

FOR ALL TERRITORY SERVED
Community, Town or City

P.S.C. KY. NO. 10

Original SHEET NO. 80.001

CANCELLING P.S.C. KY. NO. 9

SHEET NO. _____

**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

RATES AND CHARGES

Economic Development Rider

Applicability

The EDR is available in all the service territory served by Farmers Rural Electric Cooperative Corporation ("Farmers").

Availability

Available as a rider to qualifying Farmers' non-residential members to be served or being served under East Kentucky Power Cooperative, Inc.'s ("EKPC") Sections B, C, E, and G to encourage Economic Development as defined herein. Service under the EDR is conditional on approval of a special contract between EKPC, Farmers, and the qualifying non-residential member for such economic development rate service filed with and approved by the Kentucky Public Service Commission ("Commission").

Economic Development

Service under EDR is available to:

- 1) New members contracting for a minimum average monthly billing load of 500 kW over a 12 month period. If the new member is locating in a Kentucky county that is identified by the Commonwealth of Kentucky as an "Enhanced Incentive County", then the minimum average monthly billing load will be 250 kW over a 12 month period.
- 2) Existing members contracting for a minimum average monthly billing load increase of 500 kW over a 12 month period above their Economic Development Base Load ("ED Base Load"). If the existing member is located in a Kentucky county that is identified by the Commonwealth of Kentucky as an "Enhanced Incentive County", then the minimum average monthly billing load increase will be 250 kW over a 12 month period. The ED Base load will be determined as follows:
 - a. The existing member's ED Base Load will be determined by averaging the member's previous three years' monthly billing loads. EKPC, Famers, and the existing member must agree upon the ED Base Load, and any adjustments to the ED Base Load must be mutually agreed to by the parties.

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ISSUED BY William J. Patton
TITLE: President & Chief Executive Officer

Issued by authority of an Order of the Public Service Commission of KY
in Case No. _____ Dated: _____

KENTUCKY
PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<i>Brent Kirtley</i>
EFFECTIVE
9/1/2014
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

FOR ALL TERRITORY SERVED
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P.S.C. KY. NO. 10

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**FARMERS RURAL ELECTRIC
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RATES AND CHARGES

Economic Development Rider (cont.)

- b. The ED Base Load shall be an explicit term of the special contract submitted to the Commission for approval before the member can take service under the EDR. Once the ED Base Load's value is established, it will not be subject to variation or eligible for service under the EDR.
 - c. These provisions are not intended to reduce or diminish in any way EDR service already being provided to all or a portion of a member's ED Base Load. Such EDR service would continue under the terms of the applicable special contract already existing between EKPC, Farmers, and the member concerning the affected portion of the member's ED Base Load.
- 3) A new or existing member eligible for a minimum average monthly billing load between 250 kW and 500 kW may require a member-specific meter installation. The cost of the member-specific meter installation shall be recovered from the member.
- 4) The new member or existing member must agree to maintain a minimum load factor of 60 percent during the majority of the months in the discount period, subject to the following parameters:
- a. During the first 12 months of the discount period the 60 percent minimum load factor requirement will be waived.
 - b. During the remaining months of the discount period, the load factor will be determined each month. The new or existing member may fail to achieve the 60 percent minimum load factor for no more than 1/6th of the remaining months of the discount period.
 - c. Failure to maintain the 60 percent minimum load factor in any month beyond the period described in part 4(b) above will result in the suspension of the discount to the Total Demand Charge for that month. The discount to the Total Demand Charge will resume in the month the 60 percent minimum load factor is achieved; however the discount will resume at the discount rate applicable to the month of the discount period.

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TITLE: President & Chief Executive Officer

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JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <i>Brent Kirtley</i>
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**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

RATES AND CHARGES

Economic Development Rider (cont.)

- 5) A member desiring service under the EDR must submit an application for service that includes:
 - a. A description of the new load to be served;
 - b. The number of new employees, if any, the member anticipates employing associated with the new load; and
 - c. The capital investment the member anticipates making associated with the EDR load.

- 6) Any EDR member-specific fixed costs shall be recovered over the life of the special contract.

- 7) For purposes of this tariff, a new member is defined as one who becomes a member of Farmers on or after September 1, 2014.

Rate

The rate available under the EDR shall be in the form of a discount to the Total Demand Charge on the EKPC rate section applicable to the member. The Total Demand Charge is the sum of all demand charges, including any credits provided under any other demand-related rider, before the EDR discounts as described below are applied. A member taking service under the EDR shall be served according to all of the rates, terms, and conditions of the normally applicable rate schedule subject to the following discount options:

Discount Period	3 years	4 years	5 years
Required Minimum Contract Term	6 years	8 years	10 years
Discount to Total Demand Charge:			
First 12 consecutive monthly billings	30%	40%	50%
Next 12 consecutive monthly billings	20%	30%	40%
Next 12 consecutive monthly billings	10%	20%	30%
Next 12 consecutive monthly billings	0%	10%	20%
Next 12 consecutive monthly billings	0%	0%	10%

The discount will not be smaller than the amount calculated from the EKPC ~~tariff~~ **REGULATIONS**.

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**FARMERS RURAL ELECTRIC
COOPERATIVE CORPORATION**

RATES AND CHARGES

Economic Development Rider (cont.)

Terms and Conditions

- 1) EKPC and Farmers will only offer an EDR during either periods of excess capacity or the additional capacity needs have been secured, or are capable of being economically secured, through a market purchase agreement. If additional capacity has been secured through a market purchase, the member will be responsible for the costs of the market purchase agreement. Upon submission of each EDR special contract, EKPC will demonstrate that the load expected to be served during each year of the contract period will not cause them to fall below a reserve margin that is considered essential for system reliability.
- 2) Service shall be furnished under the applicable standard rate schedule and this rider, filed as a special contract with the Commission, for a fixed term of at least two times the discount period and for such time thereafter under the terms stated in the applicable standard rate schedule. The discount period shall not be less than 3 years and not exceed 5 years. A greater term of contract or termination notice may be required because of conditions associated with a member's requirements for service. Service shall be continued under the conditions provided for under the applicable standard rate schedule to which this rider is attached after the original term of the contract.
- 3) The member may request an EDR effective initial billing date that is no later than 12 months after the date on which EKPC and Farmers initiates service to the member.
- 4) The EDR is not available to a new member which results from a change in ownership of an existing establishment. However, if a change in ownership occurs after the member enters into an EDR special contract, the successor member may be allowed to fulfill the balance of the EDR special contract.
- 5) EKPC and Farmers may offer differing terms, as appropriate, under the special contract to which this rider is a part depending on the circumstances associated with providing service to a particular member subject to approval by the Commission.

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