

	2004 - 2005 Budget (in thousands of dollars)	2005 - 2006 Budget (in thousands of dollars)
Distribution		
Operation Supervision and Engineering - #580: This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of the distribution system and the cost of labor and expenses incurred in marketing our service area to potential commercial and industrial customers.	236.1	248.0
Load Dispatching - Operations - #581: This account shall include the cost of labor, materials used and expenses incurred in load dispatching operations pertaining to the distribution of electricity.	35.9	37.7
Distribution Station - Operations - #582: This account shall include the cost of labor, materials used and expenses incurred in the operation of distribution substations.	56.3	56.3
Distribution Overhead Line - Operations - #583: This account shall include the cost of labor and materials used and expenses incurred in the operation of overhead lines and in the installation and removal of overhead transformers.	65.0	47.8
Distribution Underground Lines - Operations - #584: This account shall include the cost of labor, materials used and expenses incurred in the operation of underground distribution lines.	7.7	7.7
Street Lighting and Signal System - Operations - #585: This account shall include the cost of labor, materials used and expenses incurred in the operation of street lighting and signal systems.	1.4	1.4
Meter Operations - #586: This account shall include the cost of labor, materials used and expenses incurred in the operation of customer meters and associated equipment.	29.2	31.5
Customer Installations - Operations - #587: This account shall include the cost of labor, materials used and expenses incurred in work on customer installations including our water heater program.	1.2	1.4
Miscellaneous Distribution Expenses - #588: This account shall include the cost of labor, materials used and expenses incurred in keeping general records of the distribution system, the operation of the office buildings, distribution system operation not provided for elsewhere, conducting safety and other related programs, repairing damage caused by accidents and providing other services, the cost of which will be billed.	235.4	235.4
Total Transmission and Distribution	678.0	677.0

	2004 - 2005 Budget (in thousands of dollars)	2005-2006 Budget (in thousands of dollars)
Customer Accounts		
Supervision Customer Accounting - Customer Accounts - #901: This account shall include the cost of labor and expenses incurred by the general direction and supervision of customer accounting and collecting activities.	1.2	2.1
Meter Reading - Customer Accounts - #902: This account shall include the cost of labor, expenses and vehicles used in reading customer meters.	297.9	313.2
Customer Records and Collection Expenses - #903: This account shall include customer accounting labor, supplies and expenses incurred in day-to-day operations of customer accounting; expenses to bill our customers on a monthly basis; computer time and service and warranties on our in-house hardware and software; labor and vehicle expense to collect outstanding receivables by personnel other than customer accounting; customer accounting labor and expenses incurred in collecting outstanding receivables and customer payments for service personnel going to premises to collect delinquent account or terminate service.	481.2	458.7
Uncollectible Accounts - Customer Accounts - #904: This account shall include amounts sufficient to provide for losses from uncollectible utility revenues.	137.1	139.9
Miscellaneous Customer Accounts Expense - Customer Accounts - #905.0: This account shall include the cost of labor, supplies used and expenses incurred not provided for in other customer accounts.	27.3	32.3
Total Customer Accounts	944.7	946.2
Customer Service		
Customer Service Information - Customer Service - #906: This account shall include labor, supplies and expenses incurred to encourage safe and efficient use of the utility's service and to keep communication with our customers.	35.0	44.9
Supervision - Customer Service - #907: This account shall include the cost of labor and expenses incurred in the general direction and supervision of customer service activities.	10.8	12.4
Customer Relations Expense - Customer Service - #908: This account shall include the cost of labor and expenses incurred in the general supervision of customer relations, and advertisement expenses to inform customers of the utility's programs.	51.3	58.6

	2004 - 2005 Budget (in thousands of dollars)	2005 - 2006 Budget (in thousands of dollars)
Selling and Promotion - Customer Service - #912: This account shall include the cost of supplies, expenses incurred, and advertising to promote or retain the use of utility services by present and prospective customers.	62.4	86.4
Miscellaneous Sales Expense - Industrial Dev. - Customer Service - #916.0: This account shall include dues to industrial growth agencies.	113.0	166.2
Total Customer Service	272.5	368.5
Administrative and General		
Administrative - A & G - #920: This account shall include the cost of labor of employees not chargeable directly to a particular operating function including management, administration, human resources, and general accounting.	406.4	416.6
Administrative Operations - A & G - #921: This account shall include office supplies and expenses incurred in connection with the general administration of the utility's operation.	172.2	187.5
Outside Services - A & G - #923: This account shall include the fees and expenses of professional consultants and others for general services.	41.9	44.3
Property Insurance - A & G - #924: This account shall include the cost of insurance reserve accruals to protect the utility against losses and damages to owned or leased property used in utility operations.	62.4	73.1
Injuries and Damages - A & G - #925: This account shall include the cost of insurance or reserve accruals to protect the utility against injuries and damages claims of employees or others, losses of such character not covered by insurance, and expenses incurred in settlement of injuries and damages claims.	99.1	114.7
Employee pensions and benefits - A & G - #926: This account shall include the cost of insurance premiums and the utility's contribution to the Employees' State Retirement Plan and other employee benefits and services.	50.0	51.3
Duplicate Charges - A & G - #929: This account shall include credits for BTES power consumption that is charged to Account 555, Purchased Power.	0	0
General Corporate Expense - A & G - #930: This account shall include fees paid to board members for attending monthly power board meetings, directors' and officers' insurance and expenses and dues to various industry associations for company memberships.	109.9	112.6
Total Administrative and General	941.9	1,000.1

MAINTENANCE EXPENSE

Transmission

	2004 - 2005 Budget (in thousands of dollars)	2005 - 2006 Budget (in thousands of dollars)
Transmission Supervision & Engineering - Maintenance - #568: This account shall include the cost of labor and expenses incurred in the general supervision and engineering of maintenance of the transmission system.	0	0
Substation Equipment - Maintenance - #570: This account shall include the cost of labor, materials used and expenses incurred in maintenance of station equipment the book cost of which is includible in Account 353, Station Equipment.	0	0
Transmission Line - Maintenance - #571.1: This account shall include the cost of labor, materials used and expenses incurred in maintenance of transmission plant, the book cost of which is includible in Accounts 354, Towers and Fixtures; 355, Poles and Fixtures; 356, Overhead Conductors.	0	0
Transmission R.O.W. - Maintenance - #571.2: This account includes the cost of labor, materials used and expenses incurred in right-of-way maintenance of transmission plant, the book cost of which is includible in Accounts 354, Towers and Fixtures; 355, Poles and Fixtures; 356, Overhead Conductors.	0	0
Maintenance of miscellaneous transmission plant - #573: This account shall include the cost of labor, materials used and expenses incurred in maintenance of owned or leased plant which is assignable to transmission operations and is not provided for elsewhere.	0	0

Distribution

Distribution Supervision - Maintenance - #590: This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance and engineering and maintenance of the distribution system. Direct field engineering of specific jobs shall be charged to the appropriate maintenance account.	38.3	38.3
Maintenance of Distribution Structures - #591: This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in Account 390, Structures and Improvements.	118.3	115.2
Substation Equipment - Maintenance - #592: This account shall include the cost of labor, materials used and expenses incurred in maintenance of plant, the book cost of which is includible in Account 362, Station Equipment.	164.6	165.1

	2004 - 2005 Budget (in thousands of dollars)	2005 - 2006 Budget (in thousands of dollars)
Maintenance of Overhead Lines/On Call Pay - #593: This account shall include the cost of labor "on call" for use in the emergency maintenance of overhead distribution line facilities, the book cost of which is includible in Account 364, Poles, Towers and Fixtures; Account 365, Overhead Conductors and Devices; and Account 369, Services.	1,986.3	1,974.8
Underground Lines - Maintenance - #594: This account shall include the cost of labor, materials used and expenses incurred in the maintenance of underground distribution line facilities, the book cost of which is includible in Account 366, Underground Conduit; Account 367, Underground Conductors and Devices; and Account 369, Services.	100.0	105.9
Line Transformers - Maintenance - #595: This account shall include the cost of labor, materials used and expenses incurred in maintenance of distribution line transformer, the book cost of which is includible in Account 368, Line Transformers.	28.2	31.5
Street Light and Signal Systems Maintenance - #596: This account shall include the cost of labor, materials used and expenses incurred in maintenance of our street lights, security lights and the traffic signal system.	107.4	108.9
Meter Maintenance - #597: This account shall include the cost of labor, materials used and expenses incurred in the maintenance of meters and meter testing equipment, the book cost of which is includible in Account 370, Meters, and Account 395, Test Equipment, respectively.	12.9	13.3
Maintenance of BTES Office Grounds - #598: This account shall include the cost of labor, materials used and expenses incurred in maintenance of property and Load Management equipment, the maintenance of which is assignable to the distribution function and is not provided for elsewhere.	60.3	61.3
Maintenance of General Plant - #932: This account shall include the cost assignable to customer accounting and administrative and general functions of labor, materials used and expenses incurred in the maintenance of property, the book cost of which is includible in Accounts 390, 391, 397 and 398.	43.0	55.0
Total Maintenance Expense	2,659.3	2,669.3
Total Operating and Maintenance	5,496.4	5,661.1

	2004 - 2005 Budget (in thousands of dollars)	2005- 2006 Budget (in thousands of dollars)
OTHER OPERATING EXPENSES		
Depreciation - Other Operating - #403: This account shall include the amount of depreciation expense for all classes of depreciable plant in service.	2,046.0	2,246.6
Tax Equivalent - Other Operating - #408.1: This account shall include the maximum amount of taxes that can be paid to The City of Bristol, The City of Bluff City, Sullivan County, and Washington County, Virginia.	934.4	1,225.2
Taxes - FICA - Other Operating - #408.3: This account shall include employer FICA payments.	183.8	218.0
Total Taxes and Tax Equivalents	1,118.2	1,443.2
Total Other Operating Expense	3,164.2	3,689.8
Total Operating Expense Excluding Purchased Power	8,660.6	9,335.9
Total Operating Expense	55,924.3	59,972.0

INCOME

Total Operating Income	132.8	226.2
Interest Income - Other Income - #419.0: This account shall include interest income from bank accounts and investments.	236.8	456.0
Interest Income - Discounted Energy Units - #419.2: This account shall include interest income from Discounted Energy Units.	372.4	334.5
Interest Income - Cable and Internet Business Unit - #419.5: This account shall include interest income from loan to cable and Internet business unit.	0.0	266.4

DEBT EXPENSE

Interest on Long Term Debt - Bonds - #427.1: This account shall include the interest expense for bonds.	0.0	1,021.2
Interest Expense on Customer Deposits - Debt - #431.0: This account shall include the interest accrued on customers' deposits.	6.6	14.4
Net Income	735.4	247.5

FIVE YEAR PROJECTED PLANT ADDITIONS 2006-2010

Acc't. No.	(\$000's)	TOTAL	2006	2007	2008	2009	2010
TRANSMISSION							
350	Land & Land Rights	0.0	0.0	0.0	0.0	0.0	0.0
353	Substation Equipment	414.3	202.0	50.0	52.0	54.1	56.2
355 & 356	Poles & Fixtures; OH Cond. & Dev.	135.4	25.0	26.0	27.0	28.1	29.2
	Total Transmission	549.7	227.0	76.0	79.0	82.2	85.5
DISTRIBUTION							
360	Land & Land Rights	435.0	120.0	30.0	120.0	40.0	125.0
362	Station Equipment	6,328.0	2,798.0	130.0	1,630.0	135.0	1,635.0
364 & 365	Poles, Towers & Fix.; OH Cond. & Dev.	9,167.0	2,786.0	2,425.0	1,209.0	1,557.0	1,190.0
366 & 367	Urd. Conduit; Urd. Conductors & Dev	2,015.0	1,127.0	670.0	72.0	72.0	74.0
368	Line Transformers	2,155.5	450.0	402.5	416.2	441.2	445.6
369	Services	890.6	162.0	169.2	179.5	189.0	190.9
370	Meters	619.9	200.0	98.0	102.8	109.0	110.1
371	Installations on Cust. Prem.	253.5	53.0	50.0	50.0	50.0	50.5
373	St. Lighting & Signals	656.7	310.0	56.8	60.6	64.0	165.3
	Total Distribution	22,521.2	8,006.0	4,031.5	3,840.1	2,657.2	3,986.4
GENERAL							
390	Structures & Improvements	38.9	7.3	7.3	8.0	8.1	8.2
391	Off. Mach., Equip., & Furnishings	461.0	225.0	20.0	30.0	30.0	156.0
392	Transportation Equipment	1,628.0	452.0	336.0	244.0	326.0	270.0
393	Stores Equipment	25.0	5.0	5.0	5.0	5.0	5.0
394	Tools, Shop & Garage Equip.	37.4	6.7	7.1	7.5	7.9	8.2
395	Test Equipment	130.6	100.0	7.1	7.5	7.9	8.1
396	Power Operated Equipment	5.0	1.0	1.0	1.0	1.0	1.0
397	Communication Equip.	13,234.1	12,759.1	105.0	115.0	125.0	130.0
	Total General	15,560.0	13,556.1	488.5	418.0	510.9	586.5
	Total Plant Additions	38,630.9	21,789.1	4,596.0	4,337.1	3,250.3	4,658.4

Capital Budget Explanation

	2004 - 2005 Budget <small>(in thousands of dollars)</small>	2005 - 2006 Budget <small>(in thousands of dollars)</small>
Transmission Plant		
Land and Land Rights - #350: This account shall include the cost of land and land rights used in connection with transmission operations. The accounts for land and land rights shall include the cost of land owned in fee by the utility and rights. Interests and privileges held by the utility in land owned by others, such as leaseholds, easements, rights-of-way, and other like interests in land. Do not include in the accounts for land and land rights and rights-of-way costs incurred in connection with first clearing and grading of land and rights-of-way and the damage costs associated with the construction and installation of plant. Such costs shall be included in the appropriate plant accounts directly benefited.	0	0
Substation Equipment - #353: This account shall include the cost installed of transforming, conversion, and switching equipment used for the purpose of changing the characteristics of electricity in connection with its transmission or for controlling transmission circuits. This includes the purchase of Spill Prevention Control and Countermeasures and Bluff City Primary Relay Upgrade.	202.0	202.0
Poles and Fixtures - #355: This account shall include the cost installed of transmission line poles, wood, steel, concrete or other material, together with appurtenant fixtures used for supporting overhead transmission conductors.	0	15.0
Overhead Conductors and Devices - #356: This account shall include the cost installed of overhead conductors and devices used for transmission purposes.	0	10.0
Total Transmission Plant	202.0	227.0
Distribution Plant		
Land and Land Rights - #360: This account shall include the cost of land and land rights used in connection with distribution operations. The accounts for land rights shall include the cost of land owned in fee by the utility and rights. Interests and privileges held by the utility in land owned by others, such as leaseholds, easements, rights-of-way, and other like interests in land. Do not include in the accounts for land and land rights and rights-of-way costs incurred in connection with first clearing and grading of land and rights-of-way and the damage costs associated with the construction and installation of plant. Such costs shall be included in the appropriate plant accounts directly benefited. This includes the cost to purchase property for Rockhold Substation.	118.5	120.0

	2004 - 2005 Budget (in thousands of dollars)	2005-2006 Budget (in thousands of dollars)
Station Equipment - #362: This account shall include the cost installed of station equipment, including transformer banks, etc., which are used for the purpose of changing the characteristics of electricity in connection with its distribution. This includes Spill Prevention Control and Countermeasures, the purchase of equipment for Rockhold Substation, SCADA upgrade and fiber/ethernet/ATM for SCADA and other communications.	2,615.0	2,798.0
Poles, Towers, and Fixtures - #364: This account shall include the cost installed of poles, towers, and appurtenant fixtures used for supporting overhead distribution conductors and service wires. This includes the routine capital projects that we will construct during the year due to customer requests plus the following projects: To construct 2.4 miles 397.5 MCM ACSR along Walnut Grove, to construct 1.5 miles of 795 MCM AAC along Carden Hollow Road and to continue construction of 795 MCM AAL transmission and distribution along the Bristol Beltway between Sportsway Drive and Hwy 421. This includes the cost to construct 2.7 miles of 397 MCM ACSR along Hwy 75 from the Airport to Boone Dam.	1,546.3	1,337.3
Overhead Conductors and Devices - #365: This account shall include the cost installed of overhead conductors and devices used for distribution purposes. This includes the cost of 23.2 miles of fiber optic cable.	1,683.6	1,448.7
Underground conduit - #366: This account shall include the cost installed of underground conduit and tunnels used for housing distribution cables or wires.	22.0	146.5
Underground Conductors and Devices - #367: This account shall include the cost installed of underground conductors and devices used for distribution purposes.	148.3	980.5
Line Transformers - #368: A.) This account shall include the cost installed of overhead and underground distribution line transformers and poletype and underground voltage regulators owned by the utility, for use in transforming electricity to the voltage at which it is to be used by the customer, whether actually in service or held in reserve. B.) When a transformer is permanently retired from service, the original installed cost thereof shall be credited to this account. C.) The records covering line transformers shall be so kept that the utility can furnish the number of transformers of various capacities in service and those in reserve, and the location and the use of each transformer.	495.0	450.0

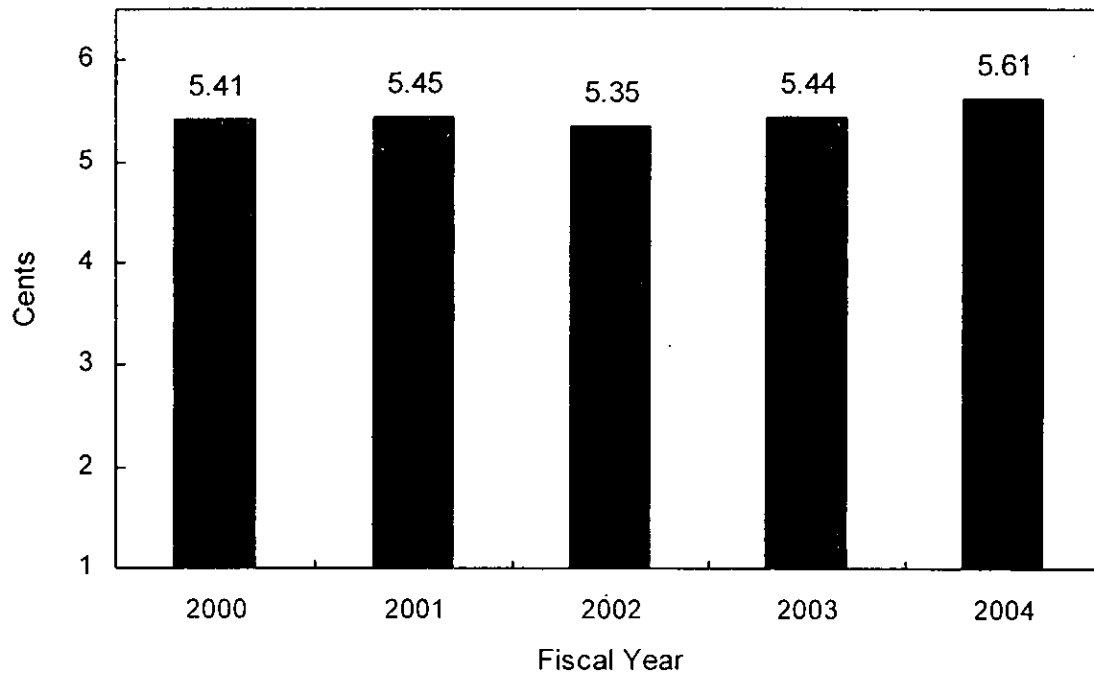
	2004 - 2005 Budget (in thousands of dollars)	2006 - 2006 Budget (in thousands of dollars)
Services - #369: This account shall include the cost installed of overhead and underground conductors leading from a point where wires leave the last pole of the overhead system or the distribution box or manhole, or the top of the pole of the distribution line, to the point of connection with the customer's outlet or wiring. Conduit used for underground service conductors shall be included herein.	165.0	162.0
Meters - #370: A.) This account shall include the cost installed of meters or devices and appurtenances thereto, for use in measuring the electricity delivered to its users, whether actually in service or held in reserve.	200.0	200.0
B.) When a meter is permanently retired from service, the installed cost included herein shall be credited to this account.		
C.) The records covering meters shall be so kept that the utility can furnish information as to the number of meters of various capacities in service and in reserve as well as the location of each meter owned.		
Installation on Customer Premises - #371: This account shall include the cost installed of equipment on the customer's side of a meter when the utility incurs such cost and when the utility retains title to and assumes full responsibility for maintenance and replacement of such property.	53.0	53.0
Street Lights and Signals - #373: This account shall include the cost installed of equipment used wholly for public street and highway lighting or traffic, fire alarm, police, and other signal systems.	410.0	310.0
Total Distribution Plant	7,456.7	8,006.0

General Plant

Structures and Improvements - #390: This account shall include the cost in place of structures and improvements used for utility purposes, the cost of which is not properly includible in other structures and improvements accounts. This includes structures and improvements and the cost of all buildings and facilities to house, support, or safeguard property or persons, including all fixtures permanently attached to and made a part of buildings and which cannot be removed therefrom without cutting into the walls, ceilings, or floors, or without in some way impairing the buildings, and improvements of a permanent character on or to land. Also, included are those costs incurred in connection with the first clearing and grading of land and rights-of-way and the damage costs associated with construction and installation of plant.	7.3	7.3
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	2004 - 2005 Budget (in thousands of dollars)	2005 - 2006 Budget (in thousands of dollars)
Office Furniture and Equipment - #391: This account shall include the cost of office furniture and equipment owned by the utility and devoted to utility service, and not permanently attached to buildings, except the cost of such furniture and equipment which the utility elects to assign to other plant accounts on a functional basis. This includes the purchase of computers, workstations, furniture and general office equipment.	195.0	225.0
Construction and Transportation Equipment - #392: This account shall include the cost of transportation vehicles used for utility purposes. This includes the purchase of a puller tensioner, two material handler bucket trucks, a two-man bucket truck, an air compressor and a digger derrick truck.	513.0	452.0
Stores Equipment - #393: This account shall include the cost of equipment used for the receiving, shipping, handling, and storage of materials and supplies.	5.0	5.0
Tools, Shop and Garage Equipment - #394: This account shall include the cost of tools, implements, and equipment used in construction, repair work, general shops and garages and not specifically provided for or includible in other accounts.	6.3	6.7
Test Equipment - #395: This account shall include the cost installed of laboratory equipment used for general laboratory purposes and not specifically provided for or includible in other departmental or functional plant accounts.	100.0	100.0
Power Operated Equipment - #396: This account shall include the cost of power operated equipment used in construction or repair work exclusive of equipment includible in other accounts. Include, also, the tools and accessories acquired for use with such equipment and the vehicle on which such equipment is mounted.	1.0	1.0
Communications Equipment - #397: This account shall include the cost installed of telephone, telegraph, and wireless equipment and upgrades for Itron and PORCHE for general use in connection with utility operations.	1,345.0	12,759.1
Total General Plant	2,172.6	13,556.1
Total Capital Budget	9,831.3	21,789.1

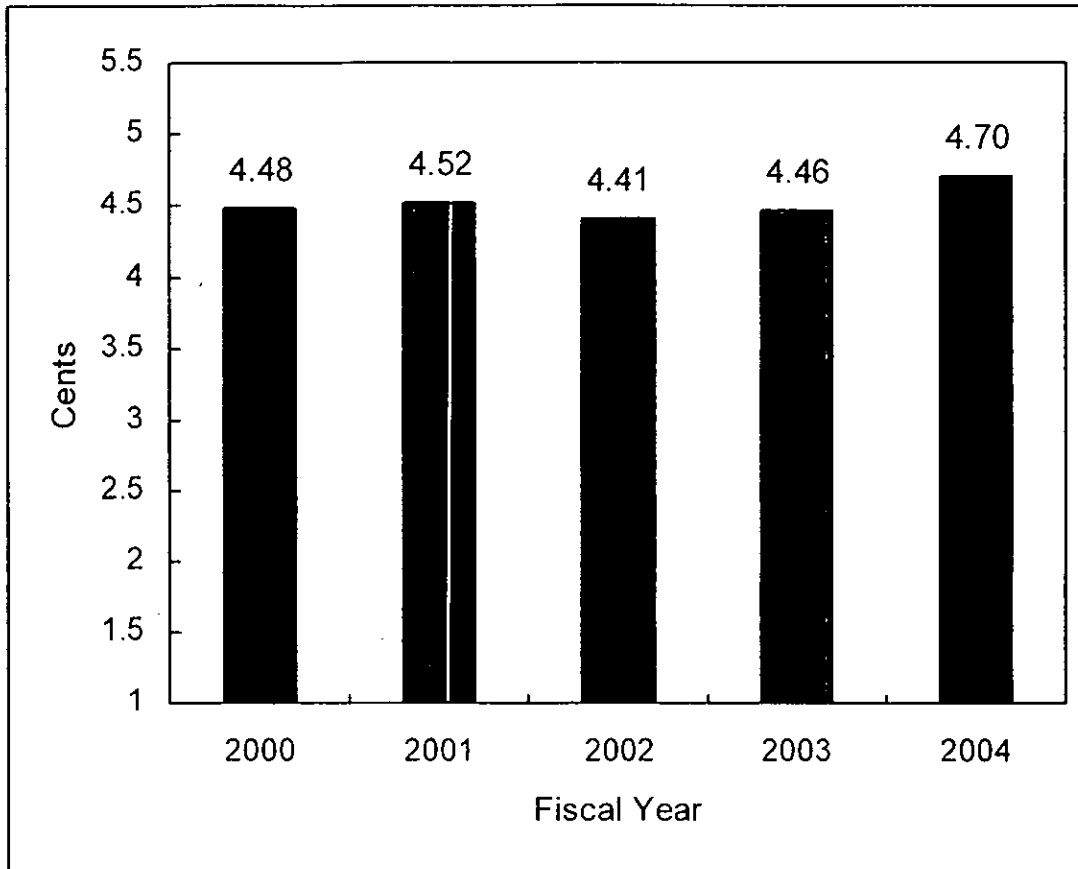
Average Retail Sales



Note:

We have been able to hold our retail rates relatively flat during the past five years. In October 2003, TVA added an environmental charge to their rate to cover the cost of certain air pollution equipment. This was passed along to our customers. The effect of the increase is reflected in Fiscal Year 2004.

Average Wholesale Cost



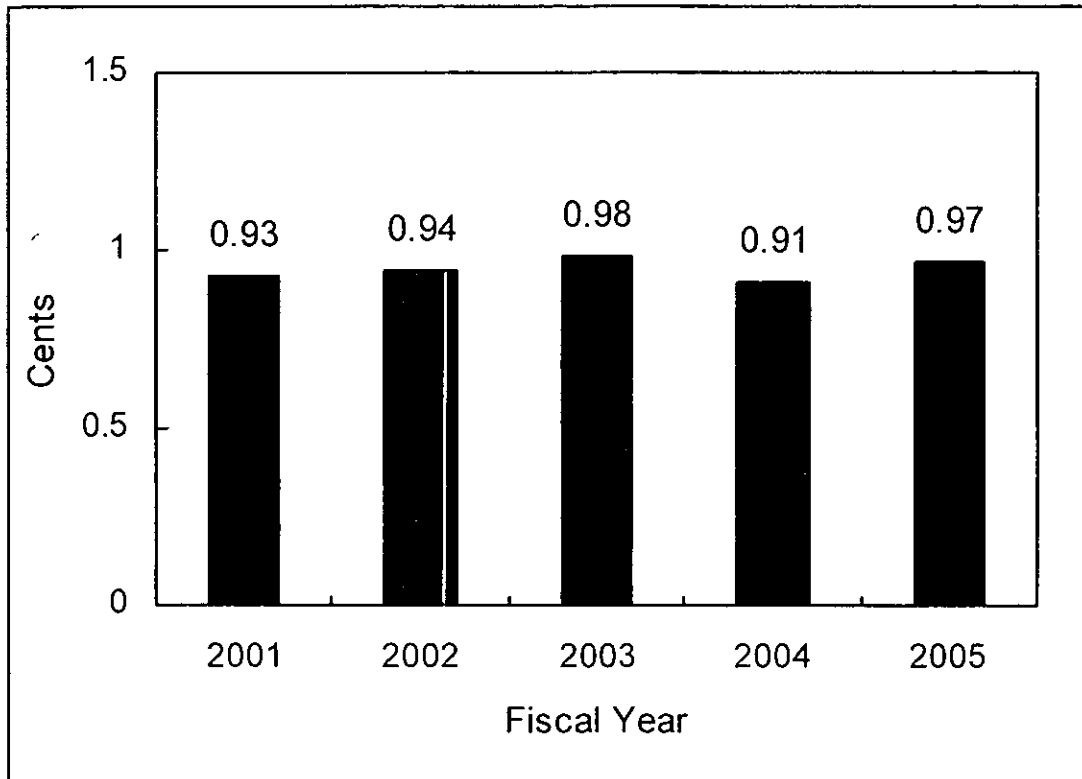
Note:

The Tennessee Valley Authority has held their rate to Bristol Tennessee Essential Services relatively flat during the past five years.

We continue to aggressively promote the **water heater load management program** which may allow us to further reduce our wholesale power cost. We currently have over 13,000 water heaters that can be controlled with load management switches.

Rising interruptible prices, due to tight supply and the higher prices for natural gas for TVA to run their peaking units to provide its interruptible power, have pushed the average higher in recent years.

Margin Wholesale Versus Retail



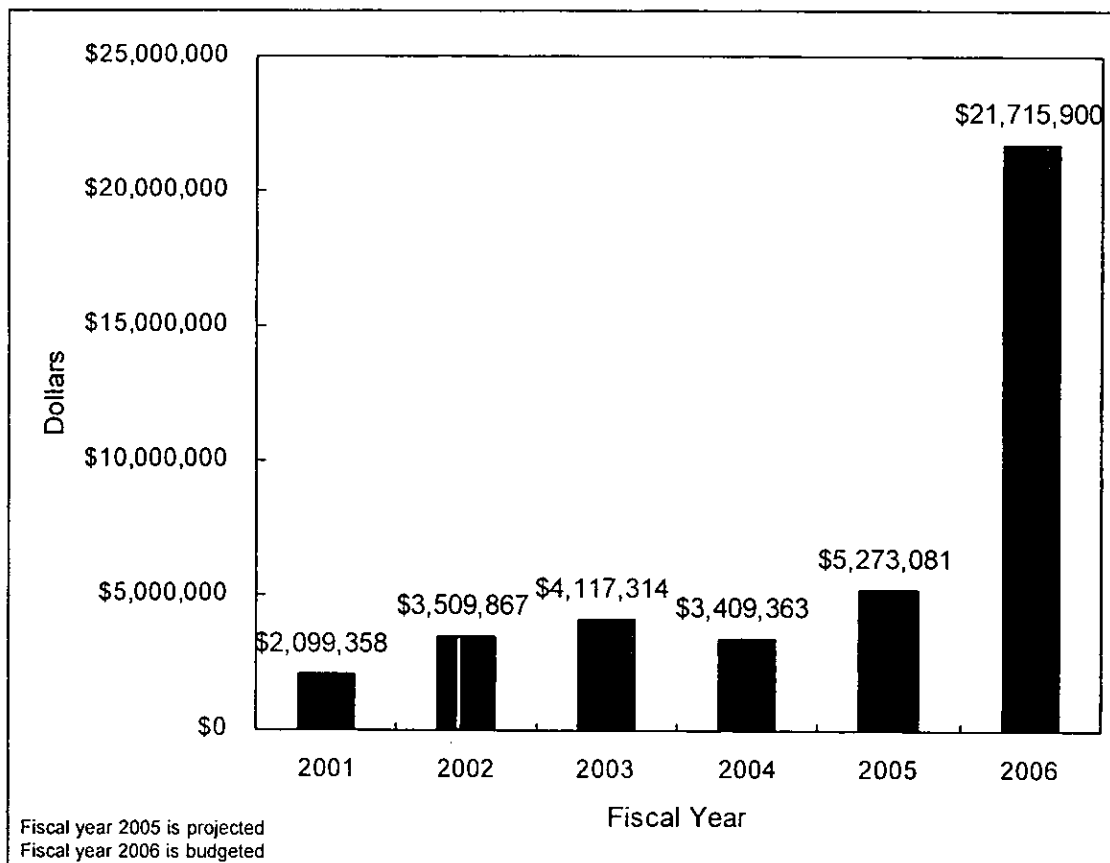
Note:

During the past five years, we have been able to operate BTES on a relatively flat cents-per-kilowatt-hour margin. This is especially significant since the wholesale and retail prices have remained relatively constant during this period of time.

We have been able to do this because of increased efficiencies within the organization, taking a more active role in sales of water heaters, heat pumps and in industrial-load development. We have also managed our renewal and replacement fund to have the necessary resources to make system plant additions, as forecasted in the BTES System Study, without incurring debt.

Even though inflation has been relatively low during this period, there have been cost increases in material and labor. Our cost control can be attributed to all of our employees looking for better and more efficient ways to serve our customers. These efficiencies have been attained without layoffs or penalizing our employees in any way.

Gross Capital Expenditures



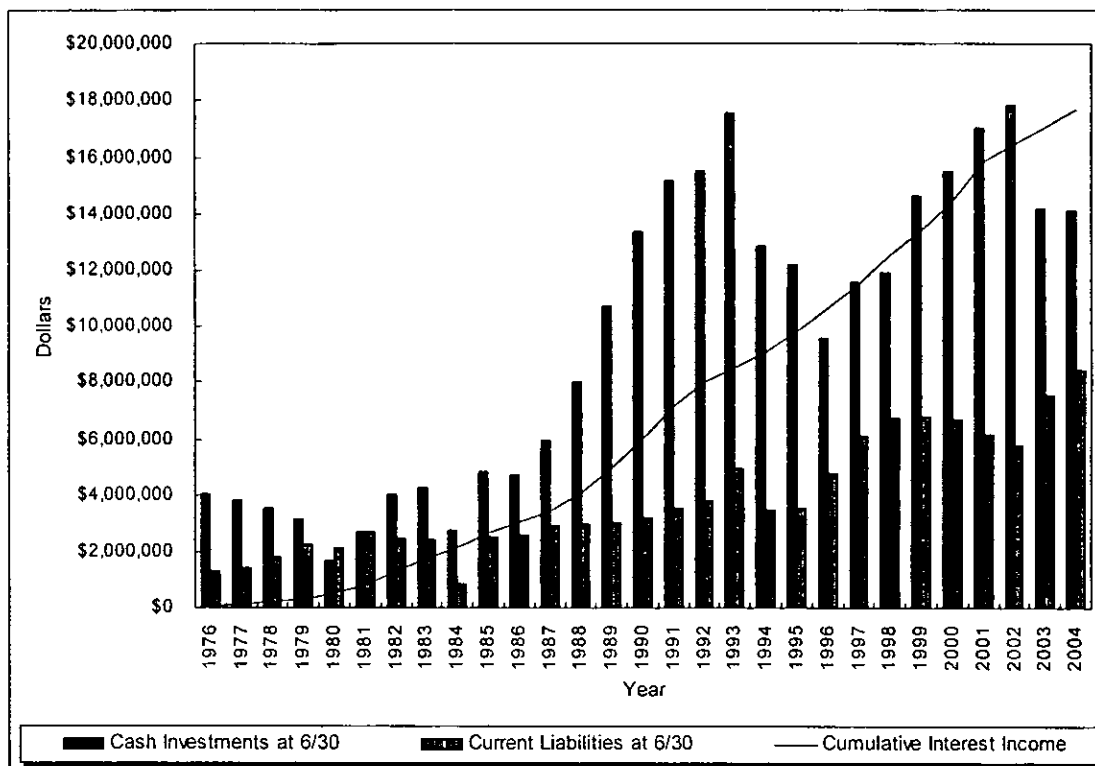
Note:

We have had variances in fiscal year capital expenditures because of the following reasons:

- 1993 Completion of Carden Hollow Substation and its transmission line.
- 1994 Construction of the Medical Center Substation and its transmission line.
- 1995 Construction of Industrial Park Substation, purchased equipment and began construction of Blountville Primary Substation, and construction of Exide Substation and its transmission line.
- 1996 Completion of Blountville Primary Substation and completion of Industrial Park Substation's transmission line.

- 1997 Construction of Adams Chapel Substation.
- 1998 Construction of 9.7 miles of 69,000 volt transmission line.
- 1999 Completion of 9.7 miles of 15,000 volt underbuild of 69 kV line.
- 2000 Reconnector three phase distribution on Highway 126 and Bristol Caverns Highway. Install lighting facilities for City of Bristol Multi-Purpose Sports Complex.
- 2001 Construct 7.3 miles of 69 kV transmission line along Bristol Beltway
- 2002 Constructed over 20 miles of fiber optic backbone network and purchased additional 29 miles of cabling to be installed. Completed construction on 4.2 miles of 69 kV line with distriction underbuild and lighting along the Bristol Beltway.
- 2003 Purchased Buffalo Substation equipment and installed nine reels of fibert optic cable along 27 miles of existing distribution pole lines.
- 2004 Completion of Buffalo Substation and continued installing fiber optic cable.
- 2005 Installed 26.7 miles of fiber optic cable.
- 2006 Purchase equipment for Rockhold Substation and a mobile substation.

Cash Investments Versus Current Liabilities



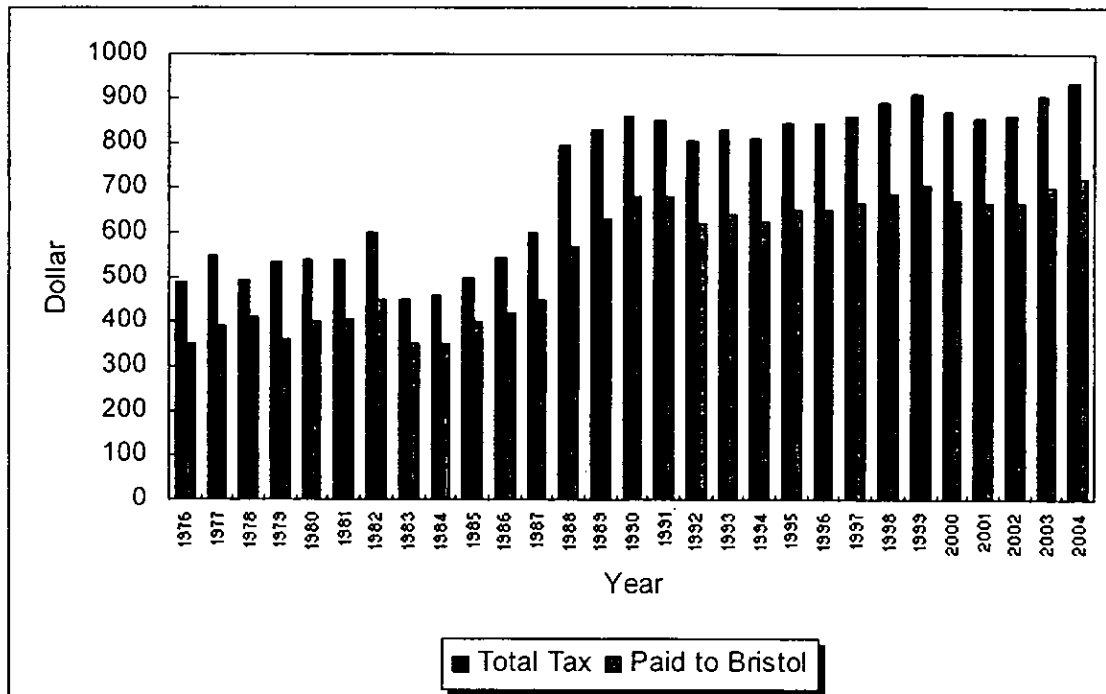
Note:

This chart shows year-end cash investments, current liabilities and accumulated interest income from June 30, 1976 through June 30, 2004. The accumulated interest line shows the accumulation of interest and interest on interest. Currently, that number is over half of our year-end cash investments. The cash investments include our depreciation and renewal/replacement fund. A significant part of this will be used to cover the costs of major plant additions outlined in our BTES System Study. In FY94 we purchased our heat pump loans from TVA for \$5 million and in FY03 we purchased \$8 million of Discounted Energy Units from TVA, thereby reducing cash investments.

We were looking at rate increases in the late 70s when several system improvements were forecasted. Because of relatively low system growth, we were able to postpone certain improvements, and we have been building a reserve to help cover the costs of these system improvements. Now that these improvements are required, we will not have to have rate increases to pay for them.

By careful planning and reserving part of the savings from internal efficiencies, we are going to be able to make a major part of the system improvements without having any rate increases.

In-Lieu-Of-Tax Payments



Total tax is \$21,717,602
Bristol received \$16,629,121

Note:

Historically, BTES has been the largest taxpayer to the City of Bristol, Tennessee and has paid the maximum taxes allowed by the State of Tennessee. For the past several years, this tax payment has been approximately three times what it would have been if BTES had been an investor-owned utility. This amount of additional taxes over what an investor-owned utility would have paid can be considered as an ownership dividend to the City of Bristol. In the past five years, this ownership dividend was over \$2,100,000 out of the total \$3.41million paid to the City of Bristol as in-lieu-of-tax payments.

