincident Load Factor.
- A.1.13 "Nonconforming Loads" as currently defined, shall mean electrical loads with one or more of the following characteristics:
- (a) expected load swings of approximately 50 MW or more and ramp rates of approximately 10 MW or more per minute,
  - (b) loads with expected daily reactive power ramp rates of 50 MVAR or more per minute,
  - (c) loads known to create voltage flicker exceeding the limits set out in the Institute of Electrical and Electronics Engineers (IEEE) Standard 1453, or
  - (d) loads known to create harmonic current distortions exceeding the limits set out in IEEE Standard 519.

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- A.1.14 "Peak Hours" shall mean from 13:00:00 to 18:59:59 Central Prevailing Time (CPT) during the calendar months of July and August; provided, however, that Peak Hours shall not include hours that fall on Saturdays, Sundays, or Independence Day.
- A.1.15 "Peak Period Average Demand" for any 12-month period shall mean the kW amount calculated by dividing a Plant's total kWh usage during the Peak Hours of that 12-month period by the total number of those Peak Hours.
- A.1.16 "Plant" shall mean all physical personal property and fixtures used in the Customer's trade or business characterized by the same NAICS code(s) that is depreciable for federal income tax purposes and which is affixed to contiguous real property in the TVA service area.
- A.1.17 "Plant Book Value" shall mean the most recent depreciated value of a Customer's Plant for Federal income tax purposes.
- A.1.18 "Qualifying Customer" shall mean a Customer that submits a VII-E Award Application and is found by TVA to meet the Customer eligibility requirements.
- A.1.19 "Qualifying Plant" shall mean a Plant for which a Customer has submitted a VII-E Award Application and is found by TVA to meet the Plant eligibility requirements.
- A.1.20 "Total Metered Demand" shall mean the average during any 30-consecutive-minute period beginning or ending on a clock hour of the total load at the Customer's Plant measured in kW.
- A.1.21 "Total Capital Investment" shall mean the sum of all projected Plant investments during the Evaluation Period which Customer intends to depreciate for Federal income tax purposes.
- A.1.22 "VII Metrics" shall mean the information necessary for TVA to determine a Qualifying Customer's monthly award under the VII Program. For any year, the VII Metrics shall include that year's:
- (a) Annual Base Charges,
  - (b) total Plant kWh usage and highest Total Metered Demand for each month,
  - (c) contribution towards the Total Capital Investment,
  - (d) completed Energy Efficiency Improvements identified in Customer's VII-E Award Application,
  - (e) average number of Full-Time Equivalent Employees,
  - (f) Customer Average Wage,
  - (g) Annual Load Factor, and
  - (h) Coincident Load Factor.

The VII Metrics shall be based on the most current data available and certified by Customer's duly authorized officer.

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Attachment 2  
Eligibility

- A.2.1 A Qualifying Customer with a Qualifying Plant will be eligible for a VII award.
- A.2.2 Contractual Requirements. A Customer's power supply contract(s) for power supplied to its Plant must provide for the Customer to purchase firm power for a term of at least five years from the date of submission of the Customer's completed VII-E Award Application under a general service rate schedule or a manufacturing service rate schedule, or any replacement schedule of the general service or manufacturing service rate schedule. The power supply contract(s) may include a pricing overlay under a separate agreement implementing a TVA-approved program, subject to all of the standard terms and conditions under which the program is offered.
- A.2.3 Minimum Demand Requirements. A Customer must establish a Total Metered Demand of at least 250 kW in each of the 12 billing months preceding the effective date of its Valley Investment Initiative Participation Agreement (VII Participation Agreement). Further, a Customer will not be eligible to receive a monthly award under the VII Participation Agreement, in any month where the Total Metered Demand is not at least 250 kW.
- A.2.4 Minimum Capital Investment. A Customer must make a Total Capital Investment of at least 25 percent of its Plant Book Value, including capital investment of at least
- (a) 5 percent of its Plant Book Value during the first year,
  - (b) 8 percent of its Plant Book Value during the first two years,
  - (c) 11 percent of its Plant Book Value during the first three years,
  - (d) 14 percent of its Plant Book Value during the first four years, and
  - (e) 25 percent of its Plant Book Value during the first five years
- of the Customer's Evaluation Period.
- A.2.5 Minimum Workforce Requirements. A Customer must employ at least 25 Full-Time Equivalent Employees during each month of the Customer's Base Year and in each month during the Evaluation Period. Further, a Customer that eliminates, or projects the elimination of, 50% or more of its Full-Time Equivalent Employees during the Evaluation Period shall not be a Qualifying Customer.
- A.2.6 Nonconforming Loads. A Plant with Nonconforming Load characteristics shall not be a Qualifying Plant.
- A.2.7 Ineligible Industry Sectors. A Plant where the major use of electricity is for activities which are classified with one of the following North American Industry Classification System (NAICS) codes shall not be a Qualifying Plant:

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Sector	Related NAICS
Agriculture, Forestry, Fishing, and Hunting	11
Mining	21
Utilities	22
Construction	23
Retail Trade	44-45
Transportation	48, 491, 492
Real Estate and Rental and Leasing	53
Administrative and Support and Waste Management and Remediation Services	56
Educational Services	61
Health care and Social Assistance	62
Arts, Entertainment, and Recreation	71
Accommodations and Food Service	72
Other Services	81
Public Administration	92

Provided however that a Plant where the major use of electricity is for activities within an excluded NAICS code may participate in the program if the Customer and Plant under the following conditions:

- a. The Plant's sub-sector industry multiplier and Customer Average Wage exceed the Valley average;
- b. The Customer provides documentation demonstrating economic development support and/or incentives being provided by state and/or local economic development partners; and
- c. TVA's VII Committee determines that the customer meets the above requirements, other VII qualification criteria, and programmatic intent.

A.2.8 **Financial Review.** A Qualifying Customer must be determined by TVA to be financially sound. In order to facilitate TVA's evaluation of a Customer's financial condition, a Customer will provide: (i) a copy of its annual report containing consolidated financial statements for its current fiscal year; (ii) a copy of its quarterly report containing consolidated financial statements for such fiscal quarter; and (iii) such different or additional financial information as TVA may from time to time request for TVA's use in evaluating Customer's financial condition. The statements to be provided by Customer shall be for the then most recent accounting period and prepared in accordance with generally accepted accounting principles.

TVA will consider a Customer financially unsound and ineligible for the VII program under the following conditions:

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- (a) Customer is reorganizing or winding down in bankruptcy as of the date it submits a VII-E Award Application;
- (b) Customer's risk levels exceed allowable levels as solely determined by TVA; or
- (c) Customer fails to provide adequate power contract performance assurance as required by TVA or Distributor.

A.2.9 Meter Data. A Qualifying Plant must have metering in place capable of recording Plant half-hourly interval data during Peak Hours and other Plant power use data necessary to calculate the VII Metrics. A Qualifying Customer must have arrangements in place with TVA and/or Customer's Distributor to provide for the collection, processing (if any), and transmission to TVA of all Plant Meter Data and corresponding VII Metrics.

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Attachment 3  
Worksheets

Load Factor

1. Annual Plant total metered energy: \_\_\_\_\_ kWh
2. Highest Plant 30-minute average demand for the year: \_\_\_\_\_ kW
3. Multiply line 2 by 8760 hours\* = \_\_\_\_\_ kWh
4. Divide line 1 by the result from line 3 = \_\_\_\_\_ %

Coincident Load Factor

1. Annual Plant total metered energy: \_\_\_\_\_ kWh
2. Divide line 1 by 8760 hours\* = \_\_\_\_\_ kW
3. Average demand during Peak Hours: \_\_\_\_\_ kW
4. Divide the result from line 2 by the amount from line 3 = \_\_\_\_\_ %

\*For Leap Years, use 8784 hours.

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VALLEY INVESTMENT INITIATIVE  
PARTICIPATION AGREEMENT  
Among  
KERR GROUP, LLC, CORPORATION  
WARREN RURAL ELECTRIC COOPERATIVE COOPERATION,  
And  
TENNESSEE VALLEY AUTHORITY

Date: June 14, 2010

VII-E Contract No. 3407

TV-59578A, Supp. No. 93

THIS AGREEMENT will confirm the understandings among KERR GROUP, LLC, a wholly owned subsidiary of Berry Plastics Corporation (Company), WARREN RURAL ELECTRIC COOPERATIVE COOPERATION (Distributor), and TENNESSEE VALLEY AUTHORITY (TVA) with respect to Company's participation in the Valley Investment Initiative for Existing Customers (VII-E) being jointly conducted by Distributor and TVA.

It is understood and agreed that:

**SECTION 1 - DEFINITIONS AND ELIGIBILITY REQUIREMENTS**

1.1 Definitions. Except as otherwise provided below, underlined terms used in this agreement are defined in Company's "Valley Investment Initiative for Existing Customers VII-E Award Application" (VII-E Award Application) which is attached to and made a part of this agreement.

1.1.1 Notwithstanding A.1.2 of Attachment 1 to the VII-E Award Application, Annual Base Charges shall mean for any 12-month period the sum of customer charge, demand charges, and energy charges under the applicable Rate Schedule and Adjustment Addendum (if any) during that period which are attributable to a Customer's Qualifying Plant; provided, however, that in calculating the Annual Base Charges, any portion of the energy charge designated as fuel costs shall be excluded, and the Annual Base Charges shall be reduced by the amount of any credits attributable to a Customer's Qualifying Plant which the Customer received under any contract overlays, credit programs, and/or any award programs offered by TVA and/or Distributor, during that period.

1.1.2 Notwithstanding A.1.12 of Attachment 1 to the VII-E Award Application, Meter Data shall mean Plant interval data during Peak Hours and other Plant power use data necessary to calculate the following:

- (a) total Plant kWh usage and highest Total Metered Demand for each month of the Evaluation Period,
- (b) Annual Load Factor,
- (c) Coincident Load Factor.

1.1.3 Notwithstanding A.1.16 of Attachment 1 to the VII-E Award Application, Plant shall mean all (a) physical personal property and (b) things attached, annexed, or fixed to the Customer's real property (such as Customer's building) that are (1) used in Customer's trade or business characterized by the same NAICS code(s),

(2) depreciable for federal income tax purposes, and (3) located on contiguous real property in the TVA service area.

1.2 Eligibility Requirements. It is expressly recognized that in determining Company's initial and continued eligibility for participation in VII, the following applies:

1.2.1 Section A.2.2 of Attachment 2 of the VII-E Award Application is replaced with the following:

Contractual Requirements. A Customer's power supply contract(s) for power supplied to its Plant must provide for the Customer to purchase firm power for a term of at least 66 months from the date of submission of the Customer's completed VII-E Award Application under a general service rate schedule or a manufacturing service rate schedule, or any replacement schedule of the general service or manufacturing service rate schedule. The power supply contract(s) may include a pricing overlay under a separate agreement implementing a TVA-approved program, subject to all of the standard terms and conditions under which the program is offered.

1.2.2 Section A.2.8 of Attachment 2 of the VII-E Award Application is replaced with the following:

Financial Review. A Qualifying Customer must be determined by TVA to be financially viable. In order to facilitate TVA's evaluation of a Customer's financial condition, a Customer will provide, upon request by TVA: (i) copies of Customer's commercial credit ratings, where "commercial credit ratings" shall mean an estimate of creditworthiness as assigned by a recognized rating agency (such as Standard & Poor's, Moody's Investor Services, Inc. or Fitch Ratings) to a rated entity's unsecured, senior long-term debt obligations; and (ii) a copy of Customer's three most recent annual reports containing consolidated financial statements and its most recent quarterly report containing financial statements; and (iii) such different or additional financial information as TVA may from time to time request for TVA's use in evaluating Customer's financial condition. The financial statements to be provided by Customer shall be prepared in accordance with generally accepted accounting principles.

A Customer may provide the commercial credit ratings and/or financial statements requested in subsection (i) above for a parent entity of Customer, if Customer-level ratings and statements are not available. Such a Customer must certify that Customer is a wholly owned subsidiary of the parent entity and Customer's financial information is consolidated within the financial statements of the parent entity.

TVA will consider a Customer financially unviable and ineligible for VII under the following conditions:

- (a) Customer or Customer's parent entity is reorganizing or winding down in bankruptcy as of the date it submits a VII-E Award Application;
- (b) Customer's risk levels exceed allowable levels as solely determined by TVA; or

(c) Customer fails to provide adequate power contract performance assurance as required by TVA or Distributor.

1.2.3 Section A.2.9 of Attachment 2 of the VII-E Award Application is replaced with the following:

Meter Data. A Qualifying Plant must have metering in place capable of recording Plant interval data during Peak Hours and other Plant power use data necessary to calculate the VII Metrics. A Qualifying Customer must have arrangements in place with TVA and/or Customer's Distributor to provide for the collection, processing (if any), and transmission to TVA of all Plant Meter Data and corresponding VII Metrics.

## **SECTION 2 - TERM**

This agreement shall become effective on the date first written above (Effective Date), and shall continue in effect through the end of the Award Period described below, except that the provisions of sections 3.2, 6.2, 7.3, 7.4, 9.3, and 10 below shall continue in effect until the obligations of the parties under them are fulfilled.

## **SECTION 3 - ELIGIBILITY FOR VII-E**

3.1 Company's Certification. Company's eligibility for the VII-E award provided for in section 4 below is based on TVA's determination that Company meets the criteria of a Qualifying Customer at Company's Qualifying Plant. It is expressly recognized that such determination is based on information provided and certified by Company in the VII-E Award Application.

3.2 Access to Records. Company shall keep and make available accurate records and books of accounts related to Company's VII Metrics, as well as data to support compliance with the terms and conditions of this agreement. Company shall allow Distributor, TVA, and their agents and employees, free access, at any time during normal working hours and upon reasonable notice, to all such books, records, and other documents of Company until the completion of all close-out procedures respecting this agreement and the final settlement and conclusion of all issues arising out of this agreement.

#### **SECTION 4 - VII-E AWARDS**

Based on Company's projections and the information contained in the VII-E Award Application, Company will be eligible to receive a VII-E award in the form of monthly credits on Company's power bill (Bill Credits) for a 5-year Award Period, beginning on June 28, 2010. Except as otherwise provided below, Distributor shall apply the monthly Bill Credits for each year of the 5-year period in amounts equal to 1/12 of the Maximum Annual Award amounts set out in the table below.

Year	Maximum Annual Award
1	\$213,754.92
2	\$185,873.85
3	\$157,992.77
4	\$130,111.69
5	\$102,230.62

In the event that Company receives more than one power bill in any month for its Qualifying Plant, a pro rata portion of the Bill Credit will be applied to each power bill in proportion to the total retail amount of each power bill. Company shall not be eligible for and will not earn or receive any Bill Credits for any amount that exceeds the amount of Company's monthly power bill(s) attributable to Company's Qualifying Plant in any given month.

#### **SECTION 5 - REPORTING BY COMPANY**

5.1 Annual Reporting. Within 30 days after the first 12 months of Company's Evaluation Period, and within 30 days after each 12-month period of the Evaluation Period thereafter, Company shall provide TVA a report certified by Company's duly authorized officer (Annual Certification), and verified by Distributor pursuant to section 6.1 below, showing Company's VII Metrics for the previous year. The Annual Certification shall be in a form furnished by TVA.

5.2 Continuing Reporting Obligation. Company shall immediately notify Distributor and TVA of any material changes in the information provided in its VII-E Award Application or its Annual Certifications. Upon receipt of such notice, TVA may at that time calculate an Adjusted Award pursuant to section 7 below.

#### **SECTION 6 - DATA SUPPLIED BY DISTRIBUTOR**

6.1 Annual Certification. It is recognized that Company's eligibility to receive the Bill Credits provided for in this agreement is based on information provided by Company and, where applicable, verified by Distributor in Company's VII-E Award Application and Annual Certifications. Distributor shall review Company's Annual Certification each year and, where requested by TVA, shall certify the accuracy of certain items, including:

- (a) Company's payment history under its power supply contract with Distributor,

- (b) total kWh usage and highest Total Metered Demand of Company's Qualifying Plant for each of the previous 12 months,
- (c) total kWh usage of Company's Qualifying Plant during Peak Hours,
- (d) whether Company's Qualifying Plant is a Nonconforming Load, and
- (e) Company's Annual Base Charges.

6.2 Monthly Data. It is recognized that Distributor may be responsible for providing and maintaining metering facilities which are capable of recording the data specified in items (b) and (c) above. If requested by TVA, Distributor shall make available to TVA any such meter data necessary for TVA to verify Company's eligibility for participation in VII-E or calculate Bill Credits under this agreement. Distributor shall also furnish to TVA a copy of Company's power bill each month, which shall itemize the amount of any Bill Credit for that month, and any other information related to Company's eligibility for and participation in VII-E as TVA may reasonably request.

6.3 Other Information. Distributor shall promptly notify TVA if Company materially breaches the power supply contract under which power is supplied to Company's Qualifying Plant or materially breaches any overlay, supplement, or amendment to that contract, such that Distributor either suspends or terminates power supply, or suspends or terminates any product or other arrangements made available as an overlay, supplement, or amendment to the power supply contract.

## **SECTION 7 - AWARD ADJUSTMENT AND RECOVERY**

7.1 Annual Award Adjustments. Each year, and immediately upon receipt of any notice pursuant to section 5.2 above, TVA will calculate adjusted Maximum Annual Awards (Adjusted Awards) for the Evaluation Period. The Adjusted Awards will be calculated by applying the VII Metrics provided in Company's Annual Certification or notice to the same formula that was used in calculating the Maximum Annual Awards set out in the tabulation in section 4 above, except that if the Annual Base Charges for the previous year are at least 80% of the Annual Base Charges for the Base Year, the Base Year's Annual Base Charges will be used in the calculation. If the Adjusted Awards are less than the Maximum Annual Awards for those years set out in section 4 above, the sum of Company's monthly Bill Credits in the remaining Award Period years will be equal to the Adjusted Awards for the remaining Award Period minus the difference between the monthly Bill Credits Company received and the amount that the Bill Credits would have been if they had been calculated using the VII Metrics provided in Company's Annual Certification or notice. Notwithstanding TVA's calculation of Adjusted Awards, it is expressly recognized that Company shall neither earn nor receive in any month Bill Credits greater than 1/12 the Maximum Annual Awards set out above.

7.2 Disqualification. During the term of this agreement, TVA will use Company's VII Metrics and other information available to TVA during the Evaluation Period and Award Period to determine whether Company remains eligible to participate in VII-E. If at any time during the term of this agreement TVA determines that Company ceases to qualify for VII-E, the Bill Credits provided under section 4 above shall be discontinued. At such time, if any, during the Award Period that Company provides certification that it again meets the VII-E eligibility requirements set forth in the VII-E Award Application, the Bill Credits will resume. Company shall not be eligible for and will not earn or receive any Bill Credits for those periods when it does not qualify for VII-E.

7.3 Award Recovery. Company shall not be eligible to receive Bill Credits under section 4 above if at any time any of the following occurs:

- (a) Company provides materially false information on its VII-E Award Application or Annual Certifications;
- (b) Company fails to notify TVA of material changes in information provided in its VII-E Award Application or Annual Certification;
- (c) Company materially breaches the power supply contract under which power is supplied to Company's Qualifying Plant or materially breaches any overlay, supplement, or amendment to that contract, such that Distributor either suspends or terminates power supply, or suspends or terminates any product or other arrangements made available as an overlay, supplement, or amendment to the power supply contract;
- (d) Company's power supply contract otherwise expires or is terminated without being renewed or replaced by a power supply contract meeting the requirements of the VII-E Award Application; or
- (e) Company ceases commercial operation of its Qualifying Plant.

If any of the events identified in (a) – (e) above occur, this agreement shall be deemed to have automatically terminated as of the date of said occurrence, and promptly upon receipt of an invoice, Company shall immediately pay to Distributor any and all award amounts paid to Company during any period when Company was ineligible to receive Bill Credits as well as any and all award amounts in excess of those to which Company was entitled based on its actual VII Metrics.

7.4 Final Adjustment and Recovery. Upon receipt of Company's final Annual Certification and calculation of the corresponding Adjusted Award, Company's remaining monthly Bill Credits will be reduced by the difference between the monthly Bill Credits Company received and the amount that the Bill Credits would have been if they had been calculated using the VII Metrics provided in Company's final Annual Certification. In the event that the remaining Bill Credits are insufficient to recover the difference, Company shall immediately pay to Distributor the unrecovered balance of the difference.

## **SECTION 8 - ENHANCED GROWTH CREDIT**

It is understood and agreed that Company and Distributor shall not enter into an Enhanced Growth Credit (EGC) Participation Agreement during the term of this agreement. It is expressly recognized and agreed by Company and Distributor that the EGC Participation Agreement, dated April 19, 2007, between Company and Distributor is hereby terminated as of June 28, 2010.

## **SECTION 9 - WHOLESALE ADJUSTMENTS**

9.1 Company Credit. Each month Distributor shall apply the Bill Credit to Company's power bill. TVA shall notify Distributor of (a) any adjustment to the Bill Credits provided for under section 7.1 of this agreement and (b) any discontinuance of Bill Credits in accordance with sections 7.2, 7.3, or 7.4 of this agreement.

9.2 Distributor Credit. TVA will apply a monthly credit to Distributor's wholesale power bill equal to the Bill Credit applied by Distributor to Company's bill in that month.

9.3 Award Recovery. In the event that under the provisions of section 7.3 of this agreement it is determined that Company received Bill Credits for which it was not eligible, Distributor and TVA shall fully cooperate in (a) endeavoring to collect from Company any amounts due under said sections 7.3 and/or 7.4 and (b) making appropriate adjustments to Distributor's wholesale power bill to pass through to TVA amounts collected from Company. The obligations of this paragraph shall survive any expiration or termination of the VII-E Participation Agreement until they are discharged.

## **SECTION 10 - CONFIDENTIALITY**

It is expressly recognized that the VII-E Award Application and the Annual Certification are the property of TVA and are not intended for further distribution. Except as may be otherwise required by law, (a) Company shall not disclose those documents or their contents except to TVA or Distributor and (b) TVA and Distributor will not disclose confidential information provided by Company in those documents or confidential information provided pursuant to 3.2 above without Company's consent.

## **SECTION 11 - NOTICES**

11.1 Persons to Receive Notice. Any notice required by this agreement shall be deemed properly given if delivered in writing to the address specified below: (a) personally, (b) by recognized overnight courier service, or (c) by United States Mail, postage prepaid.

To TVA:

Jared E. Mitchem  
Valley Investment Manager  
TVA Economic Development  
26 Century Blvd., Suite 100 OCP 2  
Nashville, TN 37214

To Company:

General Manager  
Kerr Group, LLC  
360 Southwood Court  
Bowling Green, Kentucky 42101

To Distributor:

President and CEO  
Warren Rural Electric Cooperative Corporation  
Post Office Box 1118  
Bowling Green, Kentucky 42102-1118

11.2 Changes in Persons to Receive Notice. The designation of the person to be so notified, or the address of such person, may be changed at any time and from time to time by any party by similar notice.

## **SECTION 12 - WAIVERS**

A waiver of one or more defaults shall not be considered a waiver of any other or subsequent default.

### **SECTION 13 - ATTACHMENT CORRECTIONS**

13.1 Annual Base Charges. Notwithstanding the information provided by Company on page 2 of the attached VII-E Award Application, the parties acknowledge and agree that proper value of the Annual Base Charges for the Plant for the twelve months prior to the date of the VII-E Award Application is \$2,009,447.

