Availability:

This rate schedule shall be available to customers (hereinafter called the Customer) who are or were formerly in the Tennessee Valley Authority (hereinafter called TVA) service area.

Applicability:

This rate schedule shall be applicable to electric capacity and energy generated at the Dale Hollow, Center Hill, Wolf Creek, Old Hickory, Cheatham, Barkley, J. Percy Priest, and Cordell Hull Projects (all of such projects being hereafter called collectively the "Cumberland Projects") and the Laurel Project sold under agreement between the Department of Energy and the Customer.

Character of Service:

The electric capacity and energy supplied hereunder will be three-phase alternating current at a frequency of approximately 60 hertz at the outgoing terminals of the Cumberland Projects' switchyards.

Billing Month:

The billing month for capacity and energy sold under this schedule shall end at 2400 hours CDT or CST, whichever is currently effective, on the last day of each calendar month.

Contract Year:

For purposes of this rate schedule, a contract year shall be as in Section 13.1 of the Southeastern Power Administration - Tennessee Valley Authority Contract.

Monthly Rate:

The initial monthly base rate for capacity and energy sold under this rate schedule shall be:

Initial Base Demand charge (includes 1500 hours of energy annually):
$3.430 per kilowatt/month of total contract demand

**Initial Base Energy Charge:**
None

**Initial Base Additional Energy Charge:**
12.835 mills per kilowatt-hour

**True-up Adjustment:**
The base demand charge and base additional energy charge will be subject to annual adjustment on April 1 of each year based on transfers to specific power plant-in-service. The adjustment is for each increase of $1,000,000 to specific power plant-in-service an increase of $0.003 per kilowatt per month added to the base Capacity rate and an increase of 0.013 mills per kilowatt-hour added to the additional energy rate. Southeastern will give written notice to the Customer of the amount of the true-up by February 1 of each year.

**Transmission Charge:**
The initial charge for transmission and Ancillary Services will be the Customer’s ratable share of the charges for transmission, distribution, and ancillary services paid by the Government. The charges for transmission and ancillary services are governed by and subject to refund based upon the determination in proceedings before FERC or other overseeing entity involving the TVA’s and other transmission provider’s Open Access Transmission Tariff (OATT).

Proceedings before FERC or other overseeing entity involving the OATT or the Distribution charge may result in the separation of charges currently included in the transmission rate. In this event, the Government may charge the Customer for any and all separate transmission, ancillary services, and distribution charges paid by the Government in behalf of the Customer. These charges could be recovered through a capacity charge or an energy charge, as determined by the Government.

**Energy to be Made Available:**
The energy will be scheduled by TVA and the Customer will receive their ratable share, in accordance with the Government-Customer Contract. Energy shall be accounted for, in accordance with agreements with TVA.

The Customer will receive a ratable share of their capacity, in accordance with the Government-Customer Contract.
Service Interruption:

When delivery of capacity to TVA is interrupted or reduced due to conditions on the Department of Energy's system that are beyond its control, the Department of Energy will continue to make available the portion of its declaration of energy that can be generated with the capacity available. The customer will receive a ratable share of this capacity.

For such interruption or reduction (exclusive of any restrictions provided in the agreement) due to conditions on the Department of Energy's system which have not been arranged for and agreed to in advance, the demand charge for scheduled capacity made available to the Customer will be reduced as to the kilowatts of such scheduled capacity which have been so interrupted or reduced for each day in accordance with the following formula:

\[
\text{Number of kilowatts unavailable for at least 12 hours in any calendar day} \times \left( \frac{\text{Monthly Capacity Charge}}{\text{Number of Days in Billing Month}} \right) \times \left( \frac{\text{Contract Demand}}{980,000 \text{ Kilowatts}} \right)
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October 1, 2020