



DEPARTMENT OF ENERGY

Southeastern Power Administration

Notice of Interim Approval of Rate Schedules for Cumberland System of Projects

AGENCY: Southeastern Power Administration, DOE.

ACTION: Notice of interim approval.

SUMMARY: The Administrator for the Southeastern Power Administration (Southeastern) has confirmed and approved, on an interim basis, rate schedules CBR-1-K, CSI-1-K, CEK-1-K, CM-1-K, CC-1-L, CK-1-K, CTV-1-K, CTVI-1-D, and Replacement-3. These rate schedules are applicable to Southeastern power sold to existing preference customers in Alabama, Georgia, Illinois, Kentucky, Mississippi, North Carolina, Tennessee, and Virginia. The rate schedules are approved on an interim basis through September 30, 2030, and are subject to confirmation and approval by the Federal Energy Regulatory Commission (FERC) on a final basis.

DATES: Approval of rates on an interim basis is effective on October 1, 2025.

FOR FURTHER INFORMATION CONTACT: Carter B. Edge, Assistant Administrator for Finance and Marketing, Southeastern Power Administration, Department of Energy, 1166 Athens Tech Road, Elberton, Georgia 30635-6711, (706) 213-3800; Email: Carter.Edge@sepa.doe.gov.

SUPPLEMENTARY INFORMATION: FERC, by Order issued November 5, 2020, in Docket No. EF20-6-000 (Accession No.: 20201105-3018), confirmed and approved Wholesale Power Rate Schedules CBR-1-J, CSI-1-J, CEK-1-J, CM-1-J, CC-1-K, CK-1-J, CTV-1-J, CTVI-1-C and Replacement-3 for the period October 1, 2020, through September 30, 2025. This order replaces these rate schedules on an interim basis, subject to final approval by FERC.

DEPARTMENT OF ENERGY

ADMINISTRATOR, SOUTHEASTERN POWER ADMINISTRATION

In the Matter of:

Southeastern Power Administration) Rate Order No. SEPA-68
Cumberland System Power Rates)

**ORDER CONFIRMING AND APPROVING
POWER RATES ON AN INTERIM BASIS**

Rate Order No. SEPA-68 and associated rate schedules are applicable to Southeastern Power Administration (Southeastern) power sold to existing preference customers in Alabama, Georgia, Illinois, Kentucky, Mississippi, North Carolina, Tennessee, and Virginia. The rate schedules are approved on an interim basis, effective October 1, 2025, through September 30, 2030, and are subject to confirmation and approval by the Federal Energy Regulatory Commission (FERC) on a final basis.

BACKGROUND

Power from the Cumberland System is presently sold under Wholesale Power Rate Schedules CBR-1-J, CSI-1-J, CEK-1-J, CM-1-J, CC-1-K, CK-1-J, CTV-1-J, CTVI-1-C and Replacement-3. These rate schedules were approved by the FERC in docket number EF20-6-000 on November 5, 2020, for a period ending September 30, 2025 (Accession No.: 20201105-3018).

Public Notice and Comment

Notice of a proposed rate adjustment was published in the *Federal Register* May 15, 2025 (90 FR 20668). Southeastern proposed an increase to existing rate schedules and continuation of the annual true-up adjustment for the sale of power from

the Cumberland System effective October 1, 2025, through September 30, 2030. The notice advised interested parties of a public information and comment forum to be held in Elberton, Georgia, and also virtually by Microsoft Teams, on June 17, 2025.

Written comments were accepted through August 13, 2025.

The rate schedules recover cost from capacity, energy, and additional energy. The revenue requirement proposed at the forum was \$81,750,000 per year. The rates proposed were as follows:

Cumberland System Rates

Original Marketing Policy

Inside TVA Preference Customers

Capacity and Base Energy:	\$4.484 per kW/Month
Additional Energy:	17.088 mills per kWh
Transmission:	Pass-through

**Outside TVA Preference Customers
(Excluding Customers served through Duke Energy Progress or East Kentucky Power Cooperative)**

Capacity and Base Energy:	\$4.484 per kW/Month
Additional Energy:	17.088 mills per kWh
Transmission:	Monthly TVA Transmission Charge divided by 545,000

Customers Served through Duke Energy Progress

Capacity and Base Energy:	\$5.076 per kW/Month
TVA Transmission:	TVA rate at border as computed above, adjusted for DEP delivery

East Kentucky Power Cooperative:

Capacity:	\$2.348 per kW/Month
Energy:	17.088 mills per kWh
Transmission:	Monthly TVA Transmission Charge divided by 545,000

The proposed rate schedules continue adjustments annually on April 1 of each year, based on transfers of specific power investment to plant-in-service for the preceding fiscal year, to the base demand charge and base additional energy charge. The annual adjustment will be, 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 base additional energy rate. Southeastern will give written notice to the customers of the amount of the true-up by February 1 of each year.