13.2 Energy Efficiency Improvement. Notwithstanding the information provided by Company on page 2 of the attached VII-E Award Application, the parties acknowledge and agree that proper value of the Energy Efficiency Improvement for the Plant are Year 1, 6.7%, Year 2, 2.8%, Year 3, 0.2%, Year 4, -1.0%, and Year 5, 0%.

13.3 Customer. Notwithstanding the information provided by Company on page 1 of the attached VII-E Award Application, the parties acknowledge and agree that proper Customer Name is Kerr Group, LLC.

### **SECTION 14 - ENTIRE AGREEMENT**

All terms and conditions with respect to this agreement are expressly contained herein and Company agrees that no representative or agent of TVA or Distributor has made any representation or promise with respect to this agreement not expressly contained herein.

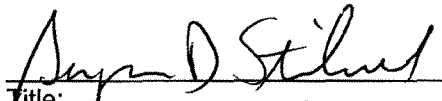
### **SECTION 15 - SUCCESSORS AND ASSIGNS**

This agreement may be assigned by TVA, but shall not be assignable by Company or Distributor without written consent of TVA.

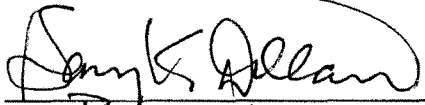


IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized representatives, as of the day and year first above written.

**KERR GROUP, LLC**

By   
Title: VP Finance, RCTD

**WARREN RURAL ELECTRIC  
COOPERATIVE COOPERATION  
CORPORATION**

By   
Title: PRESI / CEO

**TENNESSEE VALLEY AUTHORITY**

By   
Executive Vice President  
Customer Relations

VALLEY INVESTMENT INITIATIVE FOR EXISTING CUSTOMERS  
VII-E AWARD APPLICATION

Please provide the following information and sign the certification below to apply for a Valley Investment Initiative Award. See Attachments 1 and 2 for definitions of relevant terms. The Evaluation Period for any Award based upon this application begins on the date of this VII-E Award Application. Your projections must be based upon such an Evaluation Period. Your distributor of TVA power must verify the items indicated before your VII-E Award Application is submitted to TVA. TVA reserves the right to request additional information to supplement this VII-E Award Application.

**Customer and Plant Information**

1. Customer Name: KERR GROUP INC. SUBSIDIARY OF BERRY PLASTICS CORP.
2. Customer DUNS Number: 62-332-7731
3. Plant Location: 360 SOUTHWOOD CT. BOWLING GREEN WARREN KY 42101  
Street Address City County State Zip
4. Distributor of TVA power to Customer's Plant: WARREN RURAL ELECTRICAL COOPERATIVE
5. Physical Description of the Plant: MANUFACTURING PLANT OF 170,000 SQ FT
6. Project Name/Description: MANUFACTURING BOTTLE CAPS FOR THE FOOD, LIQUOR AND HOT FILL BUSINESS  
BOWLING GREEN PLANT, KERR GROUP INC. TVA UTILITY PROJECT VII-E.
7. What is the Plant's NAICS code? 32619
8. Did the Plant have peak monthly demand of 250kW or greater in each of the last 12 months?  YES NO ~~Distributor verified~~ (Distributor representative initial here) JW
9. Did the Customer have 25 or more Plant Full-Time Equivalent Employees (FTEs) in each of the previous 12 months?  YES NO If yes, what was the average number of FTE's in the previous 12 months? 194
10. Does the Customer have any plans to reduce the number of FTE's at the Plant by 50% or more during five-year Evaluation Period? YES  NO
11. Is the Customer projecting 25% capital investment in its Plant (as a percentage of Plant Book Value) over the five-year VII-E Evaluation Period with at least 5% in Year 1 and at least 3% per year in Years 2-4?  YES NO
12. Power Contracts serving Customer's Plant: Contract Number(s)  
~~Distributor verified~~ JW 396519-01-02
13. Does the Customer have at least 5 years remaining on each standard firm power contract for the Plant? YES  NO ~~Distributor verified~~ JW

Page 1 of 10

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If no, will the Customer, within the next 90 days, make the contractual commitment necessary to purchase firm power from Distributor for Plant for at least 5 years from the date of submission of a completed VII-E Award Application?

YES  NO ~~Distributor verified:~~ *Jan*

14. Does the Customer have half-hour interval metering in place at the Plant?  YES  NO

~~Distributor verified:~~ *Jan*

If no, will the Customer have such metering installed in the next 180 days and arrangements in place for reading and reporting meter data to TVA? YES  NO

~~Distributor verified:~~ *Jan*

15. What were Annual Base Charges for the Plant for the previous twelve months? \$

~~Distributor verified:~~ *Jan* \$2,097,415

16. What is the Plant's Book Value? \$ 14,960,000

17. What are the Customer's projections for the Plant in the following categories:

	Year 1	Year 2	Year 3	Year 4	Year 5
<u>Annual Capital Investment</u>	\$3,000,000	\$3,000,000	\$2,500,000	\$2,500,000	\$2,500,000
<u>Energy Efficiency Improvement</u>	2 %	2 %	2 %	2 %	2 %
<u>Full-Time Equivalent Employees</u>	200	210	190	195	195
<u>Customer Average Wage</u>	\$35,400	\$36,108	\$36,830	\$37,567	\$38,694
<u>Load Factor</u>	76 %	76 %	76 %	76 %	76 %
<u>Coincident Load Factor</u>	90 %	90 %	90 %	90 %	90 %

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• Required Documentation:

o Energy Efficiency Improvement Description:

Provide with this VII-E Award Application documentation describing the discrete, verifiable Energy Efficiency Improvement measures Customer intends to implement at the Plant and setting forth calculations which support the projected % Energy Efficiency Improvements based upon those measures.

o Financial Documents:

Provide with this VII-E Award Application copies of Customer's most recent annual and quarterly reports containing consolidated financial statements.

I am an authorized representative of Customer, KERR GROUP INC., and I certify to TVA that the above information is true and correct.

William B. Tuelore DIRECTOR OF FINANCE  
Signature Title

12-23-09  
Date

I am an authorized representative of Distributor, Warren RECC ~~Thomas A. Mart~~, and I certify to TVA that the information Verified above is true and correct.

Thomas A. Mart VP Tech Services  
Signature Title

12-28-09  
Date

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Attachment 1

Definitions

- A.1.1 "Annual Average Demand" shall mean for any 12-month period the kW amount calculated by dividing a Plant's total kWh usage during that period by the total number of clock hours in the period.
- A.1.2 "Annual Base Charges" shall mean for any 12-month period the sum of customer charges, demand charges, and energy charges under the applicable Rate Schedule and Adjustment Addendum (if any) during that period which are attributable to a Customer's Plant; provided, however, that in calculating the Annual Base Charges, energy charges shall be reduced by applicable Fuel Cost Adjustment amounts, and the Annual Base Charges shall be reduced by the amount of any credits attributable to a Customer's Plant which the Customer received under any contract overlays, credit programs, and/or any award programs offered by TVA during that period.
- A.1.3 "Annual Load Factor" shall mean the percentage calculated by dividing a Plant's total metered energy for any year by the product of the highest Total Metered Demand for that year and the number of clock hours in that year.
- A.1.4 "Award Period" shall mean the period from the first billing period in which a Customer is scheduled to receive a VII Bill Credit through the 5th anniversary of said billing period.
- A.1.5 "Base Year" shall mean the 12-month period immediately preceding the date a Customer submits a VII-E Award Application.
- A.1.6 "Coincident Load Factor" shall mean for any 12-month period the percentage calculated by dividing the Annual Average Demand for that period by the Peak Period Average Demand for that period.
- A.1.7 "Customer" shall mean a customer purchasing power for its Plant from TVA or a distributor of TVA power under a written power supply contract(s).
- A.1.8 "Customer Average Wage" shall mean the Customer's total annual payroll (minus benefits) for Full-Time Equivalent Employees divided by the number of Full-Time Equivalent Employees.
- A.1.9 "Energy Efficiency Improvement" shall mean the projected percentage improvement during the Evaluation Period in a Plant's Energy Efficiency Measurement (as defined below) resulting from the implementation of either building improvements (Commercial Metric) or process-based improvements (Manufacturing Metric) at the Plant. The projected improvement in the Energy Efficiency Measurement will be based on calculations either performed or approved by TVA.

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The Energy Efficiency Measurement to be used in determining the Commercial Metric is the Customer's annual kWh usage per square foot of Plant area. The Energy Efficiency Measurement to be used in determining the Manufacturing Metric is the measurement submitted by the Customer and approved by TVA. This measurement may be the Plant's annual kWh usage per unit of plant output, the total Btu energy usage per unit of plant output, the ratio of the Plant's annual kWh usage and the Customer Average Wage, or such other measurement that is approved by TVA.

- A.1.10 "Evaluation Period" shall mean the period from the date of submission of a Customer's completed VII-E Award Application through the 5th anniversary of said date.
- A.1.11 "Full-Time Equivalent Employee" for any month shall mean the sum of (a) the number of full-time on-site Plant employees and contractors of a Customer who spend 100% of their work time on Plant-related matters in that month and (b) a number equal to the sum of total hours worked on Plant-related matters in that month by (i) full-time on-site Plant employees of Customer who spend less than 100% of their work time on Plant-related matters and (ii) part-time on-site Plant employees of Customer divided by the number of work hours in that month (based on an 8-hour work day, Monday through Friday).
- A.1.12 "Meter Data" shall mean Plant half-hourly interval data during Peak Hours and other Plant power use data necessary to calculate the following:
- (a) total Plant kWh usage and highest Total Metered Demand for each month of the Evaluation Period.
  - (b) Annual Load Factor.
  - (c) Coincident Load Factor.
- A.1.13 "Nonconforming Loads" as currently defined, shall mean electrical loads with one or more of the following characteristics:
- (a) expected load swings of approximately 50 MW or more and ramp rates of approximately 10 MW or more per minute,
  - (b) loads with expected daily reactive power ramp rates of 50 MVAR or more per minute,
  - (c) loads known to create voltage flicker exceeding the limits set out in the Institute of Electrical and Electronics Engineers (IEEE) Standard 1453, or
  - (d) loads known to create harmonic current distortions exceeding the limits set out in IEEE Standard 519.

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- A.1.14 "Peak Hours" shall mean from 13:00:00 to 18:59:59 Central Prevailing Time (CPT) during the calendar months of July and August; provided, however, that Peak Hours shall not include hours that fall on Saturdays, Sundays, or Independence Day.
- A.1.15 "Peak Period Average Demand" for any 12-month period shall mean the kW amount calculated by dividing a Plant's total kWh usage during the Peak Hours of that 12-month period by the total number of those Peak Hours.
- A.1.16 "Plant" shall mean all physical personal property and fixtures used in the Customer's trade or business characterized by the same NAICS code(s) that is depreciable for federal income tax purposes and which is affixed to contiguous real property in the TVA service area.
- A.1.17 "Plant Book Value" shall mean the most recent depreciated value of a Customer's Plant for Federal income tax purposes.
- A.1.18 "Qualifying Customer" shall mean a Customer that submits a VII-E Award Application and is found by TVA to meet the Customer eligibility requirements.
- A.1.19 "Qualifying Plant" shall mean a Plant for which a Customer has submitted a VII-E Award Application and is found by TVA to meet the Plant eligibility requirements.
- A.1.20 "Total Metered Demand" shall mean the average during any 30-consecutive-minute period beginning or ending on a clock hour of the total load at the Customer's Plant measured in kW.
- A.1.21 "Total Capital Investment" shall mean the sum of all projected Plant investments during the Evaluation Period which Customer intends to depreciate for Federal income tax purposes.
- A.1.22 "VII Metrics" shall mean the information necessary for TVA to determine a Qualifying Customer's monthly award under the VII Program. For any year, the VII Metrics shall include that year's:
- (a) Annual Base Charges,
  - (b) total Plant kWh usage and highest Total Metered Demand for each month,
  - (c) contribution towards the Total Capital Investment,
  - (d) completed Energy Efficiency Improvements identified in Company's VII-E Award Application,
  - (e) average number of Full-Time Equivalent Employees,
  - (f) Customer Average Wage,
  - (g) Annual Load Factor, and
  - (h) Coincident Load Factor.

The VII Metrics shall be based on the most current data available and certified by Customer's duly authorized officer.

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Attachment 2  
Eligibility

- A.2.1 A Qualifying Customer with a Qualifying Plant will be eligible for a VII award.
- A.2.2 Contractual Requirements. A Customer's power supply contract(s) for power supplied to its Plant must provide for the Customer to purchase firm power for a term of at least five years from the date of submission of the Customer's completed VII-E Award Application under a general service rate schedule or a manufacturing service rate schedule, or any replacement schedule of the general service or manufacturing service rate schedule. The power supply contract(s) may include a pricing overlay under a separate agreement implementing a TVA-approved program, subject to all of the standard terms and conditions under which the program is offered.
- A.2.3 Minimum Demand Requirements. A Customer must establish a Total Metered Demand of at least 250 kW in each of the 12 billing months preceding the effective date of its Valley Investment Initiative Participation Agreement (VII Participation Agreement). Further, a Customer will not be eligible to receive a monthly award under the VII Participation Agreement, in any month where the Total Metered Demand is not at least 250 kW.
- A.2.4 Minimum Capital Investment. A Customer must make a Total Capital Investment of at least 25 percent of its Plant Book Value, including capital investment of at least
- (a) 5 percent of its Plant Book Value during the first year,
  - (b) 8 percent of its Plant Book Value during the first two years,
  - (c) 11 percent of its Plant Book Value during the first three years,
  - (d) 14 percent of its Plant Book Value during the first four years, and
  - (e) 25 percent of its Plant Book Value during the first five years
- of the Customer's Evaluation Period.
- A.2.5 Minimum Workforce Requirements. A Customer must employ at least 25 Full-Time Equivalent Employees during each month of the Customer's Base Year and in each month during the Evaluation Period. Further, a Customer that eliminates, or projects the elimination of, 50% or more of its Full-Time Equivalent Employees during the Evaluation Period shall not be a Qualifying Customer.
- A.2.6 Nonconforming Loads. A Plant with Nonconforming Load characteristics shall not be a Qualifying Plant.
- A.2.7 Ineligible Industry Sectors. A Plant where the major use of electricity is for activities which are classified with one of the following North American Industry Classification System (NAICS) codes shall not be a Qualifying Plant:

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Sector	Related NAICS
Agriculture, Forestry, Fishing, and Hunting	11
Mining	21
Utilities	22
Construction	23
Retail Trade	44-45
Transportation	48, 491, 492
Real Estate and Rental and Leasing	53
Administrative and Support and Waste Management and Remediation Services	56
Educational Services	61
Health care and Social Assistance	62
Arts, Entertainment, and Recreation	71
Accommodations and Food Service	72
Other Services	81
Public Administration	92

Provided however that a Plant where the major use of electricity is for activities within an excluded NAICS code may participate in the program if the Customer and Plant under the following conditions:

- a. The Plant's sub-sector industry multiplier and Customer Average Wage exceed the Valley average;
- b. The Customer provides documentation demonstrating economic development support and/or incentives being provided by state and/or local economic development partners; and
- c. TVA's VII Committee determines that the customer meets the above requirements, other VII qualification criteria, and programmatic intent.

A.2.8 Financial Review. A Qualifying Customer must be determined by TVA to be financially sound. In order to facilitate TVA's evaluation of a Customer's financial condition, a Customer will provide: (i) a copy of its annual report containing consolidated financial statements for its current fiscal year; (ii) a copy of its quarterly report containing consolidated financial statements for such fiscal quarter; and (iii) such different or additional financial information as TVA may from time to time request for TVA's use in evaluating Customer's financial condition. The statements to be provided by Customer shall be for the then most recent accounting period and prepared in accordance with generally accepted accounting principles.

TVA will consider a Customer financially unsound and ineligible for the VII program under the following conditions:

Page 8 of 10

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- (a) Customer is reorganizing or winding down in bankruptcy as of the date it submits a VII-E Award Application;
- (b) Customer's risk levels exceed allowable levels as solely determined by TVA; or
- (c) Customer fails to provide adequate power contract performance assurance as required by TVA or Distributor.

A.2.9 Meter Data. A Qualifying Plant must have metering in place capable of recording Plant half-hourly interval data during Peak Hours and other Plant power use data necessary to calculate the VII Metrics. A Qualifying Customer must have arrangements in place with TVA and/or Customer's Distributor to provide for the collection, processing (if any), and transmission to TVA of all Plant Meter Data and corresponding VII Metrics.

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Attachment 3  
Worksheets

Load Factor

1. Annual Plant total metered energy: 36,492,402 kWh
2. Highest Plant 30-minute average demand for the year: 5488 kW
3. Multiply line 2 by 8760 hours\* = 48,074,880 kWh
4. Divide line 1 by the result from line 3 = 76%

Coincident Load Factor

1. Annual Plant total metered energy: 36,492,402 kWh
2. Divide line 1 by 8760 hours\* = 4166 kW
3. Average demand during Peak Hours: 4648 kW
4. Divide the result from line 2 by the amount from line 3 = 90%

\*For Leap Years, use 8784 hours.

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**NEW DELIVERY POINT AGREEMENT**  
**Between**  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**And**  
**TENNESSEE VALLEY AUTHORITY**

Date: August 24, 2010

TV-59578A Supp. No. 94

THIS AGREEMENT, made and entered into between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky; and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act);

**W I T N E S S E T H:**

WHEREAS, Distributor purchases power from TVA for resale at specified delivery points under Power Contract TV-59578A, dated May 7, 1982, as amended (Power Contract); and

WHEREAS, Distributor is building the Alvaton 161-kV Substation (New Substation) located near Alvaton, Kentucky, with a target in-service date of September 2, 2010; and

WHEREAS, the parties wish to amend the Power Contract to add a new delivery point at the New Substation;

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements set forth below, and subject to the TVA Act, the parties agree as follows:

**SECTION 1 - CONSTRUCTION BY DISTRIBUTOR**

Distributor shall at its expense, as generally described on TVA drawing SK-106985 R1, attached to and made part of this agreement (TVA Drawing):

- (a) provide the New Substation,
- (b) construct facilities at the New Substation, in accordance with plans and specifications satisfactory to TVA, to permit use of a TVA mobile spare transformer as provided under section 8 below, and
- (c) perform all work on its distribution system necessary to enable it to take power and energy at the New Substation on or as soon as practicable after the date the New Substation is completed, and
- (d) install a 13-kV revenue metering installation, provided by TVA, in the New Substation, as described in section 5 of this agreement, and

- (e) install two relays, provided by TVA, in the New Substation as described in section 6 of this agreement, and
- (f) provide and install two circuit switchers in the New Substation as described in section 7 of this agreement.

**SECTION 2 - CONSTRUCTION BY TVA**

TVA shall at its expense, as generally described on TVA Drawing:

- (a) provide a tap line extending approximately 4 miles from TVA's East Bowling Green-South Scottsville 161-kV transmission line to the New Substation, and
- (b) connect this tapline to the New Substation.

**SECTION 3 - AMENDMENT TO POWER CONTRACT**

Effective as of the date on which the New Substation is first energized, section 3 of the Power Contract is amended by adding to the respective columns of the tabulation set out in that section the following:

<u>Delivery Point</u>	<u>Normal Wholesale Delivery Voltage</u>
161-kV side of the Alvaton 161-kV Substation	161,000

**SECTION 4 - INCORPORATION OF TERMS AND CONDITIONS**

The attached Terms and Conditions are made a part of this agreement. In the event of any conflict between the body of this agreement and the Terms and Conditions, the former shall control.

**SECTION 5 - METERING**

TVA and Distributor will cooperate in providing at the New Substation a 13-kV revenue metering installation in accordance with the Terms and Conditions. TVA shall furnish a telephone switcher. TVA shall make metering outputs available from the metering installation to Distributor in accordance with section 3 of the Terms and Conditions.

**SECTION 6 - RELAY INSTALLATION**

TVA and Distributor shall cooperate in providing at the New Substation an underfrequency load shed relay and lock out relay with accessory equipment (Relays). In accordance with plans and specifications satisfactory to TVA, Distributor shall at its expense install the Relays and thereafter remove or replace them at TVA's request. TVA shall at its expense furnish the Relays and any needed replacements for them and shall operate, maintain, and repair the Relays. The

Distributor shall select the load to be shed and reset the lockout relay with permission from TVA's transmission dispatchers.

**SECTION 7 - CIRCUIT SWITCHER INSTALLATIONS**

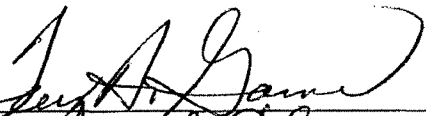
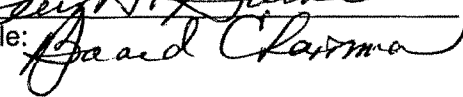
TVA and Distributor shall cooperate in providing at the New Substation two (one primary and one backup) circuit switchers for transformer bank protection. In accordance with plans and specifications satisfactory to TVA, Distributor shall at its expense provide and install these circuit switchers.

**SECTION 8 - MOBILE SPARE TRANSFORMER**


Distributor's use of a TVA mobile spare transformer will be by a separate contract and in accordance with TVA's Transmission Operations and Maintenance (TOM) Mobile Spare Equipment Program. Distributor's use of a mobile spare transformer under TVA's Mobile Spare Equipment Program shall be subject to any contract terms, program revisions, coordination, facilities requirements, availability, and scheduling as are deemed necessary by TVA, in its sole judgment, to administer said program.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized representatives, as of the day and year first above written.

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By   
Title: 

**TENNESSEE VALLEY AUTHORITY**

By   
Senior Vice President  
Commercial Operations and Pricing

## **TERMS AND CONDITIONS** **(New Delivery Point)**

### **SECTION 1 - COORDINATION**

1.1 Objectives of Coordination. The parties agree that it is necessary to coordinate their efforts under this agreement to ensure that the following objectives are met: (a) timely and efficient completion of construction and connection of the New Substation to the TVA system, (b) timely and efficient completion of the metering installation, (c) the safe, reliable, and efficient operation of TVA's facilities, (d) prevention of any undue hazards to TVA's facilities and operations, and (e) the safety of the parties' personnel. Each party will use reasonable diligence in carrying out its responsibilities under this agreement and will notify the other of any significant changes in schedule.

1.2 New Substation Plans and Specifications. Distributor shall consult with TVA in designing the New Substation and shall use plans and specifications that TVA concurs will ensure consistency with objectives (c) and (d) in subsection 1.1 above. Distributor will design, construct, operate, and maintain the New Substation in accordance with good, modern practices and procedures.

1.3 New Substation Protective Scheme. Distributor shall also consult with TVA in planning for the installation, operation, testing, calibration, and maintenance of the protective scheme for the New Substation. Such protective scheme shall include backup protection for the New Substation in the event of failure of primary interrupting devices. As a minimum, backup protection would normally involve secondary interrupting devices and equipment such as backup relays and backup circuit switchers. Distributor agrees not to install, operate, or maintain any protective devices without TVA's concurrence that objectives (c) and (d) in subsection 1.1 above will be fully met.

1.4 TVA Review. Any review by TVA of Distributor's plans provided for in this agreement should not be considered an endorsement that they are adequate for Distributor's purposes. TVA will not unreasonably withhold its concurrence following any such review.

1.5 Metering. TVA and Distributor will coordinate their work under section 2 below to the extent necessary and practicable.

