SEM - Allocation Example

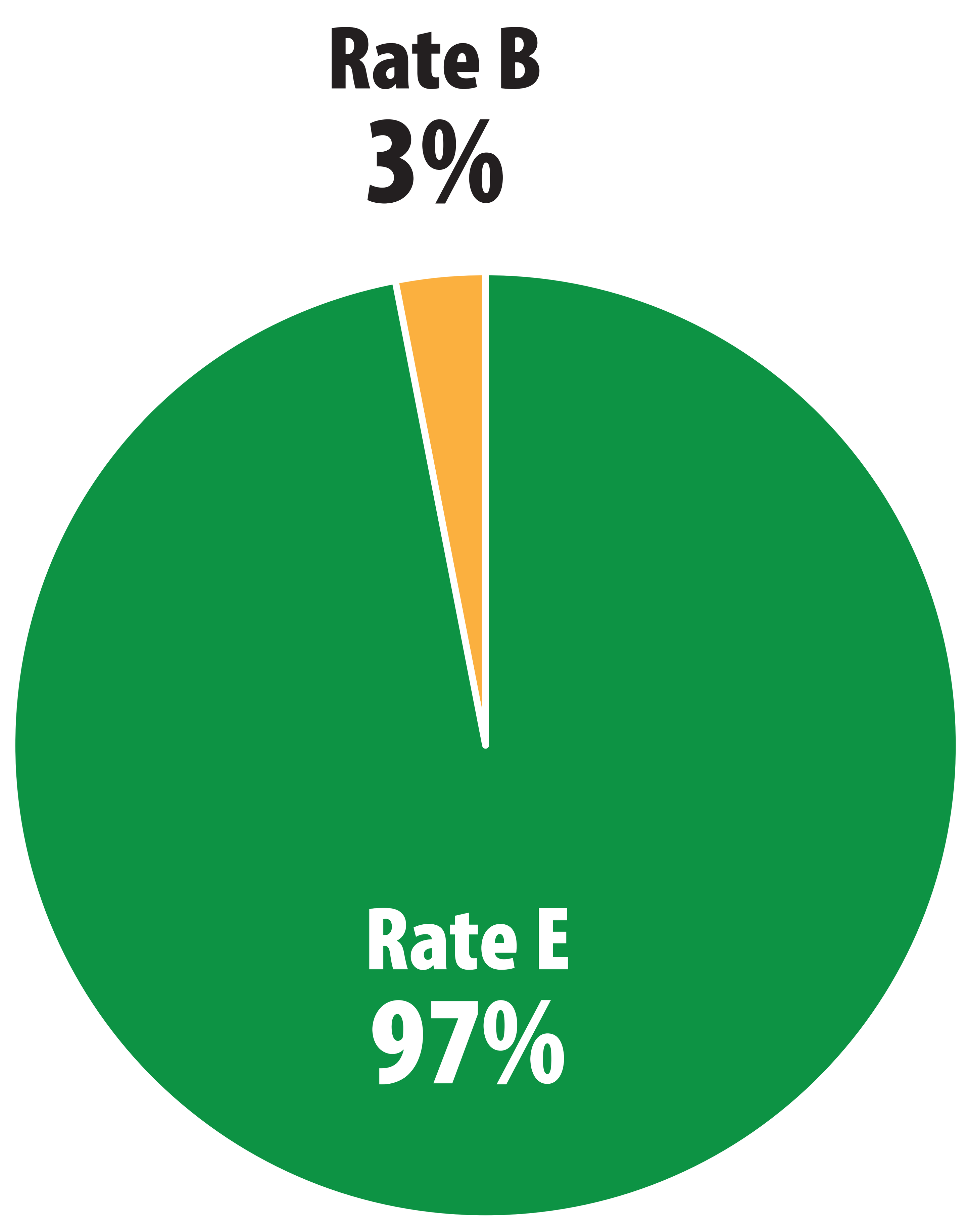
	Estimated Revenue by Class		Revenue % by Class		Annual SEM Adjustment		Monthly SEM Adjustment*		Approx Rate E Members	Avg Rate E Monthly Adder*
Rate E	$	841,973,261	75.2%	$	34,580,272		$ 4,322,534		600,000	$ 7.20
Rate B	$	83,332,451	7.4%	$	3,422,506					
Rate C	$	32,665,103	2.9%	$	1,341,572					
Rate G	$	49,338,603	4.4%	$	2,026,362					
Lrg Sp Contract	$	84,255,506	7.5%	$	3,460,417					
Pumping Stations	$	13,169,153	1.2%	$	540,864					
Steam	$	15,290,950	1.4%	$	628,007					
Total	$	1,120,025,027	100.0%	$	46,000,000					