<p align="center">Comparison of Residential Power Costs Bristol TN Essential Services and Utilities in the Southeast U.S.</p>
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1,000 kWh January 2005

Entergy Gulf States		\$90.45
Entergy Louisiana		\$87.73
Mississippi Power		\$87.48
Progress Energy Carolinas (SC)		\$83.51
Progress Energy Carolinas (NC)		\$83.30
Cleco Corp. (Central LA Electric)		\$82.40
Entergy Mississippi		\$79.45
Alabama Power		\$77.06
Entergy Arkansas		\$74.38
JEA (FL)		\$74.00
Entergy New Orleans		\$71.72
TVA Average		\$70.55
Louisville Gas & Electric		\$64.91
American Electric Power (KY)		\$62.10
BTES		\$60.03
American Electric Power (VA)		\$57.88
Ameren UE		\$57.05
Kingsport Power		\$52.63

Comparison of Industrial Power Costs Bristol TN Essential Services and Utilities in the Southeast U.S.

5,000 kW, 2,555,000 kWh January 2005

Entergy Louisiana	\$180,831
Entergy Gulf States (LA)	\$173,911
Cleco Corp. (Central LA Electric)	\$156,780
Progress Energy Carolinas (NC)	\$155,220
Entergy Mississippi	\$151,414
Progress Energy Carolinas (SC)	\$142,343
TVA Average	\$141,022
Mississippi Power	\$140,990
Entergy New Orleans	\$132,385
JEA (FL)	\$127,849
BTES	\$127,570
Alabama Power	\$114,492
Entergy Arkansas	\$106,089
Louisville Gas & Electric	\$100,994
American Electric Power (VA)	\$85,527
Ameren UE	\$84,705
American Electric Power (KY)	\$81,108
Kingsport Power	\$80,618

Cable and Internet Condensed Statements of Revenues and Expenses

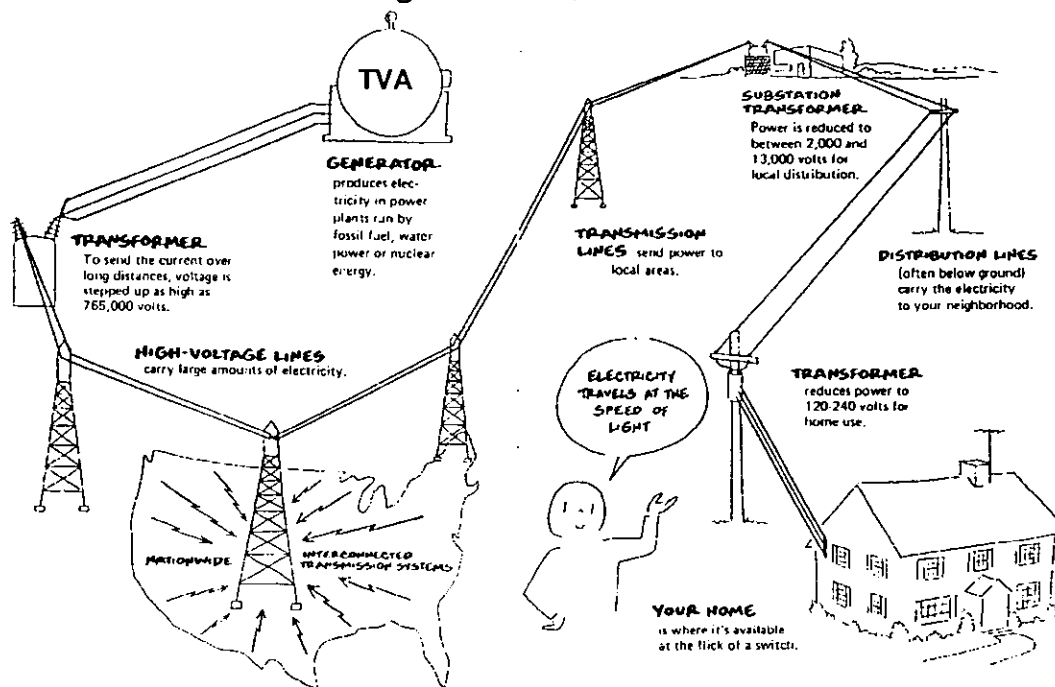
	2006	2007	2008	2009	2010	2011
Revenue:						
Operating Revenue						
Cable Television	\$1,006,254	\$3,018,763	\$4,025,018	\$4,025,018	\$4,025,018	\$4,025,018
Internet	\$378,714	\$1,136,142	\$1,514,856	\$1,514,856	\$1,514,856	\$1,514,856
Business Services	\$86,400	\$201,600	\$266,400	\$331,200	\$360,000	\$360,000
Total Operating Revenue	\$1,471,368	\$4,356,505	\$5,806,274	\$5,871,074	\$5,899,874	\$5,899,874
 Cost of Goods Sold						
Cable Television	\$641,758	\$1,925,274	\$2,567,032	\$2,567,032	\$2,567,032	\$2,567,032
Internet	\$79,800	\$239,400	\$319,200	\$319,200	\$319,200	\$319,200
Business Services	\$51,923	\$121,153	\$160,095	\$199,037	\$216,345	\$216,345
Total Cost of Goods Sold	\$773,481	\$2,285,827	\$3,046,327	\$3,085,269	\$3,102,577	\$3,102,577
 Gross Profit	\$697,888	\$2,070,678	\$2,759,947	\$2,785,805	\$2,797,297	\$2,797,297
 Other Operating Revenue						
Late Charges	\$7,357	\$21,783	\$29,031	\$29,355	\$29,499	\$29,499
Reconnect Fees	\$1,000	\$21,783	\$29,031	\$29,355	\$29,499	\$29,499
Connection Fees	\$17,500	\$35,000	\$17,500	\$0	\$0	
Total Other Operating Revenue	\$25,857	\$78,565	\$75,563	\$58,711	\$58,999	\$58,999
Total Revenue	\$723,745	\$2,149,243	\$2,835,509	\$2,844,515	\$2,856,296	\$2,856,296
 Expenses:						
Operating Expenses	\$510,410	\$1,216,230	\$1,599,619	\$1,608,178	\$1,613,229	\$1,570,768
Payroll Expense	\$370,000	\$381,100	\$392,533	\$404,309	\$416,438	\$428,931
Depreciation Expense	\$184,088	\$430,265	\$492,353	\$492,353	\$492,353	\$492,353
Amortization of Organization Expense	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	
Taxes other than income tax	\$53,273	\$69,624	\$63,126	\$52,216	\$38,274	\$21,289
Total Expenses	\$1,137,772	\$2,117,219	\$2,567,631	\$2,577,056	\$2,580,294	\$2,513,342
 Net Operating Income	(\$414,027)	\$32,024	\$267,878	\$267,459	\$276,002	\$342,954
 Non-Operating Revenues and Expenses						
Interest Expense	\$266,421	\$264,131	\$337,016	\$318,588	\$300,562	\$281,606
Interest Income	\$0	\$0	\$0	\$0	\$0	\$0
 Net Income:	(\$680,448)	(\$232,106)	(\$69,138)	(\$51,129)	(\$24,561)	\$61,348

Cable and Internet Business Unit Capital Expenditures

	2006	2007
Cable Television Headend	\$3,872,692	
Provisioning System	\$275,319	
Customer Installations	\$2,110,995	\$2,110,995
TOTAL	\$6,259,006	\$2,110,995

Electric Utility Terms

From generator to you-- **INSTANTLY!**



Air-Source Heat Pump - A system that can supply both space heating and cooling. In the heating cycle, the heat pump removes heat from the outside air and pumps it indoors. When cooling, the heat pump absorbs heat from the indoors and rejects it to the outside.

Ampere - Unit of measurement of electric current. It's proportional to the quantity of electrons flowing through a conductor past a given point in one second.

Base Load - The minimum load over a given period of time.

Blackout - A temporary loss of electricity in an area because of failure of generation or transmission equipment.

Brownout - A voltage reduction during an electrical shortage that causes conditions such as dim lights.

Bus - An electrical conductor which serves as a common connection for two or more electrical circuits.

Capacity - The load for which a generating unit, generating station or other electrical apparatus is rated by the user or the manufacturer.

Circuit Breaker - A switch that opens an electric circuit when a short occurs.

Conductor - Any substance, usually metallic, that will carry electricity.

Degree Day - A unit measuring the extent to which the average daily temperature varies from a standard reference temperature. Based on a reference temperature of 65 degrees Fahrenheit, if the average temperature (high plus low divided by 2) for a day is 70, then there are five cooling degree days for that day. Likewise, if the average temperature was 60, then there were five heating degree days. This historical information can be used for forecasting system load and planning unit maintenance outages, to name a few.

Delivery Point - The point, usually a substation, to which electricity is transmitted from its generating sources.

Demand - The rate at which electric energy is delivered to a system. The primary source of demand is the power consuming equipment of the customers.

Depreciation - Charges made against income to equitably distribute the cost of the decrease in plant value during the period when services are obtained from use of the facilities. The decrease in plant value is caused by wear, deterioration or obsolescence.

Deregulation - Movement of an industry from one of monopolistic entities or environments to one free market enterprise; in the electric industry this involves elimination of service area and rate restrictions and obligation to serve; results in distributor choice of supplier and eventually customer choice of supplier.

Dispatching - The control of an electric system involving switching substations, transmission/distribution lines and other equipment. Monitoring and operating the SCADA system. Dispatching crews for emergencies and maintaining a log of work locations and purpose for outside crews.

Distribution System - A system that enables delivering electric energy at 2.4 kV to 25 kV from convenient points (substations) on the transmission system to the customers.

Earth Coupled Heat Pump - An efficient electrical device that heats or cools by moving heat into or out of a building. It uses an antifreeze solution or refrigerant in a pipe buried in the ground to collect or disperse heat. Also called geothermal system, ground source heat pump or water source heat pump.

Easement - A right obtained from property owners that allows utility companies to construct, operate, maintain, and control facilities such as transmission lines on the property.

Eminent Domain - The right of government to take, or to authorize the taking of, private property for public use, just compensation usually being given to the owner.

Electric Current - The flow of electric charge in a conductor between two points having a difference in potential, generally expressed in amperes.

Electric and Magnetic Fields (EMF) - Radiation surrounding conductors that carry electricity - present wherever electric power is being used.

Fault - A point of defect in an electric circuit that prevents the current from following the intended course.

Insulator - A non conductor, usually of glass or porcelain, for insulating and supporting electric wires.

Kilowatt - The basic unit of electric demand, equal to 1,000 watts - average household demand is 10 to 20 kilowatts.

Kilowatt Hour - A unit of energy or work equal to 1,000 watt-hours. The basic measure of electric energy generation or use. A 100-watt light bulb burning for 10 hours uses one kilowatt hour.

Load - The amount of electric power delivered or required at any specified point on a system. Load originates at the power consuming equipment of the customers.

Load Factor - The ratio of the average load in kilowatts supplied during a designated period to the peak load in kilowatts occurring in that period.

Load Management - A program used by an electric utility to control its customers' use of electricity during times when their demand for electricity is high. Can involve reducing voltage or cutting off air conditioners or water heaters for short periods by remote control.

Losses - Power (kilowatts) and energy (kilowatt hours) lost during the operation of an electric system. Losses occur principally when energy is transformed into waste heat in conductors and other electrical apparatus.

Megawatt - 1,000 kilowatts or 1,000,000 watts.

Megawatt Hour - 1,000 kilowatt hours.

Peak Demand - The maximum rate at which electric energy is delivered to or by a system during a specific period of time.

Power Factor - The ratio of real power (kilowatts) to apparent power (kilovolt-amperes) for any given load and time.

Power Theft - Tampering with a meter to lower electric bills which is a dangerous and illegal act.

Ratchet - An electric rate charge based on the exceptional load of a seasonal peak in respect to the other seasons.

SCADA - Supervisory Control Data Acquisition System - Through a master station comprised of the equipment and computer software, SCADA provides instantaneous substation monitoring and control in addition to complete system status such as electric load, voltage levels and interruptions of service. Data also includes system kilowatt hours, amperage on each feeder phase, voltage on each phase, substation kilowatt hours and instantaneous kilowatt demand by substation or transformer bank. It includes data used for system planning, emergency switching and system maintenance.

Substation - An assemblage of equipment that enables switching and/or changing or regulating the voltage of electricity.

Transformer - A device to change the voltage of alternating current electricity.

Transmission System - The system that transports electric energy in bulk form - usually in high voltage - from a source of supply to the distribution systems or other major parts of the electric system.

Volt - The force when steadily applied to a circuit having a resistance of one ohm, will produce a current of one ampere.

Watt - The electrical unit of power or the rate of doing work. The rate of energy transfer equivalent to one ampere flowing under a pressure of one volt at unity power factor. One horsepower is equivalent to approximately 746 watts.

Deregulation Dictionary

The following are terms that you may encounter when reading about upcoming deregulation in the electric utilities industry.

Access Charge - a charge levied on a power supplier, or its customer, for access to a utility's transmission or distribution system. It is a charge for the right to send electricity over another's wires.

Aggregator - an entity that combines the needs of several smaller customers into a larger block of power in order to get a better price.

Capacity - the amount of electricity for which a generating plant or transmission system is rated.

Commercial Customer - non-manufacturing business customer.

Customer Choice - allows retail customers to select the power supplier or generator they buy electricity from.

Demand - the amount of power a customer takes at a given moment.

Direct Access - the ability of an electric end-user to connect directly with a power supplier, thus bypassing its local utility.

Distribution System - local delivery system of electricity to the retail customer's home or business through distribution lines. BTES is a distribution system.

Electric Cooperative - a member-owned electric utility company that distributes electricity on a nonprofit basis. Example: Mountain Electric Cooperative.

Federal Energy Regulatory Commission (FERC) - the agency that has jurisdiction over natural gas pricing, hydroelectric licensing, oil pipeline rates and gas pipeline certification.

Generation Company (genco) - an entity that operates electricity-generating plants. The genco may own the generation plants or interact with short-term marketers on behalf of plant owners.

Independent Power Producer (IPP) - a private entity that generates electricity and sells it to other businesses, including utilities.

Independent System Operator (ISO) - the independent operator of a transmission system, responsible for guaranteeing open access, scheduling, system reliability and accounting.

Industrial Customer - business customer engaged in manufacturing.

Investor-owned Utility (IOU) - a stockholder-owned power company that generates and distributes electric energy for profit. Example: American Electric Power.

Municipal - electric distribution system owned by a city to provide service for its residents. Example: BTES.

Non-power Services - includes such services as gas, home security and telecommunications.

Power Marketer - an entity that provides bulk wholesale power for use at a specific place and time. The marketer may or may not generate the power. Example: Cinergy.

Regional Transmission Organization (RTO) - FERC Order 2000 requires all investor-owned utilities to consider joining a RTO.

Retail Wheeling - a system in which individual retail electric customers are allowed to choose their electric supplier. Also known as retail competition.

Service Area - the geographic region that a utility is required to serve, or has the exclusive right to serve, in supplying electricity to the ultimate consumer.

Stranded Costs - costs of a utility that have already been legitimately and prudently incurred that are not economically viable in a competitive market.

Tennessee Valley Authority - generation and transmission company supplying power to 158 electric utilities in a seven-state region including Tennessee.

Transmission System - all the lines, poles and other equipment used to move bulk electricity from a generating plant to a distribution system.

Unbundling - separating the costs of operations of generation, transmission and distribution of electricity. An unbundled electric bill would list all costs associated with providing electricity to the consumer.

Wheeling - transmitting bulk electricity from a generating plant to a distribution system across a third system's lines.

Wheeling Charge - an amount charged to an electric system by another for the transmission of energy to and from another system.

Wholesale Customer - a power purchaser that buys for resale to retail customers. Example: BTES.

Source: Tennessee Magazine

35) Further explain the qualifications of BTES's senior management regarding the management of a business in a competitive or highly competitive environment, as opposed to a monopoly or non-competitive environment.

RESPONSE: For a number of years, BTES management has successfully engaged in competition with natural gas suppliers through its various heat pump, water heater, and other programs.

Alan Ellison, President of Harbor Network Services, Inc., will be providing contractual managerial, and technical support services to the telephone business unit. Mr. Ellison has substantial telephone management experience in both competitive and regulated environments. See Mr. Ellison's testimony and the exhibits thereto included with the Application.

36) Please provide the names of each municipality that has used services, and briefly describe such services, provided by Harbor Network Services, Inc. for municipal cable television, Internet and/or telephone services.

RESPONSE: For Dalton, Georgia, Mr. Ellison has performed a network design analysis, a cost analysis, and a regulatory compliance analysis in connection with its provision of such services.

37) On June 30, 2005, the State of Tennessee, Comptroller of the Treasury, issued an evaluation of municipal cable television and internet systems as required by Tenn. Code Ann. §7-52-604(c). In discussing the possibilities for subsidization, the Comptroller explained at page 4:

Furthermore, the operations of municipal electric systems are heavily regulated by the TVA – the Tennessee Valley Authority. The standard power contract executed between TVA and municipal electric systems includes the following terms and conditions relating to financial and accounting policies: ‘Except as hereinafter provided, Municipality . . . shall establish and maintain a separate fund for the revenues from electric operations, and shall not directly or indirectly mingle electric system funds or accounts, or otherwise consolidate or combine the financing of the electric system, with those of any other of its operations. The restrictions of this subsection include, but are not limited to, prohibitions against furnishing, advancing, lending, pledging, or otherwise diverting electric system funds, revenues, credit or property to other operations of Municipality. Municipality may use property and personnel jointly for the electric system and other operations, subject to agreement between Municipality and TVA as to appropriate allocations, based on direction of effort, relative use, or similar standards.’

Does BTES’ contract with the TVA contain this or similar language? Please provide a copy of the portion of the TVA contract related to this statement.

RESPONSE: A copy of the TVA contract with BTES is attached. The language described in the question can be found in section 1.(a) of the TVA Power Contract, dated June 27, 1985, under Schedule of Terms and Conditions.

W052584

POWER CONTRACT
Between
TENNESSEE VALLEY AUTHORITY
And
CITY OF BRISTOL, TENNESSEE

THIS CONTRACT, made and entered into as of the 27th day of June, 1985, by and between TENNESSEE VALLEY AUTHORITY (hereinafter called "TVA"), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (hereinafter called "TVA Act"), and CITY OF BRISTOL, TENNESSEE (hereinafter called "Municipality"), a municipal corporation duly created, organized, and existing under and by virtue of the laws of the State of Tennessee;

W I T N E S S E T H:

WHEREAS, the TVA Act authorizes TVA to sell the power generated by it and not used in its operations to States, counties, municipalities, corporations, partnerships, or individuals according to the policies therein set forth; and

WHEREAS, the TVA Act provides that the sale of such power shall be primarily for the benefit of the people of the section as a whole and particularly the domestic and rural consumers, to whom it is desired to make power available at the lowest possible rates; and

WHEREAS, Municipality owns an electric system which is managed and operated by a board of public utilities (hereinafter called "Board"), and in the operation thereof is presently purchasing and desires to continue to purchase its entire power requirements from TVA; and

WHEREAS, the parties wish to enter into a new contract to replace their present power contract;

NOW, THEREFORE, in consideration of the mutual promises herein contained and subject to the provisions of the TVA Act, the parties agree as follows:

1. Purpose of Contract. It is hereby recognized and declared that, pursuant to the obligations imposed by the TVA Act, Municipality's operation of a municipal electric system and TVA's wholesale service thereto are primarily for the benefit of the consumers of electricity. Toward that end, Municipality agrees that the electric system shall be operated on a nonprofit basis, and that electric system funds and accounts shall not be mingled with other funds or accounts of Municipality. Municipality may, as hereinafter provided, receive from the operation thereof for the benefit of its general funds only an amount in lieu of taxes representing a fair share of the cost of government properly to be borne by such system. In accordance with these principles, which are mutually recognized as of the essence of this contract, Municipality agrees that the electric system shall be operated and the system's financial accounts and affairs shall be maintained in full and strict accordance with the provisions of this contract.

2. Power Supply.

(a) Subject to the other provisions of this contract, TVA shall produce and deliver to Municipality at the delivery point or points specified in or hereafter established under section 3 hereof and Municipality shall take and distribute the electric power required for service to Municipality's customers. Municipality shall keep TVA currently informed of any important developments affecting its probable future loads or service arrangements. TVA shall take account of all available information in making its forecasts of the loads of Municipality and of TVA's other customers. TVA shall make every reasonable effort to increase the generating capacity of its system and to provide the transmission facilities required to deliver the output thereof so as to be in a position to supply additional power therefrom when and to the extent needed to meet increases in their loads.

(b) Municipality shall be entitled to use the power made available hereunder to serve all consumers to whom the resale rate schedules specified in section 5(b) hereof are applicable except those TVA is entitled to serve directly, as provided below. TVA shall be entitled to serve directly any consumer to whom said resale rate schedules are not applicable, any federal installations excepting those with loads less than 5,000 kilowatts served from a general delivery point, and any consumer whose energy requirements in any month are more than 10 million kilowatthours plus the amount of energy, if any, delivered by Municipality to residential consumers under billings for the preceding June and received from TVA at the delivery point through which Municipality would receive the energy for such consumer if it were served by Municipality. The supply of power by TVA to Municipality for resale to any consumer which has a supply of 5,000 kilowatts or more of power other than that furnished by Municipality under said resale rate schedules, and the contract for such resale between Municipality and such consumer, shall be subject to such special arrangements as TVA may reasonably require. Nothing herein shall be construed as preventing Municipality and TVA from agreeing upon special arrangements for service to any consumer.

(c) It is recognized that from time to time there may be a consumer served by one party hereto which, because of changed conditions, may become a consumer which the other party is entitled to serve under the provisions of subsection (b) of this section. In any such case the parties hereto, unless otherwise agreed, shall make such arrangements (including making appropriate allowance for any otherwise unrecoverable investment made to serve such consumer) as may be necessary to transfer as soon as practicable such consumer to the party entitled to serve the consumer hereunder, and the party originally serving said consumer shall cooperate in every way with the party entitled to serve the consumer in making arrangements for the latter to undertake such service including, without limitation, releasing the consumer from any then existing power contract from and after the effective date for initiating service under any contract between such consumer and the party entitled to serve it.

(d) Municipality shall keep TVA informed of any prospective developments affecting any individual load which uses or will use 5,000 kilowatts or more. As soon as practicable after receipt of information from Municipality regarding the prospective addition of, or increase in, any load of 5,000 kilowatts or larger which Municipality would be entitled to serve hereunder, TVA

shall notify Municipality of the time schedule upon which the additional power required for such service could be made available to Municipality at the whole-sale rates then in effect hereunder and, upon request, of any terms under which it could supply any power in advance of said schedule. Municipality shall not take and deliver such additional power for said load in advance of or in amounts larger than specified in said schedule except to the extent that it has made special arrangements with TVA to do so. TVA, by notice in writing to Municipality, may change the designated amount of 5,000 kilowatts appearing in this subsection (d) to such other amount as TVA deems necessary.

(e) The area limitations in the first three paragraphs of subsection (a) of section 15d of the TVA Act are incorporated herein by reference as fully as though set out herein, and this contract shall not be construed as permitting any arrangement by Municipality which would be inconsistent with those limitations.

(f) Notwithstanding any other provision of this section, TVA may, as a condition precedent to TVA's obligation to make power available, require Municipality to provide such assurances of revenue to TVA as in TVA's judgment may be necessary to justify the reservation, alteration, or installation by TVA of additional generation, transmission, or transformation facilities for the purpose of supplying power to Municipality.

3. Delivery and Receipt of Power. The power to be supplied hereunder shall be delivered at the delivery points designated below and, under normal operating conditions, shall be within commercial limits of 60 hertz and within 3 percent above or below the normal wholesale delivery voltage specified below for each delivery point; provided, however, that any normal wholesale delivery voltage of 46 kV or higher specified below may be changed by TVA from time to time upon notice to Municipality to a voltage level not more than 5 percent higher or lower than the voltage so specified. Substation transformers with a high-side voltage rating of 46 kV or above will be equipped with taps or other suitable means for adjusting for the changes in normal voltage set forth herein. The operating representatives of the parties may by mutual agreement provide for variations in wholesale delivery voltage other than those provided for herein when in their judgment such variations are necessary or desirable.

<u>Delivery Point</u>	<u>Normal Wholesale Delivery Voltage</u>
161-kV side of the Bluff City 161-kV Substation	161,000

It is recognized that load growth and development and the maintenance of high quality service in Municipality's area may require new delivery points from time to time. Such new delivery points will be established by mutual agreement. In reaching such agreement Municipality and TVA shall be guided by the policy of providing the most economical of the practical combinations of transmission and distribution facilities, considering all pertinent factors, including any unusual factors applicable to the area involved.

Neither party shall be responsible for installing at any delivery point equipment for the protection of the other's facilities, or for damages to the other's system resulting from the failure of its own protective devices, but each party agrees so to design, construct, and operate its system as not to cause undue hazards to the other's system.

4. Wholesale Rate. Attached hereto and made a part hereof is a "Schedule of Rates and Charges" wherein Municipality is referred to as "Distributor." Subject to the other provisions of this contract, Municipality shall pay for the power and energy supplied by TVA in accordance with the provisions of Wholesale Power Rate--Schedule WP.

The payments to be made hereunder shall be made solely and exclusively from the revenues of the electric system and shall not be a charge upon Municipality's general funds.

5. Resale Rates. In distributing electric energy in the area served by Municipality, the parties agree as follows:

(a) Municipality agrees that the power purchased hereunder shall be sold and distributed to the ultimate consumer without discrimination among consumers of the same class, and that no discriminatory rate, rebate, or other special concession will be made or given to any consumer, directly or indirectly.

(b) Municipality agrees to serve consumers, including all municipal and governmental customers and departments, at and in accordance with the rates, charges, and provisions set forth for the several classes thereof in Schedules RP-H, GP-H, TGP, and LP of said Schedule of Rates and Charges, and not to depart therefrom except as the parties hereto may agree upon surcharges, special minimum bills, or additional resale schedules for special classes of consumers or special uses of electric energy, and except as provided in subsection (c) next following.

For the purpose of uniform application, within the classes of consumers, of the provisions of the paragraph entitled "Payment" of said resale schedules, Municipality shall designate in its standard policy periods of not less than (1) 15 days, for customers served under the RP Schedule, and (2) 10 days, for customers served under the GP and TGP Schedules, after date of the bill during which periods the bill is payable as computed by application of the charges for service under the appropriate resale schedule, and shall further designate in said policy the percentage or percentages, if any, not to exceed 5 percent of the bill, computed as above provided, which will be added to the bill as additional charges for payment after the periods so designated.

(c) If the rates and charges provided for in said resale schedules do not produce revenues sufficient to provide for the operation and maintenance of the electric system on a self-supporting and financially sound basis, including requirements for interest and principal payments on indebtedness incurred or assumed by Municipality for the acquisition, extension, or improvement of the electric system (hereinafter called "System Indebtedness"), Board and TVA shall agree upon, and Municipality shall put into effect promptly, such

changes in rates and charges as will provide the increased revenues necessary to place the system upon a self-supporting and financially sound basis. If the rates and charges in effect at any time provide revenues that are more than sufficient for such purposes, as more particularly described in section 6 hereof, Board and TVA shall agree upon a reduction in said rates and charges, and Municipality shall promptly put such reduced rates and charges into effect.

6. Use of Revenues.

(a) Municipality agrees to use the gross revenues from electric operations for the following purposes:

- (1) Current electric system operating expenses, including salaries, wages, cost of materials and supplies, power at wholesale, and insurance;
- (2) Current payments of interest on System Indebtedness, and the payment of principal amounts, including sinking fund payments, when due;
- (3) From any remaining revenues, reasonable reserves for renewals, replacements, and contingencies; and cash working capital adequate to cover operating expenses for a reasonable number of weeks; and
- (4) From any revenues then remaining, tax equivalent payments into Municipality's general funds, as more particularly provided in section 2 of the Schedule of Terms and Conditions hereinafter referred to.

(b) All revenues remaining over and above the requirements described in subsection (a) of this section shall be considered surplus revenues and may be used for new electric system construction or the retirement of System Indebtedness prior to maturity; provided, however, that resale rates and charges shall be reduced from time to time to the lowest practicable levels considering such factors as future circumstances affecting the probable level of earnings, the need or desirability of financing a reasonable share of new construction from such surplus revenues, and fluctuations in debt service requirements.

7. Equal Opportunity. It is the policy of the federal government to provide equal employment opportunity, and in furtherance of that policy, it is the policy of TVA, as an agency of the federal government, to encourage equal employment opportunity in the various aspects of its programs, including the sale and distribution of TVA power. Accordingly, during the term of this power contract:

(a) Municipality will not discriminate against any employee or applicant for employment with its electric system because of race, color, religion, sex, or national origin. Municipality will take such affirmative action as is necessary to insure that all applicants are considered for employment and that all employees are treated in all aspects of employment without regard to their race, color, religion, sex, or national origin.

(b) Municipality will, in all solicitations or advertisements for employees placed by or on behalf of the electric system, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) Municipality will cooperate and participate with TVA in the development of training and apprenticeship programs which will provide opportunities for applicants and prospective applicants for employment with the electric system to become qualified for such employment, and such cooperation will include access by authorized TVA representatives to its electric system's books, records, and accounts pertaining to training, apprenticeship, recruitment, and employment practices and procedures.

8. Terms and Conditions. Certain additional provisions of this contract are set forth in a "Schedule of Terms and Conditions," which is attached hereto and made a part hereof.

9. Rules and Regulations. Municipality hereby adopts the "Schedule of Rules and Regulations" attached hereto, in which Municipality is referred to as "Distributor." Such Rules and Regulations may be amended, supplemented, or repealed by Municipality at any time upon 30 days' written notice to TVA setting forth the nature of and reason for the proposed change. No change shall be made in said schedule, however, which is in violation of or inconsistent with any of the provisions of this contract.

10. Use of Lines for Transmission Purposes. TVA is hereby granted the privilege of using any electric lines of Municipality, to the extent of their capacity in excess of the requirements of Municipality, for the purpose of transmitting electric energy between adjoining portions of TVA's facilities or to other customers of TVA. TVA shall be obligated to pay Municipality the additional cost, including any additional fixed charges and operating and maintenance costs, imposed on Municipality by permitting use of its facilities to serve other customers of TVA, and to indemnify and save harmless Municipality from any damage or injury caused by TVA's exercise of such use.

11. Waiver of Defaults. Any waiver at any time by either party hereto of its rights with respect to any default of the other party or with respect to any other matter arising in connection with this contract shall not be considered a waiver with respect to any subsequent default or matter.

12. Transfer of Contract. Neither this contract nor any interest herein shall be transferable or assignable by Municipality without the consent of TVA.

13. Restriction of Benefits. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this contract or to any benefit that may arise therefrom unless the contract be made with a corporation for its general benefit, nor shall Municipality offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34. Breach of this provision shall constitute a material breach of this contract.

14. Termination of Existing Contracts. It is hereby agreed that the power contract dated June 30, 1965, and numbered TV-27013A, as supplemented and amended, between the parties is terminated as of the effective date of this contract; provided, however, that nothing herein contained shall be construed as effecting the termination of the following agreements, or portions of agreements, between the parties hereto, it being the intention of the parties that each of said agreements, or portions thereof, shall remain in full force and effect for the term of this contract unless sooner terminated in accordance with specific provisions of each agreement, respectively:

(a) Sections 11 and 12 of Lease and Amendatory Agreement TV-27013A, Supplement No. 1, dated June 30, 1965, setting out the parties' rights and obligations relative to arrangements involving (1) joint use of certain transmission line facilities and (2) TVA's use for telemetering and communication purposes of transmission line conductors leased and subsequently purchased by Municipality from TVA;

(b) The third paragraph of section 4 and the second paragraph of section 5 of Lease and Amendatory Agreement TV-27013A, Supplement No. 6, dated December 17, 1969, setting out the parties' rights and obligations relative to (1) arrangements for emergency connection of certain transmission facilities leased and subsequently purchased by Municipality from TVA to transmission facilities of Bristol, Virginia, and (2) station service arrangements and TVA's use as a spare-line breaker of low-side bank breaker No. 614 (leased and subsequently purchased by Municipality from TVA) at the Bluff City 161-kV Substation;

(c) Section 2 of Agreement TV-27013A, Supplement No. 8, dated October 28, 1970, setting out the parties' rights and obligations relative to arrangements for emergency connection of certain transmission facilities leased and subsequently purchased by Municipality from TVA to transmission facilities of Bristol, Virginia;

(d) Section 5 of Agreement TV-27013A, Supplement No. 9, dated February 11, 1971, setting out the parties' rights and obligations relative to the attachment of TVA's communication facilities to transmission line facilities leased and subsequently purchased by Municipality from TVA;

(e) The second paragraph of section 1, the second and third paragraphs of section 2, and the second paragraph of section 4 of Agreement TV-27013A, Supplement No. 10, dated March 25, 1971, and the fifth paragraph of section 1 and the second and third paragraphs of section 2 of Lease and

Amendatory Agreement TV-27013A, Supplement No. 18, dated January 18, 1979, setting out the parties' rights and obligations relative to (1) metering arrangements at the Ruthton and King College Substations, (2) arrangements for emergency connection of certain transmission facilities leased and subsequently purchased by Municipality from TVA to transmission facilities of Bristol, Virginia, and (3) arrangements involving transmission lines leased and subsequently purchased by Municipality from TVA;

(f) Section 3 of Agreement TV-27013A, Supplement No. 16, dated August 18, 1976, relative to application of a monthly facilities rental credit to billings under the Wholesale Power Rate Schedule; and

(g) Letter Agreement TV-27013A, Supplement No. 28, dated November 14, 1983, between the parties hereto relative to the application by Municipality of an alternative seasonal service rate schedule on a temporary basis.

All references in said agreements, or portions thereof, to the power contract dated June 30, 1965, shall be deemed to refer to this contract.

15. Term of Contract. This contract shall become effective as of June 30, 1985, and shall continue in effect for 20 years from said date, subject to termination by either party, effective not earlier than 10 years from said date, on not less than four years' prior written notice. If Municipality should give notice of termination hereunder, TVA shall be under no obligation from the date of receipt of such notice to make or complete any additions to or changes in any transformation or transmission facilities for service to Municipality unless Municipality agrees to reimburse TVA for its nonrecoverable costs in connection with the making or completion of such additions or changes.

IN WITNESS WHEREOF, the parties hereto have caused this contract to be executed by their duly authorized officers, as of the day and year first above written.

Attest:

XXXXXXXXXXXXXXXXXXXX
TENNESSEE VALLEY AUTHORITY

Linda J. Parker
Assistant Secretary to the Board

By R. Michael Browder
General Manager

XXXX

Attest:

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

Linda J. Parker
(Title) Secretary to the Board

By Conley S. Scott, Jr.
Chairman

Attest:

Approved:
CITY OF BRISTOL, TENNESSEE

[Signature]
(Title) Recorder

By Beverly H. Masley
Mayor

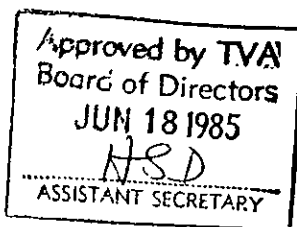
Attest:

TENNESSEE VALLEY AUTHORITY

Helen L. Drummer
Assistant Secretary

By [Signature]
General Manager

526
OGC



W052584

TENNESSEE VALLEY AUTHORITY
SCHEDULE OF RATES AND CHARGES

WHOLESALE POWER RATE--SCHEDULE WP
(July 1983)

Availability

Firm power available under long-term contracts with, and for distribution and resale by, States, counties, municipalities, and cooperative organizations of citizens or farmers, all referred to herein as "Distributor."

Base Charges*

	<u>Standard</u>	<u>Time-of-Day</u>
Delivery Point Charge:	\$1,500 per delivery point per month	\$1,500 per delivery point per month
Demand Charge:	\$7.56 per kW of billing demand per month	\$7.56 per kW per month of onpeak billing demand \$3.94 per kW per month for each kW, if any, by which offpeak billing demand exceeds onpeak billing demand
Energy Charge:	2.496 cents per kWh per month	2.707 cents per kWh per month for all onpeak kWh 2.372 cents per kWh per month for all offpeak kWh

*Application of Standard and Time-of-Day Base Charges:

Power and energy taken hereunder shall be billed under the Standard Base Charges above except that, for any delivery point through which any power and energy is taken by Distributor for resale to one or more customers under the Time-of-Day General Power Rate Schedule, the Time-of-Day Base Charges specified above shall be applied to the portion of the power and energy so taken for such resale; provided, however, that Distributor's bill shall be adjusted to reflect diversity, if any, between the billing demand of each such customer and the billing demand of Distributor at such delivery point. The remaining power and energy, if any, taken at that delivery point shall be billed under the Standard Base Charges (the base delivery point charge shall be applied only once to a delivery point).

The onpeak billing demand and the offpeak billing demand for any month shall be determined as is the billing demand under the Determination of Demand section of this rate schedule except that (1) in determining the onpeak billing demand the calculations under that section shall be applied only to the onpeak hours during that month as designated below and (2) in determining the offpeak billing demand the calculations under that section shall be applied only to the offpeak hours during that month as designated below.

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 10:00 a.m. to 10:00 p.m. during the calendar months of May through September and from 6:00 a.m. to 12:00 noon and from 4:00 p.m. to 10:00 p.m. during all other calendar months. 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. The onpeak and offpeak hours under this rate schedule are subject to change by TVA. In the event TVA determines that such changed onpeak and offpeak hours are appropriate, it shall so notify Distributor at least 12 months prior to the effective date of such changed hours.

Adjustments

1. The base demand and energy charges in this rate schedule shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

2. Distributor's bill for each month shall be adjusted by adding to the bill 0 cents per kW and 0.000 cent per kWh for power and energy resold by Distributor in the preceding month to any customer of Distributor which has a billing demand of more than 10,000 kW or which uses more than 5 million kWh (herein referred to as a large load), except that such adjustment shall not apply to any portion of a large load up to the following respective amounts: 10,000 kW plus an amount (not to exceed 20,000 kW) equal to that portion of Distributor's demand at the TVA delivery point from which such large load is served by Distributor which is in excess of the sum of the billing demands of all large loads served by Distributor from that delivery point; 5 million kWh plus an amount (not to exceed 15 million kWh) equal to that portion of Distributor's purchases of energy at the TVA delivery point from which such large load is served by Distributor which is in excess of the energy resold to all large loads served by Distributor from that delivery point. Such amounts in cents per kW and in cent per kWh may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to compensate for a change in the differential between the base demand and energy charges, as adjusted, under this rate schedule and under the resale rate schedules applicable to large loads, when such change arises out of application of Adjustment Addendums.

3. In any case in which a minimum bill is applicable to a customer of Distributor under part B of the General Power Rate Schedule or under the Time-of-Day General Power Rate Schedule, Distributor's bill under this rate schedule shall be adjusted by adding thereto for each such customer 75 percent of the amount by which such applicable minimum bill exceeds an amount computed by applying the appropriate base charges, as adjusted, under part B of the General Power Rate Schedule or under the Time-of-Day General Power Rate Schedule to the measured demand and energy taken by

such customer. Such measured demand for any month shall be the higher of the highest average during any 30-consecutive-minute period of the month of (a) the load measured in kW or (b) 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA.

If a customer of Distributor fails to pay any minimum bill obligations arising under part B of the General Power Rate Schedule or under the Time-of-Day General Power Rate Schedule, Distributor shall promptly so notify TVA in writing. Within 90 days after the date on which a customer becomes past due in making payment on any such minimum bill obligations, Distributor, after consultation with TVA, shall institute litigation to enforce payment of the minimum bill obligations. To the extent determined by TVA to be appropriate TVA will assist Distributor in such efforts. Upon failure of Distributor to do so, TVA may institute such litigation in the name of Distributor, or in the name of TVA, or in the name of both, and any actions taken by TVA in connection with such litigation shall be binding on Distributor.

For all bills rendered under this rate schedule after the initiation of any such litigation, the amounts applicable under this Adjustment 3 as a result of service to a customer being sued shall continue to accrue but shall not become payable by Distributor until collections are being made from the customer. If all legal remedies are pursued and less than full recovery is realized, Distributor's payment obligations to TVA on the amounts which accrued under this Adjustment 3 after the initiation of litigation shall be limited to 75 percent of the amount recovered from the customer. Notwithstanding any other provision of this Adjustment 3, in the event litigation was brought by TVA under the preceding paragraph, unless otherwise agreed by TVA and Distributor, all costs (including personnel costs of attorneys and all other employees engaged in the prosecution of such litigation) incurred by TVA in its collection efforts shall be retained to TVA from the portion of any amounts recovered that Distributor would otherwise be entitled to receive or retain.