### **SECTION 2 - METERING**

2.1 TVA's Installation Work. TVA at its expense shall provide and install the revenue meter and related items necessary to determine the power and energy taken by Distributor at the New Substation. This metering installation will be at a mutually satisfactory location in the New Substation.

## 2.2 Distributor's Installation Work.

2.2.1 Current and Voltage Transformers. Distributor shall, at its expense and in accordance with plans and specifications furnished or approved by TVA, install the metering current and voltage transformers (furnished by TVA). This will be done on the source side of any station service transformers and voltage correction equipment.

2.2.2 Miscellaneous Facilities. Distributor shall install all other facilities required for the metering installation, including a prewired meter cabinet (provided by TVA) and the foundation (if necessary) for TVA's meter cabinet, the primary connections from the metering transformers to Distributor's facilities and the conduit (together with any required test boxes) and cable extending from the metering transformer secondaries to the meter cabinet. Distributor will furnish the supplies and materials needed under this subsection 2.2.2, except that TVA will furnish the cable and test boxes.

## 2.3 Remote Access to Metering Installation.

2.3.1 Installation of Circuit. For TVA's metering purposes, including power quality monitoring, Distributor shall provide and install (or have installed) a telephone circuit (Circuit) and, if needed, protective conduit extending from TVA's revenue meter to a location specified by TVA. If TVA furnishes a telephone switcher, Distributor shall install it at an agreed upon location. Distributor installation of the Circuit and telephone switcher shall be in accordance with guidelines and specifications furnished or approved by TVA. Distributor shall install and then operate and maintain the Circuit (and any such conduit) at its expense. TVA will connect the Circuit to the revenue meter.

2.3.2 Distributor Access to Meter Data. TVA agrees to allow Distributor (a) remote access to TVA's metering data through the Circuit and (b) access to the metering information available from the readout display of the revenue meter. Use of the Circuit and access to the readout display will be coordinated between TVA's and Distributor's operating representatives to ensure unrestricted telephone access by TVA for data retrieval purposes during such periods as specified by TVA.

2.3.3 Remote Access Equipment. It is recognized that Distributor will need equipment not provided by TVA in order to obtain metering data by remote telephone access. If requested, TVA will assist Distributor in selecting such equipment, but acquisition of the equipment shall be the sole responsibility of Distributor.

2.4 Control of Metering Installation. Except as specifically provided otherwise in this agreement (or as agreed otherwise by TVA), the metering installation shall be for TVA's exclusive use and control. It may be used by TVA separately or in conjunction with any other metering facilities of TVA. TVA will place its seals on the revenue meter and metering facilities in the metering installation, and Distributor shall assure that those seals are not broken except at TVA's request.



## 2.5 Maintenance of Metering Installation.

2.5.1 TVA's Responsibilities. TVA at its expense shall test, calibrate, operate, maintain, and replace the portion of the metering installation provided and installed by TVA.

2.5.2 Distributor's Responsibilities. As requested by TVA from time to time, Distributor at its expense shall perform necessary maintenance (including making of replacements) of the remaining portion of the metering installation. In doing this work Distributor shall furnish the necessary materials, except that TVA shall furnish for installation by Distributor any replacements required for the current and voltage transformers, metering cable, and test boxes.

## **SECTION 3 - METERING OUTPUTS**

3.1 Access to Outputs. Distributor may desire access to metering outputs from the metering installation for such purposes as monitoring and load control, and TVA is willing to make such access available at no charge. Accordingly, Distributor may, at such time as it deems appropriate, provide and install at its expense such additional facilities as are necessary for obtaining access to metering outputs. This includes provision and installation of cable to be connected by TVA to a terminal block in TVA's meter cabinet. Distributor shall also furnish and install any protective facilities requested by TVA for the protection of TVA's metering installation.

3.2 Approval of Facilities. Distributor shall keep TVA informed as to Distributor's plans for installation of any such additional facilities to the extent necessary and practicable. Distributor shall neither install any facilities which are to be connected to the metering installation nor, once installed, change them without prior written notification from TVA that such installation or change is satisfactory to TVA insofar as required for the safe and efficient operation of the metering installation.

3.3 Noninterference With Metering. In exercising access to metering outputs, Distributor shall not interfere with any operation, use of, or access to the metering installation by TVA. In this regard Distributor agrees to immediately modify its facilities and operations, in any manner requested by TVA, to avoid any such interference.

3.4 No Warranty of Outputs. TVA makes no statement, representation, claim, guarantee, assurance, or warranty of any kind whatsoever, including, but not limited to, representations or warranties, express or implied, (a) as to the accuracy or completeness of the metering outputs or as to such outputs' merchantability or fitness for any purposes for which Distributor uses or will use them or (b) as to quantity, kind, character, quality, capacity, design, performance, compliance with specifications, condition, size, description of any property, merchantability, or fitness for any use or purpose of any facilities through which the metering outputs are supplied. Distributor hereby waives, and releases the United States of America, TVA, and their agents and employees from, any and all claims, demands, or causes of action, including, without limitation, those for consequential damages, arising out of or in any way connected with Distributor's use of the metering outputs.

3.5 Termination of Arrangements. The arrangements set out under this section 3, may be terminated by TVA or Distributor at any time upon at least 120 days' written notice. As soon as practicable following the effective date of such termination, TVA will disconnect the cable from the metering installation.

#### **SECTION 4 - ADJUSTMENT OF METERED AMOUNTS**

If the metering installation at the New Substation is not at the point of delivery specified in the Power Contract, the metered amounts of power and energy shall be appropriately adjusted to reflect losses (and non-metered station service or equipment use, if any) between the point of delivery and the metering installation. Distributor shall from time to time furnish TVA with the loss data for Distributor's facilities needed to allow TVA to make such adjustments.

#### **SECTION 5 - RIGHTS OF ACCESS**

Distributor hereby grants to TVA such rights to use Distributor's property as are reasonably necessary or desirable to enable TVA to carry out its responsibilities under this agreement. These rights include installation, operation, maintenance, replacement, removal, and inspection of TVA's electrical facilities and equipment (including metering equipment) installed in connection with service to Distributor.

#### **SECTION 6 - POWER REQUIREMENTS**

Distributor shall at its expense provide the battery and station service power requirements for TVA's facilities and equipment (including metering equipment) installed at the New Substation.

#### **SECTION 7 - TERM OF AGREEMENT**

Except as otherwise provided, this agreement becomes effective as of the date of the agreement and continues in effect for the term of the Power Contract or any renewal, extension, or replacement of it.

#### **SECTION 8 - RESTRICTION OF BENEFITS**

No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise from it unless the agreement be made with a corporation for its general benefit. Distributor shall not offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 5 C.F.R. part 2635 (as amended, supplemented, or replaced). Breach of this provision shall constitute a material breach of this agreement.

#### **SECTION 9 - AMENDMENT**

This agreement may be amended only by a writing signed by the parties.

**AMENDATORY AGREEMENT**  
**Between**  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**And**  
**TENNESSEE VALLEY AUTHORITY**

Date: December 13, 2010

TV-59578A, Supp. No. 97

THIS AGREEMENT, made and entered into by and between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky, and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act);

**W I T N E S S E T H:**

WHEREAS, Distributor and TVA have entered into a contract dated May 7, 1982 as amended (Power Contract), under which Distributor purchases its entire requirements for electric power and energy from TVA for resale; and

WHEREAS, Distributor and TVA have entered into a contract dated January 15, 2002 (ESDP Agreement), under which Distributor participates in the Enhanced Security Deposit Program (Enhanced Program); and

WHEREAS, TVA has given Distributor notice that effective March 1, 2011, the ESDP Agreement will terminate; and

WHEREAS, notwithstanding such notice of termination and in lieu of the ESDP Agreement terminating pursuant to it, the parties wish to supplement and amend the ESDP Agreement to provide for the ESDP Agreement to remain in effect to the limited extent described below in this agreement;

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements set forth below, and subject to the TVA Act, the parties mutually agree as follows:

**SECTION 1 - ESDP AGREEMENT AMENDED**

Effective March 1, 2011, the provisions of the ESDP Agreement shall terminate except with respect to Distributor's Enhanced Program Insured Accounts in effect on that date (Existing Accounts). Continued coverage for said Existing Accounts shall otherwise remain subject to all terms and conditions of the ESDP Agreement as it is amended and supplemented by the provisions of section 2 through 7 below.

## **SECTION 2 - NEW ACCOUNTS**

It is expressly recognized and agreed that effective March 1, 2011, the provisions of Article III of the ESDP Agreement, providing for the nomination of new accounts, shall be of no further force and effect. Accordingly, on and after that date, no new accounts may be enrolled for coverage under the ESDP Agreement.

## **SECTION 3 - EARLY TERMINATION**

Section 6.2 of the ESDP Agreement is replaced by the following:

Either party may terminate this agreement at any time upon sixty (60) days' written notice.

## **SECTION 4 - PREMIUM CONTRIBUTION FOR EXISTING ACCOUNTS**

Effective October 1, 2011, for the TVA Fiscal Year that begins on that date and for subsequent TVA Fiscal Years, Distributor shall be responsible for twenty percent (20%) of the total annual cost of the premiums for coverage for its Existing Accounts (Premium Contribution). TVA shall annually invoice Distributor for the Premium Contribution by adding the amount due to Distributor's power invoice each December.

It is expressly recognized and agreed that Distributor, at its election, may require its Existing Accounts to pay or reimburse Distributor for the portion of the Premium Contribution attributable to each such account.

## **SECTION 5 - ANNUAL EXISTING ACCOUNTS CERTIFICATION**

By October 1, 2011, and by October 1 each year thereafter, Distributor shall complete and submit to TVA the form designated by TVA for the purpose of confirming the Existing Accounts that Distributor wishes to continue to have covered under the ESDP Agreement.

## **SECTION 6 - WHOLESALE PORTION CALCULATION AFTER APRIL 2011 RATE CHANGE**

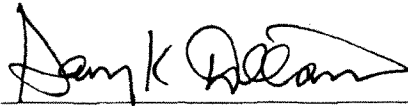
It is expressly recognized that after the April 2011 Rate Change, TVA will no longer have the requisite data necessary to calculate the Wholesale Portion of its retail bill for certain Existing Accounts. Accordingly, for any months after March 31, 2011, for which the Wholesale Portion must be calculated under sections 5.3.2, 5.5, and 5.6.2 of the ESDP Agreement, TVA will require and Distributor shall provide (except as provided in the following sentence) full hourly interval load data (kW and kWh) for each such Existing Account (in a format acceptable to TVA) in order for TVA to be able to calculate such Existing Account's contribution to the wholesale bill. If Distributor does not have the capability to provide such hourly data, such Wholesale Portion will be deemed to be 90 percent of the retail demand and energy charges.

**SECTION 7 - ESDP AGREEMENT AFFIRMED**

Except as expressly set out above, nothing in this agreement shall affect the other terms of the ESDP Agreement.

IN WITNESS WHEREOF, the parties to this agreement have caused it to be executed by their duly authorized representatives, as of the day and year first above written.

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By   
Title: PRESIDENT/CEO

**TENNESSEE VALLEY AUTHORITY**

By   
Executive Vice President  
Customer Relations

**DEPOSIT ASSURANCE PROGRAM AGREEMENT**  
**Between**  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**And**  
**TENNESSEE VALLEY AUTHORITY**

Date: June 3, 2011

TV-59578A, Supp. No. 99

THIS AGREEMENT is made and entered into by and between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky, and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act);

**WITNESSETH:**

WHEREAS, Distributor and TVA have entered into a contract dated May 7, 1982, as amended (Power Contract), under which Distributor purchases its entire requirements for electric power and energy from TVA for resale; and

WHEREAS, Distributor, under its standard policy, requires a cash deposit or other substantially equivalent form of security for power bills for commercial and industrial accounts; and

WHEREAS, TVA has developed a Deposit Assurance Program (Deposit Program) to provide a limited guarantee to Distributor in lieu of Distributor's requiring or maintaining the standard cash deposit or other substantially equivalent form of security for those commercial and industrial accounts which are nominated by Distributor and as to which TVA obtains credit insurance (from a third-party underwriter selected by TVA) to cover the risk of non-payment by the account; and

WHEREAS, the parties hereto wish to agree upon the terms and conditions under which Distributor may participate in the Deposit Program;

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements set forth below, and subject to the provisions of the TVA Act, the parties mutually agree as follows and enter into this agreement consisting of the Articles and exhibits listed in Article I below:

**ARTICLE I**  
**AGREEMENT CONTENTS**

**ARTICLE I**                    **AGREEMENT CONTENTS**

**ARTICLE II**                  **DEFINITIONS**

- 2.1     Applicant
- 2.2     Commercial or Industrial Account
- 2.3     Credit Application and Nomination Form
- 2.4     Full-Time Equivalent Employees
- 2.5     Guidelines
- 2.6     Insurance Coverage
- 2.7     Insured Account
- 2.8     Requested Insurance Coverage
- 2.9     Retail Adder
- 2.10    Uncollectible Account Form
- 2.11    Underwriter
- 2.12    Uninsured Account
- 2.13    Wholesale Billing Adjustment Provisions
- 2.14    Wholesale Portion
- 2.15    Nonconforming Load
- 2.16    Premium Contribution Obligation
- 2.17    Premium Contribution
- 2.18    Adjustment 3 Amount
- 2.19    Insurance Coverage Effective Date
- 2.20    Years

**ARTICLE III**                **INSURED ACCOUNTS**

- 3.1     Procedures
- 3.2     Account Nomination
- 3.3     Creditworthiness Determination
- 3.4     Coverage for Accounts
- 3.5     Premium Contribution for Insured Accounts
- 3.6     Adjustments in Coverage Amount

**ARTICLE IV**                **UNINSURED ACCOUNTS**

- 4.1     Lapse of Insurance Coverage
- 4.2     Re-nomination of Uninsured Account

**ARTICLE V**                **COLLECTION**

- 5.1     Distributor Collection Efforts
- 5.2     Uncollectible Accounts
- 5.3     Wholesale Bill Credits

**ARTICLE VI            TERM PROVISIONS**

- 6.1    Agreement Term
- 6.2    Early Termination
- 6.3    Continuing Obligations

**ARTICLE VII           MISCELLANEOUS PROVISIONS**

- 7.1    Additional Security
- 7.2    Third Parties Not to Benefit

**AGREEMENT ATTACHMENTS:**

- Exhibit A - Credit Application & Nomination Form
- Exhibit B - Uncollectible Account Form



## **ARTICLE II** **DEFINITIONS**

### **SECTION 2.1 - APPLICANT**

"Applicant" shall mean a potentially eligible account nominated by Distributor.

### **SECTION 2.2 - COMMERCIAL OR INDUSTRIAL ACCOUNT**

"Commercial or Industrial Account" shall mean a new or existing account that satisfies the "Availability" requirements of the General Power Rate - Schedule GSA, Schedule GSB, Schedule GSC, or Schedule GSD; the Manufacturing Power Rate - Schedule MSB, Schedule MSC, or Schedule MSD; the Seasonal Demand and Energy General Power Rate - Schedule SGSB, Schedule SGSC, or Schedule SGSD; or the Seasonal Demand and Energy Manufacturing Power Rate - Schedule SMSB, Schedule SMSC, or Schedule SMSD provided in the Schedule of Rates and Charges attached to and made a part of the Power Contract, as such schedules may be modified, changed, replaced, or adjusted from time to time including, without limitation, replacement by the rate change (Rate Change) that becomes effective in April 2011; provided, however, that it is expressly recognized and agreed that accounts with Nonconforming Loads (as defined in section 2.15 below) shall not qualify as a "Commercial or Industrial Account".

### **SECTION 2.3 - CREDIT APPLICATION AND NOMINATION FORM**

"Credit Application and Nomination Form" shall mean the form which is attached to this agreement as Exhibit A, or such revised form as may be specified by TVA by giving at least 30 days' notice to Distributor, covering nomination and credit application information for an Applicant. It is expressly recognized and agreed that the Credit Application and Nomination Form to be submitted under section 3.2 below shall be in substantially the same form as that provided for in this section 2.3 and shall be signed by an authorized representative of the Distributor and an authorized representative of the Applicant.

### **SECTION 2.4 - FULL-TIME EQUIVALENT EMPLOYEES**

"Full-Time Equivalent Employees" for any month shall mean the sum of:

(a) the number of full-time on-site employees and contractors of a Commercial or Industrial Account who spend 100% of their work time on company matters in that month

and

(b) the sum of total hours worked on company-related matters in that month by (i) full-time on-site Commercial or Industrial Account employees who spend less than 100% of their work time on company-related matters and (ii) part-time on-site company employees divided by the number of work-hours in that month (based on an 8-hour work day, Monday through Friday).

## **SECTION 2.5 - GUIDELINES**

"Guidelines" shall mean such guidelines applicable to the Deposit Program as may from time to time be furnished or approved by TVA. In the event of any conflict between the provisions of the Guidelines and the provisions of this agreement, the provisions of this agreement shall control.

## **SECTION 2.6 - INSURANCE COVERAGE**

"Insurance Coverage" shall mean credit insurance purchased by TVA from a third-party Underwriter selected by TVA in an amount that transfers the risk of Applicant's non-payment of its electric power bills to the Underwriter for a period not to exceed 65 days. It is expressly recognized and agreed that:

- (a) such Insurance Coverage of any particular account will be approved and issued by the Underwriter in accordance with the terms of the credit insurance purchased by TVA;
- (b) the Underwriter will be solely responsible for creditworthiness determinations, and neither TVA nor Distributor will be responsible for determining creditworthiness;
- (c) TVA shall be responsible for the payment of premiums to the Underwriter with Premium Contribution by Distributor for any Insurance Coverage; and
- (d) Distributor shall not be an additional insured under the Insurance Coverage.

## **SECTION 2.7 - INSURED ACCOUNT**

"Insured Account" shall mean a Commercial or Industrial Account:

- (a) served by Distributor, which has maximum demand requirements of greater than 250 kW, whether or not a written contract is in place, or which is expanding its operations by greater than 250 kW; and
- (b) for which a new or increased security deposit obligation for the account's electric power bill has arisen under Distributor's standard deposit policy; and
- (c) which operates with a minimum of 25 Full-Time Equivalent Employees; and
- (d) which is nominated by Distributor for participation in the Deposit Program as provided in section 3.2 below; and
- (e) which is approved for and continues to be subject to Insurance Coverage, in a specified amount; and
- (f) which assumes contract obligations, as set out in the Credit Application and Nomination Form, to furnish such financial information (including, without limitation, balance sheets, income statements, cash flow statements and notes to financial statements) as might from time to time be requested by the Underwriter or TVA; and
- (g) as to which Distributor assumes the obligations set forth in this agreement.

## **SECTION 2.8 - REQUESTED INSURANCE COVERAGE**

"Requested Insurance Coverage" shall mean the amount of credit insurance coverage requested by Distributor using the Credit Application and Nomination Form. The requested coverage shall reflect the amount that Distributor would normally require as a security deposit.

## **SECTION 2.9 - RETAIL ADDER**

"Retail Adder" shall mean all amounts other than the Wholesale Portion of the retail bill.

## **SECTION 2.10 - UNCOLLECTIBLE ACCOUNT FORM**

"Uncollectible Account Form" shall mean the form, which is attached as Exhibit B to this agreement, or such revised form as may be specified by TVA by giving at least 30 days' notice to Distributor, certifying to TVA that Distributor has exhausted all reasonable efforts to collect any unpaid balance consistent with the terms of this agreement and the Guidelines. It is expressly recognized and agreed that the Uncollectible Account Form to be submitted under section 5.2 below shall be in substantially the same form as that provided for in this section 2.10.

## **SECTION 2.11 - UNDERWRITER**

"Underwriter" shall mean a business entity that regularly rates and secures risk in the routine course of commerce.

## **SECTION 2.12 - UNINSURED ACCOUNT**

"Uninsured Account" shall mean an account originally qualifying and approved for the Deposit Program under section 2.7 above and Article III below as an Insured Account but as to which Insurance Coverage is no longer operative or in force, regardless of the basis for any such loss of Insurance Coverage. It is expressly recognized and agreed that the basis for a loss of Insurance Coverage may include, but is not limited to:

- (a) cancellation, for any reason, of the Insurance Coverage for a particular Insured Account;
- (b) expiration or termination, for any reason, of the Insurance Coverage policy or agreement providing the risk coverage for the Insured Account without that policy or agreement being renewed or replaced, regardless of the reasons for there being no such renewal or replacement; or
- (c) the occurrence of any other event which triggers cancellation, termination, expiration, or any other lapse of the Insurance Coverage;

provided, however, that nothing in this section shall prevent an Uninsured Account from re-qualifying as an Insured Account at such time, if any, that Insurance Coverage is restored as provided under section 4.2 below.

## **SECTION 2.13 - WHOLESALE BILLING ADJUSTMENT PROVISIONS**

"Wholesale Billing Adjustment Provisions" shall mean provisions setting forth the steps to be taken with respect to the Insured Account in calculating the wholesale bill each month, which are set forth in any agreement between Distributor and TVA amending or supplementing the Power Contract to provide for arrangements under which an Insured Account pays for power or energy other than at the rates and charges provided for in the Schedule of Rates and Charges to the Power Contract.

## **SECTION 2.14 - WHOLESALE PORTION**

"Wholesale Portion" of a retail bill shall mean an amount equal to TVA's wholesale charges to Distributor for the end-usage resulting in the retail bill, consisting of:

- (a) the per kW and per kWh wholesale charges to Distributor for kW and kWh amounts deemed to have been taken at the delivery point for the Insured Account, adjusted to reflect losses as provided for below in this section 2.14, and the monthly Administrative Charge per said delivery point, which is provided under the Schedule of Rates and Charges attached to and made a part of the Power Contract;
- (b) any other charges added to the wholesale bill under Wholesale Billing Adjustment Provisions expressly providing for wholesale charges equal to all or part of a retail charge to the Insured Account; and
- (c) any Adjustment 3 Amount;

provided, however, that it is expressly recognized that after the Rate Change, TVA will no longer have the requisite data necessary to calculate the Wholesale Portion of its retail bill for certain Insured Accounts. Accordingly, for any months after March 31, 2011, for which the Wholesale Portion must be calculated, TVA will require and Distributor shall provide (except as provided in the following sentence) full hourly interval load data (kW and kWh) for each such Insured Account (in a format acceptable to TVA) in order for TVA to be able to calculate such Insured Account's contribution to the wholesale bill. If Distributor does not have the capability to provide such hourly data, such Wholesale Portion will be deemed to be 90 percent of the retail demand and energy charges; provided, however, that for purposes of determining the amount of credits to be applied under section 5.3 below, under which payment of such Adjustment 3 Amount is deferred under the second paragraph of section 4 of Agreement TV-59578A, Supp. No. 27, dated May 1, 1992, the amount referenced in item (c) above shall be deemed to be only that portion, if any, of the Adjustment 3 Amount which actually becomes payable by Distributor.

Except as provided below with respect to any Insured Account served through a wholesale delivery point which serves only that customer (Special Delivery Point), the loss adjustments provided for in (a) above shall be made by multiplying the charge to be adjusted by 1.03.

If an Insured Account is served through a Special Delivery Point, the loss adjustments provided for in (a) above shall be made by multiplying the charge to be adjusted by a factor of 1 plus the percentage (expressed in decimal form) of actual losses, if any, occurring between the Special Delivery Point and the point of delivery of power and

energy provided for in the retail contract between the Distributor and the Uninsured Account.