Public Comments

Southeastern received oral comments from one participant as part of the public information and comment forum on June 17, 2025. Southeastern received written comments mirroring the oral comments provided in the public information and comment forum from the same representing organization as the forum participant.

The comments are summarized below. Southeastern's responses are provided.

Comment 1: In our review of the supplemental rate materials that SEPA has provided, and as discussed below, we believe the Administrator has exercised his authority under the Flood Control Act of 1944 to keep rates as low as possible consistent with sound business principles, but further action should be taken. Notably, we observe that in certain instances, hydropower customers are being asked to assume cost responsibility for flood control expenses which should be assigned fully to flood control for reimbursement.

Response to Comment 1: Southeastern's Administrator agrees that protecting hydropower customers from bearing costs unrelated to hydropower is a priority, and other such costs should be properly attributed to the relevant purposes of the projects. Southeastern realizes there are flood control or flood risk management costs applied to the hydropower portion of the joint share. Southeastern's

Administrator has the responsibility to determine which costs are appropriate and is obligated to prudently follow sound business principles in recovering costs associated with generating hydropower, including the amortization of capital Federal investment and appropriate joint costs allocated to power. Southeastern is continuing to monitor the Corps' charging practices and coordination efforts to ensure charging practices result in appropriate cost allocation.

Comment 2: The revised repayment materials provided by SEPA indicate that power customers of the Cumberland System of Projects will be paying for accumulated deficits over the course of the next five years, which raises concerns about the prior rate and whether SEPA waited too long to publish a revised rate.... While the SeFPC recognizes that the proposed rate must recover all accumulated deficits, the Customers have concerns that SEPA did not propose the rate increase in the prior fiscal year. Specifically, the SeFPC believes that SEPA should have recognized the significant increase in incremental investment in the prior fiscal year and proposed a rate increase in 2024. This action would have avoided the accumulated deficit and associated interest charge which must be recovered in the proposed rate.

Response to Comment 2: Annual power repayment studies are conducted to ensure current rates are adequate. Annual studies use the Corps' and Southeastern's Fiscal Year end combined financial statements. Yearly, the unamortized investment was below the allowable investment indicating the cost recovery criteria was being met. In the Fiscal Year 2023 annual repayment study no capitalized deficits were incurred, and a cumulative surplus was observed. In the Fiscal Year 2024 annual repayment study, upon entering data from the Corps' and Southeastern's Fiscal Year 2024 combined financials, the study revealed the Fiscal Year 2024 operating expenses and interest exceeded revenues, resulting in a \$9M capitalized deficit. The increase in

incremental investment for Fiscal Year 2024 was from actuals reported in the Corps' Fiscal Year 2024 financial statements. Southeastern received the Corps' Fiscal Year 2025 five-year projections and used them in the annual repayment study's cost recovery period to test the adequacy of current rates. The current rates were determined to be inadequate to recover projected annual costs, interest, and repayment of capitalized Federal investment prompting the need for revised rates.

Comment 3: The SeFPC believes that the costs of all spillway repairs should be eliminated from the rate. In supplemental materials provided to the organization after the forum convened on June 17th, we have observed that certain spillway capital costs have been included in the proposed rate while others have been excluded. Given that spillways support flood control or flood risk management, all costs assessed to hydropower for spillway repairs and rehabilitation should be assigned to flood control or flood risk management and excluded for recovery in the rates charged to hydropower.

Response to Comment 3: Southeastern's Administrator agrees not all spillway repairs should be assigned to hydropower and inappropriate costs should be eliminated from rates. The proposed rates exclude expenditures related to the spillway gate refurbishment at Center Hill and Wolf Creek projects. The projected cost of \$54.4M at the Center Hill project and \$83.8M at the Wolf Creek project over the five-year cost evaluation period were excluded from the proposed rates. These work items are funded by Pub. L. 117-43: Extending Govt Funding and Delivering Emergency Assistance Act 2022 supplemental appropriations. They do not carry the express intent of Congress to be reimbursable and decisions on which work items to be funded were made after the appropriation was made. The Administrator determined (because similar work at other dams without joint cost recovery mechanism is being performed at full Federal cost to the "Flood Damage Reduction Riverine" business program)

these projected costs are not appropriate to assign joint responsibility. Decisions regarding which prudent additions to Federal investment should be recovered through power revenues will be made on a case-by-case basis. Other capitalized expenditures for spillway gates in the projections are considered ongoing maintenance and repair of original equipment/investment. Southeastern deems the remaining capitalized expenditures for spillway gates are appropriate, at this time, to include in the proposed rates. Southeastern continues coordination efforts to work with the Corps to ensure charging practices result in appropriate cost allocation, including prudent additions to the Federal investment.