4. Distributor's bill for each month shall be adjusted by applying the net of the following calculation: (1) subtract 0.656 cent per kWh for one-twelfth of the sum of (a) the energy annually resold by Distributor under the initial block (the first 2,000 kWh per month) of the base energy charge of the Residential Rate Schedule and (b) the energy annually resold by Distributor under the Time-of-Day Residential Rate Schedule, exclusive of any energy resold to any customer thereunder in any month in excess of 2,000 kWh; (2) subtract 4.00 dollars per customer for each residential customer served by Distributor; (3) add 0.517 cent per kWh for one-twelfth of the energy annually resold by Distributor under part A of the General Power Rate Schedule and under the Outdoor Lighting Rate Schedule; and (4) add 0.131 cent per kWh for one-twelfth of the energy annually resold by Distributor under part B of the General Power Rate Schedule and under the Time-of-Day General Power Rate Schedule. The adjustment applied under the preceding sentence (hereinafter referred to as the "Hydro Allocation Adjustment") shall remain constant for 12 consecutive months from October 2 of each year; provided, however, that the respective amounts in cent per kWh or dollars per customer to be applied in (1), (2), (3), and (4) above may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to appropriately reflect changes in the unit value of the hydro generation benefits allocated to residential customers, and in such event the Hydro Allocation Adjustment shall be recomputed and applied accordingly.

Effective October 2 of each year the Hydro Allocation Adjustment shall be recomputed to take account of changed sales and customer account data and applied accordingly. In performing such computations, the latest 12-month period ending June 30 shall be used for purposes of determining the applicable annual energy amounts under (1), (3), and (4) above, and the number of residential customers being served by Distributor at the end of such 12-month period shall be the number of residential customers used in the calculation under (2) above. For annual periods ending June 30, 1985 and thereafter, the resold energy amounts used in the calculations under (1) above and the number of residential customers used in the calculations under (2) above shall be determined only from customer accounts which include service to a single family dwelling; separately metered and billed service to appurtenances, structures or facilities shall not be included even if billed by Distributor under the Residential Rate Schedule or Time-of-Day Residential Rate Schedule.

Determination of Demand

The billing demand for any month shall be the highest average during any 60-consecutive-minute period of the month of (a) the load measured in kW or (b) 85 percent of the load in kVA plus 10 percent of the excess over 5,000 kVA of the maximum kVA demand for the month for each individual customer of Distributor, whichever is the higher.

Facilities Rental

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 Distributor's bill a facilities rental charge. This charge shall be 33 cents per kW per month, except for delivery at voltages below 46 kV, in which case the charge shall be 87 cents per kW per month for the first 10,000 kW and 68 cents per kW per month for the excess over 10,000 kW. For each delivery point, such charge shall be applied to the higher of (1) the highest billing demand established at the delivery point during the latest 12-consecutive-month period or (2) the sum of the currently effective contract demands for all customers which are served by Distributor under part B of the General Power Rate Schedule and under the Time-of-Day General Power Rate Schedule with power and energy taken from such point. Such charge shall be in addition to all other charges under this rate schedule including minimum bill charges, and such amounts in cents per kW may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to reflect changes in the costs of providing for delivery at voltage levels below 161 kV.

Minimum Bill

The monthly bill, exclusive of Adjustments 2 and 4 and any applicable facilities rental charges, shall not be less than the higher of (1) the base delivery point charge or (2) 70 percent of the highest billing demand established during the previous 36 months multiplied by the base demand charge, as adjusted. At Distributor's request, in lieu of such minimum bill being applied individually in the case of two or more delivery points through each of which less than half of the energy taken by Distributor is resold to general power customers with demands of 50 kW or more, the minimum bill, exclusive of Adjustments 2 and 4 and any applicable facilities rental charges, for any month for such delivery points, considered together, shall instead be an amount equal to the sum of the minimum bills which would otherwise have been applicable to such delivery points for such month; provided, however, that a special minimum bill may be applied for any delivery point through which more than 75 percent of the energy taken by Distributor is resold to general power customers with demands of 50 kW or more.

Single-Point Delivery

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

RESIDENTIAL RATE--SCHEDULE RP-H
(July 1983)

Availability

This rate shall apply only to electric service to a single family dwelling and its appurtenances, where the major use of electricity is for domestic purposes such as lighting, household appliances, and the personal comfort and convenience of those residing therein. Any such dwelling in which space is occasionally used for the conduct of business by a person residing therein may be served under this rate. Where a portion of a dwelling is used regularly for the conduct of business, the electricity consumed in that portion so used shall be separately metered and billed under the General Power Rate Schedule; if separate circuits are not provided by the customer, service to the entire premises shall be billed under the General Power Rate Schedule.

Character of Service

Alternating current, single-phase, 60 hertz. Power shall be delivered at a service voltage available in the vicinity or agreed to by Distributor. Multi-phase service shall be supplied in accordance with Distributor's standard policy.

Base Charges

Customer Charge: \$2.20 per month

Energy Charge: First 2,000 kWh per month at 4.405 cents per kWh
Additional " " " " 5.061 " " kWh

Adjustment

The base energy charge shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

Minimum Monthly Bill

The base customer charge constitutes the minimum monthly bill for all customers served under this rate schedule except those customers for which a higher minimum monthly bill is required under Distributor's standard policy because of special circumstances affecting Distributor's cost of rendering service.

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 Distributor'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 Distributor.

GENERAL POWER RATE--SCHEDULE GP-H
(July 1983)

Availability

This rate shall apply to the firm power requirements for electric service to commercial, industrial, and governmental customers; institutional customers including, without limitation, churches, clubs, fraternities, orphanages, nursing homes, rooming or boarding houses, and like customers; and other customers except those to whom service is available under other resale rate schedules.

Character of Service

Alternating current, single or three-phase, 60 hertz. Under A below, power shall be delivered at a service voltage available in the vicinity or agreed to by Distributor. Under B below, 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

- A. If the customer's billing demand for the month and its contract demand, if any, are each 5,000 kW or less:

Customer Charge: \$7.20 per delivery point per month

Demand Charge: First 50 kW of billing demand per month, no demand charge
Next 50 kW of billing demand per month, at \$5.27 per kW
Excess over 100 kW of billing demand per month, at \$5.57 per kW

Energy Charge: First 15,000 kWh per month at 5.157 cents per kWh
Next 85,000 " " " 3.554 " " kWh
Next 400,000 " " " 3.099 " " kWh
Additional " " " 3.082 " " kWh

- B. If either the customer's billing demand for the month or its contract demand is greater than 5,000 kW:

Customer Charge: \$1,500 per delivery point per month

Demand Charge: \$7.56 per kW of billing demand per month, plus an additional
\$7.56 per kW per month for each kW, if any, by which customer's billing demand exceeds
its contract demand

Energy Charge: 2.703 cents per kWh per month

Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

Facilities Rental Charge Applicable Under B Above

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 33 cents per kW per month except for delivery at voltages below 46 kV, in which case the charge shall be 87 cents per kW per month for the first 10,000 kW and 68 cents 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 contract demand and shall be in addition to all other charges under this rate schedule including minimum bill charges. Such amounts in cents per kW may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to reflect changes in the costs of providing for delivery at voltage levels below 161 kV.

Determination of Demand

Distributor shall measure the demands in kW of all customers having loads in excess of 50 kW. The demand for any month shall be the higher of the highest average during any 30-consecutive-minute period of the month of (a) the load measured in kW or (b) 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA, and such amount shall be used as the billing demand except that, under B above, the billing demand for any month shall in no case be less than the sum of (1) 40 percent of the first 5,000 kW, (2) 70 percent of the next 45,000 kW, and (3) 90 percent of all kW in excess of 50,000 kW of the higher of the currently effective contract demand or the highest billing demand established during the preceding 12 months.

Minimum Bill

The monthly bill under A above shall not be less than the higher of (1) the base customer charge or (2) 70 percent of the base demand charge, as adjusted, applied to the higher of (a) the currently effective contract demand or (b) the highest billing demand established during the preceding 12 months.

The monthly bill under B above, excluding any facilities rental charges, shall not be less than the sum of (1) the base customer charge and (2) the base demand charge, as adjusted, (but excluding the additional portion thereof applicable to excess of billing demand over contract demand) applied to the higher of (a) the currently effective contract demand or (b) the highest billing demand established during the preceding 12 months.

Distributor may require minimum bills at less than those stated above.

Seasonal Service

Customers who contract for service on a seasonal basis shall be limited to 1,500 kW and shall pay the above charges plus 10 percent of the bill computed after any adjustments are applied. For such customers the minimum monthly bill provided for above shall not apply. Instead, such customers shall pay a minimum monthly bill of \$8.00 so long as service is connected; shall pay a minimum annual bill which shall in no case be less than (a) 10.00 cents per kWh of the maximum monthly consumption for customers whose billing demand does not exceed 50 kW or (b) 24.00 dollars per kW of the maximum billing demand established for customers whose billing demand is over 50 kW. Such amounts in cents per kWh and dollars per kW may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to reflect increases or decreases in the demand and energy charges in part A of this rate schedule.

Distributor may require minimum bills higher than those stated above.

Contract Requirement

Distributor may require contracts for all service provided under this rate schedule. Customers whose demand requirements exceed 50 kW shall be required to execute contracts and such contracts shall be for an initial term of at least one year. If the customer's demand requirements are in excess of 5,000 kW, the contract shall be for an initial term of at least five years and any renewal or extension of the initial contract shall also be for a term of at least five years. If the customer's demand requirements are in excess of 15,000 kW, the contract shall be for an initial term of at least ten years and any renewal or extension of the initial contract shall be for a term of at least five years. The customer shall contract for its maximum requirements and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to modification, change, or replacement from time to time upon agreement between Distributor 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 Distributor'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 Distributor.

TIME-OF-DAY GENERAL POWER RATE--SCHEDULE TWP
(July 1983)

Availability

This rate shall be available for the firm power requirements of any customer with a firm contract demand greater than 5,000 kW provided customer enters into appropriate contractual arrangements with Distributor. Service under this rate schedule is for a term of not less than one year.

For a customer requesting that its onpeak contract demand be different from its offpeak contract demand, this rate 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 in such case 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.

Base Charges

Customer Charge: \$1,500 per delivery point per month

Demand Charge: \$7.56 per kW per month of the customer's onpeak billing demand, plus

\$3.94 per kW per month for each kW, if any, by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus an additional

\$7.56 per kW per month for each kW, if any, of the amount by which (1) the customer's onpeak billing demand exceeds the customer's onpeak contract demand or (2) the customer's offpeak billing demand exceeds the customer's offpeak contract demand, whichever is higher

Energy Charge: 2.914 cents per kWh per month for all onpeak kWh

2.579 cents per kWh per month for all offpeak kWh

Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

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 33 cents per kW per month except for delivery at voltages below 46 kV, in which case the charge shall be 87 cents per kW per month for the first 10,000 kW and 68 cents per kW per month for the excess over 10,000 kW. Such charge shall be applied to the higher of (1) the highest onpeak or offpeak billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective contract demand and shall be in addition to all other charges under this rate schedule including minimum bill charges. Such amounts in cents per kW may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to reflect changes in the costs of providing for delivery at voltage levels below 161 kV.

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 10:00 a.m. to 10:00 p.m. during calendar months of May through September and from 6:00 a.m. to 12:00 noon and from 4:00 p.m. to 10:00 p.m. during all other calendar months. 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. The onpeak and offpeak hours under this rate schedule are subject to change by TVA. In the event TVA determines that such changed onpeak and offpeak hours are appropriate, it shall so notify Distributor at least 12 months prior to the effective date of such changed hours, and Distributor shall promptly notify customer.

Determination of Onpeak and Offpeak Demands 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.

Distributor shall measure the onpeak and offpeak demands in kW of all customers taking service under this rate schedule. The onpeak demand and the offpeak 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 higher of the highest average during any 30-consecutive-minute period of the month during such hours of (a) the load measured in kW or (b) 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA, and, except as provided below in this section, such amounts shall be used as the onpeak and offpeak billing demands. The onpeak billing demand shall in no case be less than the sum of (1) 40 percent of the first 5,000 kW, (2) 70 percent of the next 45,000 kW, and (3) 90 percent of all kW in excess of 50,000 kW of the higher of (a) the currently effective onpeak contract demand or (b) 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) 40 percent of the first 5,000 kW, (2) 70 percent of the next 45,000 kW, and (3) 90 percent of all kW in excess of 50,000 kW of the higher of (a) the currently effective offpeak contract demand or (b) 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, shall not be less than the sum of (1) the base customer charge, (2) the base onpeak demand charge, as adjusted, applied to the higher of (a) the currently effective onpeak contract demand or (b) the highest onpeak billing demand established during the preceding 12 months, and (3) the base offpeak demand charge, as adjusted, applied to the amount, if any, by which the higher of (a) the currently effective offpeak contract demand or (b) the highest offpeak billing demand established during the preceding 12 months exceeds the higher of the onpeak contract demand or the onpeak billing demand, whichever is applicable under (2) above.

Distributor may require minimum bills higher than those stated above.

Contract Requirement

Distributor shall require contracts for all service provided under this rate schedule. The contract shall be for an initial term of at least five years and any renewal or extension of the initial contract shall also be for a term of at least five years. If the customer's demand requirements are in excess of 15,000 kW, the contract shall be for an initial term of at least ten years and any renewal or extension of the initial contract shall be for a term of at least five years. The customer shall contract for its maximum requirements and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor under this rate schedule, the contract may include other special provisions. The rate schedule in any power contract shall be subject to modification, change, or replacement from time to time upon agreement between Distributor and TVA.

After having received service for at least one year under this rate schedule, customer, subject to appropriate amendments in its power contract with Distributor, may receive service under the General Power Rate Schedule. In such case the term of the power contract shall remain the same and the contract demand for service under the General Power Rate Schedule shall not be less than the onpeak contract demand in effect when service was taken under this rate schedule.

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 Distributor'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 Distributor.

OUTDOOR LIGHTING RATE--SCHEDULE LP
(July 1983)

Availability

Available for service to street and park lighting systems, traffic signal systems, athletic field lighting installations (during prescribed use-period), and outdoor lighting for individual customers.

Service under this schedule is for a term of not less than one year.

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 Distributor's standard policy.

Adjustment

The energy charge in Part A and Part B of this rate schedule shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

PART A--CHARGES FOR STREET AND PARK LIGHTING SYSTEMS, TRAFFIC
SIGNAL SYSTEMS, AND ATHLETIC FIELD LIGHTING INSTALLATIONS

- I. Energy Charge: 4.019 cents per kWh per month
- II. Investment Charge

The annual investment charge shall be 11 percent of the installed cost to Distributor's electric system of the facilities devoted to street and park lighting service specified in this Part A. Such installed cost shall be recomputed on July 1 of each year, or more often if substantial changes in the facilities are made. Each month, one-twelfth of the then total annual investment charge shall be billed to the customer. If any part of the facilities has not been provided at the electric system's expense or if the installed cost of any portion thereof is reflected on the books of another municipality or agency or department, the annual investment charge shall be adjusted to reflect properly the remaining cost to be borne by the electric system.

Traffic signal systems and athletic field lighting installations shall be provided, owned, and maintained by and at the expense of the customer, except as Distributor may agree otherwise in accordance with the provisions of the paragraph next following in this Section II. The facilities necessary to provide service to such systems and installations shall be provided by and at the expense of Distributor's electric system, and the annual investment charge provided for first above in this Section II shall apply to the installed cost of such facilities.

When so authorized by policy duly adopted by Distributor's governing board, traffic signal systems and athletic field lighting installations may be provided, owned, and maintained by Distributor's electric system for the customer's benefit. In such cases Distributor may require reimbursement from the customer for a portion of the initial installed cost of any such system or installation and shall require payment by the customer of an investment charge sufficient to cover all of Distributor's costs (except reimbursed costs), including appropriate overheads, of providing, owning, and maintaining such system or installation; provided that, for athletic field lighting installations, such investment charge shall in no case be less than 12 percent per year of such costs. Said investment charge shall be in addition to the annual investment charge on the facilities necessary to provide service to such system or installation as provided for in the preceding paragraph. Replacement of lamps and related glassware for traffic signal systems and athletic field lighting installations provided under this paragraph shall be paid for under the provisions of paragraph A in Section III.

- III. Replacement of Lamps and Related Glassware - Street and Park Lighting.

Customer shall be billed and shall pay for replacements as provided in paragraph B below, which shall be applied to all service for street and park lighting.

- A. Distributor shall bill the customer monthly for such replacements during each month at Distributor's cost of materials, including appropriate storeroom expense.
- B. Distributor shall bill the customer monthly for one-twelfth of the amount by which Distributor's cost of materials, including appropriate storeroom expense, exceeds the product of 3 mills multiplied by the number of kilowatthours used for street and park lighting during the fiscal year immediately preceding the fiscal year in which such month occurs.

Metering

For any billing month or part of such month in which the energy is not metered or for which a meter reading is found to be in error or a meter is found to have failed, the energy for billing purposes for that billing month or part of such month shall be computed from the rated capacity of the lamps (including ballast) plus 5 percent of such capacity to reflect secondary circuit losses, multiplied by the number of hours of use.

Use-Period for Athletic Field Lighting

Service to athletic field lighting installations under this rate schedule shall not commence earlier than 7 p.m., except that the customer may be permitted to use up to 10 percent (not to exceed 10 kW) of the total installed lighting capacity prior to commencement of such period. In the event the customer fails to restrict service in accordance with these requirements, it shall be billed under the General Power Rate Schedule.

Revenue and Cost Review

Distributor's costs of providing service under Part A of this rate schedule are subject to review at any time and from time to time to determine if Distributor's revenues from the charges being applied are sufficient to cover its costs. (Such costs, including applicable overheads, include, but are not limited to, those incurred in the operation and maintenance of the systems provided and those resulting from depreciation and payments for taxes, tax equivalents and interest.) If any such review discloses that revenues are either less or more than sufficient to cover said costs, Distributor shall revise the above investment charges so that revenues will be sufficient to cover said costs. Any such revision of the annual investment charge provided for first above in Section II of Part A of this rate schedule shall be by agreement between Distributor and TVA.

PART B--CHARGES FOR OUTDOOR LIGHTING FOR INDIVIDUAL CUSTOMERS

Charges Per Fixture Per Month

(a) Type of Fixture	Lamp Size		Rated kWh	Facility Charge
	(Watts)	(Lumens)		
Mercury Vapor or Incandescent *	175	7,650	70	\$ 2.71
	250	10,400	98	3.21
	400	19,100	155	4.06
	700	33,600	266	5.48
	1,000	47,500	378	6.98
High Pressure Sodium	70	4,860	31	3.85
	100	8,550	42	4.12
	150	14,400	63	4.24
	200	18,900	82	4.61
	250	23,000	105	4.87
	400	45,000	165	5.78
	1,000	126,000	385	9.24
Low Pressure Sodium	55	7,650	32	3.87
	90	12,750	53	6.44
	135	22,000	75	8.49
	180	33,000	93	9.64

*Mercury vapor and incandescent fixtures not offered for new service.

(b) Energy Charge: For each lamp size under (a) above, 4.019 cents per rated kWh per month.

Adjustment of Facility Charges

Each Facility Charge shown above may be adjusted by Distributor by an amount not to exceed the greater of \$1 or 20 percent of said charge.

Additional Facilities

The above charges in this Part B are limited to service from a photoelectrically controlled standard lighting fixture installed on a pole already in place. If the customer wishes to have the fixture installed at a location other than on a pole already in place, Distributor may apply an additional monthly charge not to exceed \$3 per pole for additional poles required to serve the fixture from Distributor's nearest available source.

If Distributor wishes to make additional lamp sizes and/or types of fixtures available to individual customers under this Part B, appropriate rated kWh values and Facility Charges will be established by TVA.

Lamp Replacements

Replacements of lamps and related glassware will be made in accordance with replacement policies of Distributor without additional charge to the customer.

Special Outdoor Lighting Installations

When so authorized by policy duly adopted by Distributor's governing board, special outdoor lighting installations (other than as provided for under Parts A and B above) may be provided, owned, and maintained by Distributor's electric system. In such cases Distributor may require reimbursement from the customer for a portion of the initial installed cost of any such installation and shall require payment by the customer of monthly charges sufficient to cover all of Distributor's costs (except reimbursed costs), including appropriate overheads, of providing, owning, and maintaining such installations, and making lamp replacements.

Service is subject to Rules and Regulations of Distributor.

SCHEDULE OF TERMS AND CONDITIONS

1. Financial and Accounting Policy. Municipality agrees to be bound by the following statement of financial and accounting policy:

(a) Except as hereinafter provided, Municipality shall administer, operate, and maintain the electric system as a separate department in all respects, shall establish and maintain a separate fund for the revenues from electric operations, and shall not directly or indirectly mingle electric system funds or accounts, or otherwise consolidate or combine the financing of the electric system, with those of any other of its operations. The restrictions of this subsection include, but are not limited to, prohibitions against furnishing, advancing, lending, pledging, or otherwise diverting electric system funds, revenues, credit or property to other operations of Municipality, the purchase or payment of, or providing security for, indebtedness or other obligations applicable to such other operations, and payment of greater than standardized or market prices for property or services from other departments of Municipality. In the interest of efficiency and economy, Municipality may use property and personnel jointly for the electric system and other operations, subject to agreement between Municipality and TVA as to appropriate allocations, based on direction of effort, relative use, or similar standards, of any and all joint investments, salaries and other expenses, funds, or use of property or facilities.

(b) Municipality shall keep the general books of accounts of the electric system according to the Federal Energy Regulatory Commission Uniform System of Accounts. Municipality shall allow the duly authorized agents of TVA to have free access at all reasonable times to all books and records relating to electric system operations. TVA may provide advisory accounting service, in reasonable amount, to help assure the proper setting up and administering of such accounts.

(c) Municipality shall supply TVA not later than August 15 of each year with an annual financial report in such form as may be requested, of electric system transactions for the preceding year ending June 30 and of electric system assets and liabilities as of June 30. Municipality shall furnish promptly to TVA each month such printed operating, statistical, and financial reports relating to electric system operations as may reasonably be requested by TVA. (Where information relating to such statistical reports is maintained on computers Municipality will also provide such statistical report information by a computer medium, working with TVA in developing a satisfactory format.) In the event of failure by Municipality to furnish promptly any such reports, TVA, following written notification to Municipality of intention to do so, may with its own staff perform at Municipality's expense all work necessary to collect and process the data necessary to provide the information that should have been furnished in the reports.

(d) Municipality shall have the electric system financial statements examined annually by independent certified public accountants in accordance with generally accepted auditing standards and shall publish the financial statements, along with the auditor's certificate, in a newspaper of general circulation in the area.

2. Payments in Lieu of Taxes. Municipality may pay or cause to be paid from its electric system revenues for each year beginning July 1 (hereinafter called "fiscal year," the first such fiscal year for purposes hereof being the year beginning July 1, 1969), an amount for payments in lieu of taxes (hereinafter called "tax equivalents") on its electric system and electric operations which, in the judgment of Municipality's governing body after consultation with the supervisory body, shall represent the fair share of the cost of government properly to be borne thereby, subject, however, to the following conditions and limitations:

- (a) The total amount so paid as tax equivalents for each fiscal year shall not exceed a maximum equal to the sum of the following:
 - (1) One and one-half times the weighted average effective tax rates of the respective taxing jurisdictions as of the beginning of each fiscal year, determined as hereinafter provided in this section, multiplied by the net plant values of the electric plant in service and the book values of materials and supplies within the respective taxing jurisdictions in which Municipality's electric system is located as of the beginning of such fiscal year; and
 - (2) Two and one-half percent of the adjusted net distribution plant value of electric plant in service within the corporate limits of Municipality and of any other city taxing jurisdiction as of the beginning of each fiscal year; and
 - (3) One and one-half percent of the adjusted net distribution plant value of electric plant in service outside the corporate limits of Municipality and of any other city taxing jurisdictions as of the beginning of each fiscal year.
- (b) Notwithstanding the foregoing, until the first fiscal year in which the aforesaid maximum amount for payments in lieu of taxes calculated as provided in subparagraph (a) of this section exceeds the total of (1) and (2) of this subparagraph (b), the maximum total tax equivalent that may be paid for any fiscal year shall not be less than the sum of the following:
 - (1) The highest total annual amount in lieu of taxes taken or paid from Municipality's electric system funds prior to April 1, 1969, for any one of the three consecutive calendar years ending with calendar year 1968, increased by the same percentage as that by which the net plant value has increased from December 31, 1968, through June 30, 1969; and

- (2) The amount by which the result of the calculation of item (1) in subparagraph (a) of this section for such fiscal year exceeds the result of such a calculation for the year ending with June 30, 1969.

Thereafter, such maximum for any fiscal year shall not exceed the aforesaid maximum calculated as provided in subparagraph (a) of this section. All such maximum amounts shall be subject to the conditions and limitations of subparagraphs (c), (d), and (e) of this section.

- (c) Such tax equivalent payments shall be made only from current electric system revenues remaining after payment of or making reasonable provision for payment of (i) current operating expenses of the electric system, including without limitation salaries, wages, cost of materials and supplies, cost of power, and insurance; (ii) current payments of interest on electric system indebtedness, and payment of principal thereof, including amortization, reserve and sinking fund payments, when due; and (iii) reasonable reserves for renewals, replacements, and contingencies and for cash working capital.
- (d) The total tax equivalent to be paid for each fiscal year shall be in lieu of all State, county, city, and other local taxes or charges on Municipality's electric system and electric operations except as provided in subparagraph (f) of this section. Accordingly, after initial determination of such total tax equivalent to be paid in the absence of any such taxes or charges, such total tax equivalent shall be reduced by the aggregate amount of any taxes or other charges imposed for such fiscal year on Municipality's electric system or electric operations for the benefit of the respective taxing jurisdictions (including Municipality) in which Municipality's electric system is located and in which such electric operations are conducted, whether or not such taxes or other charges were imposed by the respective taxing jurisdictions receiving the benefit thereof. It shall be the responsibility of Municipality to provide for allocation of such total tax equivalent among the taxing jurisdictions in which Municipality's electric system is located in accordance with applicable law or contracts, but any amount so allocated to any such taxing jurisdiction shall be reduced by the aggregate amount of any such tax or other charges imposed for that fiscal year for the benefit of that taxing jurisdiction. Only the respective amounts remaining after the aforesaid allocated amounts have been so reduced shall be actually paid to Municipality and to such other taxing jurisdictions.
- (e) The amounts to be paid for each fiscal year to Municipality and to each other taxing jurisdiction, determined in accordance with and subject to the provisions of this section 2, shall be set forth in a resolution adopted by Municipality's governing

body after consultation with the supervisory body, and Municipality's electric system shall pay such amounts to Municipality and the other taxing jurisdictions as provided in said resolution. Such determination shall be made as early in such fiscal year as possible and shall become final at the end of such year; provided, however, that any reductions in such amounts required by subsection (d) above, to the extent not made during such year, shall be made in the succeeding years until the full adjustments are completed.

- (f) Notwithstanding anything in the foregoing which might be construed to the contrary, properly authorized retail sales or use taxes on electric power or energy at the same rates applicable generally to sales or use of personal property or services, including natural or artificial gas, coal, and fuel oil as well as electric power or energy, imposed upon the vendees or users thereof by the State, a county, or a city (including Municipality) on a statewide, countywide, or citywide basis, respectively, shall not be considered a tax or charge on Municipality's electric system or its electric operations or properties for purposes of this section 2.

For purposes of this section 2, the following terms shall have the following meanings:

- (a) "Electric system" shall mean all tangible and intangible property and resources of every kind and description used or held for use in the purchase, transmission, distribution, and sale, but not the generation, of electric energy.
- (b) "Electric operations" shall mean all activities associated with the establishment, development, and administration of an electric system and the business of supplying electricity and associated services to the public, including without limitation the generation, purchase, and sale of electric energy and the purchase, use, and consumption thereof by ultimate consumers.
- (c) "Supervisory body" shall mean any board or other agency of Municipality established to supervise the management and operation of its electric system and electric operations, or, in the absence thereof, the governing body of Municipality.
- (d) The term "weighted average effective tax rate" of any taxing jurisdiction shall mean the actual ad valorem real property tax rate in effect multiplied by the weighted average ratio of the assessed value to market value of all classes of real property within such taxing jurisdiction. Said weighted average ratio of assessed to market value for any taxing jurisdiction shall be determined by dividing (1) the total actual assessed valuation of all classes of taxable real

property within such jurisdiction, by (2) the total market value of the same classes of taxable real property within the jurisdiction included in (1), calculated from the assessment ratios determined and published by any authorized agency of the State of Tennessee or, in the absence thereof, by the Tennessee Taxpayers Association, or, if such information is unavailable from either of these sources, from the best information available. For purposes of this section 2, the weighted average effective tax rate in effect at the beginning of any fiscal year for any taxing jurisdiction shall be deemed to be the weighted average effective tax rate of such taxing jurisdiction determined as provided in this paragraph for the tax year (calendar year) immediately preceding such fiscal year using the actual property tax rate and assessment ratios of such taxing jurisdiction in effect for such tax year.

- (e) "Net plant value" shall mean the depreciated original cost of electric plant in service used and held for use in the transmission and distribution, but not the generation, of electricity as shown on the books of the electric system from time to time.
- (f) "Adjusted net distribution plant value" shall mean net plant value less the depreciated original cost of (1) underground plant in service and (2) electric lines and equipment in service designed for operation at voltages in excess of 26,000 volts.
- (g) "Electric plant in service" or "plant in service" shall have the meanings defined or ascribed to them in the Federal Energy Regulatory Commission's Uniform System of Accounts.

3. Municipality's Lines and Equipment. All lines and substations from the point or points of delivery (as defined in section 3 of the contract of which these Terms and Conditions are a part), and all electrical equipment, except metering equipment of TVA, located on Municipality's side of such point or points of delivery shall be furnished and maintained by Municipality. Municipality's electrical facilities shall conform to accepted modern standards. Failure to inspect for or to object to defects in such facilities shall not render TVA liable or responsible for any loss or damage resulting therefrom or from violation of the contract of which these Terms and Conditions are a part, or from accidents which may occur upon Municipality's premises.

4. Responsibility for Property of the Other Party. All equipment furnished by each party shall be and remain its property. Each party shall exercise proper care to protect any property of the other on its premises and shall bear the cost of any necessary repairs or replacements arising from its neglect to exercise such proper care. The authorized employees of each party shall have access at all reasonable times to any of its facilities on the other's premises, for such purposes as reading its meters and testing, repairing, or replacing its equipment.

5. Measurement of Demand, Energy, and Power Factor. TVA will, at its own expense, install and maintain or cause to be installed and maintained the necessary metering equipment for measuring the maximum demand and the amount of energy furnished Municipality at each point of delivery. If, for economy or convenience, such equipment is located elsewhere than at the point of delivery, the readings shall be adjusted to reflect the quantities delivered at the point of delivery and such adjusted amounts shall be deemed to be the measured amounts for purposes of billing under Wholesale Power Rate--Schedule WP. TVA may also, at its option, provide equipment to determine power factor. Municipality shall permit the use of its housing facilities, ducts, and supports for TVA's metering equipment.

Municipality shall have the right at its own expense to install, equip, and maintain check meters in a mutually satisfactory location.

TVA will make periodical tests and inspections of its metering equipment in order to maintain a high standard of accuracy, and will make additional tests or inspections of its metering equipment at the request of Municipality. Municipality shall have the right to have representatives present at tests and meter readings. If any test shows that the metering equipment is accurate within two percent no adjustment of past readings will be made and, if the test was requested by Municipality, the testing charge will be paid by Municipality; all other tests shall be at TVA's expense. In case any test shows the meter reading to be in error more than two percent, a corresponding adjustment shall be made in Municipality's bills for any agreed period of error; in the absence of such agreement, the adjustment shall be limited to the current billing period. Should the metering equipment fail, the deliveries will be estimated by TVA from the best information available.

6. Billing. Payment for power and energy used in any monthly period shall become due 15 days after TVA's meter reading date or 7 days after the date of bill from TVA, whichever is later. To any amount remaining unpaid 15 days after the due date, there shall be added a charge equal to the sum of (1) \$150 and (2) an amount calculated in the following manner: the average of the interest rates payable on TVA's short-term borrowings (having maturities of less than one year) made during the calendar month preceding the month of the date of bill is to be applied on a daily basis to the unpaid portion of the bill for each day of the period from and after the due date to and including the date of payment in full. (In the event that TVA made no short-term borrowings during such preceding calendar month, the amount used in making the calculation shall be the average effective interest rate on 91-day United States Treasury bills (based on the average of the closing bid and asked prices) during such preceding calendar month, plus 1/8 of one percent.) TVA will prepare and send to Municipality appropriate invoices for such added charge, which shall be due and payable upon receipt. Upon failure of Municipality to pay for the power and energy used in any monthly period within 60 days after due date, TVA shall have the right, upon reasonable notice, to discontinue the supply of power and energy and refuse to resume delivery so long as any part thereof remains unpaid. Discontinuance of supply under this section will not relieve Municipality of its liability for the agreed minimum monthly payment during the time the supply of energy is so discontinued.

TVA shall allow Municipality an early payment credit (to be applied on its subsequent monthly bill) for any month for which Municipality makes payment to TVA for power and energy use in time for TVA to receive and deposit such payment on or before the due date. The amount of the early payment credit shall be arrived at by applying for each day of the 15-day period following the due date the average of the interest rates used in calculating the amount in (2) above to the amount of such early payment.

All payments shall be made to TVA at its offices at Chattanooga, Tennessee, or at such other place as TVA may from time to time designate. For purposes of billing, the term "month" in Wholesale Power Rate--Schedule WP and the term "monthly period" in this section are defined as the period from the meter reading time in one month to the meter reading time in the next month; provided, however, that with respect to the determination of billing demand said period shall begin and end at midnight prior to said meter reading times. Subject to such changes in TVA's meter reading scheduling as it deems necessary, meters shall be read on the same day of each month.

7. Adjustment and Change of Wholesale Rate and Resale Rates. The wholesale rate and resale rates provided in sections 4 and 5 of the contract shall be subject to adjustment and change from time to time in accordance with this section in order to assure TVA's ability to continue to supply the power requirements of Municipality and TVA's other customers on a financially sound basis with due regard for the primary objectives of the TVA Act, including the objective that power shall be sold at rates as low as feasible, and to assure Municipality's ability to continue to operate on a financially sound basis.

Wholesale power rates and charges shall be sufficient to produce revenue from TVA's wholesale power customers which, together with revenue from its other power customers, will assure TVA's ability each fiscal year to:

(a) meet the requirements of the TVA Act including particularly section 15d(f) thereof which provides in part that:

The Corporation shall charge rates for power which will produce gross revenues sufficient to provide funds for operation, maintenance, and administration of its power system; payments to States and counties in lieu of taxes; debt service on outstanding bonds, including provision and maintenance of reserve funds and other funds established in connection therewith; payments to the Treasury as a return on the appropriation investment pursuant to subsection (e) hereof; payment to the Treasury of the repayment sums specified in subsection (e) hereof; and such additional margin as the Board may consider desirable for investment in power system assets, retirement of outstanding bonds in advance of maturity, additional reduction of appropriation investment, and other purposes connected with the Corporation's power business, having due regard for the primary objectives of the Act, including the objective that power shall be sold at rates as low as are feasible.

and (b) meet all tests and comply with the provisions of TVA's bond resolutions as from time to time adopted and amended in such a manner as to assure its ability to continue to finance and operate its power program at the lowest feasible cost.

Adjustment. TVA may review with Municipality or its representative, at least 30 days prior to the first day of any of the months of October, January, April, or July pertinent data concerning the current and anticipated conditions and costs affecting TVA's operations and the adequacy of its revenues from both wholesale and other power customers to meet the requirements of the TVA Act and the tests and provisions of its bond resolutions as provided in the second paragraph of this section; provided, however, that at least one such review shall be conducted each fiscal year; and provided further, that no adjustment shall be made as hereinafter provided in this paragraph unless such a review has been conducted within the 120 days preceding the effective date of such adjustment. Following any such review TVA, at least 15 days prior to the first day of whichever of the aforesaid months follows next, will determine what adjustments, if any, are required in the demand and energy charges provided for in the then effective Schedule of Rates and Charges to assure (a) revenues to TVA adequate to meet the requirements of the TVA Act and the tests and provisions of its bond resolutions as provided in the second paragraph of this section and (b) revenues to Municipality adequate to compensate for changes, if any, in the cost of power to Municipality resulting from adjustments to Wholesale Power Rate--Schedule WP made under the provisions of this section. Such adjustments as TVA determines are required shall be incorporated by TVA in Adjustment Addendums to Wholesale Power Rate--Schedule WP and to the resale schedules of the Schedule of Rates and Charges, which Adjustment Addendums shall be promptly published by TVA by mailing the same to Municipality by registered mail and shall be applicable to bills rendered from meter readings taken for TVA and Municipality billing cycles scheduled to begin on or after the effective date of said Adjustment Addendum; provided that any adjustment determined by TVA to be necessary as hereinbefore provided shall not be conditioned upon or be postponed pending the review provided for in the first sentence of this paragraph or the completion of such review. Municipality shall pay for power and energy in accordance with Wholesale Power Rate--Schedule WP of the Schedule of Rates and Charges as so adjusted from time to time by any such Adjustment Addendums published by TVA as above provided, and shall adjust the charges in the resale schedules of the Schedule of Rates and Charges applicable to its customers in accordance with such Adjustment Addendums and the provisions of such resale schedules.

Change. Whenever any adjustment or adjustments made under the preceding paragraph, or the costs of TVA's service to Municipality and TVA's other customers, or the costs of Municipality's service to customers, or any other factors are believed by either party to warrant general or major changes in the Schedule of Rates and Charges, either party or its representative may request that the parties or their representatives meet and endeavor to reach agreement upon such changes. If within 180 days after any request for such changes the representatives of the parties for any reason have not agreed upon such changes, TVA may thereafter, upon not less than 30 days' notice by registered mail in which the basis for each change is set forth, place into effect such changes in the Schedule of Rates and Charges as it determines will enable TVA to carry out the objectives of the TVA Act and meet the requirements and tests and comply with the provisions of its bond resolutions as outlined in the second paragraph of this section and enable Municipality to continue on a financially sound basis as provided in section 5(c) of the contract and Municipality shall thereafter pay and

charge for power and energy in accordance with the Schedule of Rates and Charges as so changed; provided, however, that unless the parties agree otherwise, any adjustment determined by TVA to be required under the provisions of the preceding paragraph of this section shall become effective without reference to, and shall not be delayed or postponed pending completion of, any actions under this paragraph.

8. Compensation for Additional Tax or in Lieu of Tax Payments. It is recognized that among the costs which the rates specified in Wholesale Power Rate--Schedule WP were designed to cover are annual payments in lieu of taxes by TVA in an aggregate sum equivalent to 5 percent of its gross proceeds from sales of power exclusive of sales to agencies of the Government of the United States. If at any time TVA is compelled by law to pay during any fiscal year of TVA taxes and payments in lieu of taxes in an aggregate amount which shall exceed 5 percent of such proceeds, TVA may, if it so elects, increase the billing amounts during the succeeding fiscal year by the number of percentage points (to the nearest 0.1 point) by which said aggregate amount exceeded 5 percent of said proceeds.

9. Interference with Availability or Use of Power. Neither TVA nor Municipality shall be liable for damages or breach of contract when and to the extent that the availability or use of power, respectively, is interrupted, curtailed, or interfered with or the performance of any other obligation hereunder is prevented by circumstances reasonably beyond the control of the party affected, such as (without limiting the generality of the foregoing) acts of God, strikes, accidents, laws of the United States or any State, regulations or orders of governmental agencies, judicial decrees, inability to obtain or install equipment, lack by TVA of necessary Congressional appropriations or legislative authorizations, or other inability of either party to obtain necessary financing. Acts of God shall be deemed to include the effects of drought if the drought is of such severity as to have a probability of occurrence of less than once in 40 years. Each party shall advise the other at the earliest practicable date of any circumstances which are likely to result in the interruption, curtailment, or interference with the performance of any obligation hereunder.

TVA will furnish electric service hereunder continuously so far as reasonable diligence will permit but TVA may interrupt, curtail, or otherwise interfere with service to Municipality hereunder in the course of installation, operation, or maintenance of TVA's facilities, or for the purposes of safeguarding life or property, or otherwise, and in such event shall not be liable for damages or breach of contract. TVA, as far as reasonably possible, shall avoid such interruption, curtailment, or interference for routine operating purposes or repairs, and shall give such prior notice of those it deems necessary as may be reasonable under the circumstances.

10. Additional Load. The transmission system, transformers, meters, and equipment used for delivery of power to Municipality have limited capacity and unless otherwise agreed no addition shall be made to Municipality's load which would result in a total load at any delivery point in excess of the maximum available from the then existing facilities at said delivery point.

11. Voltage and Load Fluctuations Caused by Municipality. Electric service must not be used in such a manner as to cause unusual fluctuations or disturbances on TVA's system. TVA may require Municipality at its own expense to install suitable apparatus to reasonably limit such fluctuations or disturbances.

12. Balancing of Loads. Municipality shall take and use power in such manner that the current on the most heavily loaded phase shall not exceed the current on either of the other phases by more than 20 percent. In the event that any check indicates a greater unbalance between phases, Municipality agrees to make at its expense, upon request, the changes necessary to correct the unbalanced condition. If said unbalanced condition is not corrected by Municipality within 60 days, or such longer period as may be agreed upon, TVA may thereafter elect to meter the load on individual phases and to compute the billing demand as being equal to three times the maximum kilowatt load on any phase. For all purposes hereunder, the load on any phase shall be the load measured by a wattmeter connected with its current coil in that phase wire and its potential coil connected between that phase wire and the neutral voltage point.