#### **SECTION 2.15 - NONCONFORMING LOAD**

"Nonconforming Load" shall mean those customers of Distributor with a total contract demand of more than 50 MW and with one or more of the following load characteristics:

- (a) expected load swings of approximately 50 MW or more and ramp rates of approximately 10 MW or more per minute, or
- (b) loads with expected daily reactive power ramp rates of 50 MVAR or more per minute, or
- (c) loads known to create voltage flicker exceeding the limits set out in the Institute of Electrical and Electronics Engineers (IEEE) Standard 1453, or
- (d) loads known to create harmonic current distortions exceeding the limits set out in IEEE Standard 519.

#### **SECTION 2.16 - PREMIUM CONTRIBUTION OBLIGATION**

"Premium Contribution Obligation" shall arise for each of Distributor's Insured Accounts upon the first day of Year 2 for each such Insured Account and shall continue for the remainder of the term in which Insurance Coverage is provided for such Insured Account.

#### **SECTION 2.17 - PREMIUM CONTRIBUTION**

"Premium Contribution" shall mean:

- (a) the amount equal to 20% of the total cost of premiums for Insurance Coverage for Distributor's Insured Accounts. Such amount shall be for the months, if any, in which Distributor has a Premium Contribution Obligation for any such account(s) on or before October 1 of the TVA fiscal year ending on the September 30.

plus

- (b) any amount added in accordance with the last paragraph of subsection 3.4.1 below.

#### **SECTION 2.18 - ADJUSTMENT 3 AMOUNT**

"Adjustment 3 Amount" shall mean any amount accruing to TVA under Adjustment 3 of the wholesale rate schedule provided in the Schedule of Rates and Charges to the Power Contract.

**SECTION 2.19 - INSURANCE COVERAGE EFFECTIVE DATE**

"Insurance Coverage Effective Date" shall mean the date on which TVA notifies Distributor in writing of the amount of Insurance Coverage for which an Applicant is initially approved.

**SECTION 2.20 - YEARS**

As to each Insured Account:

"Year 1" shall mean the period of 12 months starting on the Insurance Coverage Effective Date.

"Year 2" shall mean the period of 12 months starting at the end of Year 1.

"Year 3" shall mean the period of 12 months starting at the end of Year 2.

"Year 4" shall mean the period of 12 months starting at the end of Year 3.

"Year 5" shall mean the period of 12 months starting at the end of Year 4.

## **ARTICLE III** **INSURED ACCOUNTS**

### **SECTION 3.1 - PROCEDURES**

Distributor may consider potentially eligible accounts for nomination under the Deposit Program. Applicants shall be considered for approval as an Insured Account in accordance with the provisions of Article II and this Article III, and such procedures as may be specified by TVA in the Guidelines.

### **SECTION 3.2 - ACCOUNT NOMINATION**

Distributor shall, in its sole discretion, determine whether to nominate a potentially eligible account as an Applicant. When Distributor wishes to nominate an account, it shall submit, or cause the Applicant to submit, an appropriate and completed Credit Application and Nomination Form.

### **SECTION 3.3 - CREDITWORTHINESS DETERMINATION**

TVA will cause the Underwriter to review the Credit Application and Nomination Form and such additional information as the Underwriter may require to determine whether an otherwise eligible Applicant qualifies for Insurance Coverage, and if so, the amount of Insurance Coverage (up to the Requested Insurance Coverage) for which the Applicant qualifies. The determination of whether or not the Applicant meets the requirement of item (e) in section 2.7 shall be in the Underwriter's sole discretion.

### **SECTION 3.4 - COVERAGE FOR ACCOUNTS**

3.4.1 Declining Coverage. For Applicants with a contract demand of 5 MW or less that otherwise meet the requirements set forth in this agreement, TVA will promptly obtain Insurance Coverage, up to the Requested Insurance Coverage, to provide coverage for the retail bill for a period not to exceed a total period of 65 days, and Distributor will be promptly notified of the amount of Insurance Coverage for which the Applicant is approved. Coverage will become effective as of the Insurance Coverage Effective Date and will continue until 5 years after such Insurance Coverage Effective Date or until the date on which the account becomes an Uninsured Account under section 2.12 above.

Effective on the first day of Year 3, the coverage amount for each Insured Account shall be 75% of its Insurance Coverage. Effective on the first day of Year 4, the coverage amount for each Insured Account shall be 50% of its Insurance Coverage. Effective on the first day of Year 5, the coverage amount for each Insured Account shall be 25% of its Insurance Coverage. At the end of Year 5, the account shall no longer be an Insured Account.

Distributor may elect to maintain 100% Insurance Coverage for an Insured Account for the entire 5 year term; provided, however, that it is expressly recognized and agreed that (1) Distributor shall notify TVA in writing of its intent to do so prior to the beginning of Year 3 for such Insured Account and (2) Distributor shall reimburse TVA for the difference in cost for the additional coverage. The additional cost to maintain 100% of

Insurance Coverage for such Insured Account will be added to Distributor's Premium Contribution.

3.4.2 Non-declining Coverage. For Applicants with a contract demand of greater than 5 MW and that otherwise meet the requirements set forth in this agreement, TVA will promptly obtain Insurance Coverage, up to the Requested Insurance Coverage, to provide coverage for the retail bill for a period not to exceed a total period of 65 days, and Distributor will be promptly notified of the amount of Insurance Coverage for which the Applicant is approved. Coverage will become effective on the Insurance Coverage Effective Date and will continue until the date, if any, as of which the account becomes an Uninsured Account under section 2.12 above.

### **SECTION 3.5 - PREMIUM CONTRIBUTION FOR INSURED ACCOUNTS**

TVA shall annually invoice Distributor for the Premium Contribution by adding the amount due to Distributor's power invoice each December.

It is expressly recognized and agreed that Distributor, at its election, may require its Insured Accounts to pay or reimburse Distributor for the portion of the Premium Contribution attributable to each such account.

### **SECTION 3.6 - ADJUSTMENTS IN COVERAGE AMOUNT**

If at any time there is an increase in an Insured Account's contract demand or if the charges an Insured Account incurs for power and energy result in a need to increase the Insurance Coverage, Distributor may submit a supplemental Credit Application and Nomination Form, along with any supporting documentation TVA may require, to seek an increase in the amount of Insurance Coverage. Any such supplemental Credit Application and Nomination Form will be processed in accordance with section 3.2 and section 3.3 above.

If any such adjustment in the amount of Insurance Coverage is made under this section, any necessary corresponding adjustments shall be made to Distributor's Premium Contribution provided for in section 3.5 above.



## **ARTICLE IV UNINSURED ACCOUNTS**

### **SECTION 4.1 - LAPSE OF INSURANCE COVERAGE**

The provisions of this Article IV shall apply when the Insurance Coverage for an Insured Account lapses for any reason.

### **SECTION 4.2 - RE-NOMINATION OF UNINSURED ACCOUNT**

If an Uninsured Account wishes to be re-nominated for the Deposit Program, Distributor, in its discretion, may submit an applicable Credit Application and Nomination Form along with supporting documentation TVA or Underwriter may require for the Applicant. Any such Credit Application and Nomination Form will be processed in accordance with section 3.2 and section 3.3 above.

It is expressly recognized that the Insured Account shall be reinstated into the Deposit Program in the same position (the same monthly and annual period) for which it would have been had it not become an Uninsured Account.

## **ARTICLE V** **COLLECTION**

### **SECTION 5.1 - DISTRIBUTOR COLLECTION EFFORTS**

5.1.1 Collection Procedures. When any Insured Account becomes delinquent, Distributor shall promptly and diligently pursue collection efforts in accordance with the Guidelines. At such times and intervals as may be specified in the Guidelines, Distributor shall provide reports to TVA concerning any such delinquent accounts and collection efforts.

5.1.2 Allocation of Collected Amounts. Any amounts collected from a delinquent account, excluding any amounts applied to litigation or other collection costs in accordance with the Guidelines, shall be applied to that account's electric bill, beginning with the oldest outstanding past due amount (commonly known as the "first in first out" accounting basis), and shall be assigned on a pro-rata basis to the Wholesale Portion and the Retail Adder of the account.

5.1.3 Allocation of Collected Amounts from an Uncollectible Accounts. Any amount collected from an Uncollectible Account, after the account is declared uncollectible under section 5.2 below, and for whom TVA has applied a credit as provided for in section 5.3, shall be submitted to TVA.

### **SECTION 5.2 - UNCOLLECTIBLE ACCOUNTS**

If Distributor, through the collection efforts outlined in the Guidelines, is unable to fully collect from a delinquent Insured Account, Distributor may submit an Uncollectible Account Form, along with documentation, to TVA to have the account deemed uncollectible. The Uncollectible Account Form, along with documentation, shall:

- (a) reflect the details of all actions Distributor has taken to collect the past-due amounts;
- (b) show full implementation of the collection efforts provided for by this agreement and the Guidelines; and
- (c) show the uncollected dollar amount for which Distributor is entitled to be reimbursed through credits applicable under this agreement.

TVA will declare the account uncollectible after verification that Distributor has exhausted all reasonable efforts to collect the unpaid balance in full compliance with the Guidelines.

Upon TVA's approval of Distributor's request to have an account declared uncollectible, such account will no longer be an Insured Account for any purpose under the Deposit Program until such time, if any, that a new nomination to the Deposit Program is made by Distributor and approved by TVA.

### **SECTION 5.3 - WHOLESALE BILL CREDITS**

For each account declared to be uncollectible under section 5.2 above, TVA will apply a credit to Distributor's wholesale bill in an amount up to the lower of:

- (a) the amount of the retail bill for the first two monthly billing cycles of usage that resulted in the unpaid balance (not to exceed a total period of 65 days), to the extent such balance remains uncollected after application of any collected amounts in accordance with subsection 5.1.2 above; or
- (b) the amount of Insurance Coverage.

**ARTICLE VI**  
**TERM PROVISIONS**

**SECTION 6.1 - AGREEMENT TERM**

This agreement shall become effective as of the date first written above. Unless sooner terminated as provided below, it shall continue in effect during the term of the Power Contract.

**SECTION 6.2 - EARLY TERMINATION**

Either party may terminate this agreement at any time upon sixty (60) days' written notice.

**SECTION 6.3 - CONTINUING OBLIGATIONS**

Notwithstanding the termination or expiration of this agreement, the obligations of the parties with respect to the retail bills of any Insured Account accruing prior to the effective date of any such expiration or termination shall continue in effect until they are discharged.

**ARTICLE VII**  
**MISCELLANEOUS PROVISIONS**

**SECTION 7.1 - ADDITIONAL SECURITY**

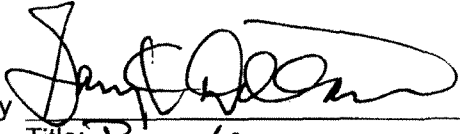
During the term of this agreement, Distributor shall not require or retain a deposit or other security from an Insured Account for amounts otherwise covered by the Insurance Coverage provided by this agreement.

**SECTION 7.2 - THIRD PARTIES NOT TO BENEFIT**

Notwithstanding any provision of this agreement that may be interpreted to the contrary, this agreement does not confer any benefits or rights on any third party except as specifically set out in this agreement.

IN WITNESS WHEREOF, the parties to this agreement have caused it to be executed by their duly authorized representatives, as of the day and year first above written.

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By   
Title: PRES/CEO  
GARY K. DILLARD

**TENNESSEE VALLEY AUTHORITY**

By   
Executive Vice President  
Customer Relations

**Exhibit A**  
**Deposit Assurance Program**  
**Credit Application & Nomination Form**

Credit Application Section (to be completed by Applicant)

**APPLICANT:**

(List all name(s) under which the nominated account will contract for or be billed for power and energy.)

**Applicant Information:**

**Address:** (Include address, city, state and zip code)

**Telephone:**

**Duns No.:**

**Additional financial information is attached** (Providing additional financial information may facilitate faster processing of this application.)

By the signature of its duly authorized representative and as an application for participation in the Deposit Assurance Program (Program) being jointly conducted by Distributor and its wholesale power supplier, the Tennessee Valley Authority (TVA), Applicant hereby:

1. represents and warrants that the above information and any attached financial information is true and correct;
2. authorizes such inquiries as are considered necessary by the insurer or Underwriter used by TVA for the Program (hereinafter "Underwriter") to obtain credit information regarding Applicant and authorizes banks, creditors, or other entities having such credit information to release such information to the Underwriter;
3. agrees to furnish such financial information (including, without limitation, balance sheets, income statements, cash flow statements and notes to financial statements) as might be requested by the Underwriter in connection with its review of this application;
4. agrees, if nominated and approved for participation in the Program on the basis of credit insurance obtained by TVA (hereinafter "insurance coverage"):
  - (a) to furnish such financial information as might from time to time be requested by the Underwriter or TVA, and
  - (b) to authorize such inquiries as are considered necessary by the Underwriter or TVA from time to time obtain credit information regarding Applicant and to authorize banks, creditors, or other entities having such credit information to release such information to the Underwriter or TVA, and
  - (c) to immediately substitute or provide alternative security to Distributor upon any lapse in the insurance coverage for any reason, including, without limitation, the Underwriter or TVA (i) canceling the coverage for any reason or (ii) not renewing the coverage for any reason;
5. agrees that as a part of such alternative security arrangements, Distributor may employ weekly or other extraordinary meter-reading or billing arrangements calculated to facilitate such alternative security arrangements;
6. agrees that if Applicant does not fully remedy such a breach by the date falling 30 days' after the date when it first arises, Distributor shall have the right, upon 15 days' written notice, to discontinue the supply of power to Applicant and to refuse to resume delivery until Applicant substitutes or provides alternative security to fully remedy the breach; and
7. agrees that any discontinuance of supply in accordance with 6 above shall not relieve Applicant of liability for minimum monthly charges or payment of past due amounts.

<b>Signature:</b>	<b>Title:</b>
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**Nomination Section (to be completed by Distributor)**

**DISTRIBUTOR:**

(List all name(s) under which power and energy will be sold or billed by Distributor.)

**Requested Insurance Coverage Amount:** \$

**Distributor Contact Name:**

**E-mail Address:**

**Telephone:**

**Fax:**

By the signature of its duly authorized representative and in accordance with and subject to the Program Agreement and Guidelines, Distributor hereby:

1. nominates the Applicant for participation in the Program, and
2. represents and warrants that (a) said nominated account is a new or existing commercial or industrial customer from which Distributor would otherwise require a cash deposit or other substantially equivalent form of security, (b) the Requested Insurance Coverage Amount set forth above reflects the amount of such deposit or security that Distributor would otherwise so require, (c) that the Credit Application Section of this form has been completed by a duly authorized representative of the Applicant, and (d) account has electrical requirements of greater than 250 kW or which is expanding its operations by greater than 250 kW, and (e) account expects a minimum employment of 25 Full-Time Equivalent Employees.

<b>Distributor Signature:</b>	<b>Title:</b>
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**Information Section (to be completed by Distributor)**

In accordance with Economic Development measurement, please provide the following information about the account. Definitions of terms can be found in the Guidelines.

Capital Investment:	\$	Number of jobs added:	
Average annual wages paid:	\$	Average monthly kW:	

**Approval Section (to be completed by TVA)**

<b>DAP Program Manager Signature</b>	
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**Exhibit B**  
**Deposit Assurance Program**  
**Uncollectible Account Form**

Date:

Tennessee Valley Authority  
Attn. DAP Program Manager  
P.O. Box 292409  
OCP 2A  
Nashville, Tennessee 37229-2409

Dear Credit Manager:

This is in reference to the account of \_\_\_\_\_ (name of the Insured Account) for service to its plant/facility in/near \_\_\_\_\_, which account is an account to which an insurance coverage applies under the Deposit Assurance Program being jointly conducted by TVA and \_\_\_\_\_ (Distributor). By the signature of its duly authorized representative appearing below and in accordance with and subject to the Deposit Assurance Program Agreement, and Guidelines, Distributor hereby makes a written application to TVA to have the account declared by TVA to be uncollectible and certifies that:

1. Distributor has fully complied with the procedures set forth in the Deposit Assurance Program Agreement and the Guidelines.
2. The total uncollected amount for which Distributor believes it is entitled to be reimbursed by TVA through credits applicable under the Deposit Assurance Program Agreement is \$ \_\_\_\_\_.
3. Distributor has attached to this form copies of all documents from Distributor's records (a) showing such compliance, (b) showing the details of or relating to Distributor's efforts to collect the delinquent account, and (c) supporting the amount claimed under item 2 above.

Distributor: \_\_\_\_\_

By: \_\_\_\_\_  
Title:

**AGREEMENT**  
**Between**  
**WARREN RURAL ELECTRIC COOPERATIVE CORPORATION**  
**And**  
**TENNESSEE VALLEY AUTHORITY**

Effective Date: April 1, 2011

TV-59578A, Supp. No. 101

THIS AGREEMENT, made and entered into between WARREN RURAL ELECTRIC COOPERATIVE CORPORATION (Distributor), a cooperative corporation created and existing under and by virtue of the laws of the Commonwealth of Kentucky, and TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act);

**WITNESSETH:**

WHEREAS, TVA and Distributor have entered into a contract dated May 7, 1982, as amended (Power Contract), under which Distributor purchases its entire requirements for electric power and energy from TVA for resale; and

WHEREAS, the parties wish to amend the Power Contract in the respects necessary to place into effect changed wholesale and resale schedules and in certain other respects;

NOW, THEREFORE, for and in consideration of the premises and of the mutual agreements set forth below, and subject to the TVA Act, the parties mutually agree as follows:

**SECTION 1 - WHOLESALE RATE SCHEDULE SUBSTITUTION**

1.1 Implementation of Time-Of-Use Wholesale Rate. The Schedule of Rates and Charges attached to and made a part of the Power Contract contains a wholesale rate schedule (Existing Wholesale Schedule). A substitute wholesale schedule, designated Schedule WS-TOU (Changed Wholesale Schedule WS-TOU), dated April 2011, is attached hereto. The Existing Wholesale Schedule shall remain in full force and effect for all bills rendered from wholesale meter readings scheduled to be taken before April 2, 2011, and the Changed Wholesale Schedule shall become effective in accordance with the provisions thereof for all bills rendered from wholesale meter readings scheduled to be taken on and after April 2, 2011. Commencing with the first application of the Changed Wholesale Schedule WS-TOU, all references in the Power Contract to the Existing Wholesale Schedule shall be deemed to refer to the Changed Wholesale Schedule WS-TOU.



1.2 Demand and Energy Wholesale Rate Option Available Until October 2012.

1.2.1 Schedules WS-DE and WS-DE Modified. An optional wholesale schedule, designated as Schedule WS-DE (Optional Wholesale Schedule WS-DE), dated April 2011-September 2012, is attached hereto. As used in 1.2.3 below, "Optional Wholesale Schedule WS-DE Modified" shall mean a modified version of said attached optional schedule in which the Standard Service energy charges of the schedule are replaced by the Standard Service energy charges of Changed Wholesale Schedule WS-TOU (but not including the Standard Service TOU Amounts).

1.2.2 Initial Option to Elect Schedule WS-DE. Notwithstanding 1.1 above, by providing written notice to TVA no later than December 31, 2010, Distributor may elect to put into place Optional Wholesale Schedule WS-DE. In such case, the Optional Wholesale Schedule WS-DE shall become effective in accordance with the provisions thereof for all bills rendered from wholesale meter readings scheduled to be taken on and after April 2, 2011.

1.2.3 Subsequent Election of Schedule WS-DE Modified. After April 2, 2011, Distributor may elect Optional Wholesale Schedule WS-DE Modified by providing at least 45 days' written notice for said Schedule WS-DE Modified to become effective for all bills rendered from wholesale meter readings scheduled to be taken on or after the second day of a month specified in such notice.

1.2.4 Term of Optional Schedule Election. If an optional schedule is elected and put into effect under 1.2.2 or 1.2.3 above, said elected optional schedule will remain in effect for all bills rendered from wholesale meter readings scheduled to be taken before October 2, 2012; provided, however, that Distributor may cancel that election upon at least 45 days' written notice to TVA to become effective for all bills rendered from wholesale meter readings scheduled to be taken on or after the second day of a month specified in such notice. During the period when such an optional schedule is in effect, all references in the Power Contract to the Existing Wholesale Schedule shall be deemed to refer to such optional schedule. Changed Wholesale Schedule WS-TOU shall become effective as provided in 1.1 above for all bills rendered from wholesale meter readings scheduled to be taken on and after the earlier of (a) the second day of a month specified in any cancellation notice given under the proviso to the first sentence of this subsection 1.2.4 or (b) October 2, 2012.

1.3 Rates Applicable to Summer Period 2011.

Notwithstanding the Standard Service rates in Schedules WS-TOU and WS-DE, during the Summer Period of 2011 only, (i) the Demand Charge is hereby agreed to be \$8.30 per kW of Billing Demand per month (plus any applicable adjustment addendum Demand Charges) and (ii) the Non-Fuel Energy Charge is hereby agreed to be 3.076 ¢ per kWh per month (plus any applicable adjustment addendum Energy Charges and any TOU Amount applicable for Schedule WS-TOU).

## **SECTION 2 - RESALE RATE SCHEDULE SUBSTITUTION**

**2.1 Changed Resale Schedules.** The Schedule of Rates and Charges attached to and made a part of the Power Contract contains various resale rate schedules (Existing Resale Schedules). Substitute resale schedules, designated Schedules RS, GSA, GSB, GSC, GSD, LS, MSB, MSC, MSD, SGSB, SGSC, SGSD, SMSB, SMSC, and SMSD (Changed Resale Schedules), all dated April 2011, are attached to this agreement.

**2.2 Resale Effective Date.** The Existing Resale Schedules shall remain in full force and effect for all bills rendered from resale meter readings taken for revenue months of Distributor prior to Distributor's April 2011 revenue month, and the respective Changed Resale Schedules shall become effective in accordance with the provisions thereof for all bills rendered from resale meter readings taken for revenue months of Distributor beginning with the April 2011 revenue month. Beginning with Distributor's April 2011 revenue month, Distributor shall provide electric service to all customers at and in accordance with the rates, charges, and provisions of the appropriate Changed Resale Schedule and the provisions of the Power Contract as supplemented and amended by this agreement.

The table below lists the Existing Resale Schedules and the corresponding Changed Resale Schedules that will replace each one of them in accordance with this section 2.

