1. Availability

This rate schedule for wholesale power is available to Members purchasing power and energy from the Agency under the terms of the All Requirements Power Sales Contract (“Contract”).

1. Applicability

Wholesale power service for Members participating in the All Requirements Project for distribution and sale to retail customers. This rate schedule is applicable only to those Members who are or in the future become signatories to the Contract.

1. Character of Service

Wholesale power furnished under this rate schedule at one or more Points of Delivery as set forth in Schedule A shall be sixty-hertz, three-phase, alternating current.

*Demand and Energy charges shown below are based on preliminary AR Project 2020 Revenue Requirements and are for illustration only. Final rate design is expected to be completed Q4 2018 to reflect load forecast and Revenue Requirements updates.*

1. Monthly Rates and Charges

The Member’s monthly bill will include the following charges:

AR Project Charges

Demand Charge $14.73 per kW of Non-Coincident Billing Demand

Energy Charge $0.023940 per kWh for all kWh (includes Non-Fuel, Fuel, and Purchased Energy)

Energy Cost Adjustment (ECA) per Section 6 of this Rate Schedule

Transmission Charges

Transmission Demand Charge $1.9816 per kW of Transmission Billing Demand

The Transmission Demand Charge is updated annually effective June 1 and includes LGE/KU’s Open Access Transmission Tariff (OATT) Schedule 10, Network Integration Transmission Service, and Schedule 1, Scheduling, System Control and Dispatch.

Note the City of Falmouth will be billed for additional transmission service charges from East Kentucky Power Cooperative and PJM Interconnection, L.L.C. as applicable.

Direct Assignment Facilities Charge per Section 7 of this Rate Schedule

1. Billing Demands

Non-Coincident Billing Demand is defined as the highest average kW usage during a 60-minute period ending on a clock hour of the Member’s total load. For Members with multiple delivery points, the Member’s total load is the aggregated load across all delivery points.

Transmission Billing Demand is defined the Member’s kW usage at the time of LGE/KU’s transmission system peak hour, that is, coincident with the LGE/KU transmission system peak demand.

1. Energy Cost Adjustment (ECA)

During each consecutive three-month period, or other period as determined by the Agency, the Agency shall apply an Energy Cost Adjustment (ECA) as a charge or credit to Member’s monthly bill. Such ECA shall be determined for each three-month period based on the difference between the Agency’s actual energy costs and estimated energy costs for AR Project resources serving AR Project Member load. Variances between actual energy costs incurred and estimated energy costs, collected from Members through Energy Charges and the ECA, shall be included as part of future ECA charges and shall be fully reconciled.

The ECA shall be calculated, to the nearest $0.000001 per kWh, in accordance with the following formula:

ECA = “AREC” divided by “ARES” minus “Base Energy Rate”

“AREC” is the Agency’s actual energy-related cost of AR Project resources serving AR Project load for the period as defined below:

1. The variable and energy-related operating and maintenance costs of AR Project resources
2. The fuel and energy-related costs of AR Project resources
3. The energy-related costs of service for transmission service
4. The energy-related costs of service associated with Agency rate stabilization, administration, and other non-fuel energy costs
5. Cumulative variance between actual energy-related cost of AR Project resources and amounts collected from Members through the Energy Charge and ECA

“ARES” is the total kilowatt-hour energy purchased by AR Members in the period

“Base Energy Rate” is $0. 023940 per kWh

Insofar as the Agency is unable to use actual energy cost data and must rely on estimated energy costs, any dollar difference between actual and estimated energy costs shall be added to the appropriate costs, as defined above, in the calculation of the ECA in the period following the time when such actual cost data is available.

A sample calculation of the ECA is included as Schedule B.

1. Direct Assignment Facilities Charge:

The monthly fixed charges shown in the table below reflect direct assignment facilities charges stated in the Agency’s Network Integration Transmission Service Agreement (NITSA), Attachment F, under the LGE/KU OATT. These charges are based on costs of direct assignment facilities previously installed by LGE/KU and may include charges for substation, switchgear, tap lines, and metering facilities.

|  |  |
| --- | --- |
| **AR Project Member** | **Monthly Fixed Charge** |
| Paris | $0.00 |
| Barbourville | $551.62 |
| Bardwell | $341.15 |
| Corbin | $890.02 |
| Falmouth | $480.00 |
| Frankfort | $2,530.58 |
| Madisonville | $12,015.80 |
| Providence | $905.08 |

The charges shown above will be updated as needed to reflect changes in delivery point charges associated with metering and other adjustments as may be required as part of Member’s transition from KU power supply to Agency power supply.

1. Power Factor

If the Member’s measured power factor, at the time of Member’s Non-Coincident Billing Demand, is determined to be less than 90 percent, the Non-Coincident Billing Demand shall be adjusted by multiplying the metered Non-Coincident Billing Demand by the ratio of 90 percent to the measured power factor in percent.

1. Late Payment Charge

Each Member shall provide the Agency payment in full of its power bill on or before the due date. For any unpaid balance of the amount due, the Agency may impose a late payment charge. Such charge shall be equal to the interest on the unpaid balance from the due date to the date of payment, with the interest rate being the prime rate value published in *The Wall Street Journal* for the month prior to the due date. The charge required to be paid under this paragraph will be compounded monthly.

**SCHEDULE A**

**POINTS OF DELIVERY**

|  |  |  |
| --- | --- | --- |
| **No.** | **Delivery Point Name** | **Voltage Level** |
| 1 | Barbourville City | 69kV |
| 2 | Bardwell City | 69kV |
| 3 | Corbin 1 North | 69kV |
| 4 | Corbin 2 South | 69kV |
| 5 | Falmouth 4kV | 69kV |
| 6 | East Frankfort 1 | 69kV |
| 7 | East Frankfort 2 | 69kV |
| 8 | Madisonville GE | 69kV |
| 9 | Madisonville West | 69kV |
| 10 | Madisonville East | 69kV |
| 11 | Madisonville Hospital | 69kV |
| 12 | Madisonville North | 69kV |
| 13 | Madisonville McCoy Road | 69kV |
| 14 | Paris City 1 (Scott Street) | 69kV |
| 15 | Paris City 2 (Claysville) | 69kV |
| 16 | Paris City 3 (Vine St) | 69kV |
| 17 | Paris City 4 (Weaver Rd) | 69kV |
| 18 | Providence 4kV | 69kV |
| 19 | Providence East | 69kV |

**SCHEDULE B**

**CALCULATION OF ENERGY COST ADJUSTMENT**

*[TO COME – Sample calculation of ECA to come upon further development of Agency’s accounting procedures related to AR Project resources and purchased power.]*