13. Notice of Trouble. Municipality shall notify TVA immediately should the service be unsatisfactory for any reason or should there be any defects, trouble, or accidents affecting the supply of electricity. Such notices, if oral, should be confirmed in writing.

14. Submetering. Municipality shall not sell electricity for submetering or resale.

15. Conflict. In case of conflict between any express provision of the body of this contract or any provision of the Schedule of Rates and Charges and these Terms and Conditions, the former shall govern.

16. Section Headings. The section headings in this contract are only for convenience of reference and are not a part of the contract between the parties.

SCHEDULE OF RULES AND REGULATIONS

1. Application for Service. Each prospective Customer desiring electric service may be required to sign Distributor's standard form of application for service or contract before service is supplied by the Distributor.

2. Deposit. A deposit or suitable guarantee approximately equal to twice the average monthly bill may be required of any Customer before electric service is supplied. Distributor may at its option return deposit to Customer after one year. Upon termination of service, deposit may be applied by Distributor against unpaid bills of Customer, and if any balance remains after such application is made, said balance shall be refunded to Customer.

3. Point of Delivery. The point of delivery is the point, as designated by Distributor, on Customer's premises where current is to be delivered to building or premises. All wiring and equipment beyond this point of delivery shall be provided and maintained by Customer at no expense to Distributor.

4. Customer's Wiring--Standards. All wiring of Customer must conform to Distributor's requirements and accepted modern standards, as exemplified by the requirements of the National Electrical Safety Code and the National Electrical Code.

5. Inspections. Distributor shall have the right, but shall not be obligated, to inspect any installation before electricity is introduced or at any later time, and reserves the right to reject any wiring or appliances not in accordance with Distributor's standards; but such inspection or failure to inspect or reject shall not render Distributor liable or responsible for any loss or damage resulting from defects in the installation, wiring, or appliances, or from violation of Distributor's rules, or from accidents which may occur upon Customer's premises.

6. Underground Service Lines. Customers desiring underground service lines from Distributor's overhead system must bear the excess cost incident thereto. Specifications and terms for such construction will be furnished by Distributor on request.

7. Customer's Responsibility for Distributor's Property. All meters, service connections, and other equipment furnished by Distributor shall be, and remain, the property of Distributor. Customer shall provide a space for and exercise proper care to protect the property of Distributor on its premises, and, in the event of loss or damage to Distributor's property arising from neglect of Customer to care for same, the cost of the necessary repairs or replacements shall be paid by Customer.

8. Right of Access. Distributor's identified employees shall have access to Customer's premises at all reasonable times for the purpose of

reading meters, testing, repairing, removing, or exchanging any or all equipment belonging to Distributor.

9. Billing. Bills will be rendered monthly and shall be paid at the office of Distributor or at other locations designated by Distributor. Failure to receive bill will not release Customer from payment obligation. Should bills not be paid by due date specified on bill, Distributor may at any time thereafter, upon five (5) days' written notice to Customer, discontinue service. Bills paid after due date specified on bill may be subject to additional charges. Should the due date of bill fall on a Sunday or holiday, the business day next following the due date will be held as a day of grace for delivery of payment. Remittances received by mail after the due date will not be subject to such additional charges if the incoming envelope bears United States Postal Service date stamp of the due date or any date prior thereto.

10. Discontinuance of Service by Distributor. Distributor may refuse to connect or may discontinue service for the violation of any of its Rules and Regulations, or for violation of any of the provisions of the Schedule of Rates and Charges, or of the application of Customer or contract with Customer. Distributor may discontinue service to Customer for the theft of current or the appearance of current theft devices on the premises of Customer. The discontinuance of service by Distributor for any causes as stated in this rule does not release Customer from his obligation to Distributor for the payment of minimum bills as specified in application of Customer or contract with Customer.

11. Connection, Reconnection, and Disconnection Charges. Distributor may establish and collect standard charges to cover the reasonable average cost, including administration, of connecting or reconnecting service, or disconnecting service as provided above. Higher charges may be established and collected when connections and reconnections are performed after normal office hours, or when special circumstances warrant.

12. Termination of Contract by Customer. Customers who have fulfilled their contract terms and wish to discontinue service must give at least three (3) days' written notice to that effect, unless contract specifies otherwise. Notice to discontinue service prior to expiration of contract term will not relieve Customer from any minimum or guaranteed payment under any contract or rate.

13. Service Charges for Temporary Service. Customers requiring electric service on a temporary basis may be required by Distributor to pay all costs for connection and disconnection incidental to the supplying and removing of service. This rule applies to circuses, carnivals, fairs, temporary construction, and the like.

14. Interruption of Service. Distributor will use reasonable diligence in supplying current, but shall not be liable for breach of contract in the event of, or for loss, injury, or damage to persons or property resulting from, interruptions in service, excessive or inadequate voltage, single-phasing, or otherwise unsatisfactory service, whether or not caused by negligence.

15. Shortage of Electricity. In the event of an emergency or other condition causing a shortage in the amount of electricity for Distributor to meet the demand on its system, Distributor may, by an allocation method deemed equitable by Distributor, fix the amount of electricity to be made available for use by Customer and/or may otherwise restrict the time during which Customer may make use of electricity and the uses which Customer may make of electricity. If such actions become necessary, Customer may request a variance because of unusual circumstances including matters adversely affecting the public health, safety and welfare. If Customer fails to comply with such allocation or restriction, Distributor may take such remedial actions as it deems appropriate under the circumstances including temporarily disconnecting electric service and charging additional amounts because of the excess use of electricity. The provisions of the Section entitled Interruption of Service of this Schedule of Rules and Regulations are applicable to any such allocation or restriction.

16. Voltage Fluctuations Caused by Customer. Electric service must not be used in such a manner as to cause unusual fluctuations or disturbances to Distributor's system. Distributor may require Customer, at his own expense, to install suitable apparatus which will reasonably limit such fluctuations.

17. Additional Load. The service connection, transformers, meters, and equipment supplied by Distributor for each Customer have definite capacity, and no addition to the equipment or load connected thereto will be allowed except by consent of Distributor. Failure to give notice of additions or changes in load, and to obtain Distributor's consent for same, shall render Customer liable for any damage to any of Distributor's lines or equipment caused by the additional or changed installation.

18. Standby and Resale Service. All purchased electric service (other than emergency or standby service) used on the premises of Customer shall be supplied exclusively by Distributor, and Customer shall not, directly or indirectly, sell, sublet, assign, or otherwise dispose of the electric service or any part thereof.

19. Notice of Trouble. Customer shall notify Distributor immediately should the service be unsatisfactory for any reason, or should there be any defects, trouble, or accidents affecting the supply of electricity. Such notices, if verbal, should be confirmed in writing.

20. Non-Standard Service. Customer shall pay the cost of any special installation necessary to meet his peculiar requirements for service at other than standard voltages, or for the supply of closer voltage regulation than required by standard practice.

21. Meter Tests. Distributor will, at its own expense, make periodical tests and inspections of its meters in order to maintain a high standard of accuracy. Distributor will make additional tests or inspections of its meters at the request of Customer. If tests made at Customer's request show that the meter is accurate within two percent (2%), slow or fast, no adjustment will be made in Customer's bill, and Distributor's standard testing

charge will be paid by Customer. In case the test shows meter to be in excess of two percent (2%) fast or slow, an adjustment shall be made in Customer's bill over a period of not over thirty (30) days prior to date of such test, and cost of making test shall be borne by Distributor.

22. Relocation of Outdoor Lighting Facilities. Distributor shall, at the request of Customer, relocate or change existing Distributor-owned equipment. Customer shall reimburse Distributor for such changes at actual cost including appropriate overheads.

23. Billing Adjusted to Standard Periods. The demand charges and the blocks in the energy charges set forth in the rate schedules are based on billing periods of approximately one month. In the case of the first billing of new accounts (temporary service, cotton gins, and other seasonal customers excepted) and final billings of all accounts (temporary service excepted) where the period covered by the billing involves fractions of a month, the demand charges and the blocks of the energy charge will be adjusted to a basis proportionate with the period of time during which service is extended.

24. Home Energy Surveys. All dwellings receiving electric service from Distributor are eligible for a free energy survey under the Revised Home Insulation Program. As part of the survey information will be furnished on energy improvements and practices expected to provide energy savings at the dwelling. A list of area contractors that install the improvements under the Revised Home Insulation Program will also be furnished.

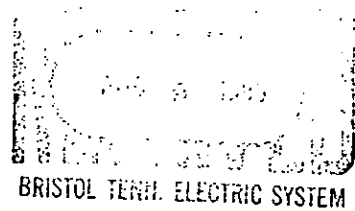
25. Revised Home Insulation Program. Distributor as part of its electric service will arrange to make available funds to eligible electric customers for energy improvements identified as cost effective in the survey under the Revised Home Insulation Program being conducted by Distributor and TVA. Eligible customers must sign repayment agreements under which the funds made available will be repaid to Distributor. Monthly repayment amounts due for this service will be included as part of the electric bills from Distributor. Except as otherwise agreed in the repayment agreement, the provisions of the section entitled "Billing" of this Schedule of Rules and Regulations shall apply to bills for the amounts made available by Distributor as part of its electric service for weatherization measures.

26. Scope. This Schedule of Rules and Regulations is a part of all contracts for receiving electric service from Distributor, and applies to all service received from Distributor, whether the service is based upon contract, agreement, signed application, or otherwise. A copy of this schedule, together with a copy of Distributor's Schedule of Rates and Charges, shall be kept open to inspection at the offices of Distributor.

27. Revisions. These Rules and Regulations may be revised, amended, supplemented, or otherwise changed from time to time, without notice. Such changes, when effective, shall have the same force as the present Rules and Regulations.

28. Conflict. In case of conflict between any provision of any rate schedule and the Schedule of Rules and Regulations, the rate schedule shall apply.

TENNESSEE VALLEY AUTHORITY
Chattanooga, Tennessee 37401



BRISTOL TENN. ELECTRIC SYSTEM

June 30, 1985

TV-67518A
Supp. 1

Mr. Conley S. Scott, Jr., Chairman
Board of Public Utilities
Bristol, Tennessee 37620

Dear Mr. Scott:

This will confirm the understanding reached between representatives of
City of Bristol, Tennessee

(hereinafter called "Distributor") and the Tennessee Valley Authority
(hereinafter called "TVA") as to the provision of the Hydro Allocation
Adjustment under which only service to single-family dwellings will be con-
sidered in computing credit amounts.

The parties hereto agree as follows with respect to computing the Hydro
Allocation Adjustment applicable under the wholesale power contract
(hereinafter called "Power Contract"), dated June 27, 1985, as it may
heretofore have been amended and supplemented. For the annual period ending
June 30, 1985, determinations as to energy amounts resold to residential
customers and number of residential accounts (which are to be used for com-
puting the Hydro Allocation Adjustment to be effective October 2, 1985) shall
be based on data from the same type of Distributor customer accounts as were
used in making such determinations for the Hydro Allocation Adjustment effec-
tive October 2, 1984. For annual periods ending June 30, 1986 (rather than
June 30, 1985, as previously provided), and thereafter, the energy amounts
resold to residential customers and the number of residential customers used
in computing the Hydro Allocation Adjustment shall be determined only from
customer accounts which include service to a single-family dwelling (in the
manner specifically provided for under the Power Contract arrangements). The
Power Contract, as supplemented and amended by this agreement, is hereby
ratified and confirmed as the continuing obligation of the parties.


-2-

Mr. Conley S. Scott, Jr.
June 30, 1985

If this letter correctly states the understanding between us, please execute three duplicate originals hereof and return them to the TVA power district office. Upon execution by TVA, a fully executed duplicate original will be returned to you.

Very truly yours,


TENNESSEE VALLEY AUTHORITY


R. C. Crawford, Director
Division of Energy Use
and Distributor Relations

Enclosures

Accepted and agreed to as of
the date first above written.

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

By 
Chairman

(2)

AGREEMENT
Between
TENNESSEE VALLEY AUTHORITY
And
CITY OF BRISTOL, TENNESSEE

TV-67518A
Supp No. 2

THIS AGREEMENT, made and entered into as of the 25 day of September, 1986, by and between TENNESSEE VALLEY AUTHORITY (hereinafter called "TVA"), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended, and CITY OF BRISTOL, TENNESSEE (hereinafter called "Distributor"), a municipal corporation duly created, organized, and existing under and by virtue of the laws of the State of Tennessee;

W I T N E S S E T H:

WHEREAS, TVA and Distributor have heretofore entered into a contract dated June 27, 1985 (which contract as amended and supplemented is hereinafter called the "Power Contract"), under which electric power and energy are supplied by TVA at wholesale and purchased by Distributor for resale; and

WHEREAS, after appropriate studies and investigations and after continued discussions between TVA and the distributors, certain changes have been developed in the wholesale and resale rate schedules in accordance with the provisions of the Power Contract; and

WHEREAS, the parties wish to amend the Power Contract in the respects necessary to place into effect such changed schedules and in certain other respects;

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, and subject to the provisions of the TVA Act, the parties hereto covenant and agree as follows:

1. The Schedule of Rates and Charges attached to and made a part of the Power Contract contains a wholesale rate schedule therein designated as Schedule WP (July 1983) (hereinafter referred to as the "existing wholesale schedule") and certain resale rate schedules therein designated Schedules (July 1983) RP-H, GP-H, TGP, and LP (hereinafter referred to as the "existing resale schedules"). A substitute wholesale schedule, designated Schedule WP (October 1986) (hereinafter referred to as the "changed wholesale

schedule"), and substitute resale schedules. Designated Schedules (October 1986) RP-8, GP-8, TGP, and LP (hereinafter referred to as the "changed resale schedules"), are attached hereto. The existing wholesale schedule and the existing resale schedules shall remain in full force and effect for all bills rendered from meter readings taken for TVA and Distributor monthly billing cycles scheduled to begin before October 2, 1986. The changed wholesale schedule and the changed resale schedules shall become effective in accordance with the provisions thereof for bills rendered from meter readings taken for TVA and Distributor monthly billing cycles scheduled to begin on or after said date. (For purposes of this agreement and of the Power Contract, a billing cycle for any month is defined as the complete cycle of meter readings from which an accounting month's sales statistics and revenues are derived.) Commencing with the first application of each of the changed wholesale and resale schedules, all references in the Power Contract to an existing schedule shall be deemed to refer to the corresponding changed schedule; the existing schedule shall be deleted from the Power Contract; and the corresponding changed schedule shall be substituted therefor.

2. For billing periods covered by Distributor billing cycles scheduled to begin on or after October 2, 1986, Distributor shall provide electric service to all customers only at and in accordance with the rates, charges, and provisions of the appropriate changed resale schedule and the provisions of the Power Contract as supplemented and amended by this agreement, except to the extent that Distributor is prevented from doing so by the provisions of any contracts with its customers which are now in effect and which cannot be modified to permit the application of such changed resale schedule. If any existing contract between Distributor and a customer cannot be modified to provide for application of the appropriate changed resale schedule in accordance with section 1 hereof, Distributor shall terminate said contract at the earliest date permitted thereunder and shall negotiate new arrangements providing for the application of the appropriate changed resale schedule.

3. It is recognized that the parties hereto wish to provide for arrangements whereby Distributor may be assured of realizing a margin on service provided to customers under part B of the General Power Rate Schedule (hereinafter called "Part B Customers") and under part I of Time-of-Day General Power Rate--Schedule TGP (hereinafter called "Part I Customers"). The arrangements hereinafter described shall involve 12-month periods (hereinafter individually called "Annual Period") beginning October 2, 1986, and each October 2 thereafter. Distributor will furnish to TVA the metering and billing data necessary to make the calculations hereinafter described. Unless Distributor informs TVA in writing as hereinafter provided, that it wishes the alternate arrangements provided for in subsection (b) below to be applicable, Distributor will be entitled to such credit as may be computed in accordance with the provisions of subsection (a) below.

(a) Arrangements under this subsection (a) are referred to as "Annual Arrangements." For each Annual Period, such credit as is determined through the following calculations (made separately for Part B and Part I Customers), shall be applied against Distributor's wholesale power bill for the second full month following the end of that Annual Period. (If the result of the calculation is a negative number, there will be no credit.)

Credit (in dollars) = $(\$0.40 \times A) - (B - C)$, where

A = Sum of the monthly billing demands of all Part B (and Part I) Customers for that Annual Period (for purposes of this calculation with respect to Part I Customers, the term "billing demand" shall mean the higher of the onpeak or offpeak billing demand).

B = Sum of the monthly bills rendered by Distributor to Part B (and Part I) Customers for that Annual Period, exclusive of customer charges and any applicable facilities rental and reactive charges.

C = Sum of the wholesale costs incurred by Distributor in serving Part B (and Part I) Customers during that Annual Period, calculated in accordance with the following:

$C = (D \times E) + (F \times G) + (H \times G) + I + J$, where

D = Dollars-per-kW portion of the wholesale base demand charge, as adjusted.

E = Sum of monthly demand contributions of Part B (and Part I) Customers to Distributor's billing demand.

F = Hours-use-of-demand portion of the wholesale base demand charge, as adjusted.

G = Sum of monthly energy takings of Part B (and Part I) Customers.

H = Wholesale base energy charge, as adjusted.

I = Sum of the portions of the monthly debit amounts added to Distributor's wholesale bill pursuant to the Hydro Allocation Adjustment that are attributable to Part B (and Part I) Customers.

J = Sum of the amounts, if any, added to Distributor's wholesale bill pursuant to Adjustment 3 of the changed wholesale schedule that are attributable to Part B (and Part I) Customers.

In calculating E and G above, the monthly demand contribution and energy takings of each Part B (and Part I) Customer shall be increased by three percent to reflect losses, except that in the case of any such customer served through a delivery point (hereinafter called a "Special Delivery Point") which serves only that customer, the actual losses, if any, shall be used instead. Billing, cost, or other data relating to any customer group for which arrangements under subsection (b) are applicable will not be included in making the above calculations.

(b) In lieu of the Annual Arrangements set out in subsection (a) above, for any Annual Period, Distributor may select the arrangements provided for in this subsection (b) (hereinafter called "Monthly Arrangements") with respect to all Part E Customers collectively, all Part I Customers collectively, or all Part B and Part I Customers collectively. To make or to discontinue any such selection for any Annual Period for the Part B group, the Part I group, or both, Distributor shall give written notice to TVA at least 60 days prior to the beginning of that Annual Period. (Such notice with respect to the Annual Period beginning October 2, 1986, may be given on or before October 1, 1986.) Any such selection shall remain in effect for the entire Annual Period.

In calculating the wholesale bill each month for Distributor, the following steps will be taken with respect to each customer of Distributor for which the Monthly Arrangements apply: (1) the Distributor's measured demand and energy takings will be reduced, on a simultaneous basis, by the amount of the customer's measured demand and energy takings during the month increased by three percent to reflect losses (except that in the case of a customer served through a Special Delivery Point, the actual losses, if any, shall be used instead); (2) the debit amount applicable to Distributor's wholesale bill under the Hydro Allocation Adjustment will be reduced by an amount reflecting the customer's contribution thereto, and (3) an amount which is equal to the customer's bill from Distributor (exclusive of the customer charge and any applicable facilities rental and reactive charges), less an amount equal to 40 cents multiplied by the customer's billing demand for that month, will be included as part of the wholesale bill. The above calculations will further reflect, as appropriate, the application of Adjustment 3 of the changed wholesale schedule to Distributor's wholesale bill with respect to any such customer to which a minimum bill is applicable.

4. In the event that Distributor appropriately serves any general power customer under part C of the General Power Rate Schedule (hereinafter called "Part C Customer") or under part II of Time-of-Day General Power Rate--Schedule TGP (hereinafter called "Part II Customer"), the following arrangements, which will assure that Distributor will realize a margin on service to such customers, are available upon written notice, as hereinafter provided. The arrangements shall involve 12-month periods beginning October 2, 1986, and each October 2 thereafter. Distributor will furnish to TVA the metering and billing data necessary to make the calculations hereinafter described. To provide notice that these arrangements are to be applicable or are to be discontinued, Distributor must inform TVA in writing at least 60 days prior to the beginning of such 12-month period (notice for the 12-month period beginning October 2, 1986, may be given on or before October 1, 1986). Distributor may choose to have the arrangements apply to all Part C Customers collectively, all Part II Customers collectively, or all Part C and Part II Customers collectively. Upon request, Distributor will furnish to TVA information necessary to confirm that any such customer has the capability of using over 25,000 kW of power. Any such choice shall remain in effect for the entire 12-month period.

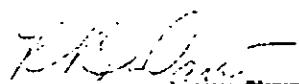
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In calculating the wholesale bill each month for Distributor, the following steps will be taken with respect to each customer for which the arrangement under this section 4 applies: (1) the Distributor's measured demand and energy takings will be reduced, on a simultaneous basis, by the amount of the customer's measured demand and energy takings during the month increased by three percent to reflect losses (except that in the case of a customer served through a Special Delivery Point, the actual losses, if any, shall be used instead), (2) the debit amount applicable to Distributor's wholesale bill under the Hydro Allocation Adjustment will be reduced by an amount reflecting the customer's contribution thereto, and (3) an amount which is equal to the customer's bill from Distributor, (exclusive of the customer charge and any applicable facilities rental and reactive charges), less an amount equal to 40 cents multiplied by the lower of 40,000 kW or the customer's billing demand for that month, will be included as part of the wholesale bill. The above calculations will further reflect, as appropriate, the application of Adjustment 3 of the changed wholesale schedule to Distributor's wholesale bill with respect to any such customer to which a minimum bill is applicable.

5. Except as otherwise specifically provided herein, this agreement shall become effective on October 2, 1986, and shall continue in effect until the expiration of the Power Contract. The Power Contract as supplemented and amended by this agreement is hereby ratified and confirmed as the continuing obligation of the parties.


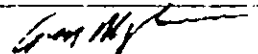
IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers, as of the day and year first above written.

TENNESSEE VALLEY AUTHORITY

By 
Director of Energy Use and
Distributor Relations

Attest:

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities


(Title) 

By 
Chairman

TENNESSEE VALLEY AUTHORITY
Chattanooga, Tennessee 37402-2801

SEP 25 1986

TV-67518A
Supp No. 3

Mr. Glenn E. Irwin, Chairman
Board of Public Utilities
Bristol, Tennessee 37620

Dear Mr. Irwin:

By agreement of even date herewith, City of Bristol, Tennessee (hereinafter called "Distributor"), and the Tennessee Valley Authority (hereinafter called "TVA") have supplemented and amended the wholesale power contract between them dated June 27, 1985, to implement certain changes in the Schedule of Rates and Charges attached thereto and made a part thereof, including modifications in the availability provisions of the residential rate schedule. This confirms the understanding between Distributor and TVA with respect to facilitating the transition whereby only accounts which include service to a dwelling will be served under said schedule.

It is hereby understood and agreed between the parties that, notwithstanding any provisions of said contract, including the Schedule of Rates and Charges, the following steps will be applicable for Distributor's system in making such transition:

1. During the 12-month period beginning October 2, 1986, Distributor will identify and review service arrangements for all accounts which are presently being served under the residential rate schedule and which do not include service to a dwelling (classified and hereinafter called "Code 23 Accounts"). During this period Distributor will inform customers having such accounts that a customer, by rewiring, can arrange for appurtenances to a single-family dwelling (which appurtenances are presently being served separately under Code 23 Accounts) to be served through the meter for that dwelling.

2. Effective with bills rendered from meter readings taken for TVA and Distributor monthly billing cycles scheduled to begin on or after October 2, 1987, (a) Distributor's monthly wholesale bill will no longer receive the per-customer credit provided for in item (2) of the Hydro Allocation Adjustment of the wholesale power rate schedule with respect to any remaining Code 23 Accounts, and (b) Distributor will recover such amount through a surcharge (applicable each month to the resale bill of each such remaining Code 23 Account) equal to the amount of the credit provided for in said item (2).

W072286

Mr. Glenn E. Irwin

SEP 25 1986

3. Effective with bills rendered from meter readings taken for TVA and Distributor monthly billing cycles scheduled to begin on or after October 2, 1988, (a) the credit provided for in item (1) of the Hydro Allocation Adjustment for the first 2,000 kWh of sales to each residential customer each month will no longer be applied to Distributor's wholesale bill with respect to any remaining Code 23 Accounts, and (b) Distributor will recover such amount through a surcharge (applicable each month to the first 2,000 kWh of each Code 23 Account's energy takings) equal to the amount of the credit provided for in said item (1).

4. Effective with bills rendered from meter readings taken for Distributor monthly billing cycles scheduled to begin on or after October 2, 1989, all then remaining Code 23 Accounts will be served under the appropriate nonresidential rate schedule.

If this letter correctly states the understanding between us, please execute three duplicate originals hereof on behalf of Distributor and return them to the TVA power district office. Upon execution by TVA, a fully executed duplicate original will be returned to you.

Very truly yours,

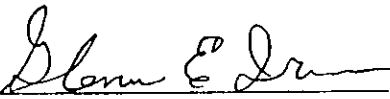
TENNESSEE VALLEY AUTHORITY



R. B. Davis, Director
Division of Energy Use and
Distributor Relations

Accepted and agreed to as of
the date first above written.

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

By 
Chairman

BRISTOL TEL. CO. SYSTEM

TENNESSEE VALLEY AUTHORITY
Chattanooga, Tennessee 37402-2801

TV-67518A
Supp No. 4

October 31, 1986

Mr. Glenn E. Irwin, Chairman
Board of Public Utilities
Bristol, Tennessee 37620

Dear Mr. Irwin:

This will confirm the understanding reached between representatives of City of Bristol, Tennessee (hereinafter called "Distributor") and the Tennessee Valley Authority (hereinafter called "TVA") with respect to amending the wholesale power contract dated June 27, 1985 (which contract, as heretofore amended and supplemented, is hereinafter called the "Power Contract"), between TVA and Distributor to provide for the application by Distributor of an alternative time-of-day seasonal service rate schedule to seasonal service customers in lieu of the seasonal service provisions of the general power rate schedule applied by Distributor (hereinafter called the "General Power Schedule").

It is understood and agreed that:

1. Notwithstanding anything to the contrary appearing in the Power Contract, including the Schedule of Rates and Charges attached thereto and made a part thereof, Distributor shall make available to its seasonal service customers who would otherwise be served under the section entitled "Seasonal Service" of the General Power Schedule the attached Time-of-Day Seasonal Service Rate--Schedule SPT- 8 (hereinafter called the "Alternative Schedule"), effective for bills rendered from meter readings taken for Distributor's monthly billing cycles scheduled to begin on or after October 2, 1986.
2. Distributor shall discontinue application of the Alternative Schedule to bills rendered from meter readings taken for Distributor's monthly billing cycles scheduled to begin on and after the effective date of the application by Distributor of the Time-of-Day General Power Rate Schedule (GPT series), and thereafter bills to seasonal service customers shall be rendered under the section entitled "Seasonal Service" of either the General Power Schedule or said Time-of-Day General Power Rate Schedule.
3. The Power Contract, including the Schedule of Rates and Charges and the Schedule of Terms and Conditions, as amended and supplemented by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties.

-2-

Mr. Glenn E. Irwin
October 31, 1986

If this letter correctly sets forth our understandings, please execute three counterparts hereof and return them to the TVA power district office. Upon execution by TVA, this letter shall be a binding agreement and a fully executed counterpart will be returned to you.

Very truly yours,


TENNESSEE VALLEY AUTHORITY



R. B. Davis, Director
Division of Energy Use and
Distributor Relations

Accepted and agreed to as of
the date first above written.

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

By 
Chairman

TIME-OF-DAY SEASONAL POWER RATE--SCHEDULE SPT-8
(October 1986)

Availability

This rate shall be available for the firm power requirements of any customer taking service on a seasonal basis with power requirements of 2,500 kW or less for which service would otherwise be available under Distributor's General Power Rate Schedule, provided that the other conditions of this section are met, and provided further, that Distributor has elected to make it available under standard policy. Service under this rate schedule is for a term of not less than one year.

For a customer requesting that its onpeak contract demand be different from its offpeak contract demand, this rate 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 service voltage available in the vicinity or agreed to by Distributor.

Base Charges

- I. If the higher of the customer's onpeak or offpeak billing demand and the higher of its onpeak or offpeak contract demand, if any, are each 50 kW or less:

Customer Charge: \$12.35 per delivery point per month

Demand Charge: None

Energy Charge: 8.655 cents per kWh per month for all onpeak kWh
3.145 cents per kWh per month for all offpeak kWh

Seasonal Use Charge: 1.330 cents per kWh per month for the first 15,000 kWh

- II. If the customer's onpeak or offpeak billing demand or its onpeak or offpeak contract demand exceeds 50 kW:

Customer Charge: \$12.35 per delivery point per month

Distribution Capacity Charge: \$1.27 per kW per month of the higher of the customer's onpeak billing demand or offpeak billing demand

Seasonal Use Charge: \$4.00 per kW per month of the higher of the customer's onpeak billing demand or offpeak billing demand

Demand Charge: First 1,000 kW of the customer's onpeak billing demand per month, at \$6.02 per kW

Excess over 1,000 kW of the customer's onpeak billing demand per month, at \$6.39 per kW, plus \$2.00 per month for each kW, if any, of the amount by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus an additional

\$6.39 per kW per month for each kW, if any, of the amount by which the customer's onpeak or offpeak billing demand, whichever is higher, exceeds 2,500 kW

Energy Charge: 3.738 cents per kWh per month for all onpeak kWh

2.362 cents per kWh per month for all offpeak kWh

Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

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 10 a.m. to 10 p.m. during calendar months of May through September and from 6 a.m. to 12 noon and from 4 p.m. to 10 p.m. during all other calendar months. 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. The onpeak and offpeak hours under this rate schedule are subject to change by TVA. In the event TVA determines that such changed onpeak and offpeak hours are appropriate, it shall so notify Distributor at least 12 months prior to the effective date of such changed hours, and Distributor shall promptly notify customer.

Determination of Onpeak and Offpeak Demands 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.

Distributor shall measure the onpeak and offpeak demands in kW of all customers taking service under this rate schedule. The onpeak demand and the offpeak 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 higher of the highest average during any 30-consecutive-minute period of the month during such hours of (a) the load measured in kW or (b) 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA, and such amounts shall be used as the onpeak and offpeak billing demands.

Minimum Bill

No minimum bill shall apply except that Distributor may require additional charges to ensure recovery of costs for customer-specific distribution facilities.

Contract Requirement

Distributor may require contracts for all service provided under this rate schedule. Customers whose demand requirements exceed 50 kW shall be required to execute contracts and such contracts shall be for an initial term of at least one year. The customer shall contract for its maximum requirements and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor 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 Distributor and TVA.

After having received service for at least one year under this rate schedule, the customer, subject to appropriate amendments in its power contract with Distributor, may receive service under the General Power Rate Schedule. In such case the term of the power contract shall remain the same and the contract demand for service under the General Power Rate Schedule shall not be less than the onpeak contract demand in effect when service was taken under this rate schedule.

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 Distributor'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 Distributor. Consistent with Distributor's standard policy, the customer may arrange for seasonal testing of equipment during offpeak hours.

AGREEMENT
Between
TENNESSEE VALLEY AUTHORITY
And
CITY OF BRISTOL, TENNESSEE

TV-67518A
Supp No. 5

THIS AGREEMENT, made and entered into as of the 5th day of DECEMBER, 1986, by and between TENNESSEE VALLEY AUTHORITY (hereinafter called "TVA"), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended, and CITY OF BRISTOL, TENNESSEE (hereinafter called "Distributor"), a municipal corporation duly created, organized, and existing under and by virtue of the laws of the State of Tennessee;

W I T N E S S E T H:

WHEREAS, TVA and Distributor have heretofore entered into a contract dated June 27, 1985 (which contract as amended and supplemented is hereinafter called the "Power Contract"), under which electric power and energy are supplied by TVA at wholesale and purchased by Distributor for resale; and

WHEREAS, the parties wish to amend the Schedule of Terms and Conditions attached to and made a part of the Power Contract;

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, and subject to the provisions of the Tennessee Valley Authority Act of 1933, as amended, the parties hereto covenant and agree as follows:

1. The section entitled "Financial and Accounting Policy" of the Schedule of Terms and Conditions attached to and made a part of the Power Contract is hereby amended by deleting paragraphs (c) and (d) therein and inserting in lieu thereof the following:

(c) Municipality shall supply TVA not later than August 15 of each year with an annual financial report in such form as may be requested, of electric system transactions for the preceding year ending June 30 and of electric system assets and liabilities as of June 30. Municipality shall furnish to TVA such printed operating, statistical, and financial reports relating to electric system monthly operations as may reasonably be requested by TVA. Such monthly reports to TVA should be submitted not later than 30 days after each calendar monthly end. (Where information

relating to such statistical reports is maintained on computers Municipality will also provide such statistical report information by a computer medium, working with TVA in developing a satisfactory format.) In the event of failure by Municipality to furnish promptly any such reports, TVA, following written notification to Municipality of intention to do so, may with its own staff perform at Municipality's expense all work necessary to collect and process the data necessary to provide the information that should have been furnished in the reports.

(d) Municipality shall have the electric system financial statements examined annually by independent certified public accountants in accordance with generally accepted auditing standards. A copy of the audit report and any related letters to Municipality from the certified public accountants shall be provided to TVA. These documents should be provided to TVA not later than October 31 of each year.

2. This agreement shall become effective as of the date first above written and shall continue in effect until the expiration of the Power Contract. The Power Contract as supplemented and amended by this agreement is hereby ratified and confirmed as the continuing obligation of the parties.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers, as of the day and year first above written.

TENNESSEE VALLEY AUTHORITY

By *R. B. Lavin*
Director of Energy Use
and Distributor Relations

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

Attest:

Linda J. Parker
(Title)
Dir., Management Services

By *Glenn Iron*
Chairman

LEASE AGREEMENT
Among
UNITED STATES OF AMERICA,
TENNESSEE VALLEY AUTHORITY,
And
CITY OF BRISTOL, TENNESSEE

TV-67518A
Supp No. 6

THIS AGREEMENT, made and entered into as of the 15th day of July, 1987, by and among the UNITED STATES OF AMERICA, acting by and through its legal agent, the Tennessee Valley Authority, a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended; TENNESSEE VALLEY AUTHORITY (hereinafter called "TVA"); and CITY OF BRISTOL, TENNESSEE (hereinafter called "Municipality"), a municipal corporation duly created, organized, and existing under and by virtue of the laws of the State of Tennessee, acting by and through its Board of Public Utilities;

W I T N E S S E T H:

WHEREAS, TVA and Municipality have heretofore entered into a contract dated as of June 27, 1985 (which contract as amended and supplemented is hereinafter called the "Power Contract"), under which electric power and energy are supplied by TVA at wholesale and purchased by Municipality for resale; and

WHEREAS, under the Power Contract, Municipality takes its power requirements from a 161-kV delivery point at the Bluff City 161-kV Substation; and

WHEREAS, effective July 1, 1987, Municipality wishes to supply firm electric power and energy to the United States of America, Department of the Navy (hereinafter called "Navy"), for operation of the Naval Weapons Industrial Reserve Plant (hereinafter called "Raytheon") located near Bristol, Tennessee, presently served by TVA under a contract which expires on June 30, 1987; and

WHEREAS, Municipality wishes to lease and have the option of purchasing TVA's 69-kV circuit breaker installation 634 at the Bluff City 161-kV Substation, TVA's 69-kV line extending therefrom to Raytheon, and certain related facilities, including appurtenant interests in land which are owned by the United States of America, to permit service to Raytheon from Municipality's 161-kV delivery point at the Bluff City 161-kV Substation; and

WHEREAS, the parties wish to amend and supplement the Power Contract and to enter into such other arrangements as are necessary to implement such a plan;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, and subject to the provisions of the Tennessee Valley Authority Act of 1933, as amended, the parties hereto mutually covenant and agree as follows:

1. Lease of TVA's Facilities. Beginning on July 1, 1987 (hereinafter called "Initial Lease Date"), and extending for a term not to exceed 3 years thereafter, the United States of America and TVA hereby lease to Municipality the following properties (hereinafter collectively called "Leased Facilities") located in Sullivan County, Tennessee, for an annual rental (payable in equal monthly installments) equal to (a) 5 percent of the actual net book cost as of the Initial Lease Date of that portion of the Leased Facilities for which expenditures were committed by TVA prior to September 2, 1967, plus (b) 9 percent of the actual net book cost as of the Initial Lease Date of that portion of the Leased Facilities for which expenditures were committed by TVA after September 1, 1967, but prior to January 2, 1977, all as determined from TVA's records. The monthly payment is estimated, for convenience of the parties only, to be approximately \$325.

(A) 69-kV circuit breaker installation 634 at the Bluff City 161-kV Substation together with its associated foundations, switches, insulators, busses, synchronizing voltage transformer, connections to the 69-kV main and transfer busses, conduit, cable, and auxiliary apparatus; but excluding (a) the 69-kV metering current transformers and any other facilities in the bay for said breaker associated with TVA's revenue metering installation at said substation, and (b) any facilities for which expenditures were committed by TVA after January 1, 1977.

(B) The section of TVA's Bluff City-South Holston 69-kV Line beginning at the Bluff City 161-kV Substation and extending approximately 4.43 miles to and including tap and switch structure 51 at station 998+24.4 near Raytheon, together with (1) all of TVA's facilities which are double-circuited with Municipality's Bluff City Primary-Shelby Street 69-kV Line and (2) the easements and rights-of-way appurtenant to said line section, all as shown on TVA drawings LW-4887, sheets 1, 2, and 3, and LW-2577, sheet 9; but excluding (a) the conductors, insulators, and attachment facilities for TVA's 69-kV line to South Holston extending from said tap and switch structure 51 and (b) any facilities for which expenditures were committed by TVA after January 1, 1977.

The parties recognize that there may be facilities described above but excluded from the Leased Facilities under items (A)(b) and (B)(b) above (hereinafter called "Purchased Facilities") for which expenditures were committed by TVA after January 1, 1977. In such event, TVA will submit to Municipality, as soon as practicable after the Initial Lease Date, an itemized statement in the amount of the actual net book cost, as determined by TVA from TVA's records as of the Initial Lease Date, of the Purchased Facilities. Upon receipt of said statement, Municipality shall promptly pay TVA the amount specified therein, and effective with the date of such payment the Purchased Facilities shall become the property of Municipality without further action by the parties.

TVA hereby retains the right to keep in place the facilities excluded from the Leased Facilities under items (A)(a) and (B)(a) above for TVA's use as necessary for its purposes, together with such rights of access in, on, over, and across the Leased Facilities and Purchased Facilities as are necessary for the use, operation, maintenance, and replacement of said facilities and for the removal thereof if and when no longer required by TVA, or TVA makes alternate arrangements for its purposes.

It is recognized that certain easements and rights-of-way retained by TVA overlap portions of the easements and rights-of-way included in the Leased Facilities and Purchased Facilities under paragraph (B) above. Accordingly, it is understood and agreed that the easements and rights-of-way included in the Leased Facilities and Purchased Facilities are subject to easements and rights-of-way held by the United States of America in favor of TVA for the use, operation, maintenance, repair, replacement, rebuilding, and removal of the section of TVA's Bluff City-South Holston 69-kV Line from Raytheon to South Holston (which easements and rights-of-way overlap portions of easements and rights-of-way appurtenant to the section of said line which is included in the Leased Facilities and Purchased Facilities under paragraph (B) above).

The parties also recognize that the easements and rights-of-way set forth in paragraph (B) above do not necessarily include the right to cross any roadways, railroads, utility lines, or other ways. Upon request, TVA will cooperate with Municipality in the acquisition by Municipality of any necessary crossing rights, but it is understood that such acquisition is the sole obligation of Municipality.

2. Metering Facilities. It is recognized that TVA owns the meters and related items in the revenue metering installations on the low-tension side of the substation for Raytheon and that Navy owns the remaining facilities in these metering installations, including the current and voltage transformers. Municipality shall assure that these revenue metering installations shall be for TVA's exclusive use and control, unless otherwise agreed by TVA, and may be used by TVA separately or in conjunction with any other metering facilities of TVA. TVA, at its expense, will test, calibrate, operate, maintain, and replace the portion of these metering installations owned by TVA, and Municipality, at its expense, shall be responsible for providing for the necessary maintenance (including making of replacements) of the remaining portion of these metering installations,

including the metering facilities owned by Navy. If such maintenance includes replacement of the current and voltage transformers, Municipality shall furnish TVA a certified copy of the manufacturer's standard accuracy test report on each replacement current and voltage transformer provided at the substation for Raytheon. TVA will place its seals on all meters and metering facilities in these metering installations, and Municipality shall assure that said seals are not broken except upon request by TVA. Upon request TVA will make the results of the readings of the meters at the substation for Raytheon available to Municipality each month for billing purposes.

If TVA replaces either or both of these metering installations with separate metering facilities, as soon as possible thereafter TVA will remove from the replaced metering installation or installations the magnetic tape demand recorder and such other TVA-owned facilities as deemed feasible by TVA. Municipality hereby agrees that TVA shall have the right to exercise its operational and maintenance rights and responsibilities under this section 2, together with such rights of access in, on, over, and across the substation for Raytheon as are necessary therefor.

