TENNESSEE VALLEY AUTHORITY
SCHEDULE OF RATES AND CHARGES

WHOLESALE POWER RATE--SCHEDULE WSD

(October 2018-September 2019)

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." Service under this rate schedule is permitted only through September 2019 for Distributors that elected to take service under this rate in accordance with TVA's 2018 rate change election procedures. Beginning October 2019, Distributor will be charged for service in accordance with Wholesale Power Rate - Schedule WS (October 2018).

Base Charges

Delivery Point Charge: $1,500 for one delivery point to Distributor per month and

$2,000 for each additional delivery point to Distributor per month

Demand and Energy Charges:

Power and energy taken hereunder shall be billed according to the charges set out in the Standard Service subsection below except that, for any power and energy taken by Distributor for resale to one or more customers whose contract demands are greater than 5,000 kW, as well as customers served under schedules TDGSA and TDMSA, if applicable (collectively, Large Customers), the charges set out in the TOU Service subsection below shall be applied to the portion of the power and energy so resold by Distributor each month under each of the resale rate schedules (Resale Schedules) referred to in the TOU Service subsection, in accordance with their availability provisions (including any necessary certifications from such customers, which Distributor shall provide to TVA). Terms used in the TOU Service subsection that are not defined herein shall have the same meaning as they have in the corresponding Resale Schedules. The remaining power and energy, if any, taken by Distributor and determined as provided for below in the section of this schedule entitled "Determination of Standard Service Demand and Energy Billing Amounts" shall be billed under the charges set out in Standard Service subsection below.

Notwithstanding the provisions set out in the paragraph above (which are hereafter referred to as Standard Billing Arrangement), Distributor may elect an alternative arrangement (Alternate Billing Arrangement) under which power and energy taken by Distributor for resale to Large Customers shall be billed in accordance with the charges set out in the Standard Service subsection below (in lieu of the charges set out in the TOU Service subsection below). Distributor may change its election of billing arrangements commencing with the October billing month of any year by giving TVA at least 45 days' prior written notice. Except as otherwise provided herein, Distributor's election of either the Standard Billing Arrangement or the Alternate Billing Arrangement shall apply to all Large Customers. If Distributor has elected the Alternate Billing Arrangement and it acquires a new Large Customer, Distributor may choose to apply the Standard Billing Arrangement to the new customer; provided, however, that the Standard Billing Arrangement shall then apply to all Large Customers beginning with the following October billing month.

Large Customers under the Standard Billing Arrangement shall be metered in accordance with TVA-furnished or TVA-approved guidelines or specifications. Distributor shall provide to TVA, in accordance with TVA-furnished or TVA-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

Onpeak Demand Charge:	Summer Period	$8.07 per kW of Onpeak Billing Demand per month
	Winter Period	$7.14 per kW of Onpeak Billing Demand per month
	Transition Period	$7.14 per kW of Onpeak Billing Demand per month
Maximum Demand Charge:	Summer Period	$2.97 per kW of Maximum Billing Demand per month
	Winter Period	$2.97 per kW of Maximum Billing Demand per month
	Transition Period	$2.97 per kW of Maximum Billing Demand per month
Energy Charge:	Summer Period	4.154¢ per kWh per month (as adjusted by TOU Amount below)
	Winter Period	3.827¢ per kWh per month (as adjusted by TOU Amount below)
	Transition Period	3.694¢ per kWh per month

TOU Amounts to be added to Energy Charges:

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

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

TOU SERVICE

For purposes of applying the charges in this section, “maximum demand” is the higher of (1) the highest onpeak metered demand or (2) the highest offpeak metered demand.

General Power Service

Schedule GSB

Administrative Charge:	$350 per delivery point per month
Demand Charge:	
Summer Period	
Onpeak Demand	$10.30 per kW of metered onpeak demand per month, plus
Maximum Demand	$3.49 per kW per month of maximum demand
Winter Period	
Onpeak Demand	$9.39 per kW of metered onpeak demand per month, plus
Maximum Demand	$3.49 per kW per month of maximum demand
Transition Period	
Onpeak Demand	$9.39 per kW of metered onpeak demand per month, plus
Maximum Demand	$3.49 per kW per month of maximum demand

Energy Charge:

Summer Period

Onpeak — 6.071¢ per kWh per month for all metered onpeak kWh, plus

Offpeak

Block 1 — 3.708¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus

Block 2 — 0.430¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus

Block 3 — 0.106¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak — 4.993¢ per kWh per month for all metered onpeak kWh, plus