Comment 4: An evaluation should be performed for costs associated with workman's compensation and retirement benefits for U.S. Army Corps of Engineers ("Corps") personnel. Here, appropriate due diligence is in order to determine whether all such costs are related to personnel who solely support hydropower and no other Corps functions.

Response to Comment 4: Southeastern confirmed with the Corps their Worker's Compensation and Retirement Benefit costs are related to hydropower personnel supporting hydropower functions. Southeastern is currently evaluating the Corps' unaudited, revised multi-purpose pension and post-retirement benefit reports from prior years that have recently been provided to Southeastern. Southeastern is conducting a thorough assessment of the potential rate impacts resulting from the revised pension and post-retirement benefit expense amounts.

Southeastern received the Fiscal Year 2018 through Fiscal Year 2024 revised Multi-Purpose Pension and Post-Retirement Benefit reports from the Corps on August 7, 2025. The revised reports are currently unaudited. However, Southeastern has confidence that revised pension and post-retirement benefit projections are appropriate and conducted a revised repayment study to reflect the updated expense projections

using the corrected unaudited amount reported for Fiscal Year 2024. Southeastern reduced the rates from what was proposed based on the resulting lower annual revenue requirement.

DISCUSSION

System Repayment

An updated revised repayment study reflecting corrected pension and post-retirement benefit expense projections, using initial proposed rates, indicated an over-recovery of revenue. The amended revised repayment study indicates an approximate 8.56% reduction in the annual revenue requirement compared to the originally proposed annual revenue requirement. An amended revised annual revenue requirement of \$74,750,000 will meet cost recovery and repayment criteria.

The amended revised rates are as follows:

Cumberland System Rates

Original Marketing Policy

Inside TVA Preference Customers

Capacity and Base Energy:	\$4.078 per kW/Month
Additional Energy:	15.541 mills per kWh
Transmission:	Pass-through

**Outside TVA Preference Customers
(Excluding Customers served through Duke Energy Progress or East Kentucky Power Cooperative)**

Capacity and Base Energy:	\$4.078 per kW/Month
Additional Energy:	15.541 mills per kWh
Transmission:	Monthly TVA Transmission Charge divided by 545,000

Customers Served through Duke Energy Progress

Capacity and Base Energy:	\$4.617 per kW/Month
TVA Transmission:	TVA rate at border as computed above, adjusted for DEP delivery

East Kentucky Power Cooperative:

Capacity:	\$2.135 per kW/Month
Energy:	15.541 mills per kWh
Transmission:	Monthly TVA Transmission Charge divided by 545,000

An examination of Southeastern’s amended revised power repayment study, for the Cumberland System shows that with the amended revised rates, all system power costs are paid within the appropriate repayment period and meet the cost recovery criteria required by existing law and DOE Order RA 6120.2. The Administrator, Southeastern Power Administration, has certified that the rates are consistent with applicable law and that they are the lowest possible rates to customers consistent with sound business principles.

Legal Authority

By Delegation Order No. S1–DEL–RATES–2016, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to Southeastern’s Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, or to remand or disapprove such rates, to FERC. By Delegation Order No. S1–DEL–S3–2024, effective August 30, 2024, the Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary for Infrastructure. By Redelegation Order No. S3–DEL–SEPA–2023, effective April 10, 2023, the Under Secretary for Infrastructure redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Administrator, Southeastern Power Administration.

Environmental Compliance

Southeastern has determined that this action fits within the following categorical exclusion listed in appendix B of 10 CFR part 1021 and Appendix B of DOE's NEPA implementing procedures published on June 30, 2025: B4.3, Electric power marketing rate changes. Categorically excluded projects and activities do not require preparation of either an environmental impact statement or an environmental assessment. A copy of the categorical exclusion determination is available on Southeastern's website at <https://bit.ly/CumberlandCategoricalExclusion>.

Determination Under Executive Order 12866

Southeastern has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

Availability of Information

Information regarding these rates, including studies, and other supporting materials, is available for public review in the offices of Southeastern Power Administration, 1166 Athens Tech Road, Elberton, Georgia 30635-6711.