3. Amendment to Prior Agreement. Effective as of the Initial Lease Date, the Lease and Amendatory Agreement dated January 18, 1979, and numbered TV-27013A, Supplement No. 18, (1) is hereby amended by deleting the second paragraph of section 2 thereof and by substituting therefor the following:

The respective amounts of power and energy measured by the meters in the 13-kV revenue metering installations at the King College and Ruthton Substations and at the substation for Raytheon shall be appropriately adjusted by taking into account transformer and transmission losses to reflect delivery at the 161-kV side of the Bluff City 161-kV Substation; the respective amounts of power and energy measured by the 69-kV revenue metering installation at the Bluff City 161-kV Substation shall be appropriately adjusted by taking into account transformer losses at said 161-kV substation to reflect delivery at the 161-kV side thereof; and such adjusted amounts at each said substation shall be combined on a simultaneous basis and used for billing purposes hereunder and under the Power Contract.

and (2) as so amended, is hereby ratified and confirmed as the continuing obligation of the parties.

4. Operation and Maintenance Under Lease. During the lease term, Municipality at its expense shall operate and maintain the Leased Facilities and Purchased Facilities in accordance with good, modern, practices and procedures, making all repairs, additions, and replacements. Any such

additions to the Leased Facilities shall be and remain the property of Municipality and may be removed by Municipality at any time thereafter. Any such replacements of the Leased Facilities shall become the property of TVA, unless otherwise agreed, without further action of the parties and shall become a part of the Leased Facilities for all purposes hereunder except that such replacements shall not be considered in calculating the annual rental on or purchase price for the Leased Facilities in accordance with sections 1 and 6 hereof, respectively. Municipality may move, modify, rearrange, or retire any of the Leased Facilities or Purchased Facilities, but only upon agreement with TVA as to such changes.

During the lease term, Municipality shall make every reasonable effort, including timely application for judicial relief, to discourage, prevent, and eliminate any encroachment on or other interference with its leasehold interest in the Leased Facilities or with its proper and safe use and operation of the Leased Facilities and Purchased Facilities. TVA retains at its option, however, the right to take all actions necessary to discourage, prevent, and eliminate any such encroachment on or interference with the rights of TVA or the United States of America or, to the extent it is legally able to do so, those of Municipality.

5. Indemnity. Municipality shall reimburse TVA for any damage to TVA's property and to property in TVA's custody, and Municipality releases the United States of America, TVA, their agents and employees from and shall indemnify and save harmless the United States of America, TVA, their agents and employees from any and all claims, demands, or causes of action for personal injuries, property damage, or loss of life or property sustained by Municipality, its agents and employees, or third parties arising out of or in any way connected with the use, occupancy, maintenance, operation, failure, revision, repair, replacement, or removal of any of the Leased Facilities or Purchased Facilities, even though the personal injuries, property damage, or loss of life or property is caused, occasioned, or contributed to by the negligence, sole or concurrent, of the United States of America, TVA, their agents or employees. This release and indemnification shall continue to apply in the event Municipality takes title to the Leased Facilities by exercise of the option to purchase as provided for in section 6 hereof.

6. Option to Purchase Leased Facilities. During the lease term, Municipality shall have the option to purchase the Leased Facilities for a purchase price equal to the actual net book cost thereof as of the Initial Lease Date, as determined from TVA's records, less an annual reduction at the rate of 3 percent of the original installed cost of the Leased Facilities as of the Initial Lease Date for the period from the Initial Lease Date to the date of conveyance. Said option may be exercised at any time during said lease term upon written notice by Municipality to TVA. Upon exercising the option, Municipality shall pay the purchase price promptly upon receipt of a statement therefor, and title to the Leased Facilities will be conveyed by TVA to Municipality by a quitclaim deed and bill of sale on, or as soon as practicable after, the date on which Municipality pays said purchase price. Said deed and bill of sale shall contain (a) a proper description of the Leased Facilities, (b) appropriate

reservations for any third-party rights subject to which the United States of America acquired its interests in the Leased Facilities, (c) appropriate reservations consistent with TVA's rights and responsibilities under this agreement, and (d) appropriate reservations for such TVA-owned substation, transmission, and communication facilities as are then located on the Leased Facilities and Purchased Facilities and are not provided for in this agreement.

If Municipality has not exercised said option to purchase the Leased Facilities by the end of the lease term, Municipality shall return possession of the Leased Facilities to TVA in as good condition as received, less normal wear and tear. Thereafter, TVA shall be under no obligation to maintain the Leased Facilities in place and may remove, abandon, or otherwise dispose of any or all of them whenever it is desirable, in TVA's judgment, to do so; and, unless otherwise agreed with TVA, it shall be Municipality's responsibility thereafter to arrange for alternate facilities to supply Raytheon from Municipality's 161-kV delivery point at the Bluff City 161-kV Substation; provided, however, that after returning possession of the Leased Facilities to TVA, Municipality shall have a reasonable period in which to remove the Purchased Facilities and any other of its facilities then located on or connected to the Leased Facilities.

7. Term of Agreement. Except as otherwise provided herein, this agreement shall be effective as of the date first above written and shall continue in effect for the term of the Power Contract or any extension, renewal, or replacement thereof.

8. Successors and Assigns. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, but shall not be transferred or assigned by any party without the written consent of the others. In addition, Municipality agrees that during the lease term it will not sublet, license any use of, or grant any other rights in or to use all or any portion of the Leased Facilities or Purchased Facilities without the prior written consent of TVA.

9. Restriction of Benefits. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom unless the agreement be made with a corporation for its general benefit, nor shall Municipality offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34. Breach of this provision shall constitute a material breach of this agreement.

10. Section Headings. The section headings in this agreement are for convenience of reference only and are not a part of the agreement among the parties.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers as of the day and year first above written.

UNITED STATES OF AMERICA
By Tennessee Valley Authority
Its Legal Agent

and

TENNESSEE VALLEY AUTHORITY

By *L. B. Davis*
Director of Energy Use
and Distributor Relations

Attest:

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

Linda Z. Parker
(Title) *Dir., Mgmt. Services*

By *Glenn I. Ivin*
Chairman

TENNESSEE VALLEY AUTHORITY
Chattanooga, Tennessee 37402-2801

TV-67518A
Supp No. 7

May 29, 1987

Mr. Glenn E. Irwin, Chairman
Board of Public Utilities
Bristol, Tennessee 37620

Dear Mr. Irwin:

This will confirm the arrangements developed between representatives of the City of Bristol, Tennessee, acting by and through its Board of Public Utilities, and the Tennessee Valley Authority relative to amending (consistent with the provisions of the Municipal Electric System Tax Equivalent Law of 1987, enacted by the 95th General Assembly of the State of Tennessee, 1987 Session) certain provisions of the Power Contract dated June 27, 1985, and numbered TV-67518A (which contract, as heretofore amended and supplemented, is hereinafter referred to as the "Power Contract") with respect to payments in lieu of taxes.

It is understood and agreed that:

1. Section 2 of the Schedule of Terms and Conditions attached to and made a part of the Power Contract is hereby amended by deleting all of the language therein and substituting therefor the language set forth in the attachment hereto entitled "Section 2 - Terms and Conditions Revision 1987."

2. This agreement shall become effective as of July 1, 1987, and shall continue in effect for the then remaining term of the Power Contract.

3. Nothing in this agreement, including the attachment hereto, shall be construed as obligating either of the parties to accept, agree to, or be bound by, any amendments to the Municipal Electric System Tax Equivalent Law of 1987 which may be enacted after the effective date of this agreement, and the provisions hereof shall continue in full force and effect, notwithstanding any such amendments.

4. The Power Contract as amended by this agreement is hereby ratified and confirmed as the continuing obligation of the parties hereto.

SECTION 2 - TERMS AND CONDITIONS
REVISION 1987

2. Payments in Lieu of Taxes. Municipality may pay or cause to be paid from its electric system revenues for each year beginning July 1 (hereinafter called "fiscal year," the first such fiscal year for purposes hereof being the year beginning July 1, 1987), an amount for payments in lieu of taxes (hereinafter called "tax equivalents") on its electric system and electric operations which, in the judgment of Municipality's governing body after consultation with the supervisory body, shall represent the fair share of the cost of government properly to be borne thereby, subject, however, to the following conditions and limitations:

- (a) The total amount so paid as tax equivalents for each fiscal year shall not exceed a maximum amount equal to the sum of the following:
 - (1) With respect to each of the respective taxing jurisdictions in the State of Tennessee in which the Municipality's electric system is located, the equalized property tax rate, determined as provided in this section, for the taxing jurisdiction as of the beginning of such fiscal year, multiplied by the net plant value of the electric plant and the book value of materials and supplies within the taxing jurisdiction as of the beginning of such fiscal year, multiplied by the assessment ratio in effect as of the beginning of such fiscal year; and
 - (2) Four percent (4%) of the average of revenue less power cost from electric operations for the preceding three (3) fiscal years.
- (b) Notwithstanding the foregoing, until the first fiscal year in which the aforesaid maximum amount for tax equivalents (calculated as provided in subparagraph (a) of this section) exceeds the tax equivalent amount for the twelve (12) months ended June 30, 1987, the maximum tax equivalent amount that may be paid for any fiscal year shall not be less than said tax equivalent amount (for taxing jurisdictions within the State of Tennessee) for the twelve (12) months ended June 30, 1987. For purposes of this subparagraph, "tax equivalent amount for the twelve (12) months ended June 30, 1987" means the tax equivalent amount actually expensed for, and applicable to such twelve (12) months, consistent with the power contract provisions in effect during such twelve (12) months.

Thereafter, such maximum amount for any fiscal year shall not exceed the aforesaid maximum amount calculated as provided in subparagraph (a) of this section. All such maximum amounts shall be subject to the conditions and limitations of subparagraphs (c), (d), and (e) of this section.

- (c) Such tax equivalent payments shall be made only from electric system revenues remaining after payment of, or making reasonable provision for payment of: (1) current electric system operating expenses, including salaries, wages, cost of materials and supplies, power at wholesale, and insurance; (2) current payments of interest on indebtedness incurred or assumed by Municipality for the acquisition, extension, or improvement of the electric system, and the payment of principal amounts of such indebtedness, including sinking fund payments, when due; (3) reasonable reserves for renewals, replacements, and contingencies; and (4) cash working capital adequate to cover operating expenses for a reasonable number of weeks.
- (d) The total amount to be paid as tax equivalents for each fiscal year shall be in lieu of all State, county, city, and other local taxes or charges on Municipality's electric system and electric operations except as provided in subparagraphs (f) and (g) of this section. Accordingly, after initial determination of such total tax equivalent amount to be paid in the absence of any such taxes or charges, such total tax equivalent amount shall be reduced by the aggregate amount of any such taxes or charges imposed for such fiscal year on Municipality's electric system or electric operations by or for the benefit of the respective taxing jurisdictions (including Municipality) in which Municipality's electric system is located and in which such electric operations are conducted, whether or not such taxes or other charges were imposed by the respective taxing jurisdictions receiving the benefit thereof. It shall be the responsibility of Municipality to provide for distribution of such total tax equivalent amount among the taxing jurisdictions in which Municipality's electric system is located in accordance with contracts or established arrangements or, in their absence, with applicable law.
- (e) The total amount to be paid as tax equivalents (including that to be paid for Municipality and any other taxing jurisdiction) for each fiscal year,

determined in accordance with and subject to the provisions of this section 2, shall be set forth in a resolution adopted by Municipality's governing body after consultation with the supervisory body, and Municipality's electric system shall pay to Municipality and any other taxing jurisdictions the amounts as provided in said resolution. Such determination shall be made as early in such fiscal year as possible and shall become final at the end of such fiscal year; provided, however, that if no such determination is made by Municipality by the end of such fiscal year, the total amount actually expensed, consistent with the provisions of this section 2, by the electric system as of the end of such fiscal year shall constitute a final determination; provided, further, that any reductions in such amount required by subparagraph (d) above, to the extent not made during such fiscal year, shall be made as early as possible in the succeeding fiscal year until the full adjustments are completed.

- (f) Notwithstanding anything in the foregoing which might be construed to the contrary, properly authorized retail sales or use taxes on electric power or energy at the same rates applicable generally to sales or use of personal property or services, including natural or artificial gas, coal, and fuel oil as well as electric power or energy, imposed upon the vendees or users thereof by the State, a county, or a city (including Municipality) on a Statewide, countywide, or citywide basis, respectively, shall not be considered a tax or charge on Municipality's electric system or its electric operations or properties for purposes of this section 2.
- (g) For so long as Municipality continues to conduct electric system operations in a State adjacent to the State of Tennessee, nothing herein, including the maximum tax equivalent specified in this section, shall be construed to preclude Municipality's paying or causing to be paid from electric system revenues annual additional amounts necessary to make (i) payments to taxing jurisdictions within said adjacent State of taxes levied on the property or operations of the electric system in accordance with applicable statutory requirements of said adjacent State or, if no such taxes are levied, (ii) appropriate tax equivalent payments to taxing jurisdictions within said adjacent State. In the case of tax equivalent payments, any such payments

in said adjacent State shall not exceed a maximum equal to the product obtained by applying the municipal, county, and State property tax rates, equalized, for the particular tax year (of said adjacent State) in which each Municipal fiscal year begins, to the net plant value of the electric plant within the respective taxing jurisdictions in said adjacent State at the beginning of each such fiscal year. All such maximum tax equivalent amounts shall be subject to the limitations of subparagraphs (c), (d), and (e) of this section. For the purposes of this subparagraph (g) only, the words "property tax rates, equalized" shall (with respect to any such taxing jurisdiction within said adjacent State for any fiscal year) mean the ad valorem property tax rate for that State's tax year in which the fiscal year begins multiplied by an equalization factor. The equalization factor will be the assessment ratio applicable for the State, county, or municipality, for such tax year, as determined by an authorized department, agency, commission, or official of said adjacent State empowered to determine such ratio or, if such information is unavailable from any such source, as determined by TVA from the best information available. "Assessment ratio," for the purposes of this subparagraph (g) only, shall mean the ratio of assessed values of record to 100 percent of current values that are to be arrived at in accordance with the adjacent State's applicable law for use in ad valorem property tax determinations each tax year.

For purposes of this section 2, the following terms shall have the following meanings:

- (a) "Electric system" means all tangible and intangible property and resources of every kind and description used or held for use in the purchase, generation, transmission, distribution, and sale of electric energy.
- (b) "Electric operations" means all activities associated with the establishment, development, and administration of an electric system and the business of supplying electricity and associated services to the public, including without limitation the generation, purchase, and sale of electric energy and the purchase, use and consumption thereof by ultimate consumers.
- (c) "Supervisory body" means any board or other agency of Municipality established to supervise the management and operation of its electric system and electric operations, or, in the absence thereof, the governing body of Municipality.

- (d) "Equalized property tax rate" of any taxing jurisdiction means the actual ad valorem property tax rate in effect for the calendar year in which the fiscal year begins multiplied by the applicable (State, county, or municipal) appraisal ratio for such taxing jurisdiction as determined, adopted, or applied by the State Board of Equalization ("State Board"), or, in the absence of such action by the State Board, by any authorized department, agency, Commission, or official of the State empowered to determine, adopt, or apply an appraisal ratio for such taxing jurisdiction. ("Appraisal ratio" means the ratio of appraised values of record to one hundred percent (100%) of current values that are to be derived in accordance with applicable State law for use in ad valorem property tax determinations each tax year. However, if no appraisal ratio is determined, adopted, or applied, as provided above, "appraisal ratio" shall for purposes of this section 2 have the numerical value of 1.) For purposes of this section 2, the equalized property tax rate that is in effect for any taxing jurisdiction as of the beginning of any electric system fiscal year shall be the same as an equalized property tax rate calculated for such taxing jurisdiction for that tax year (calendar year) in which the fiscal year begins, using the actual property tax rate in effect for, and the appraisal ratio applicable for, such taxing jurisdiction for such tax year.
- (e) "Net plant value of the electric plant" means the depreciated original cost of the electric plant (1) in service and (2) held for future use, and the book value of construction work in progress, all as shown on the books of the electric system and all of which are for use in the generation, transmission, and distribution of electricity. For purposes of this definition, the account "electric plant purchased or sold" as prescribed by the Federal Energy Regulatory Commission's Uniform System of Accounts shall be excluded.
- (f) "Assessment ratio in effect" means that assessment ratio being applied by the Tennessee Public Service Commission in assessing electric system property of electric cooperatives and electric membership corporations for ad valorem taxation or, if such assessment function ceases to be performed by said Commission, that assessment ratio applied by any authorized department, agency, Commission, or official of the State empowered to so apply such an assessment ratio in assessing electric system property of electric cooperatives and electric membership corporations.

- (g) "Average of revenue less power cost from electric operations for the preceding three (3) fiscal years" means an amount derived by: (1) determining for each of the three (3) fiscal years immediately preceding the beginning of the current fiscal year the electric system's total operating revenues for the year less any operating revenue amounts deemed uncollectible and written off for the year (net of any such amounts reinstated during the year which had been written off in any prior fiscal year) and accounting for any extraordinary items attributable to any prior fiscal year's total operating revenue or uncollectible amounts, and totaling the three (3) yearly amounts so determined; (2) determining for each of the same three (3) fiscal years described in (1) hereof the total cost of purchased power excluding any charges for facilities rental and accounting for any extraordinary items attributable to any prior fiscal year's purchased power costs, and totaling the three (3) yearly amounts so determined; and (3) subtracting the total in (2) hereof from the total in (1) hereof and dividing the resulting remainder by three. For purposes of this subparagraph (g) the words "any prior fiscal year" shall mean any fiscal year beginning on or after July 1, 1984. Also, for purposes of this subparagraph (g), all amounts herein described shall be those attributable only to electric system operations within the State of Tennessee.
- (h) "Taxing jurisdiction" means any county, incorporated city or town, or metropolitan government in Tennessee having the power to levy taxes, or any special taxing district in Tennessee on behalf of which ad valorem property taxes may be levied, for the support of governmental and related activities and services.
- (i) Terms appearing herein, except where specifically defined, shall have the meanings defined or ascribed to them in the Federal Energy Regulatory Commission's Uniform System of Accounts applicable to electric system operations.

TENNESSEE VALLEY AUTHORITY
Chattanooga, Tennessee 37402-2801

TV-67518A
Supp No. 8

December 21, 1987

Mr. Glenn E. Irwin, Chairman
Board of Public Utilities
Bristol, Tennessee 37620

Dear Mr. Irwin:

This will confirm the understanding reached between representatives of the Tennessee Valley Authority (hereinafter called "TVA") and
City of Bristol, Tennessee

(hereinafter called "Distributor") with respect to replacing the currently applicable Adjustment Addendum with a Substitute Adjustment Addendum as of January 2, 1988.

It is understood and agreed that, notwithstanding anything to the contrary appearing in the wholesale power contract dated June 27, 1985 (which contract as heretofore amended and supplemented is hereinafter called the "Power Contract"), including the Schedule of Rates and Charges or the Schedule of Terms and Conditions attached thereto and made a part thereof:

1. The current Adjustment Addendum, which became effective on October 2, 1987 (hereinafter called the "Current Addendum"), and the other amounts, that became effective therewith and were transmitted to Distributor as Enclosure 2 (hereinafter called "Enclosure 2") with TVA's letter transmitting the Current Addendum, shall remain in full force and effect for all bills rendered from meter readings taken for TVA and Distributor monthly billing cycles scheduled to begin before January 2, 1988.

2. Beginning with bills rendered from meter readings taken for TVA and Distributor monthly billing cycles scheduled to begin on or after January 2, 1988, application of the Current Addendum and the Enclosure 2 amounts shall be discontinued and the amounts set out in the attached Substitute Adjustment Addendum (hereinafter called the "Substitute Addendum") and the other amounts set out in the attached Substitute Enclosure 2, shall be applied (a) in the case of the Substitute Addendum, in lieu of the Current Addendum, to the demand and energy charges as set out in the Schedule of Rates and Charges and (b) in the case of Substitute Enclosure 2, in lieu of Enclosure 2, in accordance with the provisions thereof.

3. Application of the amounts set out in the Substitute Addendum and in Substitute Enclosure 2 shall be discontinued beginning with bills rendered from meter readings taken for TVA and Distributor monthly billing

Mr. Glenn E. Irwin
December 21, 1987

cycles scheduled to begin on or after the effective date of the first adjustment or change hereafter made in accordance with the paragraphs entitled "Adjustment" or "Change" of the section entitled "Adjustment and Change of Wholesale Rate and Resale Rates" of said Schedule of Terms and Conditions.

4. There shall be no application of the final proviso of the final sentence of the first paragraph of Adjustment 4 of the Wholesale Rate Schedule as a result of or in connection with the implementation of the Substitute Addendum.

The Power Contract, as supplemented and amended by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties.

If this letter satisfactorily sets forth our understandings, please execute three counterparts hereof and return them to the TVA power district office. Upon execution by TVA, this letter shall be a binding agreement and a fully executed counterpart will be returned to you.

Very truly yours,

TENNESSEE VALLEY AUTHORITY




R. B. Davis, Director
Division of Energy Use
and Distributor Relations

Attachments

Accepted and agreed to as of
the date first above written.

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

By 
Chairman

TENNESSEE VALLEY AUTHORITY

Increases in Facilities Rental Charges to become effective with the Substitute Adjustment Addendum effective January 2, 1988.

The amounts in cents per kW specified for delivery at less than 161 kV in the sections entitled Facilities Rental of Wholesale Power Rate--Schedule WP and Time-of-Day Wholesale Power Rate--Schedule WPT, Facilities Rental Charge Applicable Under B and C Above of the General Power Rate Schedules, and Facilities Rental Charge of Time-of-Day General Power Rate--Schedule TGP shall be increased by (a) 2 cents per kW for delivery at voltage levels of 46 kV or higher and (b) 4 cents per kW for delivery at voltage levels below 46 kV for the first 10,000 kW and 4 cents per kW for the excess over 10,000 kW.

Increases in Standby Power Charges under Standby Power Rate Schedule SP, which increases are to become effective with the Substitute Adjustment Addendum effective January 2, 1988.

Under the section entitled Standby Power Charges of Standby Power Rate Schedule SP (April 1, 1984), (a) the charge per month per kilowatt of customer's standby contract demand shall be increased by 49 cents per month per kilowatt, (b) the charge per month per kilowatt of aggregate production capacity shall be increased by 20 cents per month per kilowatt, (c) the charge per week per kilowatt of maintenance standby power shall be increased by \$1.00 per week per kilowatt, and (d) the charge per week per kilowatt of emergency standby power shall be increased by \$2.00 per week per kilowatt.

Decreases in Standard Prices under Dispersed Power Price Schedule CSPP, which decreases are to become effective with the Substitute Adjustment Addendum effective January 2, 1988.

Under the section entitled Standard Prices of Dispersed Power Price Schedule CSPP (April 1, 1984), the following decreases in prices in cents per kWh apply: (a) under Part A, the price shall be decreased by 0.130 cent, (b) under Part B, the onpeak price shall be decreased by 0.020 cent and the offpeak price shall be decreased by 0.190 cent, and (c) under Part C, the onpeak price shall be decreased by 0.020 cent and the offpeak price shall be decreased by 0.190 cent.

TENNESSEE VALLEY AUTHORITY

SUBSTITUTE ADJUSTMENT ADDENDUM
TO
SCHEDULES OF RATES AND CHARGES

Effective January 2, 1988

The following table lists the adjustments applicable to the designated rate schedules. All adjustments shall be applicable to bills rendered from meter readings taken for TVA and Distributor monthly billing cycles scheduled to begin on or after the effective date of this Adjustment Addendum.

	Demand Charges		Energy Charge
	Billing Demand Per kW	Hours Use of Demand Component ^a	Per kWh
Wholesale Power Rate - WP	Add \$1.07	Add 0.058¢	Add 0.102¢
Time-of-Day Wholesale Power Rate - WPT			
Onpeak Charges	Add \$1.07	--	Add 0.248¢
Offpeak Charges	--	--	Add 0.109¢
Residential Rate Schedules - RP Series	--	--	Add 0.473¢
Time-of-Day Residential Rates - RPT Series ^b :			
Onpeak kWh	--	--	Add 0.874¢
Offpeak kWh	--	--	Add 0.183¢
General Power Rates - GP Series			
Charges Under Part "A"			
First 50 kW	--	--	--
Next 950 kW	Add \$0.81	--	--
Next 1,500 kW	Add \$0.86	--	--
Excess over 2,500 kW	Add \$0.90 ^c	--	--
First 15,000 kWh	--	--	Add 0.446¢
Additional kWh	--	--	Add 0.166¢
Charges Under Part "B"	Add \$1.07 ^d	Add 0.058¢	Add 0.118¢
Charges Under Part "C"	Add \$1.35 ^d	--	Add 0.102¢
Time-of-Day General Power Rates - GPT Series			
Charges Under Part "I":			
Onpeak kWh	--	--	Add 0.778¢
Offpeak kWh	--	--	Add 0.192¢
Charges Under Part "II":			
Onpeak Charges	--	--	Add 0.235¢
First 1,000 kW	Add \$0.81	--	--
Next 1,500 kW	Add \$0.86	--	--
Excess over 2,500 kW	Add \$0.90 ^c	--	--
Offpeak Charges	--	--	Add 0.117¢
Time-of-Day Seasonal Power Rates - SPT Series			
Charges Under Part "I":			
Onpeak kWh	--	--	Add 0.778¢
Offpeak kWh	--	--	Add 0.192¢
Charges Under Part "II":			
Onpeak Charges	--	--	Add 0.235¢
First 1,000 kW	Add \$0.81	--	--
Excess over 1,000 kW	Add \$0.86 ^e	--	--
Offpeak Charges	--	--	Add 0.117¢
Time-of-Day General Power Rate - TGP			
Charges Under Part "I":			
Onpeak Charges	Add \$1.07 ^d	--	Add 0.234¢
Offpeak Charges	--	--	Add 0.121¢
Charges Under Part "II":			
Onpeak Charges	Add \$1.36 ^d	--	Add 0.106¢
Offpeak Charges	--	--	Add 0.099¢
Outdoor Lighting Rate - LP			
Parts A and B	--	--	Add 0.286¢

- Applicable to each kWh per month, up to the maximum set out in the applicable rate schedule, for each kW of billing demand (hours use of demand).
- Applicable only to the first and second components of the energy charge.
- Also applicable to the additional amount applicable for any billing demand in excess of the higher of 2,500 kW or contract demand.
- Also applicable to the additional amount applicable for any billing demand in excess of contract demand.
- Also applicable to the additional amount applicable for any billing demand in excess of 2,500 kW.

This Substitute Adjustment Addendum supersedes and replaces the addendum that became effective on October 2, 1987.

TENNESSEE VALLEY AUTHORITY
Chattanooga, Tennessee 37402-2801

May 5, 1989

TV-67518A
Supp No. 9

Mr. Glenn E. Irwin, Chairman
Board of Public Utilities
Bristol, Tennessee 37620

Dear Mr. Irwin:

This will confirm the arrangements developed between representatives of City of Bristol, Tennessee (hereinafter called "Distributor") and the Tennessee Valley Authority (hereinafter called "TVA"), with respect to amending the wholesale power contract dated June 27, 1985 (which contract, as heretofore amended, is hereinafter called the "Power Contract"), between TVA and Distributor to implement arrangements whereby Distributor will be assured of covering its wholesale cost of serving large Part A customers.

It is understood and agreed that:

1. The arrangements set out below with respect to large Part A Customers shall apply for annual periods (hereinafter individually called "Annual Period") consisting of Distributor's 12 consecutive monthly billing cycles beginning with the first such cycle scheduled to begin on or after October 2 of each year, except that the first Annual Period hereunder shall consist of Distributor's 7 consecutive monthly billing cycles beginning with the first such cycle scheduled to begin on or after March 2, 1989. (For purposes of this agreement, a billing cycle for any month is defined as the complete cycle of meter readings from which an accounting month's sales statistics and revenues are derived.) For purposes of this agreement the term "Large Part A Customers" shall include, for each month of each Annual Period, all of Distributor's customers with a billing demand during such month above 1,000 kW and billed under the Part A portion (hereinafter called "Part A") of Distributor's applicable general power (GP series) rate schedule, excluding any customer that contracts for service on a seasonal basis.

2. On or as soon as practicable after October 2 of each year, Distributor shall furnish to TVA for each month of the preceding Annual Period for each Large Part A Customer the billing data necessary in TVA's opinion for calculating the actual and expected contribution of each Large Part A Customer to each of the wholesale billing demands established by Distributor with respect to each of Distributor's billing cycles during that Annual Period.

3. Following receipt of the data referred to under section 2 above, TVA shall make calculations utilizing the formula set out below. The amount arrived at shall be applied as a credit on Distributor's next wholesale power bill following completion of said calculations. (If the result of the calculation is a negative number, no credit will apply.)

W050189
1154L

Mr. Glenn E. Irwin
May 5, 1989

Credit (in dollars) = $A \times (B - C)$, where

A = Dollars-per-kW portion of the wholesale base demand charge, as adjusted, applicable during the Annual Period.

B = Aggregate actual coincident demand, calculated by summing the actual contribution of each Large Part A Customer to each wholesale billing demand established by Distributor with respect to each of Distributor's billing cycles for each month of the Annual Period. (Each of said monthly contributions shall be increased by 3 percent to reflect losses except that in the case of a customer served through a delivery point which serves only that customer, actual losses, if any, shall be used instead.)

C = Aggregate expected coincident demand, calculated as follows:

$C = (D \div 394) + (E \times 0.76) + (F \times 0.80) + (G \times 0.84)$,
where

D = Total kWh sales to all Large Part A Customers during the Annual Period billed under the portion of the Part A Energy Charge applicable to the first 15,000 kWh per month.

E = Total kW billed to Large Part A Customers during the Annual Period under the portion of the Part A demand charge applicable to the second block (950 kW) of billing demand.

F = Total kW billed to Large Part A Customers during the Annual Period under the portion of the Part A demand charge applicable to the third block (1,500 kW) of billing demand.

G = Total kW billed to Large Part A Customers during the Annual Period under the portion of the Part A demand charge applicable to the fourth block (over 2,500 kW) of billing demand.

4. It shall be Distributor's responsibility to install at its expense any replacement metering facilities necessary to record the billing data referred to in section 2 hereof. In making calculations under section 3 hereof TVA shall exclude any month in which time-differentiated metering facilities adequate to record such billing data were not operating for all of Distributor's Large Part A Customers, except that in the case of a meter failure or other unanticipated event, the parties may agree upon billing amounts estimated from the best information available.

Mr. Glenn E. Irwin
May 5, 1989

5. This agreement shall become effective as of March 2, 1989, and shall continue in effect for the term of the Power Contract or of any renewal or replacement thereof; provided, however, that it shall be terminated without further action of the parties with the effective date of the first change hereafter made in the general power rate schedule in accordance with the paragraph entitled "Change" of the section entitled "Adjustment and Change of Wholesale Rate and Resale Rates" of the Schedule of Terms and Conditions attached to and made a part of the Power Contract.

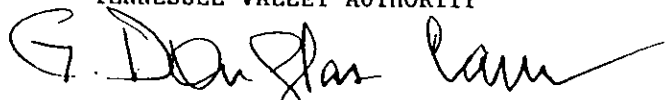
6. The Power Contract, as amended and supplemented by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties.

7. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom unless the agreement be made with a corporation for its general benefit, nor shall Distributor offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34. Breach of this provision shall constitute a material breach of this agreement.

If this letter satisfactorily sets forth our understandings, please execute three counterparts hereof and return them to the TVA district office. Upon execution by TVA, this letter shall be a binding agreement, and a fully executed counterpart will be returned to you.

Very truly yours,


TENNESSEE VALLEY AUTHORITY



G. Douglas Carver, Manager
Distributor Marketing
and Services

Accepted and agreed to as of
the date first above written.

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

By 
Chairman

TENNESSEE VALLEY AUTHORITY
Chattanooga, Tennessee 37402-2801

May 5, 1989

Mr. Glenn E. Irwin, Chairman
Board of Public Utilities
Bristol, Tennessee 37620

Dear Mr. Irwin:

This will confirm the arrangements developed between representatives of City of Bristol, Tennessee (hereinafter called "Distributor") and the Tennessee Valley Authority (hereinafter called "TVA"), with respect to amending the wholesale power contract dated June 27, 1985 (which contract, as heretofore amended, is hereinafter called the "Power Contract"), between TVA and Distributor to implement arrangements whereby Distributor will be assured of covering its wholesale cost of serving large Part A customers.

It is understood and agreed that:

1. The arrangements set out below with respect to large Part A Customers shall apply for annual periods (hereinafter individually called "Annual Period") consisting of Distributor's 12 consecutive monthly billing cycles beginning with the first such cycle scheduled to begin on or after October 2 of each year, except that the first Annual Period hereunder shall consist of Distributor's 7 consecutive monthly billing cycles beginning with the first such cycle scheduled to begin on or after March 2, 1989. (For purposes of this agreement, a billing cycle for any month is defined as the complete cycle of meter readings from which an accounting month's sales statistics and revenues are derived.) For purposes of this agreement the term "Large Part A Customers" shall include, for each month of each Annual Period, all of Distributor's customers with a billing demand during such month above 1,000 kW and billed under the Part A portion (hereinafter called "Part A") of Distributor's applicable general power (GP series) rate schedule, excluding any customer that contracts for service on a seasonal basis.

2. On or as soon as practicable after October 2 of each year, Distributor shall furnish to TVA for each month of the preceding Annual Period for each Large Part A Customer the billing data necessary in TVA's opinion for calculating the actual and expected contribution of each Large Part A Customer to each of the wholesale billing demands established by Distributor with respect to each of Distributor's billing cycles during that Annual Period.

3. Following receipt of the data referred to under section 2 above, TVA shall make calculations utilizing the formula set out below. The amount arrived at shall be applied as a credit on Distributor's next wholesale power bill following completion of said calculations. (If the result of the calculation is a negative number, no credit will apply.)

W050189
1154L

Credit (in dollars) = $A \times (B - C)$, where

A = Dollars-per-kW portion of the wholesale base demand charge, as adjusted, applicable during the Annual Period.

B = Aggregate actual coincident demand, calculated by summing the actual contribution of each Large Part A Customer to each wholesale billing demand established by Distributor with respect to each of Distributor's billing cycles for each month of the Annual Period. (Each of said monthly contributions shall be increased by 3 percent to reflect losses except that in the case of a customer served through a delivery point which serves only that customer, actual losses, if any, shall be used instead.)

C = Aggregate expected coincident demand, calculated as follows:

$$C = (D \div 394) + (E \times 0.76) + (F \times 0.80) + (G \times 0.84),$$

where

D = Total kWh sales to all Large Part A Customers during the Annual Period billed under the portion of the Part A Energy Charge applicable to the first 15,000 kWh per month.

E = Total kW billed to Large Part A Customers during the Annual Period under the portion of the Part A demand charge applicable to the second block (950 kW) of billing demand.

F = Total kW billed to Large Part A Customers during the Annual Period under the portion of the Part A demand charge applicable to the third block (1,500 kW) of billing demand.

G = Total kW billed to Large Part A Customers during the Annual Period under the portion of the Part A demand charge applicable to the fourth block (over 2,500 kW) of billing demand.

4. It shall be Distributor's responsibility to install at its expense any replacement metering facilities necessary to record the billing data referred to in section 2 hereof. In making calculations under section 3 hereof TVA shall exclude any month in which time-differentiated metering facilities adequate to record such billing data were not operating for all of Distributor's Large Part A Customers, except that in the case of a meter failure or other unanticipated event, the parties may agree upon billing amounts estimated from the best information available.

Mr. Glenn E. Irwin
May 5, 1989

5. This agreement shall become effective as of March 2, 1989, and shall continue in effect for the term of the Power Contract or of any renewal or replacement thereof; provided, however, that it shall be terminated without further action of the parties with the effective date of the first change hereafter made in the general power rate schedule in accordance with the paragraph entitled "Change" of the section entitled "Adjustment and Change of Wholesale Rate and Resale Rates" of the Schedule of Terms and Conditions attached to and made a part of the Power Contract.

6. The Power Contract, as amended and supplemented by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties.

7. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom unless the agreement be made with a corporation for its general benefit, nor shall Distributor offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34. Breach of this provision shall constitute a material breach of this agreement.

If this letter satisfactorily sets forth our understandings, please execute three counterparts hereof and return them to the TVA district office. Upon execution by TVA, this letter shall be a binding agreement, and a fully executed counterpart will be returned to you.

Very truly yours,

TENNESSEE VALLEY AUTHORITY

G. Douglas Carver, Manager
Distributor Marketing
and Services

Accepted and agreed to as of
the date first above written.

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

By 
Chairman

W050189
1154L

Example #1
(Calculation Results in Net Credit)

Distributor had 3 large Part A customers and had installed adequate metering equipment for these customers in time to include them in the last 5 months (May through September 1989) of the 1989 Annual Period.

Customer A Special Delivery Point customer with contract demand of 5,000 kW. New customer beginning service in July 1989 (thus included in only 3 months of the Annual Period). Monthly billing demand of 4,600 kW. Monthly measured demand at time of wholesale peak demand of 4,100 kW. Actual stepdown transformer losses of 1.5 percent of measured amounts.

Customer B Contract demand of 2,500 kW. Monthly billing demand of 2,200 kW. Monthly measured demand at time of wholesale peak demand of 1,900 kW.

Customer C Contract demand of 4,000 kW. Operating at 20-percent capacity. Monthly billing demand (ratcheted demand) of 1,200 kW. Monthly measured demand at time of wholesale peak demand of 550 kW.

Aggregate Actual Coincident Demand

$$(4,100 \text{ kW}) \times (3 \text{ months}) \times (1.015) + (1,900 \text{ kW}) \times (5 \text{ months}) \times (1.03) + (550 \text{ kW}) \times (5 \text{ months}) \times (1.03) = 25,102 \text{ kW}$$

Aggregate Expected Coincident Demand

<u>Customer</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>
Customer A	15,000 kWh (3 months)	950 kW (3 months)	1,500 kW (3 months)	2,100 kW (3 months)
Customer B	15,000 kWh (5 months)	950 kW (5 months)	1,200 kW (5 months)	
Customer C	15,000 kWh (5 months)	950 kW (5 months)	200 kW (5 months)	
Total:	195,000 kWh	12,350 kW	11,500 kW	6,300 kW

D = Sum of all monthly energy sales in the 1st 15,000 kWh energy block.

E = Sum of all kW sales in 51-1,000-kW demand block.

F = Sum of all kW sales in 1,001-2,500-kW demand block.

G = Sum of all kW sales in the demand block above 2,500 kW.

Aggregate Expected Coincident Demand:

$$(D / 394) + (E \times 0.76) + (F \times 0.80) + (G \times 0.84) \\ (195,000 / 394) + (12,350 \times 0.76) + (11,500 \times 0.80) + (6,300 \times 0.84) \\ = 495 \text{ kW} + 9,386 \text{ kW} + 9,200 \text{ kW} + 5,292 \text{ kW} = 24,373 \text{ kW}$$

Credit Calculation

$$\text{Coincidence Factor Credit} = (25,102 \text{ kW} - 24,373 \text{ kW}) \times \$10.06/\text{kW} = \$7,333.74$$

Example #2
(Calculation Results in No Credit)

Distributor had 3 large Part A customers and had installed adequate metering equipment for these customers in time to include them in the last 5 months (May through September 1989) of the 1989 Annual Period.

Customer A Contract demand of 4,500 kW. Service terminated after August 1989 (thus included in only 4 months of the Annual Period). Monthly billing demand of 4,300 kW. Monthly measured demand at time of wholesale peak demand of 3,200 kW.

Customer B Contract demand of 2,500 kW. Monthly billing demand of 2,200 kW. Monthly measured demand at time of wholesale peak demand of 1,600 kW.

Customer C Contract demand of 1,300 kW. Monthly billing demand of 1,100 kW during May, July, and September. Monthly measured demand at time of wholesale peak demand of 750 kW. Monthly billing demand of 950 kW during June and August (thus excluded from the credit calculations for those 2 months).

Aggregate Actual Coincident Demand

$$(3,200 \text{ kW}) \times (4 \text{ months}) \times (1.03) + (1,600 \text{ kW}) \times (5 \text{ months}) \times (1.03) + (750 \text{ kW}) \times (3 \text{ months}) \times (1.03) = 23,742 \text{ kW}$$

Aggregate Expected Coincident Demand

<u>Customer</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>
Customer A	15,000 kWh (4 months)	950 kW (4 months)	1,500 kW (4 months)	1,800 kW (4 months)
Customer B	15,000 kWh (5 months)	950 kW (5 months)	1,200 kW (5 months)	
Customer C	15,000 kWh (3 months)	950 kW (3 months)	100 kW (3 months)	
Total:	180,000 kWh	11,400 kW	12,300 kW	7,200 kW

D = Sum of all monthly energy sales in the 1st 15,000 kWh energy block.

E = Sum of all kW sales in 51-1,000-kW demand block.

F = Sum of all kW sales in 1,001-2,500-kW demand block.

G = Sum of all kW sales in the demand block above 2,500 kW.