*Assumes collection over 8 months, the amount would be lower if collected over a longer period of months

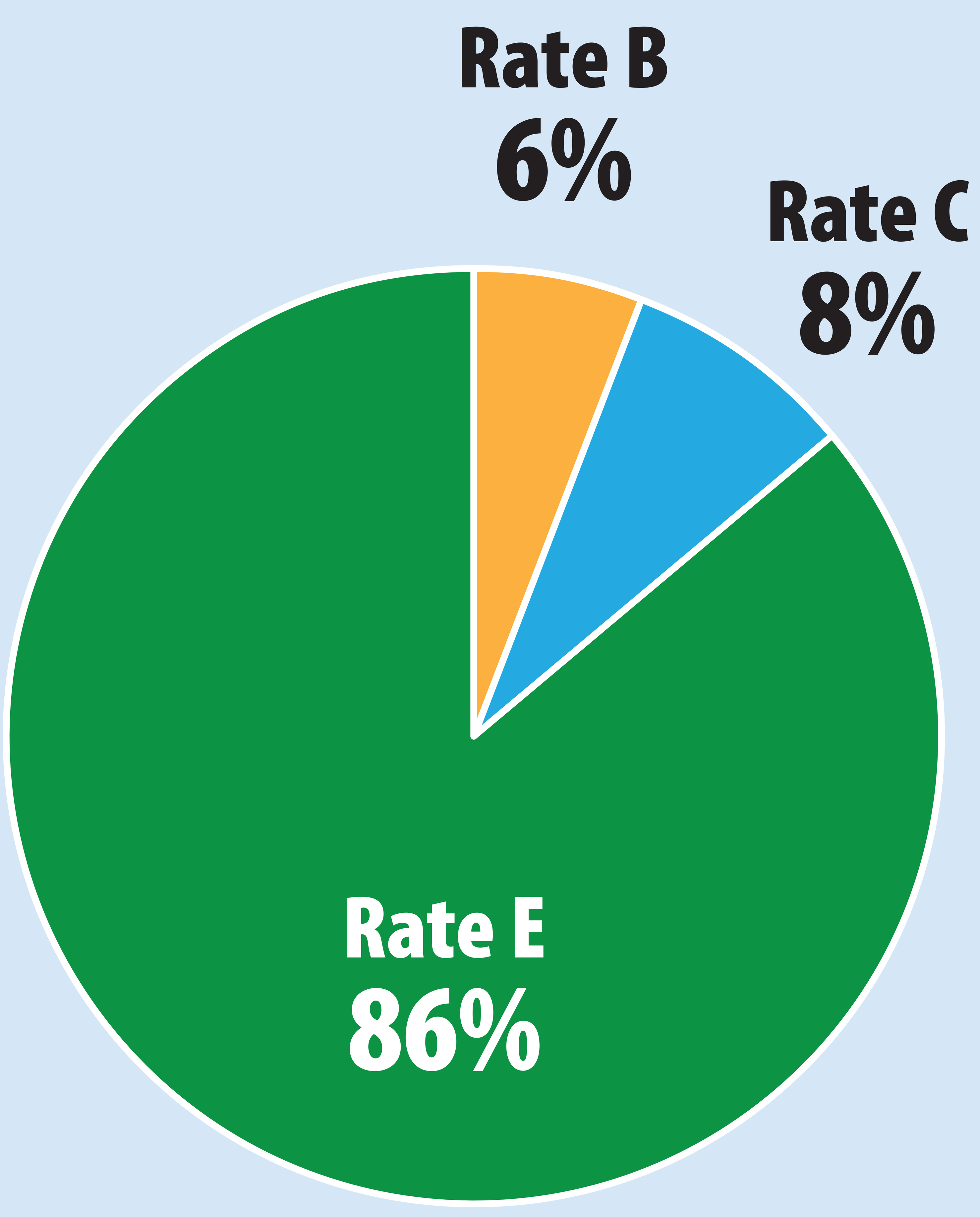
SEM Example

	Example w/o SEM	Example with SEM
Base Revenues	$ 1,150	$ 1,150
Other Revenues	$ 200	$ 200
SEM Adder		$ 46
Total Revenue	**$ 1,350**	**$ 1,396**
Fuel/Purchased Power	$ 600	$ 600
O&M	$ 400	$ 400
Depreciation	$ 175	$ 175
Interest	$ 140	$ 140
RTEP Addback	$ 20	$ 20
Gen Maint Addback	$ 10	$ 10
Total Expense	**$ 1,345**	**$ 1,345**
Other Income	$ 5	$ 5
Net Margin	**$ 10**	**$ 56**
TIER	**1.07**	**1.40**