ORDER

In view of the foregoing and pursuant to the authority redelegated to me by the Under Secretary for Infrastructure, I hereby confirm and approve on an interim basis, effective October 1, 2025, attached Wholesale Power Rate Schedules CBR-1-K, CSI-1-K, CEK-1-K, CM-1-K, CC-1-L, CK-1-K, CTV-1-K, CTVI-1-D, and Replacement-3. The rate schedules shall remain in effect on an interim basis through September 30, 2030, unless such period is extended or until FERC confirms and approves them or substitute rate schedules on a final basis.

Signing Authority

This document of the Department of Energy was signed on September 11, 2025, by Virgil G. Hobbs III, Administrator for Southeastern Power Administration,

pursuant to delegated authority from the Secretary of Energy. That document, with the original signature and date, is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the *Federal Register*.

Signed in Washington, DC on September 12, 2025.

Treena V. Garrett,
Federal Register Liaison Officer,
U.S. Department of Energy.

Wholesale Power Rate Schedule CBR-1-K

Availability:

This rate schedule shall be available to Big Rivers Electric Corporation and the City of Henderson, Kentucky (hereinafter called the Customer).

Applicability:

This rate schedule shall be applicable to electric capacity and energy available from the Dale Hollow, Center Hill, Wolf Creek, Cheatham, Old Hickory, Barkley, J. Percy Priest, and Cordell Hull Projects (all of such projects being hereinafter called collectively the "Cumberland Projects") and sold in wholesale quantities.

Character of Service:

The electric capacity and energy supplied hereunder will be three-phase alternating current at a nominal frequency of 60 hertz. The power shall be delivered at nominal voltages of 13,800 volts and 161,000 volts to the transmission system of Big Rivers Electric Corporation.

Points of Delivery:

Capacity and energy delivered to the Customer will be delivered at points of interconnection of the Customer at the Barkley Project Switchyard, at a delivery point in the vicinity of the Paradise steam plant and at such other points of delivery as may hereafter be agreed upon by the Government and Tennessee Valley Authority (TVA).

Billing Month:

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

Conditions of Service:

The Customer shall at its own expense provide, install, and maintain on its side of each delivery point the equipment necessary to protect and control its own system. In so doing, the installation, adjustment, and setting of all such control and protective equipment at or near the point of delivery shall be coordinated with that which is installed by and at the expense of TVA on its side of the delivery point.

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):

\$4.078 per kilowatt/month of total contract demand

Initial Base Energy Charge:

None

Initial Base Additional Energy Charge:

15.541 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:

Monthly TVA Transmission Charge divided by 545,000.

Energy to be Furnished by the Government:

The Government shall make available each contract year to the Customer from the Projects through the Customer's interconnections with TVA and the Customer will schedule and accept an allocation of 1500 kilowatt-hours of energy delivered at the TVA border for each kilowatt of contract demand. A contract year is defined as the 12 months beginning July 1 and ending at midnight June 30 of the following calendar year. The energy made available for a contract year shall be scheduled monthly, such that the maximum amount scheduled in any month shall not exceed 240 hours per kilowatt of the Customer's contract demand and the minimum amount scheduled in any month shall not be less than 60 hours per kilowatt of the customer's contract demand. The Customer may request and the Government may approve energy scheduled for a month greater than 240 hours per kilowatt of the Customer's contract demand; provided, that the combined schedule of all Southeastern customers outside TVA and served by TVA does not exceed 240 hours per kilowatt of the total contract demands of these customers.

Service Interruption:

When delivery of capacity is interrupted or reduced due to conditions on the Administrator's system beyond his control, the Administrator will continue to make available the portion of his declaration of energy that can be generated with the capacity available.

For such interruption or reduction due to conditions on the Administrator's system which have not been arranged for and agreed to in advance, the demand charge for capacity made available will be reduced as to the kilowatts of such capacity which have been interrupted or reduced in accordance with the following formula:

$$\left(\frac{\text{Number of kilowatts unavailable for at least 12 hours in any calendar day}}{\text{Number of Days in Billing Month}} \right) \times \left(\frac{\text{Monthly Capacity Charge}}{\text{Number of Days in Billing Month}} \right)$$

Wholesale Power Rate Schedule CSI-1-K

Availability:

This rate schedule shall be available to Southern Illinois Power Cooperative (hereinafter the Customer).