Aggregate Expected Coincident Demand:

$$(D / 394) + (E \times 0.76) + (F \times 0.80) + (G \times 0.84) \\ (180,000 / 394) + (11,400 \times 0.76) + (12,300 \times 0.80) + (7,200 \times 0.84) \\ = 457 \text{ kW} + 8,664 \text{ kW} + 9,840 \text{ kW} + 6,048 \text{ kW} = 25,009 \text{ kW}$$

Credit Calculation

Coincidence Factor Credit is zero since Aggregate Actual Coincident Demand is less than Aggregate Expected Coincident Demand.

TENNESSEE VALLEY AUTHORITY
Chattanooga, Tennessee 37402-2801

TV-67518A
Supp No. 10

March 1, 1989

Mr. Glenn E. Irwin, Chairman
Board of Public Utilities
Bristol, Tennessee 37620

Dear Mr. Irwin:

This will confirm the arrangements developed between representatives of City of Bristol, Tennessee (hereinafter called "Distributor") and the Tennessee Valley Authority (hereinafter called "TVA") with respect to amending the wholesale power contract dated June 27, 1985 (which contract, as heretofore amended and supplemented, is hereinafter called the "Power Contract"), between the parties as necessary to implement an alternative wholesale rate schedule which provides for calculating on a quarterly (rather than an annual) basis the credits under Adjustment 4 (Hydro Allocation Adjustment) of said schedule.

It is understood and agreed that:

1. The Schedule of Rates and Charges attached to and made a part of the Power Contract contains a wholesale rate schedule therein designated as Schedule WP (October 1986) (hereinafter referred to as the "existing wholesale schedule"). An alternative wholesale schedule, designated Schedule WPA (February 1989) (hereinafter referred to as the "alternative wholesale schedule") is attached hereto. The existing wholesale schedule shall remain in full force and effect for all bills rendered from meter readings taken for TVA monthly billing cycles scheduled to begin before July 2, 1989. The alternative wholesale schedule shall become effective in accordance with the provisions thereof for bills rendered from meter readings taken for TVA monthly billing cycles scheduled to begin on or after said date. (For purposes of this agreement and of the Power Contract, a billing cycle for any month is defined as the complete cycle of meter readings from which an accounting month's sales statistics and revenues are derived.) Commencing with the first application of the alternative wholesale schedule, all references in the Power Contract to the existing wholesale schedule shall be deemed to refer to the alternative wholesale schedule; the existing wholesale schedule shall be deleted from the Power Contract; and the alternative wholesale schedule shall be substituted therefor.

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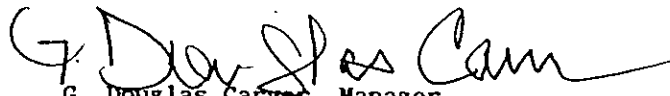
Mr. Glenn E. Irwin
March 1, 1989

2. The Power Contract, including the Schedule of Rates and Charges, as amended and supplemented by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties.

If this letter satisfactorily sets forth our understandings, please execute three counterparts hereof and return them to the TVA district office. Upon execution by TVA, this letter shall be a binding agreement and a fully executed counterpart will be returned to you.


Very truly yours,

TENNESSEE VALLEY AUTHORITY


G. Douglas Carver, Manager
Distributor Marketing
and Services

Accepted and agreed to as of
the date first above written.

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

By 
Chairman

TENNESSEE VALLEY AUTHORITY
SCHEDULE OF RATES AND CHARGES

ALTERNATIVE WHOLESALE POWER RATE--SCHEDULE WPA
(February 1989)

Availability

Firm power available under long-term contracts with, and for distribution and resale by, States, counties, municipalities, and cooperative organizations of citizens or farmers, all referred to herein as "Distributor."

Base Charges

Delivery Point Charge: \$1,500 for one delivery point and
\$2,000 for each additional delivery point per month

Demand Charge: \$8.99 per kW of billing demand per month, plus an hours use of demand component of
0.436 cent per kWh per month of the lesser of (1) the kWh amount computed by multiplying
550 hours by the billing demand or (2) Distributor's energy takings for the month

Energy Charge: 1.861 cents per kWh per month

Adjustments

1. The base demand and energy charges in this rate schedule shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

2. Distributor's bill for each month shall be adjusted by adding to the bill 0 cents per kW and 0.000 cent per kWh for power and energy resold by Distributor in the preceding month to any customer of Distributor which has a billing demand of more than 10,000 kW or which uses more than 5 million kWh (herein referred to as a large load), except that such adjustment shall not apply to any portion of a large load up to the following respective amounts: 10,000 kW plus an amount (not to exceed 20,000 kW) equal to that portion of Distributor's delivery point demand at the TVA delivery point from which such large load is served by Distributor which is in excess of the sum of the billing demands of all large loads served by Distributor from that delivery point; 5 million kWh plus an amount (not to exceed 15 million kWh) equal to that portion of Distributor's purchases of energy at the TVA delivery point from which such large load is served by Distributor which is in excess of the energy resold to all large loads served by Distributor from that delivery point. Such amounts in cents per kW and in cent per kWh may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to compensate for a change in the differential between the base demand and energy charges, as adjusted, under this rate schedule and under the resale rate schedules applicable to large loads, when such change arises out of application of Adjustment Addendums.

3. In any case in which a minimum bill involving a measured demand less than the billing demand is applicable to a customer of Distributor under part B of the General Power Rate Schedule or under part I of Time-of-Day General Power Rate--Schedule TCP, Distributor's bill under this rate schedule shall be adjusted by adding thereto for each such customer 50 percent of the amount by which such applicable minimum bill exceeds an amount computed by applying the appropriate base charges, as adjusted, under part B of the General Power Rate Schedule or under part I of Time-of-Day General Power Rate--Schedule TCP to the measured demand and energy taken by such customer. Such measured demand for any month shall be the highest average during any 30-consecutive-minute period of the month of the load measured in kW.

In any case in which a minimum bill involving a measured demand less than the billing demand is applicable to a customer of Distributor under part C of the General Power Rate Schedule or under part II of Time-of-Day General Power Rate--Schedule TCP, Distributor's bill under this rate schedule shall be adjusted by adding thereto for each such customer 75 percent of the amount by which such applicable minimum bill exceeds an amount computed by applying the appropriate base charges, as adjusted, under part C of the General Power Rate Schedule or under part II of Time-of-Day General Power Rate--Schedule TCP to the measured demand and energy taken by such customer. Such measured demand for any month shall be the highest average during any 30-consecutive-minute period of the month of the load measured in kW.

If a customer of Distributor fails to pay any minimum bill obligations (involving a measured demand less than the billing demand) arising under part B or C of the General Power Rate Schedule or under part I or II of Time-of-Day General Power Rate--Schedule TCP, Distributor shall promptly so notify TVA in writing. Within 90 days after the date on which a customer becomes past due in making payment on any such minimum bill obligations, Distributor, after consultation with TVA, shall institute litigation to enforce payment of the minimum bill obligations. To the extent determined by TVA to be appropriate, TVA will assist Distributor in such efforts. Upon failure of Distributor to do so, TVA may institute such litigation in the name of Distributor, or in the name of TVA, or in the name of both, and any actions taken by TVA in connection with such litigation shall be binding on Distributor.

For all bills rendered under this rate schedule after the initiation of any such litigation, the amounts applicable under this Adjustment 3 as a result of service to a customer being sued shall continue to accrue but shall not become payable by Distributor until collections are being made from the customer. If all legal remedies are pursued and less than full recovery is realized, Distributor's payment obligations to TVA on the amounts which accrue under this Adjustment 3 shall be limited to 50 percent of the amount recovered from a customer referred to in the first paragraph of this Adjustment 3 and to 75 percent of the amount recovered from a customer referred to in the second paragraph of this Adjustment 3. If all legal remedies are pursued by Distributor, Distributor's payment obligations to TVA on the amounts which accrue under this Adjustment 3 shall be reduced (a) by 50 percent of the costs (not recovered from the customer) reasonably incurred by Distributor in the prosecution of such litigation with respect to a customer referred to in the first paragraph of this Adjustment 3, and (b) by 75 percent of the costs (not recovered from the customer) reasonably incurred by Distributor in the prosecution of such litigation with respect to a customer referred to in the second paragraph of this Adjustment 3. Notwithstanding any other provision of this Adjustment 3, in the event litigation was brought by TVA under the preceding paragraph, unless otherwise agreed by TVA and Distributor, all costs (including personnel costs of attorneys and all other employees engaged in the prosecution of such litigation) incurred by TVA in its collection efforts shall be reimbursed to TVA from the portion of any amounts recovered that Distributor would otherwise be entitled to receive or retain.

4. Distributor's bill for each month shall be adjusted by applying the net of the following calculation:
(1) subtract 0.589 cent per kWh for one-third of the energy resold during the second preceding quarter by Distributor to customers entitled to service under residential rate schedules, exclusive of any energy resold to any such customer in any month in excess of 2,000 kWh, (2) subtract 4.00 dollars per customer for one-third of the sum for the second preceding quarter of the number of residential customers served by Distributor in each month, (3) add 0.500 cent per kWh

for one-third of the energy resold during the second preceding quarter by Distributor under (a) part A of the General Power Rate Schedule, (b) the time-of-day general power rate schedules applicable to loads of 5,000 kW or less, and (c) the Outdoor Lighting Rate Schedule, and (4) add (with respect to power and energy resold by Distributor to customers under parts B and C of the General Power Rate Schedule and under Time-of-Day General Power Rate--Schedule TGP) (a) 0.158 cent per kWh for one-third of all such energy resold during the second preceding quarter by Distributor and (b) 0.75 dollar per kW for one-third of the sum for the second preceding quarter of the billing demands of all such customers (for purposes of the calculation with respect to customers served under said Schedule TGP, the term "billing demands" shall mean the higher of the onpeak or offpeak billing demands). The adjustment applied under the preceding sentence (hereinafter referred to as the "Hydro Allocation Adjustment") shall remain constant during each quarterly period (beginning October 2, January 2, April 2, and July 2); provided, however, that the dollar and cent amounts specified above may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to appropriately reflect changes in the unit value of the hydro generation benefits allocated to residential customers, and in such event the Hydro Allocation Adjustment shall be recomputed and applied accordingly; and provided further, that the amounts in cent per kWh and dollar per kW applicable under (4) above will be increased by an additional 0.0115 cent and 0.055 dollar, respectively, effective with the effective date of each of the next eight Adjustment Addendums published by TVA after October 1986 (TVA will make corresponding increases of 0.0115 cent and 0.055 dollar for the base energy and demand charges applicable for customers served under part B of the General Power Rate Schedule and under part I of Time-of-Day General Power Rate--Schedule TGP).

Effective January 2, April 2, July 2, and October 2 of each year, the Hydro Allocation Adjustment shall be recomputed to take account of changed sales and customer account data and applied accordingly; and in performing such computations, the 3-month periods ending the preceding September 30, December 31, March 31, and June 30, respectively, shall be used.

5. Distributor's bill for each month shall be adjusted by adding thereto the amount, if any, by which (1) one-twelfth of the amount computed by multiplying \$7.89 by the kW difference between (a) the sum of the monthly delivery point demands for the 12-month period ending September 30, 1985, for all delivery points to Distributor and (b) the sum of the highest monthly simultaneous demands for the 12-month period ending September 30, 1985, for all delivery points to Distributor exceeds (2) the amount computed by multiplying \$500 by the number of delivery points (as of September 30, 1985) to Distributor in excess of one. For purposes of this Adjustment 5, the simultaneous demand for any 60-consecutive-minute period of any month shall be the sum of the average demands measured in kW during such period for all delivery points to Distributor. (In the event that Distributor served any general power customer with a contract demand greater than 5,000 kW during said 12-month period, for any month in which that load's contribution to Distributor's highest simultaneous demand was less than that load's contribution to the delivery point demand at the delivery point through which that load was served, said contributions shall be deducted from the simultaneous demand and delivery point demand, respectively, for purposes of computing the amount applicable under this Adjustment 5.) The monthly adjustment provided for hereunder shall remain constant except that the amount of the adjustment shall be reduced to reflect the elimination after September 30, 1985, of any delivery point to Distributor pursuant to an agreement between Distributor and TVA.

Determination of Demands

Distributor's system demand shall be determined on a simultaneous basis. For any 60-consecutive-minute period of the month the system demand shall be the sum of the average demands measured in kW in such period for all delivery points to Distributor, and the highest such system demand for any month shall be the billing demand for the month, except that no such system demand shall be considered for purposes of determining the billing demand for any month if it occurred within the three calendar days following the previous month's highest system demand. (The delivery point demand, which shall be the highest average during any 60-consecutive-minute period in a month of the load measured in kW for any delivery point to Distributor, shall be used for certain computations under this rate schedule.)

Facilities Rental

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 Distributor's bill a facilities rental charge. This charge shall be 34 cents per kW per month, except for delivery at voltages below 46 kV, in which case the charge shall be 89 cents per kW per month for the first 10,000 kW and 69 cents per kW per month for the excess over 10,000 kW. For each delivery point, such charge shall be applied to the higher of (1) the highest delivery point demand established at the delivery point during the latest 12-consecutive-month period or (2) the sum of the currently effective contract demands for all customers which are served by Distributor under parts B and C of the General Power Rate Schedule and under Time-of-Day General Power Rate--Schedule TGP with power and energy taken from such point (for purposes of the calculation with respect to customers served under said Schedule TGP, the term "contract demands" shall mean the higher of the onpeak or offpeak contract demands). Such charge shall be in addition to all other charges under this rate schedule, including minimum bill charges, and such amounts in cents per kW may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to reflect changes in the costs of providing for delivery at voltage levels below 161 kV.

Reactive Demand Charges

For each delivery point, if the reactive demand (in kVAR) is lagging during the 60-consecutive-minute period of the month in which the delivery point demand occurs, there shall be added to Distributor's bill a reactive charge of 78 cents per kVAR of the amount, if any, by which the reactive demand exceeds (a) 40 percent of the delivery point demand for bills rendered from meter readings taken for TVA monthly billing cycles scheduled to begin prior to October 2, 1989, and (b) 33 percent of the delivery point demand for bills rendered from meter readings taken for TVA monthly billing cycles scheduled to begin on or after October 2, 1989. If the reactive demand (in kVAR) at a delivery point is leading during the 60-consecutive-minute period of the month in which the lowest kW demand (excluding any measured demands which are less than 25 percent of the delivery point demand) occurs, there shall be added to Distributor's bill a reactive charge of 33 cents 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, and such amounts in cents per kVAR may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to reflect changes in the costs of providing reactive power.

Minimum Bill

The monthly bill, exclusive of (a) Adjustments 2, 4, and 5, (b) any applicable facilities rental charges, and (c) any reactive charges, shall not be less than the higher of (1) the base delivery point charge or (2) 70 percent of the sum of (a) the highest billing demand established during the previous 36 months multiplied by the base demand charge, as adjusted (but excluding the hours use of demand component), and (b) the cents-per-kWh charge of the hours use of demand component, as adjusted, applied to the lesser of (i) 550 hours multiplied by said highest billing demand or (ii) Distributor's energy takings for the month in which said highest billing demand occurred; provided, however, that a special minimum bill may be applied for any delivery point through which more than 75 percent of the energy taken by Distributor is resold to general power customers with demands of 50 kW or more.

TENNESSEE VALLEY AUTHORITY
Chattanooga, Tennessee 37402-2801

October 1, 1989

TV-67518A
Supp No. 11

Mr. Glenn E. Irwin, Chairman
Board of Public Utilities
Bristol, Tennessee 37620

Dear Mr. Irwin:

This will confirm the arrangements developed between representatives of City of Bristol, Tennessee (hereinafter called "Distributor") and the Tennessee Valley Authority (hereinafter called "TVA") with respect to amending the wholesale power contract dated June 27, 1985 (which contract, as heretofore amended, is hereinafter called the "Power Contract"), between TVA and Distributor to cover arrangements for Distributor and TVA to participate in a program (hereinafter called "Program") under which eligible new and expanding general power customers of Distributor may receive credits against their electric bills.

It is understood and agreed that:

1. Distributor shall inform each of its general power customers that meets the eligibility requirements for participation as set forth in Exhibit A, attached hereto and hereby made a part hereof, about the Program. In the event that a particular customer is not clearly eligible, the Operating Representatives of the parties shall make a joint determination about such customer's eligibility.

Distributor shall enter into an agreement (hereinafter called "Participation Agreement") with each eligible customer that wishes to participate in the Program. For a customer that qualifies as a new customer (hereinafter called "New Customer") under paragraph A of Exhibit A, such agreement shall be in the form of Exhibit B attached hereto. For a customer that qualifies as an expansion customer (hereinafter called "Expansion Customer") under paragraph B of Exhibit A, such agreement shall be in the form of Exhibit C attached hereto. Exhibits B and C are hereby made a part of this agreement. Distributor shall conduct the Program in strict accordance with the provisions hereof and of the Participation Agreement; provided, however, that the Operating Representatives may agree upon a revised Participation Agreement in a case where use of Exhibit B or C is inappropriate. (Separate contractual arrangements shall be made for a qualifying nonfirm power customer or for an Expansion Customer that is combining delivery points in connection with expansion of its load.)

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Mr. Glenn E. Irwin
October 1, 1989

2. It is recognized that under the Participation Agreement customers may receive credit amounts that include a component based on the number of employees hired by the customer in connection with the new load. Accordingly, on or as soon as practicable after the effective date of each Participation Agreement, Distributor shall obtain from the customer an initial notarized statement certifying the number of full-time employees the customer anticipates will be employed at the end of the 6-month period following such effective date. At the end of said 6-month period, and every 6 months thereafter, Distributor shall obtain from the customer a notarized statement certifying the actual number of full-time employees then employed in connection with the new load. Said initial notarized statement shall be in the form of Attachment A to the applicable Participation Agreement and subsequent notarized statements shall be in the form of Attachment B to the applicable Participation Agreement.

Distributor shall furnish to TVA a copy of each Participation Agreement entered into, the corresponding power supply contract (including any amendments thereto), and each notarized statement received.

3. Distributor shall apply a credit (a) to the electric bill of each New Customer for each month such customer's measured demand exceeds 1,000 kW and (b) to the electric bill of each Expansion Customer for each month such customer's measured demand exceeds 1,000 kW and is also at least 250 kW greater than an amount equal to the higher of (i) the customer's highest contract demand during the 12-consecutive-month period immediately preceding the effective date of the Participation Agreement or (ii) the highest measured demand established on or after October 1, 1988, up to the effective date of the Participation Agreement. For purposes of this agreement, for customers with contract demands above 5,000 kW, the term "measured demand" shall be deemed to refer to the highest average during any 30-consecutive-minute period of the month of the load measured in kW; for customers with contract demands of 5,000 kW or less, the term "measured demand" shall be deemed to refer to the highest average during any 30-consecutive-minute period of the month of the higher of the load measured in kW or 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA. The amount of the credit shall be determined each month in accordance with the provisions of the applicable Participation Agreement, including the attachments thereto. It is understood that no credit will be applied to any bills rendered from meter readings taken after September 30, 1995.

Mr. Glenn E. Irwin
October 1, 1989

4. Distributor shall submit to TVA a monthly report (in a form furnished or approved by TVA) showing for each New and Expansion Customer the customer's measured demand and the amount of the credit applied during that month pursuant to section 3 hereof, together with such other information as may be required by TVA. Following receipt and verification of said information, TVA shall apply a credit to Distributor's wholesale power bill equal to 110 percent of the total credits appropriately applied by Distributor during that month. In the event that information becomes available which indicates that the credit amounts were incorrectly applied to a customer's bill for any reason (including but not limited to a difference between projected and actual employment levels), Distributor shall make an appropriate adjustment to the customer's bill and TVA shall make a corresponding adjustment to Distributor's wholesale power bill. In the event that it is determined that the customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information on an employment certification form, Distributor shall, if so requested by TVA, terminate the payment of any further credits to that customer.

5. The section of the Power Contract entitled "Term of Contract" is hereby amended by deleting the first sentence thereof and substituting therefor the following:

This contract shall become effective as of June 30, 1985, and shall continue in effect for an initial term of 20 years from said effective date; provided, however, that beginning on the tenth anniversary of said effective date, and on each subsequent anniversary thereof (whether falling during said initial term or any renewal term as provided for herein), this contract shall be extended automatically without further action of the parties for an additional 1-year renewal term beyond its then-existing time of expiration. Notwithstanding any other provision of this section, either party may terminate this contract at any time upon not less than 10 years' prior written notice.

Mr. Glenn E. Irwin
October 1, 1989

6. Except as otherwise provided herein, this agreement shall become effective as of October 1, 1989, and shall continue in effect until all of the obligations of the parties hereto have been fulfilled; provided, however, that in the event that (a) the cumulative total of the contract demands (including subsequent increases) of New Customers and contract demand increases of Expansion Customers covered under the Program (including New and Expansion Customers served directly by TVA) equals or exceeds 500,000 kW or (b) TVA determines, in its sole judgment, that its ability to supply its then-existing loads is threatened, TVA shall have the right, by written notice to Distributor, to suspend additional entry into the Program. Effective immediately upon receipt of such notice, (i) Distributor shall enter into no new Participation Agreements, and (ii) for purposes of determining credit amounts for customers with a Participation Agreement in effect, no contract demand increase which takes effect after receipt of such notice shall be recognized for purposes of determining credit amounts under the Participation Agreement; provided, however, that such notice of suspension shall not otherwise limit application of credit amounts under then-existing Participation Agreements.

7. TVA's Operating Representative for administration of this agreement shall be the Senior Vice President, Power, or a designee. Distributor's Operating Representative for administration of this agreement shall be the manager of its electric system or a designee. Subject to the provisions of this agreement, the Power Contract, and any applicable law, the Operating Representatives shall be authorized to agree upon such incidental administrative arrangements as are appropriate for the efficient and expeditious implementation of this agreement.

8. The Power Contract, as amended and supplemented by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties.

9. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom unless the agreement be made with a corporation for its general benefit, nor shall Distributor offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34. Breach of this provision shall constitute a material breach of this agreement.

Mr. Glenn E. Irwin
October 1, 1989

If this letter satisfactorily sets forth our understandings, please execute three counterparts hereof and return them to the TVA district office. Upon execution by TVA, this letter shall be a binding agreement, and a fully executed counterpart will be returned to you.

Very truly yours,

TENNESSEE VALLEY AUTHORITY

G. Douglas Carver

G. Douglas Carver, Manager
Distributor Marketing
and Services

Accepted and agreed to as of
the date first above written.

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

By *Glenn E. Irwin*
Chairman

K10 900824 571

June 22, 1990

RETAIL RATE SCHEDULE SUBSTITUTION AGREEMENT

TV-67518A
Supp No. 12

between TENNESSEE VALLEY AUTHORITY and

CITY OF BRISTOL, TENNESSEE
(hereinafter called "Distributor")

Distributor hereby requests the Tennessee Valley Authority to approve the substitution of the new rate schedules specified in (a) below, copies of which are attached hereto and are made a part hereof, for the rate schedules specified in (b) below, which are now in effect under provisions of the Power Contract dated June 27, 19 85, between the Tennessee Valley Authority and Distributor. This substitution is to be effective for bills rendered from meter readings taken for Distributor's monthly billing cycles scheduled to begin on or after June 2, 19 90.

(a) New rate schedules:

Residential Rate--Schedule RP-7
General Power Rate--Schedule GP-7
Time-of-Day Seasonal Power Rate--Schedule SPT-7

(b) Existing rate schedules:

Residential Rate--Schedule RP-8
General Power Rate--Schedule GP-8
Time-of-Day Seasonal Power Rate--Schedule SPT-8

It is understood that, upon execution of this agreement by Distributor and the Tennessee Valley Authority, all references in said Power Contract to any or all of the existing rate schedules specified in (b) above, or to any predecessor schedules, shall be deemed to refer to the appropriate new rate schedules specified in (a) above.

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

By [Signature]
Chairman

Rate schedule substitution
agreed to as of the date
first above written.

TENNESSEE VALLEY AUTHORITY

By [Signature]
Manager of Distributor
Marketing and Services

RESIDENTIAL RATE--SCHEDULE RP-7
(October 1986)

Availability

This rate shall apply only to electric service to a single-family dwelling (including its appurtenances if served through the same meter), where the major use of electricity is for domestic purposes such as lighting, household appliances, and the personal comfort and convenience of those residing therein.

Character of Service

Alternating current, single-phase, 60 hertz. Power shall be delivered at a service voltage available in the vicinity or agreed to by Distributor. Multi-phase service shall be supplied in accordance with Distributor's standard policy.

Base Charges

Customer Charge: \$2.15 per month

Energy Charge: First 2,000 kWh per month at 4.622 cents per kWh
Additional " " " " 5.211 " " kWh

Adjustment

The base energy charge shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

Minimum Monthly Bill

The base customer charge constitutes the minimum monthly bill for all customers served under this rate schedule except those customers for which a higher minimum monthly bill is required under Distributor's standard policy because of special circumstances affecting Distributor's cost of rendering service.

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 Distributor'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.

Service is subject to Rules and Regulations of Distributor.

GENERAL POWER RATE--SCHEDULE GP-7
(October 1986)

Availability

This rate shall apply to the firm power requirements for electric service to commercial, industrial, and governmental customers; institutional customers including, without limitation, churches, clubs, fraternities, orphanages, nursing homes, rooming or boarding houses, and like customers; and other customers except those to whom service is available under other resale rate schedules.

Character of Service

Alternating current, single or three-phase, 60 hertz. Under A below, power shall be delivered at a service voltage available in the vicinity or agreed to by Distributor. Under B and C below, 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

- A. If the customer's contract demand is 5,000 kW or less or if the customer has no contract demand:

Customer Charge: \$7.15 per delivery point per month

Demand Charge: First 50 kW of billing demand per month, no demand charge

Next 950 kW of billing demand per month, at \$7.10 per kW

Next 1,500 kW of billing demand per month, at \$7.47 per kW

Excess over 2,500 kW of billing demand per month, at \$7.85 per kW, plus an additional

\$7.85 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds the higher of 2,500 kW or its contract demand

Energy Charge: First 15,000 kWh per month at 5.353 cents per kWh
Additional kWh per month at 2.853 cents per kWh

- B. If the customer's contract demand is greater than 5,000 kW but not more than 25,000 kW:

Customer Charge: \$1,500 per delivery point per month

Demand Charge: \$9.29 per kW of billing demand per month, plus an hours use of demand component of

0.436 cent per kWh per month of the lesser of (1) the amount computed by multiplying 620 hours by the customer's billing demand or (2) the customer's energy takings for the month, plus an additional

\$9.29 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds its contract demand

Energy Charge: 2.075 cents per kWh per month

- C. If the customer's contract demand is greater than 25,000 kW:

Customer Charge: \$1,500 per delivery point per month

Demand Charge: \$10.66 per kW of billing demand per month, plus an additional

\$10.66 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds its contract demand

Energy Charge: 2.052 cents per kWh per month

Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

Facilities Rental Charge Applicable Under B and C Above

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 34 cents per kW per month except for delivery at voltages below 46 kV, in which case the charge shall be 89 cents per kW per month for the first 10,000 kW and 69 cents 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 contract demand and shall be in addition to all other charges under this rate schedule, including minimum bill charges. Such amounts in cents per kW may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to reflect changes in the costs of providing for delivery at voltage levels below 161 kV.

Reactive Demand Charges Applicable Under B and C Above

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period of the month in which the customer's highest measured demand occurs, there shall be added to the customer's bill a reactive charge of 78 cents per kVAR of the amount, if any, by which the reactive demand exceeds (a) 40 percent of such measured demand for bills rendered from meter readings taken for Distributor's monthly billing cycles scheduled to begin prior to October 2, 1989, and (b) 33 percent of such measured demand for bills rendered from meter readings taken for Distributor's monthly

billing cycles scheduled to begin on or after October 2, 1989. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period of the month in which the customer's lowest measured demand (excluding any measured demands which are less than 25 percent of the highest measured demand) occurs, there shall be added to the customer's bill a reactive charge of 33 cents 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, and such amounts in cents per kVAR may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to reflect changes in the costs of providing reactive power.

Determination of Demand

Distributor shall measure the demands in kW of all customers having loads in excess of 50 kW. Under A above, the demand for any month shall be the higher of the highest average during any 30-consecutive-minute period of the month of (a) the load measured in kW or (b) 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA, and such amount shall be used as the billing demand. Under B and C above, the demand for any month shall be the highest average during any 30-consecutive-minute period of the month of the load measured in kW, and such amount shall be used as the billing demand, except that the billing demand for any month 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 contract demand or the highest billing demand established during the preceding 12 months.

Minimum Bill

The monthly bill under A above shall not be less than the higher of (1) the sum of (a) the base customer charge, (b) the base demand charge, as adjusted, applied to 30 percent of the higher of the currently effective contract demand or the highest billing demand established during the preceding 12 months, and (c) the base energy charge, as adjusted, applied to the customer's energy takings or (2) the sum of (a) the base customer charge and (b) 20 percent of the portion of the base demand charge, as adjusted, applicable to the second block (950 kW) of billing demand, multiplied by the higher of the customer's currently effective contract demand or its highest billing demand established during the preceding 12 months.

The monthly bill under B and C above, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the base demand charge, as adjusted (but excluding the additional portion thereof applicable to excess of billing demand over contract demand and excluding, under B above only, the hours use of demand component) applied to the customer's billing demand, (3) under B above only, the hours use of demand component of the base demand charge, as adjusted, applied to the first 620 hours use of the billing demand, and (4) the base energy charge, as adjusted, applied to the customer's energy takings.

Distributor may require minimum bills higher than those stated above.

Seasonal Service

Customers who contract for service on a seasonal basis shall be limited to 2,500 kW and shall pay the above charges, as adjusted, plus an additional seasonal use charge equal to the sum of 1.33 cents per kWh for the first 15,000 kWh per month and \$4.00 per kW per month of billing demand in excess of 50 kW. Consistent with Distributor's standard policy, the customer may arrange for seasonal testing of equipment during offpeak hours.

For such customers, the minimum bill provided for above shall not apply. Distributor may require additional charges to provide recovery of costs for customer-specific distribution facilities.

Contract Requirement

Distributor may require contracts for all service provided under this rate schedule. Customers whose demand requirements exceed 50 kW shall be required to execute contracts and such contracts shall be for an initial term of at least one year. If the customer's demand requirements are in excess of 5,000 kW, the contract shall be for an initial term of at least five years and any renewals or extensions of the initial contract shall be for a term of at least one year; after 10 years of service, any such contract for the renewal or extension of service may provide for termination upon not less than four months' notice. If the customer's demand requirements are in excess of 25,000 kW, the contract shall be for an initial term of at least five years and any renewals or extensions of the initial contract shall be for a term of at least five 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 Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor 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 Distributor 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 Distributor'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.

TIME-OF-DAY SEASONAL POWER RATE--SCHEDULE SPT-7
(October 1986)

Availability

This rate shall be available for the firm power requirements of any customer taking service on a seasonal basis with power requirements of 2,500 kW or less for which service would otherwise be available under Distributor's General Power Rate Schedule, provided that the other conditions of this section are met, and provided further, that Distributor has elected to make it available under standard policy. Service under this rate schedule is for a term of not less than one year.

For a customer requesting that its onpeak contract demand be different from its offpeak contract demand, this rate 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 service voltage available in the vicinity or agreed to by Distributor.

Base Charges

- I. If the higher of the customer's onpeak or offpeak billing demand and the higher of its onpeak or offpeak contract demand, if any, are each 50 kW or less:

Customer Charge: \$12.15 per delivery point per month

Demand Charge: None

Energy Charge: 8.558 cents per kWh per month for all onpeak kWh

3.110 cents per kWh per month for all offpeak kWh

Seasonal Use Charge: 1.330 cents per kWh per month for the first 15,000 kWh

- II. If the customer's onpeak or offpeak billing demand or its onpeak or offpeak contract demand exceeds 50 kW:

Customer Charge: \$12.15 per delivery point per month

Distribution Capacity Charge: \$1.24 per kW per month of the higher of the customer's onpeak billing demand or offpeak billing demand

Seasonal Use Charge: \$4.00 per kW per month of the higher of the customer's onpeak billing demand or offpeak billing demand

Demand Charge: First 1,000 kW of the customer's onpeak billing demand per month, at \$5.86 per kW

Excess over 1,000 kW of the customer's onpeak billing demand per month, at \$6.23 per kW, plus

\$2.00 per month for each kW, if any, of the amount by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus an additional

\$6.23 per kW per month for each kW, if any, of the amount by which the customer's onpeak or offpeak billing demand, whichever is higher, exceeds 2,500 kW

Energy Charge: 3.731 cents per kWh per month for all onpeak kWh

2.358 cents per kWh per month for all offpeak kWh

Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

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 10 a.m. to 10 p.m. during calendar months of May through September and from 6 a.m. to 12 noon and from 4 p.m. to 10 p.m. during all other calendar months. 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. The onpeak and offpeak hours under this rate schedule are subject to change by TVA. In the event TVA determines that such changed onpeak and offpeak hours are appropriate, it shall so notify Distributor at least 12 months prior to the effective date of such changed hours, and Distributor shall promptly notify customer.

Determination of Onpeak and Offpeak Demands 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.

Distributor shall measure the onpeak and offpeak demands in kW of all customers taking service under this rate schedule. The onpeak demand and the offpeak 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 higher of the highest average during any 30-consecutive-minute period of the month during such hours of (a) the load measured in kW or (b) 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA, and such amounts shall be used as the onpeak and offpeak billing demands.

Minimum Bill

No minimum bill shall apply except that Distributor may require additional charges to ensure recovery of costs for customer-specific distribution facilities.

Contract Requirement

Distributor may require contracts for all service provided under this rate schedule. Customers whose demand requirements exceed 50 kW shall be required to execute contracts and such contracts shall be for an initial term of at least one year. The customer shall contract for its maximum requirements and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor 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 Distributor and TVA.

After having received service for at least one year under this rate schedule, the customer, subject to appropriate amendments in its power contract with Distributor, may receive service under the General Power Rate Schedule. In such case the term of the power contract shall remain the same and the contract demand for service under the General Power Rate Schedule shall not be less than the onpeak contract demand in effect when service was taken under this rate schedule.

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 Distributor'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 Distributor. Consistent with Distributor's standard policy, the customer may arrange for seasonal testing of equipment during offpeak hours.

TENNESSEE VALLEY AUTHORITY
Chattanooga, Tennessee 37402-2801

TV-67518A
Supp No. 13

September 1, 1990

Mr. Glenn E. Irwin, Chairman
Board of Public Utilities
Bristol, Tennessee 37620

Dear Mr. Irwin:

This will confirm the arrangements developed between representatives of City of Bristol, Tennessee (hereinafter called "Distributor"), and the Tennessee Valley Authority (hereinafter called "TVA") with respect to amending the wholesale power contract dated June 27, 1985 (which contract as heretofore amended and supplemented is hereinafter called the "Power Contract"), between the parties to implement certain revisions with respect to service to industrial loads.

It is understood and agreed that:

1. Section 2 of the Power Contract is hereby amended by deleting the second sentence of subsection (b) thereof and inserting in lieu thereof the following:

TVA shall be entitled to serve directly any consumer to whom said resale rate schedules are not applicable, any Federal installations excepting those with loads less than 5,000 kilowatts served from a general delivery point, and, except as otherwise provided hereinbelow, any consumer whose base energy amount (determined as provided in the sentence next following) in any month is more than the sum of (i) 10 million kilowatthours plus (ii) the amount determined by multiplying 1,250 kilowatthours times the number of residential consumers, if any, that were being served by Municipality as of the preceding June 30 with energy received from TVA at the delivery point through which Municipality would receive the energy for such consumer if it were served by Municipality. For purposes of this subsection (b), a consumer's base energy amount for a month shall be the lesser of (i) the average of said consumer's monthly energy use in kilowatthours during the latest 12-consecutive-month period or (ii) 547.5 hours multiplied by the average of the highest monthly demand established by said consumer in each month of said period (with each such highest monthly demand being determined by taking the highest average during any 30-consecutive-minute period of each month of the

Mr. Glenn E. Irwin
September 1, 1990

load measured in kilowatts). (For a consumer with less than 12 months of service, said monthly energy use and average of the highest monthly demands shall be determined from the actual months of service.) Notwithstanding any of the above provisions, once — service to any consumer is transferred from one party to the other party hereunder, the party transferring service to the other shall not be entitled to have such service transferred back to it until 12 months after the effective date of such transfer.

2. In the event a consumer is transferred from Distributor to TVA pursuant to section 2(b) of the Power Contract, beginning with the first month of service by TVA and continuing for 48 consecutive months thereafter, TVA shall credit Distributor's monthly wholesale power bill by an amount equal to the product of (a) the average of the highest monthly demand (determined by taking the highest average during any 30-consecutive-minute period of the month of the load measured in kW) established by said consumer in each of the 12 months immediately prior to service being transferred to TVA, not to exceed 40,000 kW (or if the consumer was served by Distributor for a period of less than 12 months, said average monthly demand shall be determined from the actual months of service by Distributor), multiplied by (b) the applicable credit amount (determined as provided in the final sentence of this section 2); provided, however, that said credit shall automatically terminate effective with the date, whichever first occurs, on which (A) contractual arrangements for service to the consumer either expire or are terminated (without being renewed or replaced) or (B) Distributor resumes service to the consumer pursuant to section 2(b) of the Power Contract. With respect to any transferred consumer, the applicable credit amount under (b) above shall be (1) 32 cents per kW for the first 12 consecutive months; (2) 24 cents per kW for the next 12 consecutive months; (3) 16 cents per kW for the next 12 consecutive months; and (4) 8 cents per kW for the next 12 consecutive months.

3. For purposes of calculating each month the charges for power and energy supplied by TVA to Distributor under the Power Contract in accordance with the then-effective wholesale power rate schedule, commencing with the transfer of a consumer from Distributor to TVA pursuant to section 2(b) of the Power Contract, appropriate adjustments shall be made in Distributor's wholesale bill with respect to the Hydro Allocation Adjustment and any wholesale facilities rental charges to remove any continuing effects of Distributor having served said consumer prior to the transfer.

4. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom unless the agreement be made with a corporation for its general benefit, nor shall Distributor offer or give, directly or indirectly, to any officer, employee, special

Mr. Glenn E. Irwin
September 1, 1990

Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34. Breach of this provision shall constitute a material breach of this agreement.

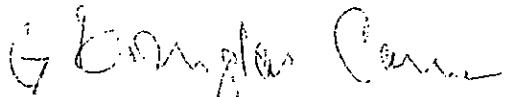
5. This agreement shall become effective as of the date first above written and shall continue in effect for the term of the Power Contract.

6. The Power Contract, as amended and supplemented by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties.

If this letter satisfactorily sets forth our understandings, please execute three counterparts hereof and return them to the TVA district office. Upon execution by TVA, this letter shall be a binding agreement, and a fully executed counterpart will be returned to you.

Very truly yours,

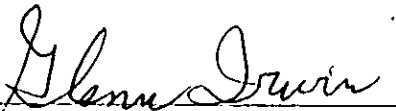
TENNESSEE VALLEY AUTHORITY



G. Douglas Carver, Manager
Distributor Marketing
and Services

Accepted and agreed to as of
the date first above written.

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

By 
Chairman

December 20, 1990

RETAIL RATE SCHEDULE SUBSTITUTION AGREEMENT

TV-67518A
Supp No. 14

between TENNESSEE VALLEY AUTHORITY and

CITY OF BRISTOL, TENNESSEE
(hereinafter called "Distributor")

Distributor hereby requests the Tennessee Valley Authority to approve the substitution of the new rate schedules specified in (a) below, copies of which are attached hereto and are made a part hereof, for the rate schedules specified in (b) below, which are now in effect under provisions of the Power Contract dated June 27, 1985, between the Tennessee Valley Authority and Distributor. This substitution is to be effective for bills rendered from meter readings taken for Distributor's monthly billing cycles scheduled to begin on or after January 2, 1991.

(a) New rate schedules:

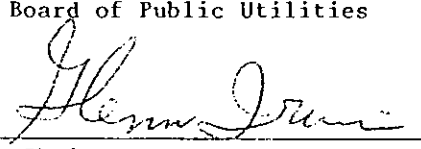
Residential Rate--Schedule RP-6
General Power Rate--Schedule GP-6
Time-of-Day Seasonal Power Rate--Schedule SPT-6

(b) Existing rate schedules:

Residential Rate--Schedule RP-7
General Power Rate--Schedule GP-7
Time-of-Day Seasonal Power Rate--Schedule SPT-7

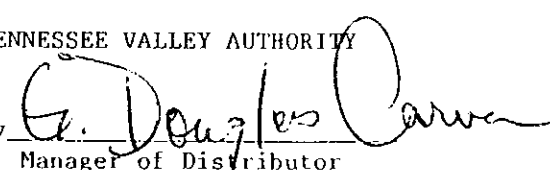
It is understood that, upon execution of this agreement by Distributor and the Tennessee Valley Authority, all references in said Power Contract to any or all of the existing rate schedules specified in (b) above, or to any predecessor schedules, shall be deemed to refer to the appropriate new rate schedules specified in (a) above.

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

By 
Chairman

Rate schedule substitution
agreed to as of the date
first above written.