Existing Resale Schedule (Where applicable)		Changed Resale Schedule (Where applicable)
RS	corresponds to	RS
GSA	corresponds to	GSA
GSA, Part 3	corresponds to	TDGSA or TDMSA if SIC qualified (optional)
GSB	corresponds to	GSB
GSB	corresponds to	SGSB (optional)
GSC	corresponds to	GSC
GSC	corresponds to	SGSC (optional)
GSD	corresponds to	GSD
GSD	corresponds to	SGSD (optional)
MSB	corresponds to	MSB
MSB	corresponds to	SMSB (optional)
MSC	corresponds to	MSC
MSC	corresponds to	SMSC (optional)
MSD	corresponds to	MSD
MSD	corresponds to	SMSD (optional)
PSGSB	corresponds to	SGSB
PSGSC	corresponds to	SGSC
PSGSD	corresponds to	SGSD
PSMSB	corresponds to	SMSB
PSMSC	corresponds to	SMSC
PSMSD	corresponds to	SMSD
TRS	corresponds to	TRS
TGSA	corresponds to	TGSA

TGSA, Part 3	corresponds to	TDGSA or TDMSA if SIC qualified (optional)
TGSB	corresponds to	GSB
TGSC	corresponds to	GSC
TGSD	corresponds to	GSD
TMSB	corresponds to	MSB
TMSC	corresponds to	MSC
TMSD	corresponds to	MSD
LS	corresponds to	LS
TDGSB	corresponds to	TDGSA (optional for customers with contract demands greater than 1,000 kW but not more than 5,000 kW)
TDGSB	corresponds to	GSB
TDGSC	corresponds to	GSC
TDGSD	corresponds to	GSD
TDMSB	corresponds to	TDMSA (optional for customers with contract demands greater than 1,000 kW but not more than 5,000 kW)
TDMSB	corresponds to	MSB
TDMSC	corresponds to	MSC
TDMSD	corresponds to	MSD

**SECTION 3 - SMALL MANUFACTURING CREDITS**

3.1 Previous Agreement. It is expressly recognized that certain manufacturing credits (Small Manufacturing Credits) are provided for under the agreement numbered TV-59578A, Supp. No. 41, and dated June 1, 1994, as amended (Manufacturing Credit Agreement). Notwithstanding the rate change reflected in this agreement, the Manufacturing Credit Agreement shall continue in effect and shall be deemed amended as provided below in this section 3.

3.2 Changed Resale Schedules. Beginning with Distributor's April 2011 revenue month, the Manufacturing Credit Agreement shall be deemed amended in the respects necessary to provide that customers served under Part 3 of the applicable Changed Resale Schedule GSA or TGSA shall be deemed to be Expanded Eligible Accounts eligible for Expanded Credits. It is expressly recognized that customers served under Schedules TDGSA and TDMSA are not eligible for such credits.

The Manufacturing Credit Agreement shall be deemed further amended to provide that, if the applicable TGSA resale schedule does not provide for different demand charges for a customer's onpeak and offpeak billing demand, in lieu of the credit amounts specified for the metered demands of customers taking time-of-day service, the credits amounts specified or the metered demands of customers taking standard service shall apply.

3.3 Wholesale Credits. Beginning with the April 2011 billing month, the Manufacturing Credit Agreement shall be amended in the respects necessary to provide that:

- (a) Except as otherwise provided below, each month TVA's wholesale bill to Distributor shall include a wholesale credit (Estimated Small Manufacturing Credit) for that month equal to the total amount of credits applied to each Eligible Account by Distributor in the preceding month and reported in Distributor's ESS Report to TVA (as provided in section 5 below).
- (b) The wholesale bill will then be adjusted to reflect the difference between the actual amount of credits applied to each Eligible Account by Distributor in the preceding month and the Estimated Small Manufacturing Credit applied to Distributor's wholesale bill for the preceding month.
- (c) If TVA does not receive Distributor's ESS Report at least 10 calendar days prior to the wholesale billing date, Distributor shall not receive an Estimated Small Manufacturing Credit on that month's wholesale bill. Instead, upon receipt of Distributor's ESS Report, the wholesale bill for the following month will include a credit equal to the actual amount of credits applied to each Eligible Account and reported to TVA for that month.

3.4 Application Forms. The Manufacturing Credit Agreement is amended to provide that Distributor shall keep on file a copy of each completed application form for audit purposes. This responsibility to maintain application forms and TVA's ability to audit shall replace any requirement of TVA approval of completed application forms in the existing Manufacturing Credit Agreement.

#### **SECTION 4 - ENHANCED GROWTH CREDIT PROGRAM**

Under an agreement numbered TV-59578A, Supp. No. 45 and dated May 5, 1994, as amended (EGCP Agreement), TVA and Distributor are participating in an Enhanced Growth Credit (EGC) Program to encourage the fuller and better balanced development of the resources of the region by applying credits against the electric bills of certain eligible new and expanding general power customers of Distributor.

Beginning with the April 2011 billing month, the EGCP Agreement shall be amended in the respects necessary to provide that:

- (a) Except as otherwise provided below, each month TVA's wholesale bill to Distributor shall include a wholesale credit (Estimated Enhanced Growth Credit) for that month equal to 110 percent of the total Retail Credits applied by Distributor in the preceding month and reported in Distributor's ESS Report to TVA (as provided in section 5 below).
- (b) The wholesale bill will then be adjusted to reflect the difference between 110 percent of the actual amount of Retail Credits applied by Distributor in the preceding month and the Estimated Enhanced Growth Credit applied to Distributor's wholesale bill for the preceding month.

- (c) If TVA does not receive Distributor's ESS Report at least 10 calendar days prior to the wholesale billing date, Distributor shall not receive an Estimated Enhanced Growth Credit on that month's wholesale bill. Instead, upon receipt of Distributor's ESS Report, the wholesale bill for the following month will include a credit equal to 110 percent of the actual amount of Retail Credits applied by Distributor and reported to TVA for that month.

#### **SECTION 5 - REPORTING**

It is recognized that the monthly statistical information to be furnished to TVA under the Terms and Conditions of the Power Contract is currently provided by Distributor in a monthly Electric Sales Statistics (ESS) Report. Beginning with Distributor's April 2011 revenue month, Distributor shall include in its ESS Report monthly data showing:

- (a) for each Eligible Account under the Manufacturing Credit Agreement, the amounts billed to each customer for firm power and energy and the amount of the credit applied during that revenue month, together with such other information as may be reasonably required by TVA under the Manufacturing Credit Agreement;
- (b) for each customer participating in the EGC Program (i) the amount of any Retail Credit for the month and (ii) the billing data used to calculate that Retail Credit, together with such other information as may be reasonably required by TVA under of the EGCP Agreement;
- (c) the amount of any Hydro Allocation Adjustment applied in accordance with Adjustment 2 of the Changed Wholesale Schedule or the Optional Wholesale Schedule and the billing data used to calculate such adjustment;
- (d) the generation output and applicable credits from each individual type of Qualifying System at each Site, as required under the Generation Partners pilot;
- (e) the number of Participants enrolled in the Green Power Switch Program, the number of energy blocks purchased by Participants, and the total Green Power Switch Charges determined under the Green Power Switch Agreement, numbered TV-59578A, Supp. No. 77, and dated July 19, 2007;
- (f) the amounts of any PCA and the billing data for each rate class used to calculate such amounts.

The information furnished under this section 5 shall be provided in accordance with TVA's ESS Reporting Guidelines, as they may be modified, changed, or replaced by TVA from time to time.

#### **SECTION 6 - NOTICES OF ADJUSTMENT OR CHANGE OF RATES**

Notwithstanding the section entitled "Adjustment and Change of Wholesale Rate and Resale Rates" in the Schedule of Terms and Conditions attached to and made part of the Power Contract, (a) any Adjustment Addendum providing for adjustments to the charges of the Schedule of Rates and Charges shall be deemed properly published and (b) any notice required to place into effect any changes in the Schedule of Rates and

Charges shall be deemed properly given if provided electronically either by electronic mail or by posting electronically on a computer-based information system designated by TVA for such purpose.

**SECTION 7 - TERM**

Except as otherwise specifically provided herein, this agreement shall become effective as of the Effective Date first above written, and shall continue in effect until expiration of the Power Contract, or any renewal, extension, or replacement thereof.

**SECTION 8 - ADJUSTMENT ADDENDUM COST RECOVERY**

It is expressly recognized:

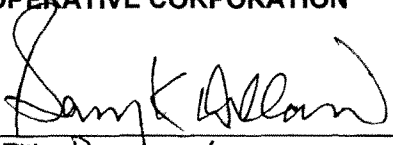
- (a) that the schedules attached to this agreement do not include any charges to recover TVA's fuel costs or any charges to cover the costs currently being recovered by the Environmental Adjustment amounts currently provided for in the Adjustment Addendum, and
- (b) that accordingly all fuel cost recovery (including the current Fuel Cost Adjustment and current base fuel charges) and the costs currently being recovered by the Environmental Adjustment amounts will be addressed through an Adjustment Addendum.

**SECTION 9 - POWER CONTRACT AFFIRMED**


Except as expressly set out above, nothing in this agreement shall affect the other terms of the Power Contract.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized representatives, as of the day and year first above written.

**WARREN RURAL ELECTRIC  
COOPERATIVE CORPORATION**

By   
Title: PRES./ CEO

**TENNESSEE VALLEY AUTHORITY**

By   
Senior Vice President  
Commercial Operations and Pricing





Large Customers under the Standard Billing Arrangement shall be metered in accordance with TVA furnished or approved guidelines or specifications. Distributor shall provide to TVA, in accordance with TVA furnished or approved guidelines or specifications, unrestricted remote access to the metering data at all times, as well as physical access to the metering facilities for the purpose of confirming 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**

Demand Charge:	Summer Period	\$ 8.83 per kW of Billing Demand per month
	Winter Period	\$ 8.04 per kW of Billing Demand per month
	Transition Period	\$ 8.04 per kW of Billing Demand per month
Non-Fuel Energy Charge:	Summer Period	3.076¢ per kWh per month
	Winter Period	3.076¢ per kWh per month
	Transition Period	3.076¢ per kWh per month

**TOU SERVICE**

**General Power Service**

Schedule GSB

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period	\$14.00 per kW of metered onpeak demand per month \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand
Winter Period	\$ 7.56 per kW of metered onpeak demand per month \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand
Transition Period	\$ 2.71 per kW of metered offpeak demand per month

Non-Fuel Energy Charge:

Summer Period	6.512¢ per kWh per month for all metered onpeak kWh 3.370¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 1.678¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.243¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	3.733¢ per kWh per month for all metered onpeak kWh 3.370¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 1.678¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.243¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy

Transition Period 3.370¢ per kWh per month for the first 425 hours use of maximum metered demand  
 1.678¢ per kWh per month for the next 195 hours use of maximum metered demand  
 0.243¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours.

Schedule GSC

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period \$14.00 per kW of metered onpeak demand per month  
 \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand  
 Winter Period \$ 7.56 per kW of metered onpeak demand per month  
 \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand  
 Transition Period \$ 2.71 per kW of metered offpeak demand per month

Non-Fuel Energy Charge:

Summer Period 6.186¢ per kWh per month for all metered onpeak kWh  
 3.132¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
 1.439¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
 0.004¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy  
 Winter Period 3.475¢ per kWh per month for all metered onpeak kWh  
 3.132¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
 1.439¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
 0.004¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy  
 Transition Period 3.132¢ per kWh per month for the first 425 hours use of maximum metered demand  
 1.439¢ per kWh per month for the next 195 hours use of maximum metered demand  
 0.004¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

Schedule GSD

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period \$14.00 per kW of metered onpeak demand per month  
 \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand  
 Winter Period \$ 7.56 per kW of metered onpeak demand per month  
 \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand  
 Transition Period \$ 2.71 per kW of metered offpeak demand per month

Non-Fuel Energy Charge:

Summer Period	6.048¢ per kWh per month for all metered onpeak kWh 2.899¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 1.207¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy -0.230¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	3.258¢ per kWh per month for all metered onpeak kWh 2.899¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 1.207¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy -0.230¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Transition Period	2.899¢ per kWh per month for the first 425 hours use of maximum metered demand 1.207¢ per kWh per month for the next 195 hours use of maximum metered demand -0.230¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

Schedule TDGSA

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period	\$14.00 per kW of metered onpeak demand per month \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand
Winter Period	\$ 7.56 per kW of metered onpeak demand per month \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand
Transition Period	\$ 2.71 per kW of metered offpeak demand per month

Non-Fuel Energy Charge:

Summer Period	6.512¢ per kWh per month for all metered onpeak kWh 3.370¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 1.678¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.243¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	3.733¢ per kWh per month for all metered onpeak kWh 3.370¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 1.678¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.243¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy

Transition Period 3.370¢ per kWh per month for the first 425 hours use of maximum metered demand  
 1.678¢ per kWh per month for the next 195 hours use of maximum metered demand  
 0.243¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

**Manufacturing Service**

Schedule MSB

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period \$14.00 per kW of metered onpeak demand per month  
 \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand  
 Winter Period \$ 7.56 per kW of metered onpeak demand per month  
 \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand  
 Transition Period \$ 2.71 per kW of metered offpeak demand per month

Non-Fuel Energy Charge:

Summer Period 5.136¢ per kWh per month for all metered onpeak kWh  
 2.029¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
 0.338¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
 -1.098¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy  
 Winter Period 2.415¢ per kWh per month for all metered onpeak kWh  
 2.029¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
 0.338¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
 -1.098¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy  
 Transition Period 2.029¢ per kWh per month for the first 425 hours use of maximum metered demand  
 0.338¢ per kWh per month for the next 195 hours use of maximum metered demand  
 -1.098¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

Schedule MSC

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period \$14.00 per kW of metered onpeak demand per month  
 \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand  
 Winter Period \$ 7.56 per kW of metered onpeak demand per month  
 \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand  
 Transition Period \$ 2.71 per kW of metered offpeak demand per month

Non-Fuel Energy Charge:

Summer Period	5.211¢ per kWh per month for all metered onpeak kWh 2.016¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.325¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy -1.110¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	2.428¢ per kWh per month for all metered onpeak kWh 2.016¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.325¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy -1.110¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Transition Period	2.016¢ per kWh per month for the first 425 hours use of maximum metered demand 0.325¢ per kWh per month for the next 195 hours use of maximum metered demand -1.110¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

Schedule MSD

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period	\$14.00 per kW of metered onpeak demand per month \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand
Winter Period	\$ 7.56 per kW of metered onpeak demand per month \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand
Transition Period	\$ 2.71 per kW of metered offpeak demand per month

Non-Fuel Energy Charge:

Summer Period	5.060¢ per kWh per month for all metered onpeak kWh 1.868¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.176¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy -1.259¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	2.262¢ per kWh per month for all metered onpeak kWh 1.868¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.176¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy -1.259¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy

Transition Period 1.868¢ per kWh per month for the first 425 hours use of maximum metered demand  
 0.176¢ per kWh per month for the next 195 hours use of maximum metered demand  
 -1.259¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

Schedule TDMSA

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period \$14.00 per kW of metered onpeak demand per month  
 \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand  
 Winter Period \$ 7.56 per kW of metered onpeak demand per month  
 \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand  
 Transition Period \$ 2.71 per kW of metered offpeak demand per month

Non-Fuel Energy Charge:

Summer Period 5.136¢ per kWh per month for all metered onpeak kWh  
 2.029¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
 0.338¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
 -1.098¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy  
 Winter Period 2.415¢ per kWh per month for all metered onpeak kWh  
 2.029¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
 0.338¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
 -1.098¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy  
 Transition Period 2.029¢ per kWh per month for the first 425 hours use of maximum metered demand  
 0.338¢ per kWh per month for the next 195 hours use of maximum metered demand  
 -1.098¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

SEASONAL DEMAND AND ENERGY SERVICE

General Power Service

Schedule SGSB

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period \$18.61 per kW of metered demand per month  
 Winter Period \$12.90 per kW of metered demand per month  
 Transition Period \$ 8.61 per kW of metered demand per month

Non-Fuel Energy Charge:  
Summer Period 2.224¢ per kWh per month  
Winter Period 1.853¢ per kWh per month  
Transition Period 1.772¢ per kWh per month

Schedule SGSC

Administrative Charge: \$350 per delivery point per month  
Demand Charge:  
Summer Period \$18.61 per kW of metered demand per month  
Winter Period \$12.90 per kW of metered demand per month  
Transition Period \$ 8.61 per kW of metered demand per month

Non-Fuel Energy Charge:  
Summer Period 2.235¢ per kWh per month  
Winter Period 1.857¢ per kWh per month  
Transition Period 1.777¢ per kWh per month

Schedule SGSD

Administrative Charge: \$350 per delivery point per month  
Demand Charge:  
Summer Period \$21.83 per kW of metered demand per month  
Winter Period \$16.11 per kW of metered demand per month  
Transition Period \$11.83 per kW of metered demand per month

Non-Fuel Energy Charge:  
Summer Period 1.598¢ per kWh per month  
Winter Period 1.268¢ per kWh per month  
Transition Period 1.196¢ per kWh per month

**Manufacturing Service**

Schedule SMSB

Administrative Charge: \$350 per delivery point per month  
Demand Charge:  
Summer Period \$15.99 per kW of metered demand per month  
Winter Period \$10.28 per kW of metered demand per month  
Transition Period \$ 5.99 per kW of metered demand per month

Non-Fuel Energy Charge:  
Summer Period 1.532¢ per kWh per month  
Winter Period 1.113¢ per kWh per month  
Transition Period 1.016¢ per kWh per month

Schedule SMSC

Administrative Charge: \$350 per delivery point per month  
Demand Charge:  
Summer Period \$15.99 per kW of metered demand per month  
Winter Period \$10.28 per kW of metered demand per month  
Transition Period \$ 5.99 per kW of metered demand per month

Non-Fuel Energy Charge:  
Summer Period 1.505¢ per kWh per month  
Winter Period 1.112¢ per kWh per month  
Transition Period 1.018¢ per kWh per month

Schedule SMSD

Administrative Charge:	\$350 per delivery point per month
Demand Charge:	
Summer Period	\$18.61 per kW of metered demand per month
Winter Period	\$12.90 per kW of metered demand per month
Transition Period	\$ 8.61 per kW of metered demand per month
Non-Fuel Energy Charge:	
Summer Period	0.862¢ per kWh per month
Winter Period	0.548¢ per kWh per month
Transition Period	0.472¢ per kWh per month

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.
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, (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. When such a bill involves a customer served under a resale schedule that provides for a different onpeak and offpeak billing demand, 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. When such a bill



involves a customer served under a resale schedule that does not provide for a different onpeak and offpeak billing demand, the amount shall be computed by multiplying (except as provided in the last paragraph of this section) 50 percent of the amount by which the customer's billing demand exceeds the metered demand times the appropriate base demand charge, as adjusted, of this rate schedule.

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 and Seasonal Demand and Energy 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 and Seasonal Demand and Energy 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 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 and Seasonal Demand and Energy Service subsections above shall be subtracted from the average loads measured in kW at all delivery points. The highest difference computed in accordance with the previous sentence will be the Billing Demand for Standard Service provided for any month.

The Standard Service Energy for any month shall be the kWh amount equal to the total energy measured in kWh at all delivery points less the sum of the energy amounts used in calculating charges for that month under said TOU Service and Seasonal Demand and Energy Service subsections.

#### 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.

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## RIDER TO WHOLESALE POWER RATE--SCHEDULE WS-DE

Wholesale Power Rate--Schedule WS-DE, to which this rider is attached, is hereby amended by adding the following section:

### Distribution Loss Adjustment

It is recognized that under the provisions of the section entitled "Distribution Loss Charge" of the wholesale schedule designated Wholesale Power Rate--Schedule WS, dated October 2003, an Annual Loss Adjustment has been applied to Distributors wholesale bill each year to reflect distribution losses incurred during the preceding 12-month period. Notwithstanding anything appearing in said section, as soon as practicable after Distributor's wholesale billing date for March 2011, a loss adjustment will be applied to Distributor's wholesale bill to appropriately reflect distribution losses actually incurred during the period from the end of the period of the last determination of the Annual Loss Adjustment to such date.

If (1) Distributor's wholesale billing date is not on the first day of the calendar month prior to April 1, 2011, and (2) Distributor changes its wholesale billing date to the first day of the calendar month on April 1, 2011, for purposes of calculating the final Distribution Loss Adjustment provided for above, Distributor may choose one of the two reporting options described below:

- (a) Distributor may report the energy resold from the end of the period of Distributor's last Annual Loss Adjustment through Distributor's last wholesale billing date before April 1, 2011; or
- (b) Distributor may report the sum of (i) energy resold from the end of the period of Distributor's last Annual Loss Adjustment through Distributor's last wholesale billing date, plus (ii) an estimate of the additional energy resold from Distributor's last wholesale billing date to April 1, 2011. To facilitate Distributor's estimate under (ii), TVA will provide wholesale meter data for the additional period.

The Distribution Loss Adjustment will then be calculated based on the difference between (a) the energy takings of Distributor measured at each delivery point to Distributor from the end of the period of Distributor's last Annual Loss Adjustment to April 1, 2011, and (b) the amount of energy reported by Distributor under (a) or (b) above.