Applicability:

This rate schedule shall be applicable to electric capacity and energy available from the Dale Hollow, Center Hill, Wolf Creek, Cheatham, Old Hickory, Barkley, J. Percy Priest, and Cordell Hull Projects (all of such projects being hereinafter called collectively the "Cumberland Projects") and sold in wholesale quantities.

Character of Service:

The electric capacity and energy supplied hereunder will be three-phase alternating current at a nominal frequency of 60 hertz. The power shall be delivered at nominal voltages of 13,800 volts and 161,000 volts to the transmission system of Big Rivers Electric Corporation.

Points of Delivery:

Capacity and energy delivered to the Customer will be delivered at points of interconnection of the Customer at the Barkley Project Switchyard, at a delivery point in the vicinity of the Paradise steam plant and at such other points of delivery as may hereafter be agreed upon by the Government and Tennessee Valley Authority (TVA).

Billing Month:

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

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):

\$4.078 per kilowatt/month of total contract demand

Initial Base Energy Charge:

None

Initial Base Additional Energy Charge:

15.541 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:

Monthly TVA Transmission Charge divided by 545,000.

Energy to be Furnished by the Government:

The Government shall make available each contract year to the Customer from the Projects through the Customer's interconnections with TVA and the Customer will schedule and accept an allocation of 1500 kilowatt-hours of energy delivered at the TVA border for each kilowatt of contract demand. A contract year is defined as the 12 months beginning July 1 and ending at midnight June 30 of the following calendar year. The energy made available for a contract year shall be scheduled monthly, such that the maximum amount scheduled in any month shall not exceed 240 hours per kilowatt of the Customer's contract demand and the minimum amount scheduled in any month shall not be less than 60 hours per kilowatt of the customer's contract demand. The Customer may request and the Government may approve energy scheduled for a month greater than 240 hours per kilowatt of the Customer's contract demand; provided, that the combined schedule of all Southeastern customers outside TVA and served by TVA does not exceed 240 hours per kilowatt of the total contract demands of these customers.

Service Interruption:

When delivery of capacity is interrupted or reduced due to conditions on the Administrator's system beyond his control, the Administrator will continue to make available the portion of his declaration of energy that can be generated with the capacity available.

For such interruption or reduction due to conditions on the Administrator's system which have not been arranged for and agreed to in advance, the demand charge for capacity made available will be reduced as to the kilowatts of such capacity which have been interrupted or reduced in accordance with the following formula:

$$\left(\frac{\text{Number of kilowatts unavailable for at least 12 hours in any calendar day}}{\text{Number of Days in Billing Month}} \right) \times \left(\frac{\text{Monthly Capacity Charge}}{\text{Number of Days in Billing Month}} \right)$$

Wholesale Power Rate Schedule CEK-1-K

Availability:

This rate schedule shall be available to East Kentucky Power Cooperative (hereinafter called the Customer).

Applicability:

This rate schedule shall be applicable to electric capacity and energy available from the Dale Hollow, Center Hill, Wolf Creek, Cheatham, Old Hickory, Barkley, J. Percy Priest, and Cordell Hull Projects (all of such projects being hereinafter called collectively the "Cumberland Projects") and power available from the Laurel Project and sold in wholesale quantities.

Character of Service:

The electric capacity and energy supplied hereunder will be three-phase alternating current at a nominal frequency of 60 hertz. The power shall be delivered at nominal voltages of 161,000 volts to the transmission systems of the Customer.

Points of Delivery:

The points of delivery will be the 161,000 volt bus of the Wolf Creek Power Plant and the 161,000 volt bus of the Laurel Project. Other points of delivery may be as agreed upon.

Billing Month:

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

Conditions of Service:

The Customer shall at its own expense provide, install, and maintain on its side of each delivery point the equipment necessary to protect and control its own system. In so doing, the installation, adjustment, and setting of all such control and protective equipment at or near the point of delivery shall be coordinated with that which is installed by and at the expense of the Tennessee Valley Authority (TVA) on its side of the delivery point.

Monthly Rate:

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

Initial Base Demand charge:

\$2.135 per kilowatt/month of total contract demand

Initial Base Energy Charge:

15.541 mills per kilowatt-hour

True-up Adjustment:

The base demand charge and base 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 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:

Monthly TVA Transmission Charge divided by 545,000.

