

**MEMPHIS LIGHT, GAS AND WATER DIVISION
CITY OF MEMPHIS
ELECTRIC SERVICE SCHEDULE MSB**

MANUFACTURING POWER RATE - PART B

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 5,000 kW but not more than 15,000 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; provided, however, customers qualifying for service under this schedule on the basis of such a NAICS code shall have an average monthly load factor of at least 80 percent during the preceding 12 months; provided further, however, that for the first 12 months of service to a new customer this load factor requirement shall be based on the customer's expected load factor for those 12 months as projected before the customer begins taking service; provided that the other conditions of this section are met. As used in the previous sentence "monthly load factor" shall mean a percentage calculated by dividing the total metered energy for a month by the product of the metered demand for that month and the number of clock hours in that month, exclusive of any hours during which power was unavailable due to an interruption or curtailment of the customer's service and of any hours in which the customer was unable to use power due to a Force Majeure event reasonably beyond the customer's control.

Prior to initially taking any service under this schedule, and from time to time thereafter as may be required by Distributor or the Tennessee Valley Authority (TVA), a customer shall certify to both Distributor 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 Distributor to the customer, and (iii) signed and promptly returned by the customer to Distributor. Further, such customer shall promptly certify any change in the status of any of the information contained in the certification form to Distributor.

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 Distributor under, and billed in accordance with, the applicable General Power schedule.

Unless otherwise provided for in a written agreement between TVA and the distributor 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 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.

Electricity supplied under this rate schedule is for the exclusive use of the Customer and shall not be resold or shared with others.

CHARACTER OF SERVICE

Alternating current, single phase 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.

BASE CHARGES

	Summer	Winter	Transition
Customer charge per delivery point per month:	\$1,500.00	\$1,500.00	\$1,500.00
TVA Administrative charge per delivery point per month:	\$350.00	\$350.00	\$350.00
On-peak per kW of billing demand charges per month:	\$17.17	\$9.89	
Per kW charge per month for each kW, if any, by which offpeak billing demand exceeds onpeak billing demand:	\$4.40	\$4.40	\$4.40
Excess per kW charge per month by which billing demand exceeds contract demand:	\$17.17	\$9.89	\$4.40
On-peak per kWh energy charge:	\$0.05982	\$0.02899	
First 425 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy rate per kWh:	\$0.02462	\$0.02462	\$0.02462
Next 195 hours use of maximum metered demand multiplied by the ratio of offpeak energy to total energy rate per kWh:	\$0.00546	\$0.00546	\$0.00546
Hours use of maximum metered demand in excess of 620 hours multiplied by the ratio of offpeak energy to total energy rate per kWh:	-\$0.01080	-\$0.01080	-\$0.01080

TENNESSEE VALLEY AUTHORITY FUEL COST AND PURCHASED POWER ADJUSTMENT RIDER

The above rates are subject to adjustment under the provisions of the Tennessee Valley Authority Fuel Cost and Purchased Power Adjustment Rider.

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 in the value of the hydro generation benefit allocated to residential customers.)

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, onpeak hours for each day shall be from 1 p.m. to 7 p.m. during the Summer Period and from 4 a.m. to 10 a.m. during the Winter Period. For the Summer Period and the Winter Period, all other hours of each day that are not otherwise defined as onpeak hours and all hours of such excepted days shall be offpeak hours. For the Transition Period, all hours 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 Division at least 12 months prior to the effective date of such changed hours, and Division shall promptly notify customer.

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 sentence of the paragraph below and (2) 110 hours (reflecting a 15

percent load factor applied to the average number of hours in a month).

Distributor 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 of the month of the load metered in kW, and, except as provided below in this section, such amounts shall be used as the onpeak and offpeak billing demands. The maximum metered demand for any month shall be the higher of (1) the highest onpeak metered demand in the month or (2) the highest offpeak metered 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 and (2) 40 percent of any kW in excess of 5,000 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 and (2) 40 percent of any kW in excess of 5,000 kW of the higher of the currently effective offpeak contract demand or the highest onpeak billing demand established during the preceding 12 months.

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 \$.38 per kW per month except for delivery at voltages below 46 kV, in which case the charge shall be \$.97 per kW per month for the first 10,000 kW and \$.76 per kW per month for the excess over 10,000 kW. Such charge shall be applied to the highest of (1) the highest onpeak or offpeak billing demand established during the latest 12-consecutive-month period, (2) the customer's currently effective onpeak contract demand, or (3) the customer's currently effective offpeak contract demand 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 \$1.45 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.

MINIMUM MONTHLY 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, (2) the portion of the base demand charge, as adjusted, (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applicable to onpeak billing demand applied to the customer's onpeak billing demand, (3) the portion of the base demand charge, as adjusted, (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applicable to any excess of offpeak over onpeak billing demand applied to the amount, if any, by which the customer's offpeak billing demand exceeds its onpeak 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".

Division may require minimum bills higher than those stated above.

CONTRACT REQUIREMENT

Division 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 years; 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 Division 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 Division 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 Division and TVA.

PAYMENT

Above rates and charges are net. In the event that any bill is not paid on or before the delinquent date shown on bill, there shall be added to the bill an amount equal to 5 percent on the first \$250.00 of the bill plus one percent on any portion of the bill exceeding \$250.00; to any amount remaining unpaid 30 days after the delinquent date of the bill, there shall be added a penalty of one percent, and an additional one percent shall be added at the end of each successive 30-day period until the amount is paid in full.

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 Division.