Large Customers under the Standard Billing Arrangement shall be metered in accordance with TVA furnished or approved guidelines or specifications. Distributor shall provide to TVA, in accordance with TVA furnished or approved guidelines or specifications, unrestricted remote access to the metering data at all times, as well as physical access to the metering facilities for the purpose of confirming 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

Demand Charge:	Summer Period	\$8.83 per kW of Billing Demand per month
	Winter Period	\$8.04 per kW of Billing Demand per month
	Transition Period	\$8.04 per kW of Billing Demand per month
Non-Fuel Energy Charge:	Summer Period	3.301¢ per kWh per month (as adjusted by TOU Amount below)
	Winter Period	3.020¢ per kWh per month (as adjusted by TOU Amount below)
	Transition Period	2.908¢ per kWh per month

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

Summer Period	
Onpeak:	0.750¢ per kWh per month
Offpeak:	-0.350¢ per kWh per month
Winter Period	
Onpeak:	0.400¢ per kWh per month
Offpeak:	-0.100¢ 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	\$14.00 per kW of metered onpeak demand per month \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand
Winter Period	\$ 7.56 per kW of metered onpeak demand per month \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand
Transition Period	\$ 2.71 per kW of metered offpeak demand per month

##### Non-Fuel Energy Charge:

Summer Period	6.512¢ per kWh per month for all metered onpeak kWh 3.370¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 1.678¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy
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	0.243¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	3.733¢ per kWh per month for all metered onpeak kWh 3.370¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 1.678¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.243¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Transition Period	3.370¢ per kWh per month for the first 425 hours use of maximum metered demand 1.678¢ per kWh per month for the next 195 hours use of maximum metered demand 0.243¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

Schedule GSC

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period	\$14.00 per kW of metered onpeak demand per month \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand
Winter Period	\$ 7.56 per kW of metered onpeak demand per month \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand
Transition Period	\$ 2.71 per kW of metered offpeak demand per month

Non-Fuel Energy Charge:

Summer Period	6.186¢ per kWh per month for all metered onpeak kWh 3.132¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 1.439¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.004¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	3.475¢ per kWh per month for all metered onpeak kWh 3.132¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 1.439¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.004¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Transition Period	3.132¢ per kWh per month for the first 425 hours use of maximum metered demand 1.439¢ per kWh per month for the next 195 hours use of maximum metered demand 0.004¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

Schedule GSD

Administrative Charge: \$350 per delivery point per month  
Demand Charge:  
Summer Period \$14.00 per kW of metered onpeak demand per month  
\$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand  
Winter Period \$ 7.56 per kW of metered onpeak demand per month  
\$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand  
Transition Period \$ 2.71 per kW of metered offpeak demand per month

Non-Fuel Energy Charge:

Summer Period 6.048¢ per kWh per month for all metered onpeak kWh  
2.899¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
1.207¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
-0.230¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy  
Winter Period 3.258¢ per kWh per month for all metered onpeak kWh  
2.899¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
1.207¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
-0.230¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy  
Transition Period 2.899¢ per kWh per month for the first 425 hours use of maximum metered demand  
1.207¢ per kWh per month for the next 195 hours use of maximum metered demand  
-0.230¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

Schedule TDGSA

Administrative Charge: \$350 per delivery point per month  
Demand Charge:  
Summer Period \$14.00 per kW of metered onpeak demand per month  
\$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand  
Winter Period \$ 7.56 per kW of metered onpeak demand per month  
\$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand  
Transition Period \$ 2.71 per kW of metered offpeak demand per month

Non-Fuel Energy Charge:

Summer Period 6.512¢ per kWh per month for all metered onpeak kWh  
3.370¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
1.678¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy

	0.243¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	3.733¢ per kWh per month for all metered onpeak kWh 3.370¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 1.678¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.243¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Transition Period	3.370¢ per kWh per month for the first 425 hours use of maximum metered demand 1.678¢ per kWh per month for the next 195 hours use of maximum metered demand 0.243¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

**Manufacturing Service**

Schedule MSB

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period	\$14.00 per kW of metered onpeak demand per month \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand
Winter Period	\$ 7.56 per kW of metered onpeak demand per month \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand
Transition Period	\$ 2.71 per kW of metered offpeak demand per month

Non-Fuel Energy Charge:

Summer Period	5.136¢ per kWh per month for all metered onpeak kWh 2.029¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.338¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy -1.098¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	2.415¢ per kWh per month for all metered onpeak kWh 2.029¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.338¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy -1.098¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Transition Period	2.029¢ per kWh per month for the first 425 hours use of maximum metered demand 0.338¢ per kWh per month for the next 195 hours use of maximum metered demand -1.098¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours



Schedule MSC

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period \$14.00 per kW of metered onpeak demand per month  
\$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand

Winter Period \$ 7.56 per kW of metered onpeak demand per month  
\$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand

Transition Period \$ 2.71 per kW of metered offpeak demand per month

Non-Fuel Energy Charge:

Summer Period 5.211¢ per kWh per month for all metered onpeak kWh  
2.016¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
0.325¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
-1.110¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy

Winter Period 2.428¢ per kWh per month for all metered onpeak kWh  
2.016¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
0.325¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
-1.110¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy

Transition Period 2.016¢ per kWh per month for the first 425 hours use of maximum metered demand  
0.325¢ per kWh per month for the next 195 hours use of maximum metered demand  
-1.110¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

Schedule MSD

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period \$14.00 per kW of metered onpeak demand per month  
\$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand

Winter Period \$ 7.56 per kW of metered onpeak demand per month  
\$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand

Transition Period \$ 2.71 per kW of metered offpeak demand per month

Non-Fuel Energy Charge:

Summer Period 5.060¢ per kWh per month for all metered onpeak kWh  
1.868¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy  
0.176¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy

	-1.259¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	2.262¢ per kWh per month for all metered onpeak kWh 1.868¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.176¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy -1.259¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Transition Period	1.868¢ per kWh per month for the first 425 hours use of maximum metered demand 0.176¢ per kWh per month for the next 195 hours use of maximum metered demand -1.259¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

Schedule TDMSA

Administrative Charge:	\$350 per delivery point per month
Demand Charge:	
Summer Period	\$14.00 per kW of metered onpeak demand per month \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand
Winter Period	\$ 7.56 per kW of metered onpeak demand per month \$ 2.71 per kW per month of the amount, if any, by which metered offpeak demand exceeds metered onpeak demand
Transition Period	\$ 2.71 per kW of metered offpeak demand per month

Non-Fuel Energy Charge:

Summer Period	5.136¢ per kWh per month for all metered onpeak kWh 2.029¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.338¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy -1.098¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	2.415¢ per kWh per month for all metered onpeak kWh 2.029¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy 0.338¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy -1.098¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Transition Period	2.029¢ per kWh per month for the first 425 hours use of maximum metered demand 0.338¢ per kWh per month for the next 195 hours use of maximum metered demand -1.098¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

## SEASONAL DEMAND AND ENERGY SERVICE

### General Power Service

#### Schedule SGSB

Administrative Charge:	\$350 per delivery point per month
Demand Charge:	
Summer Period	\$18.61 per kW of metered demand per month
Winter Period	\$12.90 per kW of metered demand per month
Transition Period	\$ 8.61 per kW of metered demand per month

#### Non-Fuel Energy Charge:

Summer Period	2.224¢ per kWh per month
Winter Period	1.853¢ per kWh per month
Transition Period	1.772¢ per kWh per month

#### Schedule SGSC

Administrative Charge:	\$350 per delivery point per month
Demand Charge:	
Summer Period	\$18.61 per kW of metered demand per month
Winter Period	\$12.90 per kW of metered demand per month
Transition Period	\$ 8.61 per kW of metered demand per month

#### Non-Fuel Energy Charge:

Summer Period	2.235¢ per kWh per month
Winter Period	1.857¢ per kWh per month
Transition Period	1.777¢ per kWh per month

#### Schedule SGSD

Administrative Charge:	\$350 per delivery point per month
Demand Charge:	
Summer Period	\$21.83 per kW of metered demand per month
Winter Period	\$16.11 per kW of metered demand per month
Transition Period	\$11.83 per kW of metered demand per month

#### Non-Fuel Energy Charge:

Summer Period	1.598¢ per kWh per month
Winter Period	1.268¢ per kWh per month
Transition Period	1.196¢ per kWh per month

### Manufacturing Service

#### Schedule SMSB

Administrative Charge:	\$350 per delivery point per month
Demand Charge:	
Summer Period	\$15.99 per kW of metered demand per month
Winter Period	\$10.28 per kW of metered demand per month
Transition Period	\$ 5.99 per kW of metered demand per month

#### Non-Fuel Energy Charge:

Summer Period	1.532¢ per kWh per month
Winter Period	1.113¢ per kWh per month
Transition Period	1.016¢ per kWh per month

Schedule SMSC

Administrative Charge: \$350 per delivery point per month  
Demand Charge:  
    Summer Period \$15.99 per kW of metered demand per month  
    Winter Period \$10.28 per kW of metered demand per month  
    Transition Period \$ 5.99 per kW of metered demand per month

Non-Fuel Energy Charge:  
    Summer Period 1.505¢ per kWh per month  
    Winter Period 1.112¢ per kWh per month  
    Transition Period 1.018¢ per kWh per month

Schedule SMSD

Administrative Charge: \$350 per delivery point per month  
Demand Charge:  
    Summer Period \$18.61 per kW of metered demand per month  
    Winter Period \$12.90 per kW of metered demand per month  
    Transition Period \$ 8.61 per kW of metered demand per month

Non-Fuel Energy Charge:  
    Summer Period 0.862¢ per kWh per month  
    Winter Period 0.548¢ per kWh per month  
    Transition Period 0.472¢ per kWh per month

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.

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, (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. When such a bill involves a customer served under a resale schedule that provides for a different onpeak and offpeak billing demand, 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. When such a bill involves a customer served under a resale schedule that does not provide for a different onpeak and offpeak billing demand, the amount shall be computed by multiplying (except as provided in the last paragraph of this section) 50 percent of the amount by which the customer's billing demand exceeds the metered demand times the appropriate base demand charge, as adjusted, of this rate schedule.

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 and Seasonal Demand and Energy 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 and Seasonal Demand and Energy 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 12 p.m. to 8 p.m. during the Summer Period and from 4 a.m. to 10 a.m. during the Winter Period. For the Summer Period and the Winter Period, all other hours of each day and all hours of such excepted days shall be offpeak hours. For the Transition Period, all hours 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 and Seasonal Demand and Energy Service subsections above shall be subtracted from the average loads measured in kW at all delivery points. The highest difference computed in accordance with the previous sentence will be the Billing Demand for Standard Service provided for any month.

The Standard Service onpeak energy for any month of a Winter Period or Summer 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 and Seasonal Demand and Energy Service subsections in said Standard Service onpeak hours of that month. The Standard Service offpeak energy for any month of a Winter Period or Summer 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 and Seasonal Demand and Energy Service subsections in said Standard Service offpeak hours of that month.

The Standard Service Energy for any month of a Transition Period shall be the kWh amount equal to the total energy measured in kWh at all delivery points less the sum of the energy amounts used in calculating charges for that month under said TOU Service and Seasonal Demand and Energy Service subsections.

#### 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.

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## RIDER TO WHOLESALE POWER RATE--SCHEDULE WS-TOU

Wholesale Power Rate--Schedule WS-TOU, to which this rider is attached, is hereby amended by adding the following section:

### Distribution Loss Adjustment

It is recognized that under the provisions of the section entitled "Distribution Loss Charge" of the wholesale schedule designated Wholesale Power Rate--Schedule WS, dated October 2003, an Annual Loss Adjustment has been applied to Distributors wholesale bill each year to reflect distribution losses incurred during the preceding 12-month period. Notwithstanding anything appearing in said section, as soon as practicable after Distributor's wholesale billing date for March 2011, a loss adjustment will be applied to Distributor's wholesale bill to appropriately reflect distribution losses actually incurred during the period from the end of the period of the last determination of the Annual Loss Adjustment to such date.

If (1) Distributor's wholesale billing date is not on the first day of the calendar month prior to April 1, 2011, and (2) Distributor changes its wholesale billing date to the first day of the calendar month on April 1, 2011, for purposes of calculating the final Distribution Loss Adjustment provided for above, Distributor may choose one of the two reporting options described below:

- (a) Distributor may report the energy resold from the end of the period of Distributor's last Annual Loss Adjustment through Distributor's last wholesale billing date before April 1, 2011; or
- (b) Distributor may report the sum of (i) energy resold from the end of the period of Distributor's last Annual Loss Adjustment through Distributor's last wholesale billing date, plus (ii) an estimate of the additional energy resold from Distributor's last wholesale billing date to April 1, 2011. To facilitate Distributor's estimate under (ii), TVA will provide wholesale meter data for the additional period.

The Distribution Loss Adjustment will then be calculated based on the difference between (a) the energy takings of Distributor measured at each delivery point to Distributor from the end of the period of Distributor's last Annual Loss Adjustment to April 1, 2011, and (b) the amount of energy reported by Distributor under (a) or (b) above.



# WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

## RESIDENTIAL RATE--SCHEDULE RS

(April 2011)

### Availability

This rate shall apply only to electric service to a single-family dwelling (including its appurtenances if served through the same meter), where the major use of electricity is for domestic purposes such as lighting, household appliances, and the personal comfort and convenience of those residing therein.

### Character of Service

Alternating current, single-phase, 60 hertz. Power shall be delivered at a service voltage available in the vicinity or agreed to by Distributor. Multiphase service shall be supplied in accordance with Distributor's standard policy.

### Base Charges

Customer Charge: \$20.40 per month, less

Hydro Allocation Credit: \$1.60 per month

Energy Charge:

Summer Period 6.201¢ per kWh per month

Winter Period 5.927¢ per kWh per month

Transition Period 5.756¢ per kWh per month

### Adjustment

The base energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. In addition, the base energy charge and the hydro allocation credit shall be increased or decreased to correspond to increases or decreases determined by TVA under Adjustment 4 of the wholesale power rate schedule applicable under contractual arrangements between TVA and Distributor.

### Determination of Seasonal Periods

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

### Minimum Monthly Bill

The base customer charge, as reduced by the hydro allocation credit, constitutes the minimum monthly bill for all customers served under this rate schedule except those customers for which a higher minimum monthly bill is required under Distributor's standard policy because of special circumstances affecting Distributor's cost of rendering service.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage.

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Service is subject to Rules and Regulations of Distributor.

# WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

## GENERAL POWER RATE--SCHEDULE GSA

(April 2011)

### Availability

This rate shall apply to the firm power requirements (where a customer's contract demand is 5,000 kW or less) for electric service to commercial, industrial, and governmental customers, and to institutional customers including, without limitation, churches, clubs, fraternities, orphanages, nursing homes, rooming or boarding houses, and like customers. This rate shall also apply to customers to whom service is not available under any other resale rate schedule.

### Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a service voltage available in the vicinity or agreed to by Distributor.

### Base Charges

1. If (a) the higher of (i) the customer's currently effective contract demand, if any, or (ii) its highest billing demand during the latest 12-month period is not more than 50 kW and (b) the customer's monthly energy takings for any month during such period do not exceed 15,000 kWh:

Customer Charge: \$20.40 per delivery point per month

Energy Charge:

Summer Period 7.001¢ per kWh per month

Winter Period 6.727¢ per kWh per month

Transition Period 6.556¢ per kWh per month

2. If (a) the higher of (i) the customer's currently effective contract demand or (ii) its highest billing demand during the latest 12-month period is greater than 50 kW but not more than 1,000 kW or (b) the customer's billing demand is less than 50 kW and its energy takings for any month during such period exceed 15,000 kWh:

Customer Charge: \$40.00 per delivery point per month

Demand Charge:

Summer Period First 50 kW of billing demand per month, no demand charge

Excess over 50 kW of billing demand per month, at \$12.90 per kW

Winter Period First 50 kW of billing demand per month, no demand charge

Excess over 50 kW of billing demand per month, at \$12.11 per kW

Transition Period First 50 kW of billing demand per month, no demand charge

Excess over 50 kW of billing demand per month, at \$12.11 per kW

Energy Charge:

Summer Period First 15,000 kWh per month at 7.143¢ per kWh  
Additional kWh per month at 3.939¢ per kWh

Winter Period First 15,000 kWh per month at 6.869¢ per kWh  
Additional kWh per month at 3.939¢ per kWh

Transition Period First 15,000 kWh per month at 6.698¢ per kWh  
Additional kWh per month at 3.939¢ per kWh

3. If the higher of (a) the customer's currently effective contract demand or (b) its highest billing demand during the latest 12-month period is greater than 1,000 kW:

Customer Charge: \$105.00 per delivery point per month

Demand Charge:

Summer Period First 1,000 kW of billing demand per month, at \$12.09 per kW  
Excess over 1,000 kW of billing demand per month, at \$14.18 per kW,  
plus an additional  
\$14.18 per kW per month for each kW, if any, of the amount by which the  
customer's billing demand exceeds the higher of 2,500 kW or its contract  
demand

Winter Period First 1,000 kW of billing demand per month, at \$11.30 per kW  
Excess over 1,000 kW of billing demand per month, at \$13.39 per kW,  
plus an additional  
\$13.39 per kW per month for each kW, if any, of the amount by which the  
customer's billing demand exceeds the higher of 2,500 kW or its contract  
demand

Transition Period First 1,000 kW of billing demand per month, at \$11.30 per kW  
Excess over 1,000 kW of billing demand per month, at \$13.39 per kW,  
plus an additional  
\$13.39 per kW per month for each kW, if any, of the amount by which the  
customer's billing demand exceeds the higher of 2,500 kW or its contract  
demand

Energy Charge:

Summer Period 3.666¢ per kWh per month  
Winter Period 3.666¢ per kWh per month  
Transition Period 3.666¢ per kWh per month

Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA under Adjustment 4 of the wholesale power rate schedule applicable under contractual arrangements between TVA and Distributor.

### Determination of Seasonal Periods

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

### Determination of Demand

Distributor shall meter the demands in kW of all customers having loads in excess of 50 kW. The metered demand for any month shall be the highest average during any 30-consecutive-minute period of the month of the load metered in kW. The measured demand for any month shall be the higher of the highest average during any 30-consecutive-minute period of the month of (a) the load metered in kW or (b) 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA, and such measured demand shall be used as the billing demand, except that the billing demand for any month shall in no case be less than 30 percent of the higher of the currently effective contract demand or the highest billing demand established during the preceding 12 months.

### Minimum Bill

The monthly bill under this rate schedule shall not be less than the sum of (a) the base customer charge, (b) the base demand charge, as adjusted, applied to the customer's billing demand, and (c) the base energy charge, as adjusted, applied to the customer's energy takings; provided, however, that, under 2 of the Base Charges, the monthly bill shall in no event be less than the sum of (a) the base customer charge and (b) 20 percent of the portion of the base demand charge, as adjusted, applicable to the second block (excess over 50 kW) of billing demand, multiplied by the higher of the customer's currently effective contract demand or its highest billing demand established during the preceding 12 months.

Distributor may require minimum bills higher than those stated above.

### Seasonal Service

Customers who contract for service on a seasonal basis shall be limited to 2,500 kW and shall pay the above charges, as adjusted, plus an additional seasonal use charge equal to (1) 1.33¢ per kWh per month under 1 of the Base Charges, (2) the sum of 1.33¢ per kWh for the first 15,000 kWh per month and \$4.00 per kW per month of billing demand in excess of 50 kW under 2 of the Base Charges, and (3) \$4.00 per kW per month of billing demand under 3 of the Base Charges. Consistent with Distributor's standard policy, the customer may arrange for seasonal testing of equipment during offpeak hours.

For such customers, the exception language under the Determination of Demand section and the minimum bill provided for above shall not apply. Distributor may require additional charges to provide recovery of costs for customer-specific distribution facilities.

### Facilities Rental Credit

Under part 2 of the Base Charges section, for customers taking delivery at voltage of 7.2 kV or above, a Facilities Rental Credit will be applied as follows:

\$0.41 per kW of billing demand in excess of 50 kW  
0.165¢ per kWh for the first 15,000 kWh  
0.081¢ per kWh for all additional kWh

Under part 3 of the Base Charges section, for customers taking delivery at voltage of 7.2 kV or above, a Facilities Rental Credit will be applied as follows:

\$0.31 per billing kW for the first 1,000 kW  
\$0.30 for all additional billing kW  
0.081¢ per kWh for all kWh

#### Contract Requirement

Distributor may require contracts for service provided under this rate schedule. Customers whose demand requirements exceed 1,000 kW shall be required to execute contracts and such contracts shall be for an initial term of at least 1 year. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.

#### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

#### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor.

# WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

## GENERAL POWER RATE--SCHEDULE GSB

(April 2011)

### Availability

This rate shall apply to the firm electric power requirements where a customer's currently effective onpeak or offpeak contract demand, whichever is higher, is greater than 5,000 kW but not more than 15,000 kW; provided that the other conditions of this section are met.

Unless otherwise provided for in a written agreement between TVA and the distributor providing service under this rate schedule, for customers served under this rate schedule, the customer's "meter-reading time" shall be 0000 hours CST or CDT, whichever is currently effective, on the first day of the calendar month following the month for which a bill under this rate schedule is being calculated. Further, in accordance with TVA furnished or approved guidelines or specifications, TVA shall have unrestricted remote access to the metering data at all times, as well as unrestricted physical access to the metering facilities for the purpose of confirming remotely-accessed data during such periods as are specified by TVA.

For a customer requesting that its onpeak contract demand be different from its offpeak contract demand, this rate schedule shall be available only for (1) a new contract, (2) a replacement or renewal contract following expiration of the existing contract, or (3) a replacement or renewal contract or an amended existing contract in which the customer is increasing its demand requirements above the existing contract demand level, but under this item (3) neither the new onpeak nor the new offpeak contract demand shall be lower than the customer's existing contract demand.

### Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

### Base Charges

Customer Charge: \$1,500 per delivery point per month

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period \$15.44 per kW per month of the customer's onpeak billing demand, plus \$3.81 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus \$15.44 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher.

Winter Period \$8.81 per kW per month of the customer's onpeak billing demand, plus  
 \$3.81 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus  
 \$8.81 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher

Transition Period \$3.81 per kW per month of the customer's offpeak billing demand, plus  
 \$8.81 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its offpeak contract demand

Energy Charge:

Summer Period 6.707¢ per kWh per month for all onpeak kWh, plus  
 3.471¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus  
 1.728¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus  
 0.250¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy

Winter Period 3.845¢ per kWh per month for all onpeak kWh, plus  
 3.471¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus  
 1.728¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus  
 0.250¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy

Transition Period 3.471¢ per kWh per month for the first 425 hours use of maximum metered demand, plus  
 1.728¢ per kWh per month for the next 195 hours use of maximum metered demand, plus  
 0.250¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

For the Summer Period, Winter Period and Transition Period, 3.471¢ per kWh per month shall be applied to the portion, if any, of the minimum offpeak energy takings amount that is greater than the metered energy.



## Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA under Adjustment 4 of the wholesale power rate schedule applicable under contractual arrangements between TVA and Distributor.

## 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 at less than 161 kV, there shall be added to the customer'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. Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective onpeak or offpeak contract demand, whichever is higher, and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

## Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of \$1.46 per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill 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.

## Determination of Seasonal Periods

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

## 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 be from 1 p.m. to 7 p.m. during the Summer Period and from 4 a.m. to 10 a.m. during the Winter Period. For the Summer Period and the Winter Period, all other hours of each day that are not otherwise defined as onpeak hours and all hours of such excepted days shall be offpeak hours. For the Transition Period, all hours 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, and Distributor shall promptly notify customer.

Determination of Onpeak and Offpeak Demands,  
Maximum Metered Demand, and Energy Amounts

The onpeak and offpeak kWh for any month shall be the energy amounts taken during the respective hours of the month designated under this rate schedule as onpeak and offpeak hours; provided, however, that notwithstanding the metered energy amount, the offpeak energy for any month shall in no case be less than the product of (1) the offpeak billing demand as calculated in the last sentence of the paragraph below and (2) 110 hours (reflecting a 15 percent load factor applied to the average number of hours in a month).

Distributor shall meter the onpeak and offpeak demands in kW of all customers taking service under this rate schedule. The onpeak metered demand and offpeak metered demand for any month shall be determined separately for the respective hours of the month designated under this rate schedule as onpeak and offpeak hours and in each case shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the month of the load metered in kW, and, except as provided below in this section, such amounts shall be used as the onpeak and offpeak billing demands. The maximum metered demand for any month shall be the higher of (1) the highest onpeak metered demand in the month or (2) the highest offpeak metered demand in the month. The onpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW and (2) 40 percent of any kW in excess of 5,000 kW of the higher of the currently effective onpeak contract demand or the highest onpeak billing demand established during the preceding 12 months. The offpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW and (2) 40 percent of any kW in excess of 5,000 kW of the higher of the currently effective offpeak contract demand or the highest offpeak billing demand established during the preceding 12 months.

Minimum Bill

The monthly bill under this rate schedule, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the portion of the base demand charge, as adjusted, (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applicable to onpeak billing demand applied to the customer's onpeak billing demand, (3) the portion of the base demand charge, as adjusted, (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applicable to any excess of offpeak over onpeak billing demand applied to the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, (4) the base onpeak energy charge, as adjusted, applied to the customer's onpeak energy takings, and (5) the base offpeak energy charge, as adjusted, applied to the higher of customer's actual offpeak energy takings or the minimum offpeak energy takings amount provided for in the first paragraph of the section of this rate schedule entitled "Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts".

Distributor may require minimum bills higher than those stated above, including, without limitation, charges to cover any additional metering and related costs.

### Contract Requirement

Distributor shall require contracts for all service provided under this rate schedule. The contract shall be for an initial term of at least 5 years and any renewals or extensions of the initial contract shall be for a term of at least 1 year; after 10 years of service, any such contract for the renewal or extension of service may provide for termination upon not less than 4 months' notice. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective onpeak or offpeak contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor.

# WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

## GENERAL POWER RATE--SCHEDULE GSC

(April 2011)

### Availability

This rate shall apply to the firm electric power requirements where a customer's currently effective onpeak or offpeak contract demand, whichever is higher, is greater than 15,000 kW but not more than 25,000 kW; provided that the other conditions of this section are met.

Unless otherwise provided for in a written agreement between TVA and the distributor providing service under this rate schedule, for customers served under this rate schedule, the customer's "meter-reading time" shall be 0000 hours CST or CDT, whichever is currently effective, on the first day of the calendar month following the month for which a bill under this rate schedule is being calculated. Further, in accordance with TVA furnished or approved guidelines or specifications, TVA shall have unrestricted remote access to the metering data at all times, as well as unrestricted physical access to the metering facilities for the purpose of confirming remotely-accessed data during such periods as are specified by TVA.