Energy to be Furnished by the Government:

The Government shall make available each contract year to the Customer from the Projects through the Customer's interconnections with TVA and the Customer will schedule and accept an allocation of 1500 kilowatt-hours of energy delivered at the TVA border for each kilowatt of contract demand plus 369 kilowatt-hours of energy delivered for each kilowatt of contract demand to supplement energy available at the Laurel Project. A contract year is defined as the 12 months beginning July 1 and ending at midnight June 30 of the following calendar year. The energy made available for a contract year shall be scheduled monthly such that the maximum amount scheduled in any month shall not exceed 240 hours per kilowatt of the Customer's contract demand and the minimum amount scheduled in any month shall not be less than 60 hours per kilowatt of the Customer's contract demand. The Customer may request and the Government may approve energy scheduled for a month greater than 240 hours per kilowatt of the customer's contract demand; provided, that the combined schedule of all Southeastern customers outside TVA and served by TVA does not exceed 240 hours per kilowatt of the total contract demands of these customers.

Service Interruption:

When delivery of capacity is interrupted or reduced due to conditions on the Administrator's system beyond his control, the Administrator will continue to make available the portion of his declaration of energy that can be generated with the capacity available.

For such interruption or reduction due to conditions on the Administrator's system which have not been arranged for and agreed to in advance, the demand charge

for capacity made available will be reduced as to the kilowatts of such capacity which have been interrupted or reduced in accordance with the following formula:

$$\left(\frac{\text{Number of kilowatts unavailable for at least 12 hours in any calendar day}}{\text{Number of Days in Billing Month}} \right) \times \left(\frac{\text{Monthly Capacity Charge}}{\text{Number of Days in Billing Month}} \right)$$

Wholesale Power Rate Schedule CM-1-K

Availability:

This rate schedule shall be available to Cooperative Energy (formerly the South Mississippi Electric Power Association), Municipal Energy Agency of Mississippi, and Mississippi Delta Energy Agency (hereinafter called the Customers).

Applicability:

This rate schedule shall be applicable to electric capacity and energy available from the Dale Hollow, Center Hill, Wolf Creek, Cheatham, Old Hickory, Barkley, J. Percy Priest, and Cordell Hull Projects (all of such projects being hereinafter called collectively the "Cumberland Projects") and sold in wholesale quantities.

Character of Service:

The electric capacity and energy supplied hereunder will be three-phase alternating current at a nominal frequency of 60 hertz. The power shall be delivered at nominal voltages of 161,000 volts to the transmission systems of Mississippi Power and Light.

Points of Delivery:

The points of delivery will be at interconnection points of the Tennessee Valley Authority (TVA) system and the Mississippi Power and Light system. Other points of delivery may be as agreed upon.

Billing Month:

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

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):

\$4.078 per kilowatt/month of total contract demand

Initial Base Energy Charge:

None

Initial Base Additional Energy Charge:

15.541 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 Customers of the amount of the true-up by February 1 of each year.

Transmission Charge:

Monthly TVA Transmission Charge divided by 545,000.

Energy to be Furnished by the Government:

The Government shall make available each contract year to the Customer from the Projects through the Customer's interconnections with TVA and the Customer will schedule and accept an allocation of 1500 kilowatt-hours of energy delivered at the TVA border for each kilowatt of contract demand. A contract year is defined as the 12 months beginning July 1 and ending at midnight June 30 of the following calendar year. The energy made available for a contract year shall be scheduled monthly such that the maximum amount scheduled in any month shall not exceed 240 hours per kilowatt of the Customer's contract demand and the minimum amount scheduled in any month shall not be less than 60 hours per kilowatt of the Customer's contract demand. The Customer may request and the Government may approve energy scheduled for a month greater than 240 hours per kilowatt of the Customer's contract demand; provided, that the combined schedule of all Southeastern customers outside TVA and served by TVA does not exceed 240 hours per kilowatt of the total contract demands of these customers.

In the event that any portion of the capacity allocated to the Customers is not initially delivered to the Customers as of the beginning of a full contract year, the 1500 kilowatt hours shall be reduced 1/12 for each month of that year prior to initial delivery of such capacity.

Service Interruption:

When delivery of capacity is interrupted or reduced due to conditions on the Administrator's system beyond his control, the Administrator will continue to make available the portion of his declaration of energy that can be generated with the capacity available.

For such interruption or reduction due to conditions on the Administrator's system which have not been arranged for and agreed to in advance, the demand charge for capacity made available will be reduced as to the kilowatts of such capacity which

have been interrupted or reduced in accordance with the following formula:

$$\left(\frac{\text{Number of kilowatts unavailable for at least 12 hours in any calendar day}}{\text{Number of Days in Billing Month}} \right) \times \left(\frac{\text{Monthly Capacity Charge}}{\text{Number of Days in Billing Month}} \right)$$

Wholesale Power Rate Schedule CC-1-L

Availability:

This rate schedule shall be available to public bodies and cooperatives served through the facilities of Duke Energy Progress (formerly known as Carolina Power & Light Company), Western Division (hereinafter called the Customers).