Offpeak

Block 1 — 3.918¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus

Block 2 — 0.430¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus

Block 3 — 0.106¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period

Onpeak — 3.678¢ per kWh per month for all metered onpeak kWh, plus

Offpeak

Block 1 — 3.678¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus

Block 2 — 0.430¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus

Block 3 — 0.106¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

<u>Schedule GSC</u>

Administrative Charge: $350 per delivery point per month

Demand Charge:

Summer Period

Onpeak Demand — $10.30 per kW of metered onpeak demand per month, plus

Maximum Demand — $3.49 per kW per month of maximum demand

Winter Period

Onpeak Demand — $9.39 per kW of metered onpeak demand per month, plus

Maximum Demand — $3.49 per kW per month of maximum demand

Transition Period

Onpeak Demand — $9.39 per kW of metered onpeak demand per month, plus

Maximum Demand — $3.49 per kW per month of maximum demand

Energy Charge:

Summer Period

Onpeak — 6.071¢ per kWh per month for all metered onpeak kWh, plus

Offpeak

Block 1 3.708¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus

Block 2 0.430¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus

Block 3 0.106¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak 4.993¢ per kWh per month for all metered onpeak kWh, plus

Offpeak

Block 1 3.918¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus

Block 2 0.430¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus

Block 3 0.106¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period

Onpeak 3.678¢ per kWh per month for all metered onpeak kWh, plus

Offpeak

Block 1 3.678¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus

Block 2 0.430¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus

Block 3 0.106¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule GSD

Administrative Charge: $350 per delivery point per month

Demand Charge:

Summer Period

Onpeak Demand $10.30 per kW of metered onpeak demand per month, plus

Maximum Demand $3.49 per kW per month of maximum demand

Winter Period

Onpeak Demand $9.39 per kW of metered onpeak demand per month, plus

Maximum Demand $3.49 per kW per month of maximum demand

Transition Period

Onpeak Demand $9.39 per kW of metered onpeak demand per month, plus

Maximum Demand $3.49 per kW per month of maximum demand

Energy Charge:

Summer Period

Onpeak 6.071¢ per kWh per month for all metered onpeak kWh, plus

Offpeak

Block 1 3.708¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy , plus

Block 2 0.321¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus

Block 3 0.106¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period
Onpeak 4.993¢ per kWh per month for all metered onpeak kWh, plus

Offpeak
Block 1 3.918¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 2 0.321¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 3 0.106¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period
Onpeak 3.678¢ per kWh per month for all metered onpeak kWh, plus

Offpeak
Block 1 3.678¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 2 0.321¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 3 0.106¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule TDGSA
Administrative Charge: $350 per delivery point per month
Demand Charge:
Summer Period
Onpeak Demand $10.38 per kW of metered onpeak demand per month, plus
Maximum Demand $3.50 per kW per month of maximum demand

Winter Period
Onpeak Demand $9.47 per kW of metered onpeak demand per month, plus
Maximum Demand $3.50 per kW per month of maximum demand

Transition Period
Onpeak Demand $9.47 per kW of metered onpeak demand per month, plus
Maximum Demand $3.50 per kW per month of maximum demand

Energy Charge:
Summer Period
Onpeak 7.527¢ per kWh per month for all metered onpeak kWh, plus

Offpeak
Block 1 4.351¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy , plus
Block 2 0.323¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 3 0.036¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period
Onpeak 6.077¢ per kWh per month for all metered onpeak kWh, plus

Offpeak

Block 1	4.632¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 2	0.323¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 3	0.036¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period

Onpeak	4.745¢ per kWh per month for all metered onpeak kWh, plus

Offpeak

Block 1	4.745¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 2	0.323¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 3	0.036¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Manufacturing Power Service

Schedule MSB

Administrative Charge:	$350 per delivery point per month

Demand Charge:

Summer Period

Onpeak Demand	$9.71 per kW of metered onpeak demand per month, plus
Maximum Demand	$0.68 per kW per month of maximum demand

Winter Period

Onpeak Demand	$8.79 per kW of metered onpeak demand per month, plus
Maximum Demand	$0.68 per kW per month of maximum demand

Transition Period

Onpeak Demand	$8.79 per kW of metered onpeak demand per month, plus
Maximum Demand	$0.68 per kW per month of maximum demand

Energy Charge:

Summer Period

Onpeak	5.374¢ per kWh per month for all metered onpeak kWh, plus

Offpeak

Block 1	3.004¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 2	0.188¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 3	-0.053¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Winter Period

Onpeak	4.293¢ per kWh per month for all metered onpeak kWh, plus

Offpeak

	Block 1	3.216¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
	Block 2	0.188¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
	Block 3	-0.053¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy
Transition Period		
Onpeak		3.298¢ per kWh per month for all metered onpeak kWh, plus
Offpeak		
	Block 1	3.298¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
	Block 2	0.188¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
	Block 3	-0.053¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule MSC

Administrative Charge:	$350 per delivery point per month
Demand Charge:	
Summer Period	
Onpeak Demand	$9.71 per kW of metered onpeak demand per month, plus
Maximum Demand	$0.68 per kW per month of maximum demand
Winter Period	
Onpeak Demand	$8.79 per kW of metered onpeak demand per month, plus
Maximum Demand	$0.68 per kW per month of maximum demand
Transition Period	
Onpeak Demand	$8.79 per kW of metered onpeak demand per month, plus
Maximum Demand	$0.68 per kW per month of maximum demand
Energy Charge:	
Summer Period	
Onpeak	5.268¢ per kWh per month for all metered onpeak kWh, plus
Offpeak	
Block 1	2.897¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy , plus
Block 2	0.322¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 3	0.322¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	
Onpeak	4.186¢ per kWh per month for all metered onpeak kWh, plus
Offpeak	
Block 1	3.108¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy , plus
Block 2	0.322¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus

	Block 3	0.322¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy
Transition Period		
Onpeak		3.191¢ per kWh per month for all metered onpeak kWh, plus
Offpeak		
	Block 1	3.191¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
	Block 2	0.322¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
	Block 3	0.322¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule MSD

Administrative Charge:	$350 per delivery point per month
Demand Charge:	
Summer Period	
Onpeak Demand	$9.71 per kW of metered onpeak demand per month, plus
Maximum Demand	$0.68 per kW per month of maximum demand
Winter Period	
Onpeak Demand	$8.79 per kW of metered onpeak demand per month, plus
Maximum Demand	$0.68 per kW per month of maximum demand
Transition Period	
Onpeak Demand	$8.79 per kW of metered onpeak demand per month, plus
Maximum Demand	$0.68 per kW per month of maximum demand
Energy Charge:	
Summer Period	
Onpeak	5.052¢ per kWh per month for all metered onpeak kWh, plus
Offpeak	
Block 1	2.682¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 2	0.162¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 3	0.106¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	
Onpeak	3.970¢ per kWh per month for all metered onpeak kWh, plus
Offpeak	
Block 1	2.892 per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 2	0.162¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 3	0.106¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period

Onpeak	2.975¢ per kWh per month for all metered onpeak kWh, plus
Offpeak	
Block 1	2.975¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 2	0.162¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 3	0.106¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Schedule TDMSA

Administrative Charge:	$350 per delivery point per month
Demand Charge:	
Summer Period	
Onpeak Demand	$9.71 per kW of metered onpeak demand per month, plus
Maximum Demand	$1.92 per kW per month of maximum demand
Winter Period	
Onpeak Demand	$8.79 per kW of metered onpeak demand per month, plus
Maximum Demand	$1.92 per kW per month of maximum demand
Transition Period	
Onpeak Demand	$8.79 per kW of metered onpeak demand per month, plus
Maximum Demand	$1.92 per kW per month of maximum demand
Energy Charge:	
Summer Period	
Onpeak	5.159¢ per kWh per month for all metered onpeak kWh, plus
Offpeak	
Block 1	2.789¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 2	0.188¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 3	-0.053¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy
Winter Period	
Onpeak	4.077¢ per kWh per month for all metered onpeak kWh, plus
Block 1	3.000¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 2	0.188¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 3	-0.053¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Transition Period

Onpeak	3.084¢ per kWh per month for all metered onpeak kWh, plus
Offpeak	
Block 1	3.084¢ per kWh per month for the first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 2	0.188¢ per kWh per month for the next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
Block 3	-0.053¢ per kWh per month for the hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

Adjustments

1. The base Onpeak Demand, Maximum Demand, and Energy charges in this rate schedule shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. The TOU Amounts to be added to Energy Charges are not subject to adjustment under this section. For purposes of determining amounts applicable to power resold by Distributor, a resource cost allocation (RCA) methodology based on historical sales and fuel cost data shall be applied to allocate amounts calculated under any fuel cost adjustment (FCA) in the Adjustment Addendum in the manner described below.