For a customer requesting that its onpeak contract demand be different from its offpeak contract demand, this rate schedule shall be available only for (1) a new contract, (2) a replacement or renewal contract following expiration of the existing contract, or (3) a replacement or renewal contract or an amended existing contract in which the customer is increasing its demand requirements above the existing contract demand level, but under this item (3) neither the new onpeak nor the new offpeak contract demand shall be lower than the customer's existing contract demand.

### Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

### Base Charges

Customer Charge:	\$1,500 per delivery point per month
Administrative Charge:	\$350 per delivery point per month
Demand Charge:	
Summer Period	\$14.93 per kW per month of the customer's onpeak billing demand, plus \$3.30 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus \$14.93 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher

Winter Period	<p>\$8.30 per kW per month of the customer's onpeak billing demand, plus</p> <p>\$3.30 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus</p> <p>\$8.30 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher</p>
Transition Period	<p>\$3.30 per kW per month of the customer's offpeak billing demand, plus</p> <p>\$8.30 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its offpeak contract demand</p>
<b>Energy Charge:</b>	
Summer Period	<p>6.372¢ per kWh per month for all onpeak kWh, plus</p> <p>3.226¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus</p> <p>1.482¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus</p> <p>0.004¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy</p>
Winter Period	<p>3.579¢ per kWh per month for all onpeak kWh, plus</p> <p>3.226¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus</p> <p>1.482¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus</p> <p>0.004¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy</p>
Transition Period	<p>3.226¢ per kWh per month for the first 425 hours use of maximum metered demand, plus</p> <p>1.482¢ per kWh per month for the next 195 hours use of maximum metered demand, plus</p> <p>0.004¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours</p>

For the Summer Period, Winter Period and Transition Period, 3.226¢ per kWh per month shall be applied to the portion, if any, of the minimum offpeak energy takings amount that is greater than the metered energy.

### Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA under Adjustment 4 of the wholesale power rate schedule applicable under contractual arrangements between TVA and Distributor.

### 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 at less than 161 kV, there shall be added to the customer'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. Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective onpeak or offpeak contract demand, whichever is higher, and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

### Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of \$1.46 per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill 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.

### Determination of Seasonal Periods

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

### 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 be from 1 p.m. to 7 p.m. during the Summer Period and from 4 a.m. to 10 a.m. during the Winter Period. For the Summer Period and the Winter Period, all other hours of each day that are not otherwise defined as onpeak hours and all hours of such excepted days shall be offpeak hours. For the Transition Period, all hours 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, and Distributor shall promptly notify customer.

### Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts

The onpeak and offpeak kWh for any month shall be the energy amounts taken during the respective hours of the month designated under this rate schedule as onpeak and offpeak hours; provided, however, that notwithstanding the metered energy amount, the offpeak energy for any month shall in no case be less than the product of (1) the offpeak billing demand as calculated in the last sentence of the paragraph below and (2) 110 hours (reflecting a 15 percent load factor applied to the average number of hours in a month).

Distributor shall meter the onpeak and offpeak demands in kW of all customers taking service under this rate schedule. The onpeak metered demand and offpeak metered demand for any month shall be determined separately for the respective hours of the month designated under this rate schedule as onpeak and offpeak hours and in each case shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the month of the load metered in kW, and, except as provided below in this section, such amounts shall be used as the onpeak and offpeak billing demands. The maximum metered demand for any month shall be the higher of (1) the highest onpeak metered demand in the month or (2) the highest offpeak metered demand in the month. The onpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, and (3) 50 percent of any kW in excess of 25,000 kW of the higher of the currently effective onpeak contract demand or the highest onpeak billing demand established during the preceding 12 months. The offpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, and (3) 50 percent of any kW in excess of 25,000 kW of the higher of the currently effective offpeak contract demand or the highest offpeak billing demand established during the preceding 12 months.

### Minimum Bill

The monthly bill under this rate schedule, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the portion of the base demand charge, as adjusted, (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applicable to onpeak billing demand applied to the customer's onpeak billing demand, (3) the portion of the base demand charge, as adjusted, (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applicable to any excess of offpeak over onpeak billing demand applied to the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, (4) the base onpeak energy charge, as adjusted, applied to the customer's onpeak energy takings, and (5) the base offpeak energy charge, as adjusted, applied to the higher of customer's actual offpeak energy takings or the minimum offpeak energy takings amount provided for in the first paragraph of the section of this rate schedule entitled "Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts".

Distributor may require minimum bills higher than those stated above, including, without limitation, charges to cover any additional metering and related costs.

### Contract Requirement

Distributor shall require contracts for all service provided under this rate schedule. The contract shall be for an initial term of at least 5 years and any renewals or extensions of the initial contract shall be for a term of at least 1 year; after 10 years of service, any such contract for the renewal or extension of service may provide for termination upon not less than 4 months' notice. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the

customer's currently effective onpeak or offpeak contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor.



# WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

## GENERAL POWER RATE--SCHEDULE GSD

(April 2011)

### Availability

This rate shall apply to the firm electric power requirements where a customer's currently effective onpeak or offpeak contract demand, whichever is higher, is greater than 25,000 kW; provided that the other conditions of this section are met.

Unless otherwise provided for in a written agreement between TVA and the distributor providing service under this rate schedule, for customers served under this rate schedule, the customer's "meter-reading time" shall be 0000 hours CST or CDT, whichever is currently effective, on the first day of the calendar month following the month for which a bill under this rate schedule is being calculated. Further, in accordance with TVA furnished or approved guidelines or specifications, TVA shall have unrestricted remote access to the metering data at all times, as well as unrestricted physical access to the metering facilities for the purpose of confirming remotely-accessed data during such periods as are specified by TVA.

For a customer requesting that its onpeak contract demand be different from its offpeak contract demand, this rate schedule shall be available only for (1) a new contract, (2) a replacement or renewal contract following expiration of the existing contract, or (3) a replacement or renewal contract or an amended existing contract in which the customer is increasing its demand requirements above the existing contract demand level, but under this item (3) neither the new onpeak nor the new offpeak contract demand shall be lower than the customer's existing contract demand.

### Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

### Base Charges

Customer Charge: \$1,500 per delivery point per month

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period \$14.82 per kW per month of the customer's onpeak billing demand, plus \$3.19 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus \$14.82 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher

Winter Period	<p>\$8.19 per kW per month of the customer's onpeak billing demand, plus</p> <p>\$3.19 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus</p> <p>\$8.19 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher</p>
Transition Period	<p>\$3.19 per kW per month of the customer's offpeak billing demand, plus</p> <p>\$8.19 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its offpeak contract demand</p>
<b>Energy Charge:</b>	
Summer Period	<p>6.229¢ per kWh per month for all onpeak kWh, plus</p> <p>2.986¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus</p> <p>1.243¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus</p> <p>-0.237¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy</p>
Winter Period	<p>3.356¢ per kWh per month for all onpeak kWh, plus</p> <p>2.986¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus</p> <p>1.243¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus</p> <p>-0.237¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy</p>
Transition Period	<p>2.986¢ per kWh per month for the first 425 hours use of maximum metered demand, plus</p> <p>1.243¢ per kWh per month for the next 195 hours use of maximum metered demand, plus</p> <p>-0.237¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours</p>

For the Summer Period, Winter Period and Transition Period, 2.986¢ per kWh per month shall be applied to the portion, if any, of the minimum offpeak energy takings amount that is greater than the metered energy.

## Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA under Adjustment 4 of the wholesale power rate schedule applicable under contractual arrangements between TVA and Distributor.

## 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 at less than 161 kV, there shall be added to the customer'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. Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective onpeak or offpeak contract demand, whichever is higher, and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

## Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of \$1.46 per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill 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.

## Determination of Seasonal Periods

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

## 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 be from 1 p.m. to 7 p.m. during the Summer Period and from 4 a.m. to 10 a.m. during the Winter Period. For the Summer Period and the Winter Period, all other hours of each day that are not otherwise defined as onpeak hours and all hours of such excepted days shall be offpeak hours. For the Transition Period, all hours 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, and Distributor shall promptly notify customer.

### Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts

The onpeak and offpeak kWh for any month shall be the energy amounts taken during the respective hours of the month designated under this rate schedule as onpeak and offpeak hours; provided, however, that notwithstanding the metered energy amount, the offpeak energy for any month shall in no case be less than the product of (1) the offpeak billing demand as calculated in the last sentence of the paragraph below and (2) 110 hours (reflecting a 15 percent load factor applied to the average number of hours in a month).

Distributor shall meter the onpeak and offpeak demands in kW of all customers taking service under this rate schedule. The onpeak metered demand and offpeak metered demand for any month shall be determined separately for the respective hours of the month designated under this rate schedule as onpeak and offpeak hours and in each case shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the month of the load metered in kW, and, except as provided below in this section, such amounts shall be used as the onpeak and offpeak billing demands. The maximum metered demand for any month shall be the higher of (1) the highest onpeak metered demand in the month or (2) the highest offpeak metered demand in the month. The onpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, (3) 50 percent of the next 25,000 kW, (4) 60 percent of the next 50,000 kW, (5) 70 percent of the next 100,000 kW, (6) 80 percent of the next 150,000 kW, and (7) 85 percent of all kW in excess of 350,000 kW of the higher of the currently effective onpeak contract demand or the highest onpeak billing demand established during the preceding 12 months. The offpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, (3) 50 percent of the next 25,000 kW, (4) 60 percent of the next 50,000 kW, (5) 70 percent of the next 100,000 kW, (6) 80 percent of the next 150,000 kW, and (7) 85 percent of all kW in excess of 350,000 kW of the higher of the currently effective offpeak contract demand or the highest offpeak billing demand established during the preceding 12 months.

### Minimum Bill

The monthly bill under this rate schedule, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the portion of the base demand charge, as adjusted, (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applicable to onpeak billing demand applied to the customer's onpeak billing demand, (3) the portion of the base demand charge, as adjusted, (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applicable to any excess of offpeak over onpeak billing demand applied to the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, (4) the base onpeak energy charge, as adjusted, applied to the customer's onpeak energy takings, and (5) the base offpeak energy charge, as adjusted, applied to the higher of customer's actual offpeak energy takings or the minimum offpeak energy takings amount provided for in the first paragraph of the section of this rate schedule entitled "Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts".

Distributor may require minimum bills higher than those stated above, including, without limitation, charges to cover any additional metering and related costs.

### Contract Requirement

Distributor shall require contracts for all service provided under this rate schedule. The contract shall be for an initial term of at least 5 years and any renewals or extensions of the initial contract shall be for a term of at least 5 years; after 10 years of service, any such contract for the renewal or extension of

service may provide for termination upon not less than 16 months' notice. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective onpeak or offpeak contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor.

# WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

## OUTDOOR LIGHTING RATE--SCHEDULE LS

(April 2011)

### Availability

Available for service to street and park lighting systems, traffic signal systems, athletic field lighting installations, and outdoor lighting for individual customers.

Service under this schedule is for a term of not less than 1 year.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

### Adjustment

The energy charge in Part A and Part B of this rate schedule shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. In addition, the energy charge in Part A and Part B of this rate schedule shall be increased or decreased to correspond to increases or decreases determined by TVA under Adjustment 4 of the wholesale power rate schedule applicable under contractual arrangements between TVA and Distributor.

### Determination of Seasonal Periods

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

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## PART A--CHARGES FOR STREET AND PARK LIGHTING SYSTEMS, TRAFFIC SIGNAL SYSTEMS, AND ATHLETIC FIELD LIGHTING INSTALLATIONS

### I. Energy Charge:

Summer Period 3.684¢ per kWh per month

Winter Period 3.684¢ per kWh per month

Transition Period 3.684¢ per kWh per month

### II. Facility Charge

The annual facility charge shall be 12 percent of the installed cost to Distributor's electric system of the facilities devoted to street and park lighting service specified in this Part A. Such installed cost shall be recomputed on July 1 of each year, or more often if substantial changes in the facilities are made. Each month, one-twelfth of the then total annual facility charge shall be billed to the customer. If any part of the facilities has not been provided at the electric

system's expense or if the installed cost of any portion thereof is reflected on the books of another municipality or agency or department, the annual facility charge shall be adjusted to reflect properly the remaining cost to be borne by the electric system.

Traffic signal systems and athletic field lighting installations shall be provided, owned, and maintained by and at the expense of the customer, except as Distributor may agree otherwise in accordance with the provisions of the paragraph next following in this section II. The facilities necessary to provide service to such systems and installations shall be provided by and at the expense of Distributor's electric system, and the annual facility charge provided for first above in this section II shall apply to the installed cost of such facilities.

When so authorized by policy duly adopted by Distributor's governing board, traffic signal systems and athletic field lighting installations may be provided, owned, and maintained by Distributor's electric system for the customer's benefit. In such cases Distributor may require reimbursement from the customer for a portion of the initial installed cost of any such system or installation and shall require payment by the customer of a facility charge sufficient to cover all of Distributor's costs (except reimbursed costs), including appropriate overheads, of providing, owning, and maintaining such system or installation; provided that, for athletic field lighting installations, such facility charge shall in no case be less than 12 percent per year of such costs. Said facility charge shall be in addition to the annual facility charge on the facilities necessary to provide service to such system or installation as provided for in the preceding paragraph. Replacement of lamps and related glassware for traffic signal systems and athletic field lighting installations provided under this paragraph shall be paid for under the provisions of paragraph A in Section IV.

III. Customer Charge - Traffic Signal Systems and Athletic Field Lighting Installations.

Distributor shall apply a uniform monthly customer charge of \$2.50 for service to each traffic signal system or athletic field lighting installation.

IV. Replacement of Lamps and Related Glassware - Street and Park Lighting

Customer shall be billed and shall pay for replacements as provided in paragraph B below, which shall be applied to all service for street and park lighting.

- A. Distributor shall bill the customer monthly for such replacements during each month at Distributor's cost of materials, including appropriate storeroom expense.
- B. Distributor shall bill the customer monthly for one-twelfth of the amount by which Distributor's cost of materials, including appropriate storeroom expense, exceeds the product of 3 mills multiplied by the number of kilowatthours used for street and park lighting during the fiscal year immediately preceding the fiscal year in which such month occurs.

### Metering

For any billing month or part of such month in which the energy is not metered or for which a meter reading is found to be in error or a meter is found to have failed, the energy for billing purposes for that billing month or part of such month shall be computed from the rated capacity of the lamps (including ballast) plus 5 percent of such capacity to reflect secondary circuit losses, multiplied by the number of hours of use.

## Revenue and Cost Review

Distributor's costs of providing service under Part A of this rate schedule are subject to review at any time and from time to time to determine if Distributor's revenues from the charges being applied are sufficient to cover its costs. (Such costs, including applicable overheads, include, but are not limited to, those incurred in the operation and maintenance of the systems provided and those resulting from depreciation and payments for taxes, tax equivalents and interest.) If any such review discloses that revenues are either less or more than sufficient to cover said costs, Distributor shall revise the above facility charges so that revenues will be sufficient to cover said costs. Any such revision of the annual facility charge provided for first above in section II of Part A of this rate schedule shall be by agreement between Distributor and TVA.

### PART B--CHARGES FOR OUTDOOR LIGHTING FOR INDIVIDUAL CUSTOMERS

#### Charges Per Fixture Per Month

<u>(a) Type of Fixture</u>	<u>Lamp Size</u>	<u>Rated</u>	<u>Facility</u>
	<u>(Watts) (Lumens)</u>	<u>kWh</u>	<u>Charge</u>
<u>(1) Security Lights:</u>			
Mercury Vapor or Incandescent	175    7,650	70	\$5.02
	400    19,100	155	\$9.31
High Pressure Sodium	100    8,550	42	\$6.50
<u>(2) Flood Lights:</u>			
High Pressure Sodium	100    8,550	42	\$7.83
	250    23,000	105	\$9.66
	400    45,000	165	\$10.74
Metal Halide	400    23,700	165	\$10.95
<u>(b) Energy Charge: For each lamp size under (a) above,</u>			
	Summer Period	3.684¢ per kWh per month	
	Winter Period	3.684¢ per kWh per month	
	Transition Period	3.684¢ per kWh per month	

#### Additional Facilities

The above charges in this Part B are limited to service from a photoelectrically controlled standard lighting fixture installed on a pole already in place. If the customer wishes to have the fixture installed at a location other than on a pole already in place, Distributor may apply an additional monthly charge:

#### Lamp Replacements

Replacements of lamps and related glassware will be made in accordance with replacement policies of Distributor without additional charge to the customer.



### Special Outdoor Lighting Installations

When so authorized by policy duly adopted by Distributor's governing board, special outdoor lighting installations (other than as provided for under Parts A and B above) may be provided, owned, and maintained by Distributor's electric system. In such cases Distributor may require reimbursement from the customer for a portion of the initial installed cost of any such installation and shall require payment by the customer of monthly charges sufficient to cover all of Distributor's costs (except reimbursed costs), including appropriate overheads, or providing, owning, and maintaining such installations, and making lamp replacements.

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Service is subject to Rules and Regulations of Distributor.

## WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

### MANUFACTURING SERVICE RATE--SCHEDULE MSB

(April 2011)

#### Availability

This rate shall apply to the firm electric power requirements where (a) a customer's currently effective onpeak or offpeak contract demand, whichever is higher, is greater than 5,000 kW but not more than 15,000 kW, and (b) the major use of electricity is for activities conducted at the delivery point serving that customer which are classified with a 2-digit Standard Industrial Classification Code between 20 and 39, inclusive, or classified with 2002 North American Industry Classification System (NAICS) code 5181, or 2007 NAICS codes 5182, 522320, and 541214; provided, however, customers qualifying for service under this schedule on the basis of such a NAICS code shall have an average monthly load factor of at least 80 percent during the preceding 12 months; provided further, however, that for the first 12 months of service to a new customer this load factor requirement shall be based on the customer's expected load factor for those 12 months as projected before the customer begins taking service; provided that the other conditions of this section are met. As used in the previous sentence "monthly load factor" shall mean a percentage calculated by dividing the total metered energy for a month by the product of the metered demand for that month and the number of clock hours in that month, exclusive of any hours during which power was unavailable due to an interruption or curtailment of the customer's service and of any hours in which the customer was unable to use power due to a Force Majeure event reasonably beyond the customer's control.

Prior to initially taking any service under this schedule, and from time to time thereafter as may be required by Distributor or the Tennessee Valley Authority (TVA), a customer shall certify to both Distributor and TVA that it meets the requirements set forth in condition (b) above. The certification form to be used shall be (i) furnished or approved by TVA, (ii) provided by Distributor to the customer, and (iii) signed and promptly returned by the customer to Distributor. Further, such customer shall promptly certify any change in the status of any of the information contained in the certification form to Distributor.

Service during any period for which a customer does not meet the eligibility requirements set forth in condition (b) above will be made available by Distributor under, and billed in accordance with, the applicable General Power schedule.

Unless otherwise provided for in a written agreement between TVA and the distributor providing service under this rate schedule, for customers served under this rate schedule, the customer's "meter-reading time" shall be 0000 hours CST or CDT, whichever is currently effective, on the first day of the calendar month following the month for which a bill under this rate schedule is being calculated. Further, in accordance with TVA furnished or approved guidelines or specifications, TVA shall have unrestricted remote access to the metering data at all times, as well as unrestricted physical access to the metering facilities for the purpose of confirming remotely-accessed data during such periods as are specified by TVA.

For a customer requesting that its onpeak contract demand be different from its offpeak contract demand, this rate schedule shall be available only for (1) a new contract, (2) a replacement or renewal contract following expiration of the existing contract, or (3) a replacement or renewal contract or an amended existing contract in which the customer is increasing its demand requirements above the existing contract demand level, but under this item (3) neither the new onpeak nor the new offpeak contract demand shall be lower than the customer's existing contract demand.

## Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

## Base Charges

Customer Charge:	\$1,500 per delivery point per month
Administrative Charge:	\$350 per delivery point per month
Demand Charge:	
Summer Period	\$15.44 per kW per month of the customer's onpeak billing demand, plus \$3.81 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus \$15.44 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher
Winter Period	\$8.81 per kW per month of the customer's onpeak billing demand, plus \$3.81 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus \$8.81 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher
Transition Period	\$3.81 per kW per month of the customer's offpeak billing demand, plus \$8.81 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its offpeak contract demand

Energy Charge:

Summer Period	5.290¢ per kWh per month for all onpeak kWh, plus 2.090¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus 0.348¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus -1.131¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	2.487¢ per kWh per month for all onpeak kWh, plus 2.090¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus 0.348¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus -1.131¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Transition Period	2.090¢ per kWh per month for the first 425 hours use of maximum metered demand, plus 0.348¢ per kWh per month for the next 195 hours use of maximum metered demand, plus -1.131¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

For the Summer Period, Winter Period and Transition Period, 2.090¢ per kWh per month shall be applied to the portion, if any, of the minimum offpeak energy takings amount that is greater than the metered energy.

### Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA under Adjustment 4 of the wholesale power rate schedule applicable under contractual arrangements between TVA and Distributor.

### 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 at less than 161 kV, there shall be added to the customer'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. Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective onpeak or offpeak contract demand, whichever is higher, and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

### Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of \$1.46 per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill 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.

### Determination of Seasonal Periods

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

### 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 be from 1 p.m. to 7 p.m. during the Summer Period and from 4 a.m. to 10 a.m. during the Winter Period. For the Summer Period and the Winter Period, all other hours of each day that are not otherwise defined as onpeak hours and all hours of such excepted days shall be offpeak hours. For the Transition Period, all hours 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, and Distributor shall promptly notify customer.

### Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts

The onpeak and offpeak kWh for any month shall be the energy amounts taken during the respective hours of the month designated under this rate schedule as onpeak and offpeak hours; provided, however, that notwithstanding the metered energy amount, the offpeak energy for any month shall in no case be less than the product of (1) the offpeak billing demand as calculated in the last sentence of the paragraph below and (2) 110 hours (reflecting a 15 percent load factor applied to the average number of hours in a month).

Distributor shall meter the onpeak and offpeak demands in kW of all customers taking service under this rate schedule. The onpeak metered demand and offpeak metered demand for any month shall be determined separately for the respective hours of the month designated under this rate schedule as onpeak and offpeak hours and in each case shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the month of the load metered in kW, and, except as provided below in this section, such amounts shall be used as the onpeak and offpeak billing demands. The maximum metered demand for any month shall be the higher of (1) the highest onpeak metered demand in the month or (2) the highest offpeak metered demand in the month. The onpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW and (2) 40 percent of any kW in excess of 5,000 kW of the higher of the currently effective onpeak contract demand or the

highest onpeak billing demand established during the preceding 12 months. The offpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW and (2) 40 percent of any kW in excess of 5,000 kW of the higher of the currently effective offpeak contract demand or the highest offpeak billing demand established during the preceding 12 months.

### Minimum Bill

The monthly bill under this rate schedule, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the portion of the base demand charge, as adjusted, (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applicable to onpeak billing demand applied to the customer's onpeak billing demand, (3) the portion of the base demand charge, as adjusted, (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applicable to any excess of offpeak over onpeak billing demand applied to the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, (4) the base onpeak energy charge, as adjusted, applied to the customer's onpeak energy takings, and (5) the base offpeak energy charge, as adjusted, applied to the higher of customer's actual offpeak energy takings or the minimum offpeak energy takings amount provided for in the first paragraph of the section of this rate schedule entitled "Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts".