TENNESSEE VALLEY AUTHORITY

By 
Manager of Distributor
Marketing and Services

RESIDENTIAL RATE--SCHEDULE RP-6
(October 1986)

Availability

This rate shall apply only to electric service to a single-family dwelling (including its appurtenances if served through the same meter), where the major use of electricity is for domestic purposes such as lighting, household appliances, and the personal comfort and convenience of those residing therein.

Character of Service

Alternating current, single-phase, 60 hertz. Power shall be delivered at a service voltage available in the vicinity or agreed to by Distributor. Multi-phase service shall be supplied in accordance with Distributor's standard policy.

Base Charges

Customer Charge: \$1.95 per month

Energy Charge: First 2,000 kWh per month at 4.586 cents per kWh
Additional " " " " 5.175 " " kWh

Adjustment

The base energy charge shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

Minimum Monthly Bill

The base customer charge constitutes the minimum monthly bill for all customers served under this rate schedule except those customers for which a higher minimum monthly bill is required under Distributor's standard policy because of special circumstances affecting Distributor's cost of rendering service.

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 Distributor'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.

Service is subject to Rules and Regulations of Distributor.

GENERAL POWER RATE--SCHEDULE GP-6
(October 1986)

Availability

This rate shall apply to the firm power requirements for electric service to commercial, industrial, and governmental customers; institutional customers including, without limitation, churches, clubs, fraternities, orphanages, nursing homes, rooming or boarding houses, and like customers; and other customers except those to whom service is available under other resale rate schedules.

Character of Service

Alternating current, single or three-phase, 60 hertz. Under A below, power shall be delivered at a service voltage available in the vicinity or agreed to by Distributor. Under B and C below, 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

- A. If the customer's contract demand is 5,000 kW or less or if the customer has no contract demand:

Customer Charge: \$6.95 per delivery point per month

Demand Charge: First 50 kW of billing demand per month, no demand charge

Next 950 kW of billing demand per month, at \$6.92 per kW

Next 1,500 kW of billing demand per month, at \$7.29 per kW

Excess over 2,500 kW of billing demand per month, at \$7.67 per kW, plus an additional

\$7.67 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds the higher of 2,500 kW or its contract demand

Energy Charge: First 15,000 kWh per month at 5.299 cents per kWh

Additional kWh per month at 2.851 cents per kWh

- B. If the customer's contract demand is greater than 5,000 kW but not more than 25,000 kW:

Customer Charge: \$1,500 per delivery point per month

Demand Charge: \$9.29 per kW of billing demand per month, plus an hours use of demand component of

0.436 cent per kWh per month of the lesser of (1) the amount computed by multiplying 620 hours by the customer's billing demand or (2) the customer's energy takings for the month, plus an additional

\$9.29 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds its contract demand

Energy Charge: 2.075 cents per kWh per month

- C. If the customer's contract demand is greater than 25,000 kW:

Customer Charge: \$1,500 per delivery point per month

Demand Charge: \$10.66 per kW of billing demand per month, plus an additional

\$10.66 per kW per month for each kW, if any, of the amount by which the customer's billing demand exceeds its contract demand

Energy Charge: 2.052 cents per kWh per month

Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

Facilities Rental Charge Applicable Under B and C Above

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 34 cents per kW per month except for delivery at voltages below 46 kV, in which case the charge shall be 89 cents per kW per month for the first 10,000 kW and 69 cents 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 contract demand and shall be in addition to all other charges under this rate schedule, including minimum bill charges. Such amounts in cents per kW may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to reflect changes in the costs of providing for delivery at voltage levels below 161 kV.

Reactive Demand Charges Applicable Under B and C Above

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period of the month in which the customer's highest measured demand occurs, there shall be added to the customer's bill a reactive charge of 78 cents per kVAR of the amount, if any, by which the reactive demand exceeds (a) 40 percent of such measured demand for bills rendered from meter readings taken for Distributor's monthly billing cycles scheduled to begin prior to October 2, 1989, and (b) 33 percent of such measured demand for bills rendered from meter readings taken for Distributor's monthly

billing cycles scheduled to begin on or after October 2, 1989. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period of the month in which the customer's lowest measured demand (excluding any measured demands which are less than 75 percent of the highest measured demand) occurs, there shall be added to the customer's bill a reactive charge of 33 cents 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, and such amounts in cents per kVAR may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to reflect changes in the costs of providing reactive power.

Determination of Demand

Distributor shall measure the demands in kW of all customers having loads in excess of 50 kW. Under A above, the demand for any month shall be the higher of the highest average during any 30-consecutive-minute period of the month of (a) the load measured in kW or (b) 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA, and such amount shall be used as the billing demand. Under B and C above, the demand for any month shall be the highest average during any 30-consecutive-minute period of the month of the load measured in kW, and such amount shall be used as the billing demand, except that the billing demand for any month 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 contract demand or the highest billing demand established during the preceding 12 months.

Minimum Bill

The monthly bill under A above shall not be less than the higher of (1) the sum of (a) the base customer charge, (b) the base demand charge, as adjusted, applied to 30 percent of the higher of the currently effective contract demand or the highest billing demand established during the preceding 12 months, and (c) the base energy charge, as adjusted, applied to the customer's energy takings or (2) the sum of (a) the base customer charge and (b) 20 percent of the portion of the base demand charge, as adjusted, applicable to the second block (950 kW) of billing demand, multiplied by the higher of the customer's currently effective contract demand or its highest billing demand established during the preceding 12 months.

The monthly bill under B and C above, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the base demand charge, as adjusted (but excluding the additional portion thereof applicable to excess of billing demand over contract demand and excluding, under B above only, the hours use of demand component) applied to the customer's billing demand, (3) under B above only, the hours use of demand component of the base demand charge, as adjusted, applied to the first 620 hours use of the billing demand, and (4) the base energy charge, as adjusted, applied to the customer's energy takings.

Distributor may require minimum bills higher than those stated above.

Seasonal Service

Customers who contract for service on a seasonal basis shall be limited to 2,500 kW and shall pay the above charges, as adjusted, plus an additional seasonal use charge equal to the sum of 1.33 cents per kWh for the first 15,000 kWh per month and \$4.00 per kW per month of billing demand in excess of 50 kW. Consistent with Distributor's standard policy, the customer may arrange for seasonal testing of equipment during offpeak hours.

For such customers, the minimum bill provided for above shall not apply. Distributor may require additional charges to provide recovery of costs for customer-specific distribution facilities.

Contract Requirement

Distributor may require contracts for all service provided under this rate schedule. Customers whose demand requirements exceed 50 kW shall be required to execute contracts and such contracts shall be for an initial term of at least one year. If the customer's demand requirements are in excess of 5,000 kW, the contract shall be for an initial term of at least five years and any renewals or extensions of the initial contract shall be for a term of at least one year; after 10 years of service, any such contract for the renewal or extension of service may provide for termination upon not less than four months' notice. If the customer's demand requirements are in excess of 25,000 kW, the contract shall be for an initial term of at least five years and any renewals or extensions of the initial contract shall be for a term of at least five 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 Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor 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 Distributor 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 Distributor'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.

TIME-OF-DAY SEASONAL POWER RATE—SCHEDULE SPT-6
(October 1986)

Availability

This rate shall be available for the firm power requirements of any customer taking service on a seasonal basis with power requirements of 2,500 kW or less for which service would otherwise be available under Distributor's General Power Rate Schedule, provided that the other conditions of this section are met, and provided further, that Distributor has elected to make it available under standard policy. Service under this rate schedule is for a term of not less than one year.

For a customer requesting that its onpeak contract demand be different from its offpeak contract demand, this rate 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 service voltage available in the vicinity or agreed to by Distributor.

Base Charges

- I. If the higher of the customer's onpeak or offpeak billing demand and the higher of its onpeak or offpeak contract demand, if any, are each 50 kW or less:

Customer Charge: \$11.95 per delivery point per month

Demand Charge: None

Energy Charge: 8.473 cents per kWh per month for all onpeak kWh

3.079 cents per kWh per month for all offpeak kWh

Seasonal Use Charge: 1.330 cents per kWh per month for the first 15,000 kWh

- II. If the customer's onpeak or offpeak billing demand or its onpeak or offpeak contract demand exceeds 50 kW:

Customer Charge: \$11.95 per delivery point per month

Distribution Capacity Charge: \$1.21 per kW per month of the higher of the customer's onpeak billing demand or offpeak billing demand

Seasonal Use Charge: \$4.00 per kW per month of the higher of the customer's onpeak billing demand or offpeak billing demand

Demand Charge: First 1,000 kW of the customer's onpeak billing demand per month, at \$5.71 per kW

Excess over 1,000 kW of the customer's onpeak billing demand per month, at \$6.08 per kW, plus

\$2.00 per month for each kW, if any, of the amount by which the customer's offpeak billing demand exceeds its onpeak billing demand, plus an additional

\$6.08 per kW per month for each kW, if any, of the amount by which the customer's onpeak or offpeak billing demand, whichever is higher, exceeds 2,500 kW

Energy Charge: 3.730 cents per kWh per month for all onpeak kWh

2.357 cents per kWh per month for all offpeak kWh

Adjustment

The base demand and energy charges shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

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 10 a.m. to 10 p.m. during calendar months of May through September and from 6 a.m. to 12 noon and from 4 p.m. to 10 p.m. during all other calendar months. 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. The onpeak and offpeak hours under this rate schedule are subject to change by TVA. In the event TVA determines that such changed onpeak and offpeak hours are appropriate, it shall so notify Distributor at least 12 months prior to the effective date of such changed hours, and Distributor shall promptly notify customer.

Determination of Onpeak and Offpeak Demands 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.

Distributor shall measure the onpeak and offpeak demands in kW of all customers taking service under this rate schedule. The onpeak demand and the offpeak 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 higher of the highest average during any 30-consecutive-minute period of the month during such hours of (a) the load measured in kW or (b) 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA, and such amounts shall be used as the onpeak and offpeak billing demands.

Minimum Bill

No minimum bill shall apply except that Distributor may require additional charges to ensure recovery of costs for customer-specific distribution facilities.

Contract Requirement

Distributor may require contracts for all service provided under this rate schedule. Customers whose demand requirements exceed 50 kW shall be required to execute contracts and such contracts shall be for an initial term of at least one year. The customer shall contract for its maximum requirements and Distributor shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. If the customer uses any power other than that supplied by Distributor 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 Distributor and TVA.

After having received service for at least one year under this rate schedule, the customer, subject to appropriate amendments in its power contract with Distributor, may receive service under the General Power Rate Schedule. In such case the term of the power contract shall remain the same and the contract demand for service under the General Power Rate Schedule shall not be less than the onpeak contract demand in effect when service was taken under this rate schedule.

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 Distributor'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 Distributor. Consistent with Distributor's standard policy, the customer may arrange for seasonal testing of equipment during offpeak hours.

TENNESSEE VALLEY AUTHORITY
Chattanooga, Tennessee 37402-2801

November 28, 1990

Mr. Glenn E. Irwin, Chairman
Board of Public Utilities
Bristol, Tennessee 37620

Dear Mr. Irwin:

Letter Agreement TV-67518A, Supplement No. 11, dated October 1, 1989 (hereinafter called the "1989 Agreement"), between the Tennessee Valley Authority (hereinafter called "TVA") and City of Bristol, Tennessee (hereinafter called "Distributor"), covers arrangements for Distributor and TVA to participate in a program (hereinafter called "Program") under which eligible new and expanding general power customers of Distributor may receive credits against their electric bills. This will confirm the understanding reached between representatives of the parties with respect to amending the 1989 Agreement to (1) extend the period in which qualifying new and expanding customers may receive credits, and (2) include arrangements (hereinafter called "New Jobs Option") designed to provide for the application of credits against the electric bills of qualifying general power customers that increase their employment level without substantially increasing contract demand.

It is understood and agreed that:

1. The 1989 Agreement is hereby amended by (a) deleting from the last sentence of section 3 thereof the date "September 30, 1995" and substituting therefor the date "September 30, 1997," and (b) removing Exhibits A, B, and C, attached thereto, and substituting therefor Exhibits A1, B1, and C1, attached hereto. Thereafter, all references in the 1989 Agreement to Exhibits A, B, and C shall be deemed to refer to Exhibits A1, B1, and C1, respectively.

2. For any customer of Distributor that has qualified as a New Customer or Expansion Customer pursuant to section 1 of the 1989 Agreement and has entered into a participation agreement prior to the effective date of this agreement, Distributor shall enter into supplemental arrangements to extend the period in which each such New or Expansion Customer may receive a credit on its electric bill through the last meter reading period taken prior to October 1, 1997. Such supplemental arrangements shall be in a form approved by TVA.

Mr. Glenn E. Irwin
November 28, 1990

3. For each customer (hereinafter called "Growth Customer") meeting the eligibility requirements of paragraph C of Exhibit A1 that wishes to participate in the New Jobs Option, Distributor shall enter into an agreement (hereinafter called "New Jobs Participation Agreement") in the form of Exhibit D, attached hereto and hereby made a part of this agreement. Distributor shall conduct the New Jobs Option in strict accordance with the provisions hereof and of the New Jobs Participation Agreement; provided, however, that the Operating Representatives may agree upon a revised New Jobs Participation Agreement in a case where use of Exhibit D is inappropriate. In the event that a particular customer is not clearly eligible for participation in the New Jobs Option, the Operating Representatives of the parties shall make a joint determination about such customer's eligibility.

4. It is recognized that under the New Jobs Option, qualifying Growth Customers are eligible to receive credit amounts based upon the number of employees hired in connection with a specific initiative for expanded operation at a facility. Accordingly, at such time following the effective date of the New Jobs Participation Agreement that the number of employees of the Growth Customer at a facility exceeds 115 percent of the pre-expansion employment level at the facility, the Growth Customer will furnish to Distributor a notarized statement (hereinafter called "Employment Certification") certifying the number of full-time employees then employed in connection with the expansion initiative. Thereafter, the Growth Customer will furnish an Employment Certification every 6 months; provided, however, that if the Growth Customer's total employment level at the end of any 6-month period does not exceed 115 percent of the pre-expansion employment level, no Employment Certification will be submitted until the employment level does so exceed such level.

For purposes of this agreement, the term "pre-expansion employment level" shall be defined as the average number of employees employed at Customer's facility during the 6-consecutive-month period immediately preceding the effective date of the customer's New Jobs Participation Agreement.

With respect to each Growth Customer, Distributor shall furnish to TVA a copy of the New Jobs Participation Agreement, the Growth Customer's power supply contract with Distributor (including any amendments thereto), and each employment certification received.

5. Following receipt of each Employment Certification appropriately provided under section 4 above, Distributor shall apply a credit to each of the 6 consecutive bills rendered to the Growth Customer under the power supply contract; provided, however, that no such credit shall be allowed in any month

Mr. Glenn E. Irwin
November 28, 1990

in which such customer's measured demand does not exceed 1,000 kW; and provided further, that no credit will be applied by Distributor to any bill rendered from meter readings taken after September 30, 1997; and provided further, that for any bill rendered by Distributor following said 6 consecutive bills, Distributor shall not apply any such credit unless and until it has received a subsequent Employment Certification from the Growth Customer. The amount of the credit shall be determined each month in accordance with the provisions of the New Jobs Participation Agreement, including the attachments thereto.

6. It is recognized that pursuant to section 4 of the 1989 Agreement, Distributor submits to TVA a monthly report containing certain information relative to the application of credits to New and Expansion Customers. It is understood and agreed that Distributor shall also include in said monthly report for each Growth Customer the measured demand, billing demand, and the amount of credit applied during that month pursuant to section 5 hereof, and that TVA shall apply to Distributor's wholesale bill an amount equal to 110 percent of the amount of such credits to each Growth Customer appropriately applied by Distributor during the month.

7. This agreement shall be effective as of the date first above written and shall continue in effect until all obligations of the parties hereto have been fulfilled; provided, however, that in the event TVA suspends additional entry into the Program in accordance with section 6 of the 1989 Agreement, TVA may likewise terminate by written notice to Distributor additional entry into the New Jobs Option, and, upon receipt of such notice, Distributor shall enter into no more New Jobs Participation Agreements; provided, further, that such notice of suspension shall not otherwise limit application of credit amounts under then-existing New Jobs Participation Agreements.

8. The 1989 Agreement, as amended and supplemented by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties.

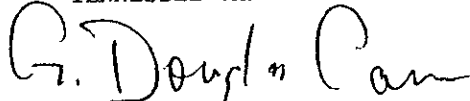
9. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom unless the agreement be made with a corporation for its general benefit, nor shall Distributor offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34. Breach of this provision shall constitute a material breach of this agreement.

Mr. Glenn E. Irwin
November 28, 1990

If this letter satisfactorily sets forth our understandings, please execute three counterparts hereof and return them to the TVA district office. Upon execution by TVA, this letter shall be a binding agreement, and a fully executed counterpart will be returned to you.

Very truly yours,

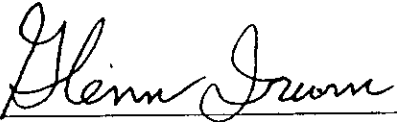
TENNESSEE VALLEY AUTHORITY



G. Douglas Carver, Manager
Distributor Marketing
and Services

Accepted and agreed to as of
the date first above written.

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

By 
Chairman

Eligibility Requirements

- A. New Customer. A customer qualifies as a New Customer if it (1) either initiates operations at an entirely new facility through a new delivery point or restarts an existing facility with no current contract demand and which has been shut down for a period of at least 12 consecutive months prior to such restart, (2) on or after the effective date of this agreement enters into a power supply contract with Distributor which includes a firm contract demand greater than 1,000 kW, and (3) enters into an agreement with Distributor in the form of Exhibit B1 attached to this agreement. Except for a restart customer under (1) above, no customer replacing or renewing its power supply contract shall qualify as a New Customer.
- B. Expansion Customer. An existing customer qualifies as an Expansion Customer if it (1) revises its contractual arrangement with Distributor on or after the effective date of this agreement whereby the firm contract demand level is (a) greater than 1,000 kW, and (b) at least 250 kW greater than the higher of (i) the highest contract demand of the customer during the 12-consecutive-month period immediately preceding the effective date of said arrangement, or (ii) the highest measured demand established on or after October 1, 1988, up to the effective date of said arrangement, and (2) enters into an agreement with Distributor in the form of Exhibit C1 attached to this agreement.
- C. Growth Customer. An existing customer qualifies as a Growth Customer under the New Jobs Option if it (1) has existing contractual arrangements with Distributor specifying a firm contract demand which is greater than 1,000 kW or revises its contractual arrangements whereby the firm contract demand is increased to a level greater than 1,000 kW without meeting the eligibility requirements of B above, (2) on or after the date on which the New Jobs Option is made available by Distributor, certifies that it plans to expand its operations such that it will increase the number of its employees to a level that exceeds 115 percent of its average employment level in the 6-consecutive-month period immediately preceding the date of such certification, and (3) enters into an agreement with Distributor in the form of Exhibit D attached to this agreement.

For purposes of applying the provisions of A, B, and C above: (1) for a customer taking power under a time-of-day rate schedule, the term "contract demand" shall mean the higher of the onpeak or offpeak contract demand, and the term "measured demand" shall mean the higher of the onpeak or offpeak measured demand, and (2) customers taking service on a seasonal basis shall not qualify.

AGREEMENT
between

(hereinafter called "Distributor")
and

(hereinafter called "Customer")

This agreement will confirm the understandings reached between representatives of Distributor and Customer with respect to Customer's participation in the Growth Credit Program (hereinafter called "Program") being jointly conducted by Distributor and its wholesale power supplier, the Tennessee Valley Authority (hereinafter called "TVA").

It is understood and agreed that:

1. This agreement shall become effective on _____, which is the date of initial availability of power under the power supply contract (hereinafter called "Power Supply Contract") dated _____, between Customer and Distributor, covering the provision of electric service to Customer's new or restarted facility (hereinafter called "Facility") located at _____.

This agreement shall continue in effect until (a) the obligations of the parties hereunder are fulfilled or (b) Customer ceases to be a customer of Distributor, whichever is earlier.

2. On or as soon as practicable after the effective date of this agreement, Customer shall submit to Distributor a notarized statement (in the form of Attachment A hereto) certifying the number of employees Customer reasonably anticipates will be employed at the Facility at the end of the 6-month period following said effective date. At the end of said 6-month period, and every 6 months thereafter, Customer shall submit to Distributor a notarized statement (in the form of Attachment B hereto) certifying the actual number of employees then employed by Customer at the Facility. For purposes of this agreement, an employee shall be defined as a person directly employed by Customer on a full-time basis in a position which Customer reasonably expects to remain filled for at least 6 months following the date as of which certification is made. Independent contractors and employees of third parties are expressly excluded from this definition.

During the first 6 months of this agreement, for purposes of determining the new jobs component of any applicable credits under section 3 below, Distributor shall use the estimated number of employees set out in Customer's initial certification; provided, however, that following receipt of the first certification of actual employment, Distributor shall determine if the actual number of employees was greater or less than the estimate by an

amount such that different credit amounts would have applied if the actual employment at the end of 6 months had been known in advance. If so, an appropriate adjustment of the new jobs component of the credit amounts applied for the first 6 months will be made on Customer's subsequent bill. For purposes of determining the new jobs component of any credits applicable after the first 6 months of this agreement, Customer's most recent certification of actual employment shall be used.

In the event that it is found that Customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information in any certification or assurance submitted under the Program, it is agreed that application of all further credits hereunder may be discontinued. Customer shall promptly repay to Distributor any and all credit amounts overpaid to Customer as a result of Distributor's use of such false information. In addition, persons providing false information in connection with this Program may be subject to civil and/or criminal prosecution pursuant to the provisions of 18 U.S.C. § 1001; 31 U.S.C. §§ 3729-3733; 31 U.S.C. §§ 3801-3812.

3. Beginning with the effective date of this agreement and continuing through the last meter reading taken prior to October 1, 1997, Distributor shall apply a credit to Customer's bill for any month during which Customer's measured demand exceeds 1,000 kW. For purposes of this agreement, if Customer's contract demand is over 5,000 kW, the term "measured demand" shall be deemed to refer to the highest average during any 30-consecutive-minute period of the month of the load measured in kW; if Customer's contract demand is 5,000 kW or less, the term "measured demand" shall be deemed to refer to the highest average during any 30-consecutive-minute period of the month of the higher of the load measured in kW or 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA.

The dollar amount of the credit per kW in any month will be the sum of (a) the applicable base amount for the month as set out in Attachment C hereto entitled "Growth Credit Amounts (New Customer)" and (b) the applicable new jobs amount, if any, determined in accordance with said attachment. The dollar amount of the credit will be applied to each kW of Customer's measured demand in the month (excluding any kW in excess of the firm contract demand). (In the event that Customer takes power under a time-of-day rate schedule, said measured demand shall be the onpeak measured demand in the month.) Credit amounts shall be prorated for partial billing months.

4. In the event that Distributor and Customer amend the Power Supply Contract during the Program to increase the firm contract demand, the term "contract demand" as used in section 3 above shall be deemed to refer to said increased contract demand; provided, however, that in the event that TVA notifies Distributor that additional entry into the Program has been suspended, no such contract demand increase which takes effect after

Distributor's receipt of said notice shall be recognized for purposes of calculating credit amounts hereunder.

5. Customer shall keep complete and accurate books and records with respect to its employees at the Facility. Distributor, TVA, or their agents and employees, shall have the right to inspect, at any time during normal working hours and upon reasonable notice, any of Customer's books and records related thereto and to require further verification of and supporting documentation for the employment levels certified by Customer.

6. The Power Supply Contract, as supplemented by this agreement, is hereby ratified as the continuing obligation of the parties hereto.

(Distributor)

By _____
(Title)

Accepted and agreed to as of
this ____ day of _____, 199__.

(Customer)

By _____
(Title)

Attachment A

GROWTH CREDIT PROGRAM
EMPLOYMENT CERTIFICATION STATEMENT
New Customer Initial Certification

Customer's full legal name: _____

Customer's address: _____

Date of Initial Availability of Power: _____

Customer has agreed with _____ (hereinafter
called "Distributor") to participate in a Growth Credit Program
(hereinafter called "Program") offered by Distributor and the Tennessee
Valley Authority (hereinafter called "TVA"), an agency and
instrumentality of the United States of America. Under the Program,
Customer may receive credits on its electric bills based, in part, upon
the number of employees employed by Customer at Customer's new or
restarted facility (hereinafter called "Facility") located
at _____

For purposes of this certification, an employee shall be defined as a
person directly employed by Customer on a full-time basis in a position
which Customer reasonably expects to remain filled for at least 6 months
beyond the date that is 6 months after the Date of Initial Availability.

Customer expects to employ _____ employees at the Facility
6 months after the Date of Initial Availability referred to above.

Customer understands that the credits it receives under the Program will
be based in part on the information provided to Distributor and TVA by
way of this and subsequent certifications. In the event that it is found
that Customer has intentionally, or with deliberate ignorance of or
reckless disregard for the truth, provided materially false information
on this or any previously submitted certification, Customer understands
that application of all credits under the Program may be discontinued.
Customer will in any event promptly repay to Distributor any and all
credit amounts overpaid to Customer as a result of Distributor's use of
such false information. In addition, persons providing false information
in connection with the Program may be subject to civil and/or criminal
prosecution pursuant to the provisions of 18 U.S.C. § 1001; 31 U.S.C.
§§ 3729-3733; 31 U.S.C. §§ 3801-3812.

Customer hereby certifies to TVA and to Distributor that the information
given above is correct, accurate, and complete.

By: _____
Title: _____
Date: _____

W120190
3020L

Before me appeared _____,
to me personally known, who being by me first duly sworn, did say that
he/she is an officer of _____

_____(Customer), duly authorized to
execute legal instruments on behalf of Customer as its legal agent, and
that he/she signed the foregoing certification in his/her individual
capacity and on behalf of Customer, and he/she acknowledged said
certification to be his/her free act and deed and the free act and deed
of Customer.

Witness my hand and official seal this _____ day of _____, 19____.

Notary Public

My commission expires: _____.

GROWTH CREDIT PROGRAM
EMPLOYMENT CERTIFICATION STATEMENT
New Customer Actual Employment Certification

Customer's full legal name: _____

Customer's address: _____

Six-month period ending: _____ (date)

Customer has agreed with _____ (hereinafter

called "Distributor") to participate in a Growth Credit Program (hereinafter called "Program") offered by Distributor and the Tennessee Valley Authority (hereinafter called "TVA"), an agency and instrumentality of the United States of America. Under the Program, Customer may receive credits on its electric bills based, in part, upon the number of employees employed by Customer at Customer's new or restarted facility (hereinafter called "Facility") located at _____.

For purposes of this certification, an employee shall be defined as a person directly employed by Customer on a full-time basis in a position which Customer reasonably expects to remain filled for at least 6 months beyond the date specified above.

As of the date specified above, Customer employs _____ employees at the Facility.

Customer understands that the credits it receives under the Program will be based in part on the information provided to Distributor and TVA by way of this and subsequent certifications. In the event that it is found that Customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information on this or any previously submitted certification, Customer understands that application of all credits under the Program may be discontinued. Customer will in any event promptly repay to Distributor any and all credit amounts overpaid to Customer as a result of Distributor's use of such false information. In addition, persons providing false information in connection with the Program may be subject to civil and/or criminal prosecution pursuant to the provisions of 18 U.S.C. § 1001; 31 U.S.C. §§ 3729-3733; 31 U.S.C. §§ 3801-3812.

Customer hereby certifies to TVA and to Distributor that the information given above is correct, accurate, and complete.

By: _____
Title: _____
Date: _____

Before me appeared _____,
to me personally known, who being by me first duly sworn, did say that
he/she is an officer of _____
_____(Customer), duly authorized to
execute legal instruments on behalf of Customer as its legal agent, and
that he/she signed the foregoing certification in his/her individual
capacity and on behalf of Customer, and he/she acknowledged said
certification to be his/her free act and deed and the free act and deed
of Customer.

Witness my hand and official seal this _____ day of _____, 19____.

Notary Public

My commission expires: _____.

Attachment C

Growth Credit Amounts
(New Customer)

Applicable for Bills Rendered from Meter Readings Taken From	Base Amount	New Jobs Amount		
		Employment Level 1*	Employment Level 2**	Employment Level 3***
October 1, 1989, through September 30, 1993	\$5.00	\$0.35	\$0.75	\$1.50
October 1, 1993, through September 30, 1994	4.00	0.30	0.60	1.20
October 1, 1994, through September 30, 1995	3.00	0.25	0.45	0.90
October 1, 1995, through September 30, 1996	2.00	0.15	0.30	0.60
October 1, 1996, through September 30, 1997	1.00	0.10	0.15	0.30

In determining additional credit amounts, the number of jobs per 1,000 kW will be rounded to the nearest whole number.

*Level 1 applies if Customer's operations utilize at least one but not more than 25 full-time employees per 1,000 kW of firm contract demand.

**Level 2 applies if Customer's operations utilize at least 26 but not more than 75 full-time employees per 1,000 kW of firm contract demand.

***Level 3 applies if Customer's operations utilize more than 75 full-time employees per 1,000 kW of firm contract demand.

AGREEMENT
between

(hereinafter called "Distributor")
and

(hereinafter called "Customer")

This agreement will confirm the understandings reached between representatives of Distributor and Customer with respect to Customer's participation in the Growth Credit Program (hereinafter called "Program") being jointly conducted by Distributor and its wholesale power supplier, the Tennessee Valley Authority (hereinafter called "TVA").

It is recognized that Customer has been taking power from Distributor for purposes of operating its facility located at _____ (hereinafter called "Facility") and is expanding the Facility in a manner that requires that an increased amount of electric power be made available. In that connection, the parties hereto have entered into a contract (hereinafter called the "Expansion Contract") dated _____ to provide for the availability of such increased amount.

It is understood and agreed that:

1. This agreement shall become effective on _____, which is the effective date of the Expansion Contract, and shall continue in effect until (a) the obligations of the parties hereunder are fulfilled or (b) Customer ceases to be a customer of Distributor, whichever is earlier.

2. On or as soon as practicable after the effective date of this agreement, Customer shall submit to Distributor an initial notarized statement (in the form of Attachment A hereto) certifying the number of employees Customer reasonably anticipates will be employed as a direct result of the expansion of the Facility at the end of the 6-month period following said effective date. At the end of said 6-month period, and every 6 months thereafter, Customer shall submit to Distributor a notarized statement (in the form of Attachment B hereto) certifying the actual number of employees then employed by Customer at the Facility as a direct result of said expansion. For purposes of this agreement, an employee shall be defined as a person directly employed by Customer on a full-time basis in a position which Customer reasonably expects to remain filled for at least 6 months following the date as of which certification is made. Independent contractors and employees of third parties are expressly excluded from this definition.

During the first 6 months of this agreement, for purposes of determining the new jobs component of any applicable credits under section 3 below, Distributor shall use the estimated number of employees set out in

Customer's initial certification; provided, however, that following receipt of the first certification of actual employment, Distributor shall determine if the actual number of employees was greater or less than the estimate by an amount such that different credit amounts would have applied if the actual employment at the end of 6 months had been known in advance. If so, an adjustment of the new jobs component of the credit amounts applied for the first 6 months will be made on Customer's subsequent bill. For purposes of determining the new jobs component of any credits applicable after the first 6 months of this agreement, Customer's most recent certification of actual employment shall be used.

In the event that it is found that Customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information in any certification or assurance submitted under the Program, it is agreed that application of all further credits hereunder may be discontinued. Customer shall promptly repay to Distributor any and all credit amounts overpaid to Customer as a result of Distributor's use of such false information. In addition, persons providing false information in connection with this Program may be subject to civil and/or criminal prosecution pursuant to the provisions of 18 U.S.C. § 1001; 31 U.S.C. §§ 3729-3733; 31 U.S.C. §§ 3801-3812.

3. Beginning with the effective date of this agreement and continuing through the last meter reading taken prior to October 1, 1997, Distributor shall apply a credit to Customer's bill for any month during which Customer's measured demand exceeds 1,000 kW and is at least 250 kW greater than an amount (hereinafter called the "Base Amount") equal to the higher of (a) the highest contract demand of Customer during the 12-consecutive-month period immediately preceding the effective date of the Expansion Contract or (b) the highest measured demand established on or after October 1, 1988, up to the effective date of the Expansion Contract. For purposes of this agreement, if Customer's contract demand is over 5,000 kW, the term "measured demand" shall be deemed to refer to the highest average during any 30-consecutive-minute period of the month of the load measured in kW; if customer's contract demand is 5,000 kW or less, the term "measured demand" shall be deemed to refer to the highest average during any 30-consecutive-minute period of the month of the higher of the load measured in kW or 85 percent of the load in kVA plus an additional 10 percent for that part of the load over 5,000 kVA.

The dollar amount of the credit per kW in any month will be the sum of (a) the applicable base amount for that month as set out in Attachment C hereto entitled "Growth Credit Amounts (Expansion Customer)" and (b) the applicable new jobs amount, if any, determined in accordance with said attachment. The dollar amount of the credit will be applied to each kW by which Customer's measured demand in the month (excluding any kW in excess of the firm contract demand) exceeds the Base Amount. (In the event that Customer takes power under a time-of-day rate schedule, said measured demand shall be the onpeak measured demand in the month.) Credit amounts shall be prorated for partial billing months.

4. In the event that Distributor and Customer amend the Expansion Contract during the Program to further increase the firm contract demand, the term "contract demand" as used in section 3 above shall be deemed to refer to said increased contract demand; provided, however, that in the event that TVA notifies Distributor that additional entry into the Program has been suspended, no such contract demand increase which takes effect after Distributor's receipt of such notice shall be recognized for purposes of calculating credit amounts hereunder.

5. Customer shall keep accurate books and records with respect to its employees at the Facility. Distributor, TVA, or their agents and employees, shall have the right to inspect, at any time during normal working hours and upon reasonable notice, any of Customer's books and records related thereto and to require further verification of and supporting documentation for the employment levels certified by Customer.

6. The Expansion Contract, as supplemented by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties hereto.

(Distributor)

By _____
(Title)

Accepted and agreed to as of
this ____ day of _____, 19____.

(Customer)

By _____
(Title)

GROWTH CREDIT PROGRAM
EMPLOYMENT CERTIFICATION STATEMENT
Expansion Customer Initial Certification

Customer's full legal name: _____

Customer's address: _____

Customer has agreed with _____ (hereinafter

called "Distributor") to participate in a Growth Credit Program (hereinafter called "Program") offered by Distributor and the Tennessee Valley Authority (hereinafter called "TVA"), an agency and instrumentality of the United States of America. Customer qualifies for the Program, in part, because it is expanding its existing facility (hereinafter called "Facility") located at _____

and has accordingly entered into a contract (hereinafter called the "Expansion Contract") with Distributor providing for an increased amount of electric power to be made available at the Facility. The effective date of the Expansion Contract is _____.

Under the Program, Customer may receive a credit to its electric bills based, in part, upon the number of employees employed by Customer at the Facility as a direct result of the expansion. For purposes of this certification, an employee shall be defined as a person directly employed by Customer on a full-time basis in a position which Customer reasonably expects to remain filled for at least 6 months beyond the date that is 6 months after the effective date of the Expansion Contract.

Customer expects to have _____ employees employed at the Facility 6 months after the effective date of the Expansion Contract as a direct result of the expansion of the Facility.

Customer understands that the credits it receives under the Program will be based in part on the information provided to Distributor and TVA by way of this and subsequent certifications. In the event that it is found that Customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information on this or any previously submitted certification, Customer understands that application of all credits under the Program may be discontinued. Customer will in any event promptly repay to Distributor any and all credit amounts overpaid to Customer as a result of Distributor's use of such false information. In addition, persons providing false information in connection with the Program may be subject to civil and/or criminal

prosecution pursuant to the provisions of 18 U.S.C. § 1001; 31 U.S.C. §§ 3729-3733; 31 U.S.C. §§ 3801-3812.

Customer hereby certifies to TVA and to Distributor that the information given above is correct, accurate, and complete.

By: _____
Title: _____
Date: _____

Before me appeared _____,
to me personally known, who being by me first duly sworn, did say that
he/she is an officer of _____
_____ (Customer), duly authorized to
execute legal instruments on behalf of Customer as its legal agent, and
that he/she signed the foregoing certification in his/her individual
capacity and on behalf of Customer, and he/she acknowledged said
certification to be his/her free act and deed and the free act and deed
of Customer.

Witness my hand and official seal this _____ day of _____, 19____.

Notary Public

My commission expires: _____.

GROWTH CREDIT PROGRAM
EMPLOYMENT CERTIFICATION STATEMENT
Expansion Customer Actual Employment Certification

Customer's full legal name: _____

Customer's address: _____

Six-month period ending: _____ (date)

Customer has agreed with _____ (hereinafter

called "Distributor") to participate in a Growth Credit Program (hereinafter called "Program") offered by Distributor and the Tennessee Valley Authority (hereinafter called "TVA"), an agency and instrumentality of the United States of America. Under the Program, Customer may receive a credit to its electric bills based, in part, upon the number of employees employed by Customer at Customer's expanded facility located at _____.

For purposes of this certification, an employee shall be defined as a person directly employed by Customer on a full-time basis in a position which Customer reasonably expects to remain filled for at least 6 months beyond the date specified above.

As of the date specified above, Customer employs _____ employees at the Facility as a direct result of the expansion of the Facility.

Customer understands that the credits it receives under the Program will be based in part on the information provided to Distributor and TVA by way of this and subsequent certifications. In the event that it is found that Customer has intentionally, or with deliberate ignorance or or reckless disregard for the truth, provided materially false information on this or any previously submitted certification, Customer understands that application of all credits under the Program may be discontinued. Customer will in any event promptly repay to Distributor any and all credit amounts overpaid to Customer as a result of Distributor's use of such false information. In addition, persons providing false information in connection with the Program may be subject to civil and/or criminal prosecution pursuant to the provisions of 18 U.S.C. § 1001; 31 U.S.C. §§ 3729-3733; 31 U.S.C. §§ 3801-3812.

Customer hereby certifies to TVA and to Distributor that the information given above is correct, accurate, and complete.

By: _____
Title: _____
Date: _____

Before me appeared _____,
to me personally known, who being by me first duly sworn, did say that
he/she is an officer of _____

_____ (Customer), duly authorized to
execute legal instruments on behalf of Customer as its legal agent, and
that he/she signed the foregoing certification in his/her individual
capacity and on behalf of Customer, and he/she acknowledged said
certification to be his/her free act and deed and the free act and deed
of Customer.

Witness my hand and official seal this _____ day of _____, 19____.

Notary Public

My commission expires: _____.

Attachment C

Growth Credit Amounts
(Expansion Customer)

Applicable for Bills Rendered from Meter Readings Taken From	Base Amount	New Jobs Amount		
		Employment Level 1*	Employment Level 2**	Employment Level 3***
October 1, 1989, through September 30, 1993	\$5.00	\$0.35	\$0.75	\$1.50
October 1, 1993, through September 30, 1994	4.00	0.30	0.60	1.20
October 1, 1994, through September 30, 1995	3.00	0.25	0.45	0.90
October 1, 1995, through September 30, 1996	2.00	0.15	0.30	0.60
October 1, 1996, through September 30, 1997	1.00	0.10	0.15	0.30

In determining additional credit amounts, the number of jobs per 1,000 kW will be rounded to the nearest whole number.

*Level 1 applies if Customer employs as a direct result of the expansion at least one but not more than 25 full-time employees per 1,000 kW of the amount by which the expanded contract demand exceeds the Base Amount.

**Level 2 applies if Customer employs as a direct result of the expansion at least 26 but not more than 75 full-time employees per 1,000 kW of the amount by which the expanded contract demand exceeds the Base Amount.

***Level 3 applies if Customer employs as a direct result of the expansion more than 75 full-time employees per 1,000 kW of the amount by which the expanded contract demand exceeds the Base Amount.

AGREEMENT
between

(hereinafter called "Distributor")
and

(hereinafter called "Customer")

This agreement will confirm the understandings reached between representatives of Distributor and Customer with respect to Customer's participation in the New Jobs Option portion of the Growth Credit Program (hereinafter called "Program") being jointly conducted by Distributor and its wholesale power supplier, the Tennessee Valley Authority (hereinafter called "TVA").

It is recognized that Distributor and Customer have heretofore entered into a contract dated _____ (hereinafter called "Power Supply Contract"), under which firm power is made available to Customer for the operation of its facility located at _____ (hereinafter called "Facility"). It is further recognized that Customer is in the process of hiring new employees in connection with the following expansion initiative at the Facility: _____

It is understood and agreed that:

1. This agreement shall become effective on _____, which is the beginning of the above initiative, and shall continue in effect until (a) the obligations of the parties hereunder are fulfilled, or (b) Customer ceases to be a customer of Distributor, whichever is earlier.

2. Customer's pre-expansion employment level at the Facility (hereinafter called "Pre-expansion Level") is _____, which is the average number of employees employed at Customer's Facility during the 6-consecutive-month period immediately preceding the effective date of this agreement.

