1. Availability

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

1. Applicability

This rate schedule is applicable to Members taking service from the Agency under the Contract (“AR Members”).

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.

1. Monthly Rates and Charges

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

AR Project Charges

Demand Charge $13.515 per kW times Monthly Billing Demand

Energy Charge $0.024279 per kWh times Monthly Energy Requirement

Energy Cost Adjustment (ECA) Charge A charge determined monthly per Section 6 of this Rate Schedule

Transmission Charges

LGE/KU Transmission Charge $2.1061 per kW times Monthly Transmission Billing Demand

Applicable to AR Members receiving service over the LGE/KU transmission system. The LGE/KU Transmission Charge is updated annually effective June 1 and includes LGE/KU’s Open Access Transmission Tariff (OATT) charges under Schedule 10, Network Integration Transmission Service, and Schedule 1, Scheduling, System Control and Dispatch.

MISO Transmission Charge $3.531 per kW times Monthly Non-Coincident Billing Demand

Applicable to all AR Members. The Agency will review and update the MISO Transmission Charge annually, and more frequently if needed, to reflect changes in MISO transmission costs.

PJM Transmission Charge $2.500 per kW times Monthly Non-Coincident Billing Demand

Applicable to the City of Falmouth. The Agency will review and update the PJM Transmission Charge periodically to reflect changes in PJM transmission costs.

LGE/KU Wholesale Distribution Service Charge per Section 7 of this Rate Schedule

1. Billing Determinants

Monthly Billing Demand is the Member’s Monthly Non-Coincident Billing Demand, except that for the months of December, January, February, and March, it is lesser of (a) the Member’s Monthly Non-Coincident Billing Demand or (b) the average of the Member’s maximum Monthly Non-Coincident Billing Demand occurring in each of the preceding three summer seasons (June, July, and August).

Monthly Non-Coincident Billing Demand is the highest average kW demand during a 60-minute period ending on a clock hour of the Member’s total load during the monthly billing period. For Members with multiple delivery points, the Member’s total load is the aggregated load of all delivery points each hour.

Monthly Transmission Billing Demand is the Member’s average kW demand during LGE/KU’s transmission system peak hour during the monthly billing period. This is commonly referred to as the Member’s demand coincident with the LGE/KU monthly transmission system peak demand.

Monthly Energy Requirement is the total amount of energy supplied to the Member during the monthly billing period, as determined in accordance with the Contract.

Monthly Billing Demand, Monthly Transmission Billing Demand, and Monthly Energy Requirement shall be based on load metered at, or appropriately compensated for losses to, the high-voltage side of delivery substations connecting the Member’s system to the applicable transmission system.

Monthly Billing Demand, Monthly Transmission Billing Demand, and Monthly Energy Requirement shall be determined including any load or usage on the Member’s system directly served from a Member-Owned Resource, if any, as provided in the Contract.

1. Energy Cost Adjustment (ECA) Charge

The Energy Cost Adjustment Charge is the algebraic sum of Adjustment Charge 1 and Adjustment Charge 2, determined as described below.

Adjustment Charge 1 shall be an amount (positive or negative) equal to the product of the Adjustment Charge 1 Factor for a month times the Member’s Monthly Energy Requirement for the month for which Adjustment Charge 1 is being computed. (For avoidance of doubt, to the extent the Adjustment Charge 1 Factor is being determined for a month prior to the current billing month, the Member’s Monthly Energy Requirement for that prior month shall be used.) Adjustment Charge 1 shall first be computed for the month of June 2019 at the time bills for July 2019 are being prepared.

The Adjustment Charge 1 Factor is the amount by which KYMEA’s average energy-related costs per kWh for the month for which the Adjustment Charge 1 Factor is being computed exceed, or are less than, the ECA Base specified below. For this purpose, the Adjustment Charge 1 Factor, in $/kWh, shall be calculated for a month as follows:

Adjustment Charge 1 Factor = (F/S) - (ECA Base)

Where:

“F” is the “Cost Attributed to Energy for AR Members’ Loads” computed as the sum of (i) the cost of fuel burned in and other variable costs of generation facilities from which KYMEA is entitled to energy through ownership or lease, and (ii) the cost attributed to energy purchased for the applicable month, for all energy determined by KYMEA to have been used to serve the loads of the AR Members.

 Costs of energy sold by KYMEA to other parties and revenue from sales to other parties shall not be included. Benefits of purchasing economy energy from others (including from energy markets) to reduce the amount of energy otherwise used from the resources available to KYMEA through ownership, lease, or contract also will not be reflected in the computation of the Cost Attributed to Energy for AR Members’ Loads, based on a reasonable estimate of such benefits. For this purpose, “cost attributed to energy purchased” shall include all charges by sellers that are expressed as a charge based on the amount of energy delivered. Should the delivery point for energy generated or purchased not be at an input to the LGE/KU transmission system, appropriate adjustment shall be made for the basis difference between the point of delivery and the point (or interface) at which the energy is delivered to the LGE/KU system. (For instance, should KYMEA purchase energy delivered at the BREC.Wilson node in MISO to serve the AR Members’ loads, “actual charges for energy purchased” shall include the price charged by seller for energy delivered at that node, plus the difference (positive or negative) between the appropriate MISO Locational Marginal Price (LMP) at the LG&E/KU interface and the MISO LMP at the BREC.Wilson node.) Costs of and revenues/benefits from a risk management instrument obtained by KYMEA to manage energy costs in the month for which the Adjustment Charge 1 Factor is being determined shall be included. Any premium paid to acquire such instrument shall, for this purpose, be appropriately amortized over the months for which the instrument was obtained.

