

JACKSON ENERGY AUTHORITY

MANUFACTURING SERVICE RATE--SCHEDULE MSD

(December 1, 2018)

Availability

This rate shall apply to the firm electric power requirements where (a) a customer's currently effective onpeak or offpeak contract demand, whichever is higher, is greater than 25,000 kW, and (b) the major use of electricity is for activities conducted at the delivery point serving that customer which are classified with a 2-digit Standard Industrial Classification Code between 20 and 39, inclusive, or classified with 2002 North American Industry Classification System (NAICS) code 5181, or 2007 NAICS codes 5182, 522320, and 541214.

Prior to initially taking any service under this schedule, and from time to time thereafter as may be required by Jackson Energy Authority or the Tennessee Valley Authority (TVA), a customer shall certify to both Jackson Energy Authority and TVA that it meets the requirements set forth in condition (b) above. The certification form to be used shall be (i) furnished or approved by TVA, (ii) provided by Jackson Energy Authority to the customer, and (iii) signed and promptly returned by the customer to Jackson Energy Authority. Further, such customer shall promptly certify any change in the status of any of the information contained in the certification form to Jackson Energy Authority.

Service during any period for which a customer does not meet the eligibility requirements set forth in condition (b) above will be made available by Jackson Energy Authority under, and billed in accordance with, the applicable General Power schedule.

Unless otherwise provided for in a written agreement between TVA and the Jackson Energy Authority providing service under this rate schedule, for customers served under this rate schedule, the customer's "meter-reading time" shall be 0000 hours CST or CDT, whichever is currently effective, on the first day of the calendar month following the month for which a bill under this rate schedule is being calculated. Further, in accordance with TVA furnished or approved guidelines or specifications, TVA shall have unrestricted remote access to the metering data at all times, as well as unrestricted physical access to the metering facilities for the purpose of confirming remotely-accessed data during such periods as are specified by TVA.

For all customers transitioning from seasonal demand and energy service under an existing power contract, the onpeak contract demand and offpeak contract demand will be the contract demand provided under their current power contract.

For a customer requesting that its onpeak contract demand be different from its offpeak contract demand, this rate schedule shall be available only for (1) a new contract, (2) a replacement or renewal contract following expiration of the existing contract, or (3) a replacement or renewal contract or an amended existing contract in which the customer is increasing its demand requirements above the existing contract demand level, but under this item (3) neither the new onpeak nor the new offpeak contract demand shall be lower than the customer's existing contract demand.

Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

Charges

Customer Charge: \$2,000 per delivery point per month

Administrative Charge: \$350 per delivery point per month

Demand Charges:

Summer Period

Onpeak Demand \$10.24 per kW of onpeak billing demand per month, plus

Maximum Demand \$1.64 per kW per month of maximum billing demand, plus

Excess Demand \$10.24 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher.

Winter Period

Onpeak Demand \$9.27 per kW of onpeak billing demand per month, plus

Maximum Demand \$1.64 per kW per month of maximum billing demand, plus

Excess Demand \$9.27 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher.

Transition Period

Onpeak Demand \$9.27 per kW of onpeak billing demand per month, plus

Maximum Demand \$1.64 per kW per month of maximum billing demand, plus

Excess Demand \$9.27 per kW per month of the amount, if any, by which (1) the customer's onpeak billing demand exceeds its onpeak contract demand or (2) the customer's offpeak billing demand exceeds its offpeak contract demand, whichever is higher.

Energy Charge:

Onpeak
Offpeak

All metered onpeak kWh, plus

- Block 1 The first 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
- Block 2 The next 200 hours use of metered onpeak demand multiplied by the ratio of offpeak energy to total energy, plus
- Block 3 The hours use of metered onpeak demand in excess of 400 hours multiplied by the ratio of offpeak energy to total energy

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|-------------------|-----------|-----------|-----------|
| Summer Period | | | |
| Onpeak | \$0.05440 | \$0.02103 | \$0.07543 |
| Offpeak | | | |
| Block 1 | \$0.02939 | \$0.02103 | \$0.05042 |
| Block 2 | \$0.00282 | \$0.02103 | \$0.02385 |
| Block 3 | \$0.00223 | \$0.02103 | \$0.02326 |
| Winter Period | | | |
| Onpeak | \$0.04298 | \$0.02103 | \$0.06401 |
| Offpeak | | | |
| Block 1 | \$0.03161 | \$0.02103 | \$0.05264 |
| Block 2 | \$0.00282 | \$0.02103 | \$0.02385 |
| Block 3 | \$0.00223 | \$0.02103 | \$0.02326 |
| Transition Period | | | |
| Onpeak | \$0.03248 | \$0.02103 | \$0.05351 |
| Offpeak | | | |
| Block 1 | \$0.03248 | \$0.02103 | \$0.05351 |
| Block 2 | \$0.00282 | \$0.02103 | \$0.02385 |
| Block 3 | \$0.00223 | \$0.02103 | \$0.02326 |

For the Summer Period, Winter Period, and Transition Period, the offpeak Block 1 nonfuel energy rate shall be applied to the portion, if any, of the minimum offpeak energy takings amount that is greater than the metered energy.

Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. In addition, such charges shall be increased or decreased to correspond to increases or decreases determined by TVA under Adjustment 4 of the wholesale power rate schedule applicable under contractual arrangements between TVA and Jackson Energy Authority.

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 at less than 161 kV, there shall be added to the customer's bill a facilities rental charge. This charge shall be 48¢ per kW per month except for delivery at voltages below 46 kV, in which case the charge shall be \$1.23 per kW per month for the first 10,000 kW and 97¢ per kW per month for the excess over 10,000 kW. Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective onpeak or offpeak contract demand, whichever is higher, and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of \$1.46 per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is

leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill 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.

Determination of Seasonal Periods

Summer Period shall mean the June, July, August, and September billing months. Winter Period shall mean the December, January, February, and March billing months. Transition Period shall mean the April, May, October, and November billing months.

Determination of Onpeak and Offpeak Hours

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, and provided further that onpeak hours shall not include hours that fall on November 1 of each year when November 1 falls on any day other than Monday, Onpeak hours for each day shall for purposes of this rate schedule 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 Jackson Energy Authority at least 12 months prior to the effective date of such changed hours.

Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts

The onpeak and offpeak kWh for any month shall be the energy amounts taken during the respective hours of the month designated under this rate schedule as onpeak and offpeak hours; provided, however, that notwithstanding the metered energy amount, the offpeak energy for any month shall in no case be less than the product of (1) the offpeak billing demand as calculated in the last paragraph below and (2) 110 hours (reflecting a 15 percent load factor applied to the average number of hours in a month).

Jackson Energy Authority shall meter the onpeak and offpeak demands in kW of all customers taking service under this rate schedule. The onpeak metered demand and offpeak metered demand for any month shall be determined separately for the respective hours of the month designated under this rate schedule as onpeak and offpeak hours and, in each case, shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour.

Except as provided below, (1) the onpeak billing demand shall be the highest onpeak metered demand in the month, (2) the offpeak billing demand shall be the highest offpeak metered demand in the month, and (3) the maximum billing demand shall be the higher of the onpeak billing demand or offpeak billing demand in the month.

The onpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, (3) 50 percent of the next 25,000 kW, (4) 60 percent of the next 50,000 kW, (5) 70 percent of the next 100,000 kW, (6) 80 percent of the next 150,000 kW, and (7) 85 percent of all kW in excess of 350,000 kW of the higher of the currently effective onpeak contract demand or the highest onpeak billing demand established during the preceding 12 months.

The offpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW, (2) 40 percent of the next 20,000 kW, (3) 50 percent of the next 25,000 kW, (4) 60 percent of the next 50,000 kW, (5) 70 percent of the next 100,000 kW, (6) 80 percent of the next 150,000 kW, and (7) 85 percent of all kW in excess of 350,000 kW of the higher of the currently effective offpeak contract demand or the highest offpeak billing demand established during the preceding 12 months.

Minimum Bill

The monthly bill under this rate schedule, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge and administrative charge, (2) the portion of the base demand charge, as adjusted, applicable to onpeak billing demand applied to the customer's onpeak billing demand, (3) the portion of the base demand charge, as adjusted, applicable to maximum billing demand applied to the to the customer's maximum billing demand, (4) the base onpeak energy charge, as adjusted, applied to the customer's onpeak energy takings, and (5) the base offpeak energy charge, as adjusted, applied to the higher of customer's actual offpeak energy takings or the minimum offpeak energy takings amount provided for in the first paragraph of the section of this rate schedule entitled "Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts". Notwithstanding the foregoing, amounts calculated under any fuel cost adjustment that is included in the Adjustment Addendum shall not be applied to any billed offpeak energy that exceeds the metered offpeak energy.

Excess demand charges are excluded from this calculation.

Jackson Energy Authority may require minimum bills higher than those stated above, including, without limitation, charges to cover any additional metering and related costs.

Contract Requirement

Jackson Energy Authority shall require contracts for all service provided under this rate schedule. The contract shall be for an initial term of at least 5 years and any renewals or extensions of the initial contract shall be for a term of at least 5 year; after 10 years of service, any such contract for the renewal or extension of service may provide for termination upon not less than 16 months' notice. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and Jackson Energy Authority shall not be obligated to supply power in greater amount at any time than the customer's currently effective onpeak or offpeak contract demand. If the customer uses any power other than that supplied by Jackson Energy Authority under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as provided under the power contract between Jackson Energy Authority and TVA.

Payment

Bills under this rate schedule will be rendered monthly. Any amount of bill unpaid after due date specified on bill may be subject to additional charges under Jackson Energy Authority's standard policy.

Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

Service is subject to Rules and Regulations of Jackson Energy Authority.