The RCA methodology allocates a different percentage of total eligible fuel costs to (a) all distributor-served and directly served customers with contract demands greater than 5,000 kW served under manufacturing-designated rate schedules (LMS Customers), (b) all distributor-served and directly served customers with contract demands greater than 5,000 kW not served under manufacturing-designated rate schedules (LGS Customers), and (c) all other customers (All Other Customers).

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

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

where RCA_j is the RCA allocation for the customer group: LMS Customers, LGS Customers, or All Other Customers;

h_{ij} is the hourly energy of each customer group;

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

i is the hourly interval of the billing month;

j is the customer group: LMS Customers, LGS Customers, or All Other Customers;

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

Any FCA included in the Adjustment Addendum shall provide for TVA's estimated monthly fuel costs (estimated actual total fuel and purchased power expenses/estimated actual energy sales) to be adjusted based on the application of Seasonal Amounts set out below. To determine the Seasonal Amounts, using the above formula, TVA calculated an RCA allocation percentage for the Seasonal Periods set out in this rate

schedule based on data from August 2011 through July 2017 (excluding the month of January 2014). The resulting percentage was applied to actual monthly fuel costs during each of the Seasonal Periods and divided by actual energy sales to obtain the following amounts:

Seasonal Period	LMS Customers	LGS Customers	All Other Customers
Summer	-0.096 ¢ per kWh	-0.062 ¢ per kWh	0.027 ¢ per kWh
Winter	-0.046 ¢ per kWh	-0.038 ¢ per kWh	0.014 ¢ per kWh
Transition	-0.044 ¢ per kWh	-0.022 ¢ per kWh	0.015 ¢ per kWh

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

Any FCA included in the Adjustment Addendum shall provide for the RCA formula to be used to reconcile the estimated fuel costs applied to LMS Customers, LGS Customers, or All Other Customers to actual fuel costs and sales.

2. Distributor's bill for each month shall be adjusted in accordance with the Hydro Allocation Adjustment in the current Adjustment Addendum published by TVA to reflect the value of the hydro generation benefits allocated by TVA to residential customers.

Effective October 1 of each year, TVA may recompute the dollar and cent amounts used in determining the Hydro Allocation Adjustment to take account of changed sales and customer account data and apply it accordingly. In performing such computations, TVA shall use the latest 12-month period ending June 30 for purposes of determining the Hydro Allocation Adjustment amounts.

Each month Distributor shall report, in a form specified by TVA, data used in determining components of the Hydro Allocation Adjustment. Such data includes, for the previous month: (1) The energy amount resold by Distributor under the Standard Service section above to non-residential customers, including customers served under a supplemental residential rate schedule, (2) The Maximum Demand and total energy units sold by Distributor to Large Customers, (3) The energy amount resold by Distributor under the Standard Service section above to residential customers excluding customers served under a supplemental residential rate schedule, and (4) the number of customers entitled to be served under Distributor's residential rate schedules, excluding customers served under a supplemental residential rate schedule. To the extent that such data is not so reported in 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 (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 maximum 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 maximum metered demand.

In any case in which a bill to a customer with a contract demand in excess of 5,000 kW involves metered offpeak energy less than billed offpeak energy, Distributor's bill under this rate schedule shall be adjusted by adding thereto for each such customer (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. Notwithstanding the foregoing, amounts calculated under any fuel cost adjustment that is included in the Adjustment Addendum shall be not be applied to any billed offpeak energy that exceed the 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. The base TOU Service demand and energy charges listed above shall be increased or decreased to appropriately reflect the value of the hydro generation benefits allocated by TVA to residential customers in accordance with the Hydro Allocation Adjustments in the current Adjustment Addendum published by TVA.

In addition, the Hydro Allocation Adjustments 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.

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

For purposes of Standard Service, 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 months of April, May, June, July, August, September and October and from 4 a.m. to 10 a.m. during the months of January, February, March, November, and December. For all other hours of each day and all hours of such excepted days shall be offpeak hours. Such times shall be Central Standard Time or Central Daylight Time, whichever is then in effect. Said onpeak and offpeak hours are subject to change by TVA. In the event TVA determines that such changed onpeak and offpeak hours are appropriate, it shall so notify Distributor at least 12 months prior to the effective date of such changed hours.

Determination of Standard Service Demand and Energy Billing Amounts

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

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

Minimum Bill

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