Applicability:

This rate schedule shall be applicable to electric capacity and energy available from the Dale Hollow, Center Hill, Wolf Creek, Cheatham, Old Hickory, Barkley, J. Percy Priest, and Cordell Hull Projects (all of such projects being hereinafter called collectively the "Cumberland Projects") and sold in wholesale quantities.

Character of Service:

The electric capacity and energy supplied hereunder will be three-phase alternating current at a nominal frequency of 60 hertz. The power shall be delivered at nominal voltages of 161,000 volts to the transmission system of Duke Energy Progress, Western Division.

Points of Delivery:

The points of delivery will be at interconnecting points of the Tennessee Valley Authority (TVA) system and the Duke Energy Progress, Western Division system. Other points of delivery may be as agreed upon.

Billing Month:

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

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 at the TVA Border):

\$4.617 per kilowatt/month of total contract demand

Initial Base Energy Charge:

None

Initial Base Additional Energy Charge:

15.541 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 Customers of the amount of the true-up by February 1 of each year.

Transmission Charge:

Monthly TVA Transmission Charge divided by 545,000, and adjusted for Duke Energy Progress delivery. The adjustment under the current contract is 12,000/10,600.

Energy to be Furnished by the Government:

The Government will sell to the Customers and the Customers will purchase from the Government energy each billing month equivalent to a percentage specified by contract of the energy made available to Duke Energy Progress (less applicable losses). The Customer's contract demand and accompanying energy allocation will be divided pro rata among its individual delivery points served from the Duke Energy Progress, Western Division transmission system.

Wholesale Power Rate Schedule CK-1-K

Availability:

This rate schedule shall be available to public bodies served through the facilities of Kentucky Utilities Company, (hereinafter called the Customers).

Applicability:

This rate schedule shall be applicable to electric capacity and energy available from the Dale Hollow, Center Hill, Wolf Creek, Cheatham, Old Hickory, Barkley, J. Percy Priest, and Cordell Hull Projects (all of such projects being hereinafter called collectively the "Cumberland Projects") and sold in wholesale quantities.

Character of Service:

The electric capacity and energy supplied hereunder will be three-phase

alternating current at a nominal frequency of 60 hertz. The power shall be delivered at nominal voltages of 161,000 volts to the transmission systems of Kentucky Utilities Company.

Points of Delivery:

The points of delivery will be at interconnecting points between the Tennessee Valley Authority (TVA) system and the Kentucky Utilities Company system. Other points of delivery may be as agreed upon.

Billing Month:

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

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):

\$4.078 per kilowatt/month of total contract demand

Initial Base Energy Charge:

None

Initial Base Additional Energy Charge:

15.541 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 Customers of the amount of the true-up by February 1 of each year.

Transmission Charge:

Monthly TVA Transmission Charge divided by 545,000.

Energy to be Furnished by the Government:

The Government shall make available each contract year to the Customer from the Projects and the Customer will accept an allocation of 1500 kilowatt-hours of energy for each kilowatt of contract demand. A contract year is defined as the 12 months beginning July 1 and ending at midnight June 30 of the following calendar

year. The energy made available for a contract year shall be scheduled monthly such that the maximum amount scheduled in any month shall not exceed 240 hours per kilowatt of the Customer's contract demand and the minimum amount scheduled in any month shall not be less than 60 hours per kilowatt of the Customer's contract demand. The Customers may request and the Government may approve energy scheduled for a month greater than 240 hours per kilowatt of the Customer's contract demand; provided, that the combined schedule of all Southeastern customers outside TVA and served by TVA does not exceed 240 hours per kilowatt of the total contract demands of these customers.

In the event that any portion of the capacity allocated to the Customers is not initially delivered to the Customers as of the beginning of a full contract year, the 1500 kilowatt hours shall be reduced 1/12 for each month of that year prior to initial delivery of such capacity.

For billing purposes, each kilowatt of capacity will include 1500 kilowatt-hours of energy per year. Customers will pay for additional energy at the additional energy rate.

Wholesale Power Rate Schedule CTV-1-K

Availability:

This rate schedule shall be available to the Tennessee Valley Authority (hereinafter called TVA) on behalf of members of the Tennessee Valley Public Power Association (hereinafter called TVPPA).