Distributor may require minimum bills higher than those stated above, including, without limitation, charges to cover any additional metering and related costs.

### Contract Requirement

Distributor shall require contracts for all service provided under this rate schedule. The contract shall be for an initial term of at least 5 years and any renewals or extensions of the initial contract shall be for a term of at least 1 year; after 10 years of service, any such contract for the renewal or extension of service may provide for termination upon not less than 4 months' notice. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective onpeak or offpeak contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor.

# WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

## MANUFACTURING SERVICE RATE--SCHEDULE MSC

(April 2011)

### Availability

This rate shall apply to the firm electric power requirements where (a) a customer's currently effective onpeak or offpeak contract demand, whichever is higher, is greater than 15,000 kW but not more than 25,000 kW, and (b) the major use of electricity is for activities conducted at the delivery point serving that customer which are classified with a 2-digit Standard Industrial Classification Code between 20 and 39, inclusive, or classified with 2002 North American Industry Classification System (NAICS) code 5181, or 2007 NAICS codes 5182, 522320, and 541214; provided, however, customers qualifying for service under this schedule on the basis of such a NAICS code shall have an average monthly load factor of at least 80 percent during the preceding 12 months; provided further, however, that for the first 12 months of service to a new customer this load factor requirement shall be based on the customer's expected load factor for those 12 months as projected before the customer begins taking service; provided that the other conditions of this section are met. As used in the previous sentence "monthly load factor" shall mean a percentage calculated by dividing the total metered energy for a month by the product of the metered demand for that month and the number of clock hours in that month, exclusive of any hours during which power was unavailable due to an interruption or curtailment of the customer's service and of any hours in which the customer was unable to use power due to a Force Majeure event reasonably beyond the customer's control.

Prior to initially taking any service under this schedule, and from time to time thereafter as may be required by Distributor or the Tennessee Valley Authority (TVA), a customer shall certify to both Distributor and TVA that it meets the requirements set forth in condition (b) above. The certification form to be used shall be (i) furnished or approved by TVA, (ii) provided by Distributor to the customer, and (iii) signed and promptly returned by the customer to Distributor. Further, such customer shall promptly certify any change in the status of any of the information contained in the certification form to Distributor.

Service during any period for which a customer does not meet the eligibility requirements set forth in condition (b) above will be made available by Distributor under, and billed in accordance with, the applicable General Power schedule.

Unless otherwise provided for in a written agreement between TVA and the distributor providing service under this rate schedule, for customers served under this rate schedule, the customer's "meter-reading time" shall be 0000 hours CST or CDT, whichever is currently effective, on the first day of the calendar month following the month for which a bill under this rate schedule is being calculated. Further, in accordance with TVA furnished or approved guidelines or specifications, TVA shall have unrestricted remote access to the metering data at all times, as well as unrestricted physical access to the metering facilities for the purpose of confirming remotely-accessed data during such periods as are specified by TVA.

For a customer requesting that its onpeak contract demand be different from its offpeak contract demand, this rate schedule shall be available only for (1) a new contract, (2) a replacement or renewal contract following expiration of the existing contract, or (3) a replacement or renewal contract or an amended existing contract in which the customer is increasing its demand requirements above the existing contract demand level, but under this item (3) neither the new onpeak nor the new offpeak contract demand shall be lower than the customer's existing contract demand.

### Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

### Base Charges

Customer Charge: \$1,500 per delivery point per month

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period	\$14.93 per kW per month of the customer's onpeak billing demand, plus \$3.30 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus \$14.93 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher
Winter Period	\$8.30 per kW per month of the customer's onpeak billing demand, plus \$3.30 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus \$8.30 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher
Transition Period	\$3.30 per kW per month of the customer's offpeak billing demand, plus \$8.30 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its offpeak contract demand



Energy Charge:

Summer Period	5.367¢ per kWh per month for all onpeak kWh, plus 2.076¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus 0.335¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus -1.143¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	2.501¢ per kWh per month for all onpeak kWh, plus 2.076¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus 0.335¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus -1.143¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Transition Period	2.076¢ per kWh per month for the first 425 hours use of maximum metered demand, plus 0.335¢ per kWh per month for the next 195 hours use of maximum metered demand, plus -1.143¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

For the Summer Period, Winter Period and Transition Period, 2.076¢ per kWh per month shall be applied to the portion, if any, of the minimum offpeak energy takings amount that is greater than the metered energy.

Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA under Adjustment 4 of the wholesale power rate schedule applicable under contractual arrangements between TVA and Distributor.

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 at less than 161 kV, there shall be added to the customer'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. Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective onpeak or offpeak contract demand, whichever is higher, and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

### Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of \$1.46 per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill 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.

### Determination of Seasonal Periods

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

### 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 be from 1 p.m. to 7 p.m. during the Summer Period and from 4 a.m. to 10 a.m. during the Winter Period. For the Summer Period and the Winter Period, all other hours of each day that are not otherwise defined as onpeak hours and all hours of such excepted days shall be offpeak hours. For the Transition Period, all hours 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, and Distributor shall promptly notify customer.

### Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts

The onpeak and offpeak kWh for any month shall be the energy amounts taken during the respective hours of the month designated under this rate schedule as onpeak and offpeak hours; provided, however, that notwithstanding the metered energy amount, the offpeak energy for any month shall in no case be less than the product of (1) the offpeak billing demand as calculated in the last sentence of the paragraph below and (2) 110 hours (reflecting a 15 percent load factor applied to the average number of hours in a month).

Distributor shall meter the onpeak and offpeak demands in kW of all customers taking service under this rate schedule. The onpeak metered demand and offpeak metered demand for any month shall be determined separately for the respective hours of the month designated under this rate schedule as onpeak and offpeak hours and in each case shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the month of the load metered in kW, and, except as provided below in this section, such amounts shall be used as the onpeak and offpeak billing demands. The maximum metered demand for any month shall be the higher of (1) the highest onpeak metered demand in the month or (2) the highest offpeak metered demand in the month. The onpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, and (3) 50 percent of any kW in excess of 25,000 kW of the higher of the currently

effective onpeak contract demand or the highest onpeak billing demand established during the preceding 12 months. The offpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, and (3) 50 percent of any kW in excess of 25,000 kW of the higher of the currently effective offpeak contract demand or the highest offpeak billing demand established during the preceding 12 months.

### Minimum Bill

The monthly bill under this rate schedule, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the portion of the base demand charge, as adjusted, (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applicable to onpeak billing demand applied to the customer's onpeak billing demand, (3) the portion of the base demand charge, as adjusted, (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applicable to any excess of offpeak over onpeak billing demand applied to the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, (4) the base onpeak energy charge, as adjusted, applied to the customer's onpeak energy takings, and (5) the base offpeak energy charge, as adjusted, applied to the higher of customer's actual offpeak energy takings or the minimum offpeak energy takings amount provided for in the first paragraph of the section of this rate schedule entitled "Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts".

Distributor may require minimum bills higher than those stated above, including, without limitation, charges to cover any additional metering and related costs.

### Contract Requirement

Distributor shall require contracts for all service provided under this rate schedule. The contract shall be for an initial term of at least 5 years and any renewals or extensions of the initial contract shall be for a term of at least 1 year; after 10 years of service, any such contract for the renewal or extension of service may provide for termination upon not less than 4 months' notice. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective onpeak or offpeak contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor.

# WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

## MANUFACTURING SERVICE RATE--SCHEDULE MSD

(April 2011)

### Availability

This rate shall apply to the firm electric power requirements where (a) a customer's currently effective onpeak or offpeak contract demand, whichever is higher, is greater than 25,000 kW, and (b) the major use of electricity is for activities conducted at the delivery point serving that customer which are classified with a 2-digit Standard Industrial Classification Code between 20 and 39, inclusive, or classified with 2002 North American Industry Classification System (NAICS) code 5181, or 2007 NAICS codes 5182, 522320, and 541214; provided, however, customers qualifying for service under this schedule on the basis of such a NAICS code shall have an average monthly load factor of at least 80 percent during the preceding 12 months; provided further, however, that for the first 12 months of service to a new customer this load factor requirement shall be based on the customer's expected load factor for those 12 months as projected before the customer begins taking service; provided that the other conditions of this section are met. As used in the previous sentence "monthly load factor" shall mean a percentage calculated by dividing the total metered energy for a month by the product of the metered demand for that month and the number of clock hours in that month, exclusive of any hours during which power was unavailable due to an interruption or curtailment of the customer's service and of any hours in which the customer was unable to use power due to a Force Majeure event reasonably beyond the customer's control.

Prior to initially taking any service under this schedule, and from time to time thereafter as may be required by Distributor or the Tennessee Valley Authority (TVA), a customer shall certify to both Distributor and TVA that it meets the requirements set forth in condition (b) above. The certification form to be used shall be (i) furnished or approved by TVA, (ii) provided by Distributor to the customer, and (iii) signed and promptly returned by the customer to Distributor. Further, such customer shall promptly certify any change in the status of any of the information contained in the certification form to Distributor.

Service during any period for which a customer does not meet the eligibility requirements set forth in condition (b) above will be made available by Distributor under, and billed in accordance with, the applicable General Power schedule.

Unless otherwise provided for in a written agreement between TVA and the distributor providing service under this rate schedule, for customers served under this rate schedule, the customer's "meter-reading time" shall be 0000 hours CST or CDT, whichever is currently effective, on the first day of the calendar month following the month for which a bill under this rate schedule is being calculated. Further, in accordance with TVA furnished or approved guidelines or specifications, TVA shall have unrestricted remote access to the metering data at all times, as well as unrestricted physical access to the metering facilities for the purpose of confirming remotely-accessed data during such periods as are specified by TVA.

For a customer requesting that its onpeak contract demand be different from its offpeak contract demand, this rate schedule shall be available only for (1) a new contract, (2) a replacement or renewal contract following expiration of the existing contract, or (3) a replacement or renewal contract or an amended existing contract in which the customer is increasing its demand requirements above the existing contract demand level, but under this item (3) neither the new onpeak nor the new offpeak contract demand shall be lower than the customer's existing contract demand.

### Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

### Base Charges

Customer Charge: \$1,500 per delivery point per month

Administrative Charge: \$350 per delivery point per month

Demand Charge:

Summer Period \$14.82 per kW per month of the customer's onpeak billing demand, plus  
\$3.19 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus

\$14.82 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher

Winter Period \$8.19 per kW per month of the customer's onpeak billing demand, plus

\$3.19 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus

\$8.19 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher

Transition Period \$3.19 per kW per month of the customer's offpeak billing demand, plus

\$8.19 per kW per month of the amount, if any, by which the customer's offpeak billing demand exceeds its offpeak contract demand

Energy Charge:

Summer Period	5.212¢ per kWh per month for all onpeak kWh, plus 1.924¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus 0.181¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus -1.297¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	2.330¢ per kWh per month for all onpeak kWh, plus 1.924¢ per kWh per month for the first 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus 0.181¢ per kWh per month for the next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy, plus -1.297¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy
Transition Period	1.924¢ per kWh per month for the first 425 hours use of maximum metered demand, plus 0.181¢ per kWh per month for the next 195 hours use of maximum metered demand, plus -1.297¢ per kWh per month for the hours use of maximum metered demand in excess of 620 hours

For the Summer Period, Winter Period and Transition Period, 1.924¢ per kWh per month shall be applied to the portion, if any, of the minimum offpeak energy takings amount that is greater than the metered energy.

Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA under Adjustment 4 of the wholesale power rate schedule applicable under contractual arrangements between TVA and Distributor.

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 at less than 161 kV, there shall be added to the customer'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. Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective onpeak or offpeak contract demand, whichever is higher, and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

### Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of \$1.46 per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill 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.

### Determination of Seasonal Periods

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

### 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 be from 1 p.m. to 7 p.m. during the Summer Period and from 4 a.m. to 10 a.m. during the Winter Period. For the Summer Period and the Winter Period, all other hours of each day that are not otherwise defined as onpeak hours and all hours of such excepted days shall be offpeak hours. For the Transition Period, all hours 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, and Distributor shall promptly notify customer.

### Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts

The onpeak and offpeak kWh for any month shall be the energy amounts taken during the respective hours of the month designated under this rate schedule as onpeak and offpeak hours; provided, however, that notwithstanding the metered energy amount, the offpeak energy for any month shall in no case be less than the product of (1) the offpeak billing demand as calculated in the last sentence of the paragraph below and (2) 110 hours (reflecting a 15 percent load factor applied to the average number of hours in a month).

Distributor shall meter the onpeak and offpeak demands in kW of all customers taking service under this rate schedule. The onpeak metered demand and offpeak metered demand for any month shall be determined separately for the respective hours of the month designated under this rate schedule as onpeak and offpeak hours and in each case shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the month of the load metered in kW, and, except as provided below in this section, such amounts shall be used as the onpeak and offpeak billing demands. The maximum metered demand for any month shall be the higher of (1) the highest onpeak metered demand in the month or (2) the highest offpeak metered demand in the month. The onpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, (3) 50 percent of the next 25,000 kW, (4) 60 percent of the next 50,000 kW, (5) 70

percent of the next 100,000 kW, (6) 80 percent of the next 150,000 kW, and (7) 85 percent of all kW in excess of 350,000 kW of the higher of the currently effective onpeak contract demand or the highest onpeak billing demand established during the preceding 12 months. The offpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, (3) 50 percent of the next 25,000 kW, (4) 60 percent of the next 50,000 kW, (5) 70 percent of the next 100,000 kW, (6) 80 percent of the next 150,000 kW, and (7) 85 percent of all kW in excess of 350,000 kW of the higher of the currently effective offpeak contract demand or the highest offpeak billing demand established during the preceding 12 months.

### Minimum Bill

The monthly bill under this rate schedule, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the portion of the base demand charge, as adjusted, (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applicable to onpeak billing demand applied to the customer's onpeak billing demand, (3) the portion of the base demand charge, as adjusted, (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applicable to any excess of offpeak over onpeak billing demand applied to the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, (4) the base onpeak energy charge, as adjusted, applied to the customer's onpeak energy takings, and (5) the base offpeak energy charge, as adjusted, applied to the higher of customer's actual offpeak energy takings or the minimum offpeak energy takings amount provided for in the first paragraph of the section of this rate schedule entitled "Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts".

Distributor may require minimum bills higher than those stated above, including, without limitation, charges to cover any additional metering and related costs.

### Contract Requirement

Distributor shall require contracts for all service provided under this rate schedule. The contract shall be for an initial term of at least 5 years and any renewals or extensions of the initial contract shall be for a term of at least 5 years; after 10 years of service, any such contract for the renewal or extension of service may provide for termination upon not less than 16 months' notice. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective onpeak or offpeak contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.



### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor.

# WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

## SEASONAL DEMAND AND ENERGY GENERAL POWER RATE--SCHEDULE SGSB (April 2011)

### Availability

This rate shall apply to the firm electric power requirements where a customer's currently effective contract demand is greater than 5,000 kW but not more than 15,000 kW.

Unless otherwise provided for in a written agreement between TVA and the distributor providing service under this rate schedule, for customers served under this rate schedule, the customer's "meter-reading time" shall be 0000 hours CST or CDT, whichever is currently effective, on the first day of the calendar month following the month for which a bill under this rate schedule is being calculated. Further, in accordance with TVA furnished or approved guidelines or specifications, TVA shall have unrestricted remote access to the metering data at all times, as well as unrestricted physical access to the metering facilities for the purpose of confirming remotely-accessed data during such periods as are specified by TVA.

### Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

### Base Charges

Customer Charge:	\$1,500 per delivery point per month
Administrative Charge:	\$350 per delivery point per month
Demand Charge:	
Summer Period	\$20.19 per kW per month of the customer's billing demand, plus \$20.19 per kW per month of the amount, if any, by which the customer's billing demand exceeds its contract demand
Winter Period	\$14.31 per kW per month of the customer's billing demand, plus \$14.31 per kW per month of the amount, if any, by which the customer's billing demand exceeds its contract demand
Transition Period	\$9.89 per kW per month of the customer's billing demand, plus \$9.89 per kW per month of the amount, if any, by which the customer's billing demand exceeds its contract demand
Energy Charge:	
Summer Period	2.291¢ per kWh per month
Winter Period	1.909¢ per kWh per month
Transition Period	1.825¢ per kWh per month

### Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA under Adjustment 4 of the wholesale power rate schedule applicable under contractual arrangements between TVA and Distributor.

### 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 at less than 161 kV, there shall be added to the customer'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. Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective contract demand and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

### Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of \$1.46 per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill 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.

### Determination of Seasonal Periods

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

### Determination of Demand

Distributor shall meter the demands in kW of all customers served under this rate schedule. The metered demand for any month shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the month of the load metered in kW, and such amount shall be used as the billing demand, except that the billing demand for any month shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW and (2) 40 percent of any kW in excess of 5,000 kW of the higher of the currently effective contract demand or the highest billing demand established during the preceding 12 months.

### Minimum Bill

The monthly bill under this rate schedule, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the base demand charge, as adjusted (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applied to the customer's billing demand, and (3) the base energy charge, as adjusted, applied to the customer's energy takings.

Distributor may require minimum bills higher than those stated above.

### Contract Requirement

Distributor shall require contracts for all service provided under this rate schedule. The contract shall be for an initial term of at least 5 years and any renewals or extensions of the initial contract shall be for a term of at least 1 year; after 10 years of service, any such contract for the renewal or extension of service may provide for termination upon not less than 4 months' notice. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.

After having received service for at least one year under this rate schedule, the customer, subject to appropriate amendments in its power contract with Distributor, may receive service under the General Power Rate--Schedule GSB. In such case the term of the power contract shall remain the same and the onpeak contract demand for service under the General Power Rate--Schedule GSB shall not be less than the contract demand in effect when service was taken under this rate schedule.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor.

# WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

## SEASONAL DEMAND AND ENERGY GENERAL POWER RATE--SCHEDULE SGSC

(April 2011)

### Availability

This rate shall apply to the firm electric power requirements where a customer's currently effective contract demand is greater than 15,000 kW but not more than 25,000 kW.

Unless otherwise provided for in a written agreement between TVA and the distributor providing service under this rate schedule, for customers served under this rate schedule, the customer's "meter-reading time" shall be 0000 hours CST or CDT, whichever is currently effective, on the first day of the calendar month following the month for which a bill under this rate schedule is being calculated. Further, in accordance with TVA furnished or approved guidelines or specifications, TVA shall have unrestricted remote access to the metering data at all times, as well as unrestricted physical access to the metering facilities for the purpose of confirming remotely-accessed data during such periods as are specified by TVA.

### Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

### Base Charges

Customer Charge:	\$1,500 per delivery point per month
Administrative Charge:	\$350 per delivery point per month
Demand Charge:	
Summer Period	\$19.68 per kW per month of the customer's billing demand, plus \$19.68 per kW per month of the amount, if any, by which the customer's billing demand exceeds its contract demand
Winter Period	\$13.80 per kW per month of the customer's billing demand, plus \$13.80 per kW per month of the amount, if any, by which the customer's billing demand exceeds its contract demand
Transition Period	\$9.38 per kW per month of the customer's billing demand, plus \$9.38 per kW per month of the amount, if any, by which the customer's billing demand exceeds its contract demand
Energy Charge:	
Summer Period	2.302¢ per kWh per month
Winter Period	1.913¢ per kWh per month
Transition Period	1.830¢ per kWh per month

### Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA under Adjustment 4 of the wholesale power rate schedule applicable under contractual arrangements between TVA and Distributor.

### 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 at less than 161 kV, there shall be added to the customer'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. Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective contract demand and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

### Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of \$1.46 per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill 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.

### Determination of Seasonal Periods

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

### Determination of Demand

Distributor shall meter the demands in kW of all customers served under this rate schedule. The metered demand for any month shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the month of the load metered in kW, and such amount shall be used as the billing demand, except that the billing demand for any month shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, and (3) 50 percent of any kW in excess of 25,000 kW of the higher of the currently effective contract demand or the highest billing demand established during the preceding 12 months.

### Minimum Bill

The monthly bill under this rate schedule, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the base demand charge, as adjusted (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applied to the customer's billing demand, and (3) the base energy charge, as adjusted, applied to the customer's energy takings.

Distributor may require minimum bills higher than those stated above.

### Contract Requirement

Distributor shall require contracts for all service provided under this rate schedule. The contract shall be for an initial term of at least 5 years and any renewals or extensions of the initial contract shall be for a term of at least 1 year; after 10 years of service, any such contract for the renewal or extension of service may provide for termination upon not less than 4 months' notice. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Distributor and TVA.

After having received service for at least one year under this rate schedule, the customer, subject to appropriate amendments in its power contract with Distributor, may receive service under the General Power Rate--Schedule GSC. In such case the term of the power contract shall remain the same and the onpeak contract demand for service under the General Power Rate--Schedule GSC shall not be less than the contract demand in effect when service was taken under this rate schedule.

### Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Distributor's standard policy.

### Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

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Service is subject to Rules and Regulations of Distributor.

# WARREN RURAL ELECTRIC COOPERATIVE CORPORATION

## SEASONAL DEMAND AND ENERGY GENERAL POWER RATE--SCHEDULE SGSD

(April 2011)

### Availability

This rate shall apply to the firm electric power requirements where a customer's currently effective contract demand is greater than 25,000 kW.

Unless otherwise provided for in a written agreement between TVA and the distributor providing service under this rate schedule, for customers served under this rate schedule, the customer's "meter-reading time" shall be 0000 hours CST or CDT, whichever is currently effective, on the first day of the calendar month following the month for which a bill under this rate schedule is being calculated. Further, in accordance with TVA furnished or approved guidelines or specifications, TVA shall have unrestricted remote access to the metering data at all times, as well as unrestricted physical access to the metering facilities for the purpose of confirming remotely-accessed data during such periods as are specified by TVA.

### Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

### Base Charges

Customer Charge:	\$1,500 per delivery point per month
Administrative Charge:	\$350 per delivery point per month
Demand Charge:	
Summer Period	\$22.88 per kW per month of the customer's billing demand, plus \$22.88 per kW per month of the amount, if any, by which the customer's billing demand exceeds its contract demand
Winter Period	\$16.99 per kW per month of the customer's billing demand, plus \$16.99 per kW per month of the amount, if any, by which the customer's billing demand exceeds its contract demand
Transition Period	\$12.58 per kW per month of the customer's billing demand, plus \$12.58 per kW per month of the amount, if any, by which the customer's billing demand exceeds its contract demand
Energy Charge:	
Summer Period	1.646¢ per kWh per month
Winter Period	1.306¢ per kWh per month
Transition Period	1.232¢ per kWh per month



## Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA under Adjustment 4 of the wholesale power rate schedule applicable under contractual arrangements between TVA and Distributor.

## 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 at less than 161 kV, there shall be added to the customer'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. Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective contract demand and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

## Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of \$1.46 per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill 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.

## Determination of Seasonal Periods

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

## Determination of Demand

Distributor shall meter the demands in kW of all customers served under this rate schedule. The metered demand for any month shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour of the month of the load metered in kW, and such amount shall be used as the billing demand, except that the billing demand for any month shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, (3) 50 percent of the next 25,000 kW, (4) 60 percent of the next 50,000 kW, (5) 70 percent of the next 100,000 kW, (6) 80 percent of the next 150,000 kW, and (7) 85 percent of all kW in excess of 350,000 kW of the higher of the currently effective contract demand or the highest billing demand established during the preceding 12 months.