“S” is the total kilowatt-hour sales of energy by KYMEA to AR Members during the month for which Adjustment Charge 1 Factor is being determined.

“ECA Base” is $ 0.021684/kWh.

Adjustment Charge 2 shall be an amount equal to the product of Adjustment Charge 2 Factor times the Member’s Monthly Energy Requirement for the current billing month.

The Adjustment Charge 2 Factor shall be $0.000/kWh for the current fiscal year, if KYMEA’s cash balances at the beginning of the fiscal year exceed 120 days of budgeted operating expenses. If said balances are lower, the Adjustment Charge 2 Factor shall be determined as provided below.

1. If, for the period from the beginning of the current fiscal year through, and including, the current billing month, both the Shortfall in Total Demand Charges and the Shortfall in Net Operating Income each exceeds one million dollars ($1,000,000), the Adjustment Charge 2 Factor for the current billing month, and for each subsequent month of the current fiscal year, shall be $0.002/kWh.
2. Notwithstanding the foregoing, if for the period from the beginning of the current fiscal year through, and including, the month preceding the current billing month, the cumulative Excess Demand Charges from the AR Members exceeds two percent (2%) of the budgeted total revenues from sales of electricity to the AR Members (i.e., “Total Revenues from Sales of Electricity to AR Members”) for the entire current fiscal year, the Adjustment Charge 2 Factor for the current billing month shall be $0.000/kWh.

As used above, “Shortfall in Total Demand Charges” means the amount, if any, by which the cumulative actual Total Demand Charges to all AR Members is less than the cumulative Budgeted Total Demand Charges. “Shortfall in Net Operating Income” means the amount, if any, by which the AR Project’ cumulative actual Net Operating Income accrued is less than Budgeted Net Operating Income.

As used above, “Excess Demand Charges” means the amount, if any, by which cumulative actual Total Demand Charges, plus cumulative Adjustment Charge 2 charges, exceeds cumulative Budgeted Total Demand Charges to all AR Members per KYMEA’s approved budget.

For this purpose, “Total Demand Charges” means the sum of the Demand Charge and MISO Transmission Charge determined under Section 4 of this Rate Schedule. “Budgeted Total Demand Charges” and “Budgeted Net Operating Income” are the amounts of such charges set forth in KYMEA’s then-current approved operating budget.

1. Wholesale Distribution Service

The monthly fixed charges shown in the table below are the current LGE/KU distribution facility charges stated in the KYMEA-LGE/KU Wholesale Distribution Service Agreement dated mm/dd/yyyy. These charges are based on investment in distribution facilities owned and operated by LGE/KU and include charges for substations, switchgear, and tap lines.

**LGE/KU Wholesale Distribution Service Charges**

|  |  |
| --- | --- |
| **AR Member** | **Monthly Fixed Charge** |
| Barbourville  | n/a |
| Bardwell  | $378.25 |
| Corbin | n/a |
| Falmouth  | $7189.75 |
| Frankfort | n/a |
| Madisonville | $8,961.30 |
| Paris | n/a |
| Providence  | $1,290.64 |

The LGE/KU Wholesale Distribution Service Charges will be updated from time to time as needed to reflect changes in LKE/KU’s charges under the Wholesale Distribution Service Agreement.

1. Power Factor Charge

Each AR Member is encouraged to take and use power in such a manner that the power factor, at the time of its monthly non-coincident peak demand, will not be less than ninety percent (90%).

If the AR Member’s measured power factor, at the time of its monthly non-coincident peak demand, is less than ninety percent (90%), the Member will be assessed a Power Factor Charge as follows:

Power Factor Charge $2.80 per kVAR applied to the amount of reactive demand in kVAR by which the metered reactive demand exceeds the reactive demand at a 90% power factor

1. Late Payment Charge

The Agency may impose a late payment charge equal to five percent (5%) of the unpaid balance on any power bill amounts not paid by the due date specified in the Contract.

**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 | Frankfort Myrick 1 | 69kV |
| 7 | Frankfort Myrick 2 | 69kV |
| 8 | Frankfort Myrick 3 | 69kV |
| 9 | Madisonville GE | 69kV |
| 10 | Madisonville West | 69kV |
| 11 | Madisonville East | 69kV |
| 12 | Madisonville Hospital | 69kV |
| 13 | Madisonville North | 69kV |
| 14 | Madisonville McCoy Road | 69kV |
| 15 | Paris City 1 (Scott Street) | 69kV |
| 16 | Paris City 2 (Claysville) | 69kV |
| 17 | Paris City 3 (Vine St) | 69kV |
| 18 | Paris City 4 (Weaver Rd) | 69kV |
| 19 | Providence 4kV | 69kV |
| 20 | Providence East | 69kV |