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 TVA.

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.

Power Factor:

TVA shall take capacity and energy from the Department of Energy at such power factor as will best serve TVA's system from time to time; provided, that TVA shall not impose a power factor of less than .85 lagging on the Department of Energy's facilities which requires operation contrary to good operating practice or results in overload or impairment of such facilities.

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):

\$4.078 per kilowatt/month of total contract demand

Initial Base Energy Charge:

None

Initial Base Additional Energy Charge:

15.541 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 TVA and TVPPA of the amount of the true-up by February 1 of each year.

Energy to be Made Available:

The Department of Energy shall determine the energy that is available from the projects for declaration in the billing month.

To meet the energy requirements of the Department of Energy's customers outside the TVA area (hereinafter called Outside Customers), 768,000 megawatt-hours of net energy shall be available annually (including 36,900 megawatt-hours of annual net energy to supplement energy available at Laurel Project). The energy requirement of the Outside Customers shall be available annually, divided monthly such that the maximum available in any month shall not exceed 240 hours per kilowatt of total Outside Customers contract demand, and the minimum amount available in any month shall not be less than 60 hours per kilowatt of total Outside Customers demand.

In the event that any portion of the capacity allocated to Outside Customers is

not initially delivered to the Outside Customers as of the beginning of a full contract year (July through June), the 1500 hours, plus any such additional energy required as

$$\left(\frac{\text{Number of kilowatts unavailable for at least 12 hours in any calendar day}}{\text{Number of Days in Billing Month}} \right) \times \left(\frac{\text{Monthly Capacity Charge}}{\text{Number of Days in Billing Month}} \right) \times \left(\frac{\text{Contract Demand}}{880,000 \text{ Kilowatts}} \right)$$

discussed above, shall be reduced 1/12 for each month of that year prior to initial delivery of such capacity.

The energy scheduled by TVA for use within the TVA System in any billing month shall be the total energy delivered to TVA less (1) an adjustment for fast or slow meters, if any, (2) an adjustment for Barkley-Kentucky Canal of 15,000 megawatt-hours of energy each month which is delivered to TVA under the agreement from the Cumberland Projects without charge to TVA, (3) the energy scheduled by the Department of Energy in said month for the Outside Customers plus losses of two percent [2%], and (4) station service energy furnished by TVA.

Each kilowatt of capacity will include 1500 kilowatt-hours of energy per year, which is defined as base energy. Energy received in excess of 1500 kilowatt-hours per kilowatt will be subject to an additional energy charge identified in the monthly rates section of this rate schedule.

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.

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 TVA 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:

Wholesale Power Rate Schedule CTVI-1-D

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):

\$4.078 per kilowatt/month of total contract demand

Initial Base Energy Charge:

None

Initial Base Additional Energy Charge:

15.541 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:

$$\left(\frac{\text{Number of kilowatts unavailable for at least 12 hours in any calendar day}}{\text{Number of Days in Billing Month}} \right) \times \left(\frac{\text{Monthly Capacity Charge}}{\text{Number of Days in Billing Month}} \right) \times \left(\frac{\text{Contract Demand}}{880,000 \text{ Kilowatts}} \right)$$

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:

Wholesale Rate Schedule Replacement-3

Availability:

This rate schedule shall be available to public bodies and cooperatives (any one of whom is hereinafter called the Customer) in Alabama, Georgia, Illinois, Kentucky, North Carolina, Mississippi, Tennessee and Virginia to whom power is provided pursuant to contracts between the Government and the customer from the Dale Hollow, Center Hill, Wolf Creek, Cheatham, Old Hickory, Barkley, J. Percy Priest, Cordell Hull, and Laurel Projects (all of such projects being hereinafter called collectively the "Cumberland Projects").

Applicability:

This rate schedule shall be applicable to the sale of wholesale energy purchased to meet contract minimum energy sold under appropriate contracts between the Government and the Customer.

Character of Service:

The energy supplied hereunder will be delivered at the delivery points provided for under appropriate contracts between the Government and the Customer.

Monthly Charge:

The rate for replacement energy will be a formula capacity charge based on the monthly cost to the Government to purchase replacement energy necessary to support capacity in the Cumberland System divided by the capacity available from the Cumberland System, which is 950,000 kilowatts in the published power marketing policy. The capacity rate will be adjusted for any capacity retained by the Customer's transmission facilitator.

Conditions of Service:

The customer shall at its own expense provide, install, and maintain on its side of each delivery point the equipment necessary to protect and control its own system.