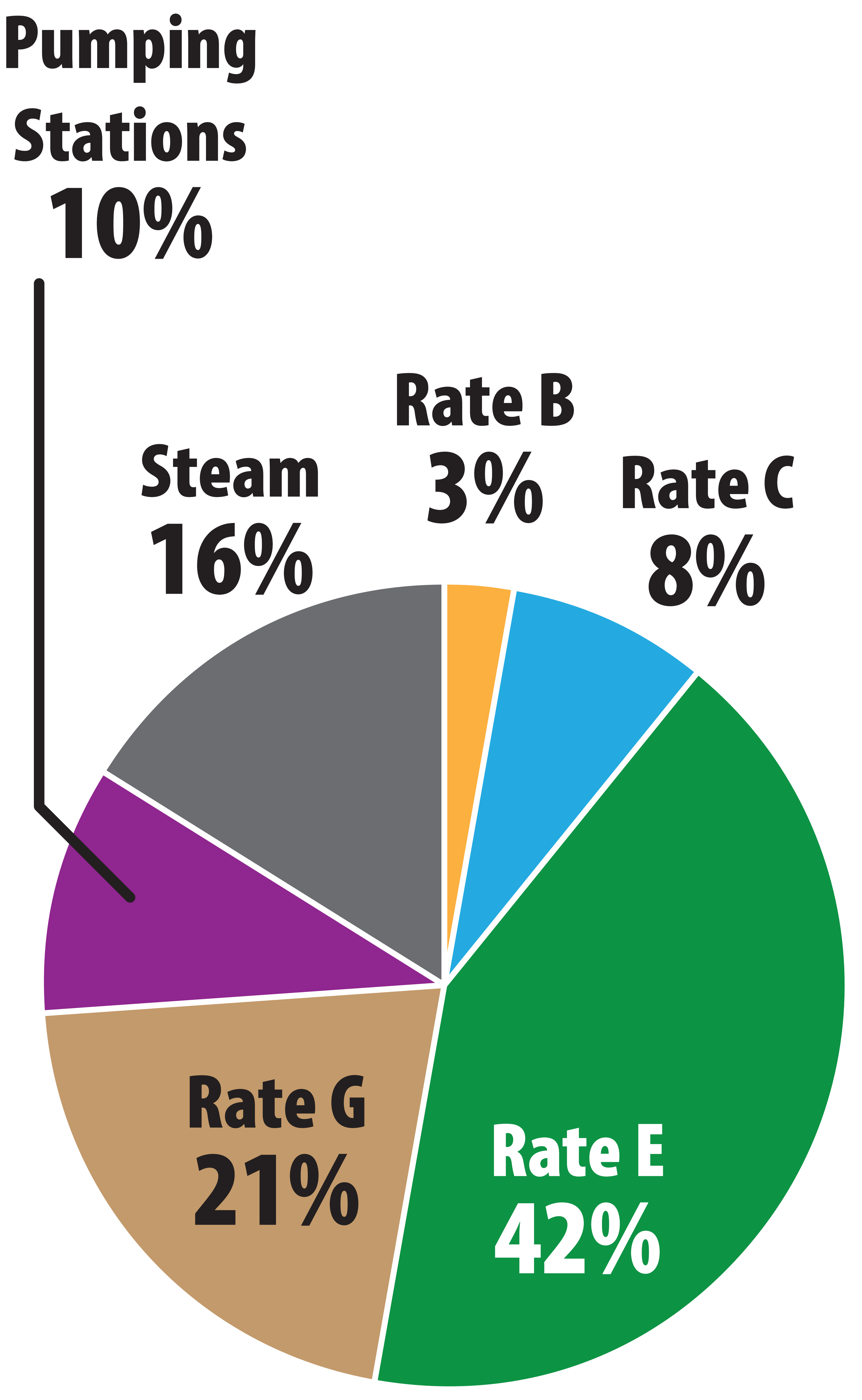
Rate Class Mix



Big Sandy RECC



Jackson Energy



Fleming-Mason Energy