At such time after the effective date of this agreement that the total number of employees employed by Customer at the Facility exceeds 115 percent of the Pre-expansion Level, Customer shall submit to Distributor a notarized statement (hereinafter called "Employment Certification") in the form of Attachment A hereto certifying the number of employees in excess of the Pre-expansion Level then employed by Customer. Thereafter, Customer shall submit to Distributor such an Employment Certification every 6 months; provided, however, that if the Customer's total employment level at the end of any 6-month period does not exceed 115 percent of the Pre-expansion Level, no

Employment Certification will be submitted until the employment level does so exceed such level. For purposes of this agreement, an employee shall be defined as a person directly employed by Customer on a full-time basis in a position which Customer reasonably expects to remain filled for at least 6 months. Independent contractors and employees of third parties are expressly excluded from this definition.

In the event that it is found that Customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information in any certification or assurance submitted under the Program, it is agreed that application of all further credits hereunder may be discontinued. Customer shall promptly repay to Distributor any and all credit amounts overpaid to Customer as a result of Distributor's use of such false information. In addition, persons providing false information in connection with this Program may be subject to civil and/or criminal prosecution pursuant to the provisions of 18 U.S.C. § 1001; 31 U.S.C. §§ 3729-3733; 31 U.S.C. §§ 3801-3812.

3. Following receipt of each Employment Certification appropriately provided under section 2 above, Distributor shall apply a credit to each of the next 6 consecutive bills rendered by Distributor to Customer under the Power Supply Contract; provided, however, that no such credit shall be allowed on any of said 6 bills for any month in which Customer's measured demand during the month does not exceed 1,000 kW. It is expressly understood and agreed that no credit will be applied by Distributor to any bill after said 6 consecutive bills until such time that Distributor has received an appropriate new Employment Certification from Customer. For purposes of this agreement, if Customer's contract demand is over 5,000 kW, the term "measured demand" shall be deemed to refer to the highest average during any 30-consecutive-minute period of the month of the load measured in kW; if Customer's contract demand is 5,000 kW or less, the term "measured demand" shall be deemed to refer to the highest average during any 30-consecutive-minute period of the month of the higher of the load measured in kW or 85 percent of the load in kVA, plus an additional 10 percent for that part of the load over 5,000 kVA.

The dollar amount of the credit per kW in any month will be the applicable new jobs amount determined in accordance with Attachment B hereto entitled "New Jobs Credit Amounts (Growth Customer)." The dollar amount of the credit will be applied to a portion of Customer's billing demand during the month as determined hereinbelow (hereinafter called "Qualifying Demand"). The Qualifying Demand shall be equal to the amount determined by multiplying (a) the ratio of (i) the number of new employees certified by Customer pursuant to section 2 hereof to (ii) the sum of such number of new employees and the Pre-expansion Level times (b) Customer's billing demand (excluding any billing demand in excess of the firm contract demand) determined in accordance with the section headed "Determination of Demand" of TVA's General Power Rate--Schedule GP-_____ (as it may be modified, changed, replaced, or adjusted

from time to time as provided under contractual arrangements between Distributor and TVA). Credit amounts shall be prorated for partial billing months.

4. Customer shall keep accurate books and records with respect to its employees at the Facility. Distributor, TVA, or their agents and employees, shall have the right to inspect, at any time during normal working hours and upon reasonable notice, any of Customer's books and records related thereto and to require further verification of and supporting documentation for the employment levels certified by Customer.

5. The Power Supply Contract, as supplemented by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties hereto.

(Distributor)

By _____
(Title)

Accepted and agreed to as of
this ____ day of _____, 199__.

(Customer)

By _____
(Title)

GROWTH CREDIT PROGRAM
EMPLOYMENT CERTIFICATION STATEMENT
Growth Customer Employment Certification

Customer's full legal name: _____

Customer's address: _____

Date: _____

Customer has agreed with _____ (hereinafter called "Distributor") to participate in a Growth Credit Program (hereinafter called "Program") offered by Distributor and the Tennessee Valley Authority (hereinafter called "TVA"), an agency and instrumentality of the United States of America. Under the Program, Customer may receive a credit to its electric bills based upon the number of new employees employed by Customer as a result of expansion initiatives at Customer's facility (hereinafter called "Facility") located at _____.

For purposes of this certification, an employee shall be defined as a person directly employed by Customer on a full-time basis in a position which Customer reasonably expects to remain filled for at least 6 months beyond the date specified above.

As of the date specified above, Customer employs _____ employees at the Facility as a direct result of the expansion initiatives at the Facility.

Customer understands that the credits it receives under the Program will be based in part on the information provided to Distributor and TVA by way of this and subsequent certifications. In the event that it is found that Customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information on this or any previously submitted certification, Customer understands that application of all credits under the Program may be discontinued. Customer will in any event promptly repay to Distributor any and all credit amounts overpaid to Customer as a result of Distributor's use of such false information. In addition, persons providing false information in connection with the Program may be subject to civil and/or criminal prosecution pursuant to the provisions of 18 U.S.C. § 1001; 31 U.S.C. §§ 3729-3733; 31 U.S.C. §§ 3801-3812.

Customer hereby certifies to TVA and to Distributor that the information given above is correct, accurate, and complete.

By: _____
Title: _____
Date: _____

Before me appeared _____,
to me personally known, who being by me first duly sworn, did say that
he/she is an officer of _____

_____ (Customer), duly authorized to
execute legal instruments on behalf of Customer as its legal agent, and
that he/she signed the foregoing certification in his/her individual
capacity and on behalf of Customer, and he/she acknowledged said
certification to be his/her free act and deed and the free act and deed
of Customer.

Witness my hand and official seal this _____ day of _____, 19____.

Notary Public

My commission expires: _____.

Attachment B

New Jobs Credit Amounts
(Growth Customer)

Applicable for Bills Rendered from Meter Readings Taken From	Credit Amount		
	Employment Level 1*	Employment Level 2**	Employment Level 3***
Inception of Program through September 30, 1993	\$0.35	\$0.75	\$1.50
October 1, 1993, through September 30, 1994	0.30	0.60	1.20
October 1, 1994, through September 30, 1995	0.25	0.45	0.90
October 1, 1995, through September 30, 1996	0.15	0.30	0.60
October 1, 1996, through September 30, 1997	0.10	0.15	0.30

In determining credit amounts, the number of employees will be equal to the sum of Customer's Pre-expansion Employment Level and the number of employees reported under Customer's most recently submitted Employment Certification Statement, and the resulting number of employees per 1,000 kW will be rounded to the nearest whole number.

*Level 1 applies if Customer's operations utilize at least one but not more than 25 full-time employees per 1,000 kW of applicable firm contract demand.

**Level 2 applies if Customer's operations utilize at least 26 but not more than 75 full-time employees per 1,000 kW of applicable firm contract demand.

***Level 3 applies if Customer's operations utilize more than 75 full-time employees per 1,000 kW of applicable firm contract demand.

TENNESSEE VALLEY AUTHORITY
Chattanooga, Tennessee 37402-2801

TV-67518A
Supp No. 16

August 9, 1991

Mr. Glenn E. Irwin, Chairman
Board of Public Utilities
Bristol, Tennessee 37620

Dear Mr. Irwin:

This will confirm the arrangements developed between representatives of the City of Bristol, Tennessee (Municipality), and the Tennessee Valley Authority (TVA) with respect to supplementing and amending the wholesale power contract dated June 27, 1985 (Power Contract), between the parties to provide for a 13-kV revenue metering installation at a new 69-13-kV substation (Pemberton Substation) being constructed by Municipality.

It is understood and agreed that:

1. TVA, at its expense, shall provide and install in a mutually satisfactory location on the low-voltage side of the Pemberton Substation the revenue meter, meter cabinet, and related items necessary to determine the power and energy taken by Municipality at said substation. Said revenue meter shall be a solid-state type with telephone dial-up feature (Electronic Meter) which utilizes a telephone circuit for various data transmission and communication purposes (such as remote meter reading and data retrieval). Municipality shall, at its expense and in accordance with plans and specifications furnished or approved by TVA, install, on the source side of any station service transformers and any voltage correction equipment at said substation, the metering current and voltage transformers which are to be furnished by TVA and provide and install all other facilities required for the metering installation, including the foundation (if necessary) for TVA's meter cabinet, the primary connections from said metering transformers to Municipality's facilities, and the conduit (together with any required test boxes) and cable extending from the metering transformer secondaries to said meter cabinet, except that TVA will furnish said cable and test boxes. TVA shall coordinate its work hereunder with the work of Municipality to the extent necessary and practicable. Municipality hereby grants to TVA the right to install, operate, maintain, test, calibrate, repair, replace, and remove TVA's meter, meter cabinet, and related items in said substation; and TVA shall have free access to said metering facilities at all times.

For TVA's metering purposes described above, Municipality shall provide and install, or cause to be installed, and thereafter operate and maintain, at its expense, at the Pemberton Substation a telephone circuit, together with a conduit (necessary to protect said telephone circuit) extending from TVA's meter cabinet to a location specified by TVA, to be

Mr. Glenn E. Irwin
August 9, 1991

connected by TVA to its Electronic Meter. Said telephone circuit shall be installed in accordance with guidelines and specifications furnished or approved by TVA. In exchange for the use of Municipality's telephone circuit, TVA hereby agrees to permit Municipality remote access to TVA's metering data through use of the telephone circuit. In addition, TVA hereby also agrees to permit Municipality access to the metering information available from the readout display of the Electronic Meter. The use of the telephone circuit and access to TVA's metering data will be coordinated by TVA's and Municipality's operating representatives to ensure unrestricted telephone access by TVA for data retrieval purposes during such periods as specified by TVA. It is recognized that Municipality will require equipment not provided by TVA to obtain said metering data by remote telephone access. TVA will assist Municipality in determining the equipment to be utilized, but it is understood that acquisition of such equipment shall be the sole responsibility of Municipality.

It is recognized that Municipality may wish to obtain access to metering outputs from TVA's metering equipment for such purposes as monitoring and load control and that TVA is willing to make such access available at no charge to Municipality. Accordingly, Municipality may, at such time as it deems appropriate, provide and install at its expense such additional facilities as are necessary for obtaining access to metering outputs hereunder, including the provision and installation of a cable to be connected by TVA to a terminal block in TVA's meter cabinet. Municipality will keep TVA informed as to Municipality's plans for installation of said cable to the extent necessary and practicable. Municipality will neither install any facilities which are to be connected to TVA's metering equipment, nor, once installed, change them, without prior written notification from TVA that such installation or change is satisfactory to TVA. It is understood that the arrangements set out under this paragraph may be terminated by TVA or Municipality at any time upon at least 120 days' prior written notice to the other party. As soon as practicable following the effective date of such termination, TVA will disconnect said metering cable from said terminal block.

It is recognized that the metering installation is being installed, operated, and maintained for measuring the power and energy taken by Municipality at the Pemberton Substation. In recognition of the allowance of access to the metering outputs at no charge to Municipality, it is understood and agreed that Municipality shall reimburse TVA for any damage to TVA's property and to property in TVA's custody, and Municipality hereby waives, and releases the United States of America, TVA, their agents and employees from, and shall indemnify and save harmless the United States of America, TVA, their agents and employees from, any and all claims, demands, or causes of action, including, without limitation, those for personal injuries, property damage, loss of life or property, or consequential damages sustained by Municipality, its agents and employees, or third parties, arising out of or in any way

Mr. Glenn E. Irwin
August 9, 1991

connected with (a) any of Municipality's or TVA's work performed under this agreement to allow Municipality access to the metering outputs or (b) Municipality's exercise of access to the metering outputs; provided, however, that the provisions of this sentence shall apply only if the personal injuries, property damage, loss of life or property, consequential damages, or other damage or loss is caused by the negligence or other wrongful act or omission of Municipality, its agents or employees.

TVA makes no statement, representation, claim, guarantee, assurance, or warranty of any kind whatsoever, including, but not limited to, representations or warranties, express or implied, (i) as to the accuracy or completeness of the metering outputs to which Municipality has access hereunder or as to such outputs' merchantability or fitness for any purposes for which Municipality uses or will use them or (ii) as to quantity, kind, character, quality, capacity, design, performance, compliance with specifications, condition, size, description of any property, merchantability, or fitness for any use or purpose of any facilities installed by TVA hereunder. Municipality hereby waives, and releases TVA, the United States of America, and their agents and employees from, any and all claims, demands, or causes of action, including, without limitation, consequential damages, arising out of or in any way connected with Municipality's use of the metering outputs. Municipality's obligations under this and the preceding paragraph shall survive any expiration or termination of this agreement until they are discharged.

It is understood that in exercising its access to metering outputs hereunder Municipality shall not interfere with TVA's operation and use of the Electronic Meter. In this regard, Municipality agrees to immediately modify its facilities and operations in any manner as may be requested by TVA to avoid any such interference.

Except as otherwise provided for herein, the metering installation shall be for TVA's exclusive use and control unless otherwise agreed by TVA and may be used by TVA separately or in conjunction with any other metering facilities of TVA. TVA, at its expense, will test, calibrate, operate, maintain, and replace the portion of such installation provided and installed by TVA. Municipality, at its expense, shall, as requested by TVA from time to time, perform necessary maintenance (including making of replacements) of the remaining portion of the metering installation; provided, however, that TVA will furnish for installation by Municipality any replacements required for the current and voltage transformers, metering cable, and test boxes. TVA will place its seals on the meter and metering facilities in said metering installation, and Municipality shall assure that said seals are not broken except upon request by TVA.

Mr. Glenn E. Irwin
August 9, 1991

2. It is recognized that Municipality's Pemberton Substation will be supplied from a 161-kV delivery point at the Bluff City 161-kV Substation. Accordingly, effective as of the date on which the Pemberton Substation is first placed in service, section 2 of Lease and Amendatory Agreement TV-27013A, Supplement No. 18, dated January 18, 1979, as amended (1979 Lease Agreement), covering establishment of said 161-kV delivery point, is hereby amended to the extent necessary to provide that, for billing purposes under the 1979 Lease Agreement and under the Power Contract, the respective amounts of power and energy measured by the 13-kV meters at the Pemberton, King College, Ruthton, and Raytheon Substations and 69-kV meters at the Bluff City 161-kV Substation, as appropriately adjusted to account for losses and nonmetered station service usage (if any), shall be combined on a simultaneous basis to reflect wholesale deliveries to Municipality at said 161-kV delivery point.

3. It is understood that any plans, specifications, requirements, guidelines, or coordination, and any review or approvals, provided by TVA hereunder are only for TVA's purposes, which include helping to assure (a) the safe and efficient operation of TVA's facilities and (b) that the arrangements provided for hereunder do not cause undue hazards to TVA's facilities and operations. They are not to be construed as confirming or endorsing such arrangements for Municipality's purposes.

4. Except as otherwise provided herein, this agreement shall become effective as of the date first above written and shall continue in effect for the term of the Power Contract or of any renewal, extension, or replacement thereof.

5. The Power Contract and the 1979 Lease Agreement, as supplemented and amended by this agreement, are hereby ratified and confirmed as the continuing obligation of the parties.

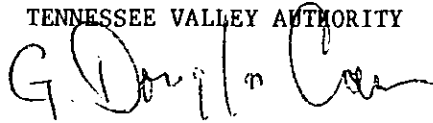
6. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom unless the agreement be made with a corporation for its general benefit, nor shall Municipality offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34. Breach of this provision shall constitute a material breach of this agreement.

Mr. Glenn E. Irwin
August 9, 1991

If this letter satisfactorily sets forth our understandings, please execute three counterparts hereof and return them to the TVA regional service office. Upon execution by TVA, this letter shall be a binding agreement, and a fully executed counterpart will be returned to you.

Very truly yours,

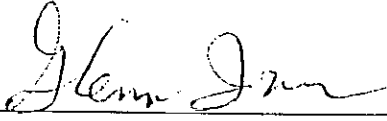
TENNESSEE VALLEY AUTHORITY



G. Douglas Carver, Manager
Distributor Marketing
and Services

Accepted and agreed to as of
the date first above written.

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

By 
Chairman



Tennessee Valley Authority, Post Office Box 5220, Estes Kefauver Station, Johnson City, Tennessee 37603

TV-67518A
Supp No. 17

March 27, 1992

Mr. Michael Browder, General Manager
Bristol Tennessee Electric System
P.O. Box 549
Bristol, Tennessee 37621

Dear Mr. Browder:

This is to confirm our understanding relative to supplementing the wholesale power contract dated June 27, 1985, between TVA and Bristol Tennessee Electric System to cover our cooperation in a marketing training program to help promote the better use of electricity.

We understand that you will arrange with AHP Systems, Inc., to conduct for your employees a training seminar entitled "Where the Rubber Meets the Road." You will schedule and make all necessary arrangements (including providing the facilities) with AHP Systems for this training seminar. If attendance space permits, you will arrange for TVA's employees to attend this seminar as well. After receipt of an invoice, TVA will reimburse you in the amount of \$1,000, which is about one-half the seminar costs (as billed to your electric system by AHP Systems).

If this letter correctly states our understandings about this program, please sign in the space provided below and return two copies to me. The original is for your files.

Sincerely,

Eddie L. Tramel
Eddie L. Tramel
Manager
Johnson City Customer Service Center

Accepted and agreed to as of
the 3 day of April, 1992

BRISTOL TENNESSEE UTILITIES BOARD

By *M. L. Brown*
General Manager

AGREEMENT
Between
TENNESSEE VALLEY AUTHORITY
And
CITY OF BRISTOL, TENNESSEE

THIS AGREEMENT, made and entered into as of the 1st day of May, 1992, by and between TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act), and CITY OF BRISTOL, TENNESSEE (Distributor), a municipal corporation duly created, organized, and existing under and by virtue of the laws of the State of Tennessee;

W I T N E S S E T H:

WHEREAS, TVA and Distributor have heretofore entered into a contract dated June 27, 1985, as amended (Power Contract), under which electric power and energy are supplied by TVA at wholesale and purchased by Distributor for resale; and

WHEREAS, the TVA Act provides that among TVA's objectives shall be those of promoting the wider and better use of electric power, of supplying electric power at the lowest feasible rates, and of applying electric power to the fuller and better balanced development of the resources of the region; and

WHEREAS, TVA and Distributor wish to cooperate in a program (Program) to encourage the fuller and better balanced development of the resources of the region by the application of credits against the electric bills of public educational institutions and manufacturing industries served by Distributor; and

WHEREAS, the parties wish to supplement and amend the Power Contract in the respects necessary to implement the Program;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein contained and subject to the provisions of the TVA Act, the parties agree as follows:

1. Identification of Eligible Accounts. Distributor shall announce the availability of the Program and endeavor to identify its customer accounts that meet the eligibility requirements for participation in the Program set forth in Attachment A, which is made a part of this agreement. TVA will assist Distributor by providing for Distributor's use any information it has about eligible customer accounts. In the event that a particular customer account is not clearly eligible, TVA shall make the eligibility determination.

2. Application Forms. As soon as practicable after execution of this agreement, Distributor shall provide (a) each identified public education system, as determined by the government of the state in which such system is located, (System) an application form for credit for each account (Public Education Account) of System which qualifies for participation in the Program under paragraph A of Attachment A and (b) each identified general power customer an application form for credit for each account (Manufacturing Account) of such customer which qualifies for participation in the Program under paragraph B of Attachment A. The application forms shall be in a form provided or approved by TVA.

Distributor shall furnish TVA a copy of each completed application form and shall notify TVA of any additions to or deletions of such accounts. It is understood and agreed that credits shall not be allowed by Distributor for any account until a completed application is received and approved by TVA.

3. Allowance of Credit. Notwithstanding anything appearing in the Power Contract (including the Schedule of Rates and Charges) that may be construed to the contrary, beginning with Distributor's May 1992 revenue month (as that term is defined in Wholesale Power Rate--Schedule WS, attached to and made a part of the Power Contract) and continuing through the April 1993 revenue month, Distributor shall apply a credit against the electric bill of each Public Education and Manufacturing Account as provided below. Distributormay, at its option, provide such monthly credit amount as a direct cash payment.

(a) Public Education Accounts. Subject to (c) below, for each Public Education Account served under a General Power Rate Schedule, the credit shall be equal to 10 percent of the portion of the customer's monthly bill calculated under the Base Charges section of such schedule. For each Public Education Account served under Distributor's Outdoor Lighting Rate Schedule, the credit shall be equal to 10 percent of the monthly bill computed by applying the rate schedule charges.

(b) Manufacturing Accounts. Subject to (c) below, for each manufacturing account, the credit shall be equal to 5 percent of the portion of the customer's monthly bill calculated under the Base Charges section of Distributor's applicable General Power Rate Schedule.

(c) Ineligible Bill Components. No credit shall be allowed against any portion of customer's bill for nonfirm power, for special facilities charges, or for any amount calculated under sections of the General Power Rate Schedule other than the Base Charges section. Before applying any credit, the customer's bill shall first be reduced by any amounts that will apply under the Growth Credit program.

4. Alternative Payment Option for Public Education Accounts. If Distributor chooses to make this option available, it shall pay to any requesting System an initial amount (Initial Amount) upon its entry into the Program. The Initial Amount shall be equal to 80 percent of the total amount the System would have received (for all eligible accounts) under the Program

if the Program had been in effect for the 12 full billing months prior to Distributor's May 1992 revenue month. If the System elects this option after receiving any amounts under section 3 above, those amounts shall be offset against the Initial Amount before it is paid.

As soon as practicable after the end of Distributor's April 1993 revenue month, System's bill(s) from Distributor shall be appropriately adjusted to reflect any remaining credit due or any overpayment under the preceding paragraph. The amount of any remaining credit due will be the amount by which the total credits (Total Credits) that would have been due under section 3 above for the 12-consecutive-month period beginning with the May 1992 revenue month exceeds the Initial Amount. The amount of any overpayment will be the amount by which the Initial Amount exceeds the Total Credits.

5. Reports. Distributor shall submit to TVA a monthly report (in a form furnished or approved by TVA) showing for each Public Education and Manufacturing Account amounts billed to the customer for firm power and energy and the amount of the credit applied during that revenue month pursuant to sections 3 and 4 hereof, together with such other information as may be reasonably required by TVA. Following receipt and verification of said information, TVA shall apply a credit to Distributor's wholesale power bill equal to the total credits appropriately applied by Distributor during that revenue month. In the event that information becomes available which indicates that the credit amounts were incorrectly applied to a customer's bill for any reason, Distributor shall make an appropriate adjustment to the customer's bill and TVA shall make a corresponding adjustment to Distributor's wholesale power bill.

6. False Information Submitted by Applicant. It is recognized that the determination of a customer's eligibility may be based in part on information provided by such customer. In the event that it is subsequently determined that the customer has intentionally, or with deliberate ignorance of or reckless disregard for the truth, provided materially false information to Distributor, Distributor shall, if so requested by TVA's Operating Representative, terminate the payment of any further credits to that customer. Additionally, Distributor shall cooperate with TVA in collecting from such customer any and all credit amounts paid to such customer as a result of Distributor's use of such information.

7. Reimbursement of Distributor's Costs. In order to reimburse Distributor for costs incurred under the Program, TVA will apply each month to Distributor's wholesale bill a credit of (a) \$300 plus (b) an amount equal to (i) Three Dollars multiplied by (ii) the number of Public Education and Manufacturing Accounts entitled to such credits during the month.

8. Effective Date. Except as otherwise provided herein, this agreement shall become effective as of the date first above written, and shall continue in effect until all of the obligations of the parties hereto have been fulfilled.

9. Operating Representatives. TVA's Operating Representative for administration of this agreement shall be the President, Customer Group, or a designee. Distributor's Operating Representative for administration of this agreement shall be the manager of its electric system or a designee. Subject to the provisions of this agreement, the Power Contract, and any applicable law, the Operating Representatives shall be authorized to agree upon such incidental administrative arrangements as are appropriate for the efficient and expeditious implementation of this agreement.

10. Program Guidelines. From time to time TVA shall furnish Distributor with Guidelines, consistent with the provisions of this agreement, providing for the efficient operation of the program.

11. Indemnity. TVA hereby releases Distributor, its officials, agents, and employees from, and shall indemnify and save harmless Distributor, its officials, agents, and employees from, any and all claims, demands, or causes of action of any kind or character whatsoever arising out of or in any way connected with TVA's development of or performance under this agreement. However, TVA's release and indemnity obligations to Distributor under this paragraph shall not apply unless such claims, demands, or causes of action are proximately caused by TVA's development, performance, or failure to perform any of its obligations under this agreement or by the negligence or other wrongful acts of TVA or its agents or employees.

Distributor hereby releases the United States of America, TVA, their officials, agents, and employees from, and shall indemnify and save harmless the United States of America, TVA, their officials, agents, and employees from, any and all claims, demands, or causes of action of any kind or character whatsoever arising out of or in any way connected with Distributor's performance under this agreement. However, Distributor's release and indemnity obligations to TVA under this paragraph shall not apply unless such claims, demands, or causes of action are proximately caused by Distributor's failure to perform any of its obligations under this agreement or by the negligence or other wrongful acts of Distributor or its agents or employees.

Either party shall, along with a request for indemnification or reimbursement for a claim submitted to the other party, provide the other party with the information, explanation, and documentation necessary for the other party to determine that the indemnification or reimbursement of the requesting party is appropriate pursuant to the provisions contained in this section.

12. Power Contract Affirmed. The Power Contract, as amended and supplemented by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties.

13. Officials Not to Benefit. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise from it unless the agreement is

made with a corporation for its general benefit, nor shall Distributor offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34. Breach of this provision shall constitute a material breach of this agreement.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers as of the day and year first above written.

TENNESSEE VALLEY AUTHORITY

By Mary Sharpe Day
President, Customer Group

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

Attest:

Linda Parker
(Title) Director, Management Services

By Glenn Irwin
Chairman

Eligibility Requirements

- A. Public Education Account. A Public Education Account shall be a billing account for a delivery point serving any primary, secondary, and higher education facility owned and operated by a System. Such account includes administrative offices, warehouses, and athletic field lighting installations receiving power and energy from Distributor as long as the charges for power and energy are paid all or in part from tax revenues allocated as of January 1, 1992, to said public education system.
- B. Manufacturing Account. A Manufacturing Account shall be a billing account for delivery point serving any general power customer of Distributor which is (1) served under (a) Parts 2 or 3 of Schedule GSA or under Schedules GSB, GSC, or GSD or (b) Parts 2 or 3 of Time-of-Day Schedule TGSA or under Time-of-Day Schedules TGSB, TGSC, or TGSD and (2) where the activities conducted at such delivery point are classified with a 2-digit Standard Industrial Classification code between 20 and 39, inclusive.

Public Education and Manufacturing Credit
Power Charges Eligible for Credit

For Public Education Accounts served under a general power rate schedule and for all Manufacturing Accounts, the credit is applied as to the portion of the power bill calculated under the Base Charges section of the schedule. Specifically, these charges include:

- o Customer charge
- o Charges for firm energy
- o Charges for firm billing demand

Included as components of these charges are:

- o Demand charges applied to a ratched demand (minimum bill application)
- o Charges for billing demand in excess of contract demand (excess takings)
- o For time-of-day customers, charges for offpeak in excess of onpeak demand

For Public Education Accounts served under Distributor's Outdoor Lighting Rate Schedule, the credit is applied to all rate schedule charges, including:

- o Customer charge
- o Energy charge
- o Facility charge
- o Charges for replacement of lamps and related glassware

Power Charges Ineligible for Credits

Power charges not specifically identified above as eligible for credits are not included in the program. Ineligible charges include the following:

- o Facilities rental charges
- o Reactive charges for customers served under GSB, GSC, GSD, TGSC, and TGSD
- o Charges under the seasonal service section of GSA and TGSA
- o Any distributor-specific charges such as special facilities charges, capacity charges and rental charges
- o Any interruptible charges including:
 - LIP demand charges
 - LIP energy charges
 - Replacement demand and energy charges
 - ESP energy charges
 - Unscheduled ESP
 - ESP-related charges (system access charges, etc.)
 - Testing and Restart Power charges
 - Charges for supplemental power

PUBLIC EDUCATION AND MANUFACTURING CREDITS
ADMINISTRATIVE PROCEDURES

1. Distributors receive materials from Customer Service Center (CSC) and begin promoting the program.
2. Distributors mail applications to listed Public Education Systems & Manufacturers, non-listed ones call for applications after hearing about it from general notice.
3. Education Systems/Manufacturers return completed applications to distributors.
4. Distributors review the applications and prepare a summary sheet listing accounts & company/school names. The summary sheet should use a format similar to the ESS monthly credit report. Distributors return copies of applications and the summary sheet to CSC's.
5. CSC reviews summary sheet and applications. CSC's make determination of acceptable accounts and give distributors approval to begin immediately paying credits to approved accounts. Accounts where eligibility is questioned by CSC are referred to Russell Robertson for final decision on eligibility. The determination of questionable account eligibility should not delay payments to acceptable accounts. The summary sheet with revisions, if any, is returned to distributor as the "final" list of approved accounts. CSC maintains file of applications and summary sheets.
6. Upon receipt of approved list, distributor can begin giving out credits.
7. Monthly credit activity is reported on ESS system.
8. Distributors compute monthly reimbursement for credits and administrative costs and pay net power bill to TVA.

PUBLIC EDUCATION AND MANUFACTURING PROGRAM
Application for Manufacturing Credit

Power Distributor: _____

Customer Name: _____

Mailing Address: _____

Telephone Number: () - _____

Plant Name: _____

Plant Location: _____

Customer is applying for a credit to its electric bills under a program offered by Distributor and the Tennessee Valley Authority. It is understood that for an account to be eligible the primary business activity at that account must be classified with a 2-digit Standard Industrial Classification (SIC) code between 20 and 39, inclusive. Please list each Distributor account number, applicable SIC code, and business activity:

	<u>Account Number</u>	<u>SIC Code</u>	<u>Business Activity</u>
1.			
2.			
3.			
4.			
5.			

Customer agrees to inform Distributor of changes in the status of any listed account.

Customer understands that the credits it receives are paid in reliance on the accuracy of its representations in this application. Federal law provides substantial penalties for intentionally providing materially false information on this application, and if this occurs, Customer's participation in the program is subject to termination. Customer agrees to promptly repay to Distributor any amounts overpaid to Customer as a result of Distributor's use of such false information.

Customer will allow Distributor or TVA to review, at any time during normal working hours and upon reasonable notice, any of Customer's books and records related to the information contained in this application.

Customer hereby certifies to TVA and to Distributor that the information given above is accurate and complete.

By: _____
Title: _____
Date: _____

PUBLIC EDUCATION AND MANUFACTURING PROGRAM
Application for Public Education Credit

Power Distributor: _____

Education System: _____

Mailing Address: _____

Telephone Number: () - _____

List name and mailing address of organization responsible for receipt and payment of electric bill (if different from Education System):

Payment Organization: _____

Mailing Address: _____

Education System is applying for a credit to its electric bills under a program offered by Distributor and the Tennessee Valley Authority. It is understood that eligibility is limited to public education systems as determined by the government of the state in which such system is located. It is also understood that the credit is applicable to all electric accounts of Education System receiving power from Distributor as long as the charges for power and energy are paid all or in part from tax revenues allocated to Education System. Please list all accounts eligible for credit on the attached schedule.

Please describe below the intended use by Education System of these credits:

Education System understands that the credits it receives are paid in reliance on the accuracy of its representations in this application. Federal law provides substantial penalties for intentionally providing materially false information on this application, and if this occurs, Education System's participation in the program is subject to termination. Education System agrees to promptly repay to Distributor any amounts overpaid to Customer as a result of Distributor's use of such false information.

Education System will allow Distributor or TVA to review, at any time during normal working hours and upon reasonable notice, any of Education System's books and records related to the information contained in this application.

Education System and Payment Organization hereby certify to TVA and to Distributor that the information given above is accurate and complete.

Payment Organization
By: _____
Title: _____
Date: _____

Education System
By: _____
Title: _____
Date: _____

Schedule of Education System Accounts

Please list Distributor accounts numbers to all billing accounts of Education System. Education System agrees to inform Distributor of changes in the status of any listed account.

Education Account Number

Name of Facility

AGREEMENT
Between
TENNESSEE VALLEY AUTHORITY
And
CITY OF BRISTOL, TENNESSEE

THIS AGREEMENT, made and entered into as of the 1st day of May, 1992, by and between TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act), and CITY OF BRISTOL, TENNESSEE (Distributor), a municipal corporation duly created, organized, and existing under and by virtue of the laws of the State of Tennessee;

W I T N E S S E T H:

WHEREAS, TVA and Distributor have heretofore entered into a contract dated June 27, 1985, as amended (Power Contract), under which electric power and energy are supplied by TVA at wholesale and purchased by Distributor for resale; and

WHEREAS, after appropriate studies and investigations and after continued discussions between TVA and the distributors, certain changes have been developed in the wholesale and resale rate schedules in accordance with the provisions of the Power Contract; and

WHEREAS, the parties wish to amend the Power Contract in the respects necessary to place into effect such changed schedules and in certain other respects;

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, and subject to the provisions of the TVA Act, the parties hereto covenant and agree as follows:

1. The Schedule of Rates and Charges attached to and made a part of the Power Contract contains a wholesale rate schedule (Existing Wholesale Schedule) and various resale rate schedules (Existing Resale Schedules). A substitute wholesale schedule, designated Schedule WS (Changed Wholesale Schedule) and dated May 1992, and substitute resale schedules, designated Schedules RS, GSA, GSB, GSC, GSD, LS, TGSB, TGSC, and TGSD (Changed Resale Schedules) and dated May 1992, are attached hereto. The Existing Wholesale Schedule shall remain in full force and effect for all bills rendered from wholesale meter readings scheduled to be taken before May 2, 1992, and the Changed Wholesale Schedule shall become effective in accordance with the provisions thereof for all bills rendered from wholesale meter readings scheduled to be taken on and after May 2, 1992. Commencing with the first application of the Changed Wholesale Schedule, all references in the

Power Contract to the Existing Wholesale Schedule shall be deemed to refer to the Changed Wholesale Schedule. The Existing Resale Schedules shall remain in full force and effect for all bills rendered from resale meter readings taken for revenue months of Distributor prior to Distributor's May 1992 revenue month, and the respective Changed Resale Schedules shall become effective in accordance with the provisions thereof for all bills rendered from resale meter readings taken for revenue months of Distributor beginning with the May 1992 revenue month. Distributor will, promptly upon execution of this agreement, inform TVA of the period that will comprise its revenue month and will inform TVA of any changes thereto. Commencing with the first application of each of the Changed Resale Schedules, all references in the Power Contract to an Existing Resale Schedule shall be deemed to refer to the corresponding Changed Resale Schedule as designated in the Resale Schedules Replacement Table attached hereto.

2. Beginning with Distributor's May 1992 revenue month, Distributor shall provide electric service to all customers at and in accordance with the rates, charges, and provisions of the appropriate Changed Resale Schedule and the provisions of the Power Contract as supplemented and amended by this agreement.

3. It is recognized that, under the Changed Wholesale Schedule, (a) a portion of Distributor's wholesale bill each month will be computed by applying the base demand and energy charges set out in the Changed Wholesale Schedule to the amounts of power and energy resold to Distributor's customers under the Changed Resale Schedules and (b) another portion of Distributor's wholesale bill will be determined by applying other charges set out in the Changed Wholesale Schedule to deliveries of power and energy by TVA to Distributor at the delivery points provided for in the Power Contract. For purposes of determining said portion under (a) above, Distributor shall, as soon as practicable after the end of each revenue month beginning with the May 1992 revenue month, report to TVA in a form specified by TVA said amounts of power and energy resold to Distributor's customers during the revenue month under the Changed Resale Schedules. To the extent that said amounts are not so reported by Distributor by the time that TVA has determined said deliveries of power and energy to Distributor under (b) above and is prepared to bill Distributor therefor, TVA shall be entitled to bill Distributor, and Distributor shall pay, based upon amounts estimated by TVA to have been resold by Distributor during said revenue month. In the event that TVA renders such an estimated bill, following provision by Distributor of the necessary data and calculation by TVA of an appropriate billing adjustment to reflect the actual amounts of power and energy so resold to Distributor's customers during said revenue month, said adjustment will be included as a part of the next wholesale bill to Distributor.

It is recognized that under section 1(b) of the Schedule of Terms and Conditions attached to and made a part of the Power Contract, TVA has access at all reasonable times to Distributor's books and records relating to electric system operations, including access to records of the amounts of power and energy resold by Distributor and used by TVA to compute the wholesale bill under the Changed Wholesale Schedule. It is further recognized that some distributors of TVA power utilize a third-party service for billing their customers and that TVA needs comparable access to the resale billing data in the possession of such third parties. It is therefore agreed that in the event that Distributor utilizes a third-party billing service to assist it in billing its customers, Distributor shall enter into such arrangements with said third party as are necessary to grant TVA and its agents the right to examine, upon reasonable notice and during normal working hours, said third party's records and books (including computer software) solely as they relate to the processing or reporting of resale billing data of Distributor.

4. In the event that any amount accrues to TVA under Adjustment 3 of the Changed Wholesale Schedule with respect to a customer of Distributor, and that customer then fails to pay any of the minimum bill obligations which caused that amount to accrue, Distributor shall promptly so notify TVA in writing. Within 90 days after the date on which a customer becomes past due in making payment on any such minimum bill obligations, Distributor, after consultation with TVA, shall institute litigation to enforce payment of the minimum bill obligations. To the extent determined by TVA to be appropriate, TVA will assist Distributor in such efforts. Upon failure of Distributor to do so, TVA may institute such litigation in the name of Distributor, or in the name of TVA, or in the name of both, and any actions taken by TVA in connection with such litigation shall be binding on Distributor.

For all wholesale bills rendered after the initiation of any such litigation, the provisions of this paragraph shall apply, notwithstanding any provision of the Changed Wholesale Schedule. The amounts applicable under Adjustment 3 as a result of service to a customer being sued shall continue to accrue but shall not become payable by Distributor until collections are being made from the customer. If all legal remedies are pursued and less than full recovery is realized, Distributor's payment obligations to TVA on the amounts which accrue under Adjustment 3 shall be limited to (a) 50 percent of the amount recovered from a customer covered only by the first paragraph of Adjustment 3 and (b) 75 percent of the amount recovered from a customer covered by the first paragraph of Adjustment 3 as modified by the second paragraph. If all legal remedies are pursued by Distributor, Distributor's payment obligations to TVA on the amounts which accrue under Adjustment 3 shall be reduced (a) by 50 percent of the costs (not recovered from the customer) reasonably incurred by Distributor in the prosecution of such litigation with respect to a customer covered only by the first paragraph of Adjustment 3 and (b) by 75 percent of the costs (not recovered from the

customer) reasonably incurred by Distributor in the prosecution of such litigation with respect to a customer covered by the first paragraph of Adjustment 3 as modified by the second paragraph. Notwithstanding any other provision of this agreement, in the event litigation was brought by TVA under the preceding paragraph, unless otherwise agreed by TVA and Distributor, all costs (including personnel costs of attorneys and all other employees engaged in the prosecution of such litigation) incurred by TVA in its collection efforts shall be reimbursed to TVA from the portion of any amounts recovered that Distributor would otherwise be entitled to receive or retain.

5. Notwithstanding anything in the Changed Wholesale Schedule to the contrary and except with respect to any customer supplied through a delivery point which serves only that customer (Special Delivery Point), in calculating the wholesale bill, the base demand and energy charges set out in the Changed Wholesale Schedule for Schedules GSD and TGSD shall be divided by 1.03. For any such customer supplied through a Special Delivery Point, said charges shall be divided by a factor of 1 plus the percentage (expressed in decimal form) of actual losses, if any, occurring between the Special Delivery Point and the point of delivery of power and energy by Distributor to the customer. Said adjusted charges shall also be used for the distribution loss calculation made in determining the wholesale bill.

6. It is recognized that, under the provisions of the section entitled "Distribution Loss Charge" of the Changed Wholesale Schedule, an Annual Loss Adjustment is applied to Distributor's wholesale bill to reflect distribution losses actually incurred during the 12-month period ending on June 30 of each year. Notwithstanding anything appearing in said section, the Annual Loss Adjustment for the period ending on June 30, 1992, shall be determined in such a manner as to reflect distribution losses actually incurred during the first 2 months of application under this agreement.

7. Except as otherwise specifically provided herein, this agreement shall become effective as of the date first above written, and shall continue in effect until expiration of the Power Contract, or any renewal, extension, or replacement thereof.

8. It is recognized that the parties have heretofore entered into an agreement dated September 25, 1986 (1986 Agreement), placing into effect changes developed for the wholesale and resale rate schedules. Effective with the effective date of this agreement (except to the extent necessary to allow any final applications of the Existing Wholesale Schedule or of the existing Resale Schedules), the 1986 Agreement is hereby terminated.

9. The Power Contract, as supplemented and amended by this agreement, is hereby ratified and confirmed as the continuing obligation of the parties.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers as of the day and year first above written.

TENNESSEE VALLEY AUTHORITY

By Peter W. M. M.
Manager of Business Resources

Attest:

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

Linda S. Parker
(Title) Dir., Mgmt. Services

By Glenn J. J.
Chairman

RESALE SCHEDULES REPLACEMENT TABLE

The table below lists existing resale schedules (Existing Resale Schedules) offered by distributors of TVA power as of the April 1992 resale revenue month and the corresponding substitute resale schedules (Changed Resale Schedules) that will replace each of them (or the specified part thereof), effective for all bills rendered from resale meter readings taken for revenue months beginning with the May 1992 resale revenue month.

<u>Existing Resale Schedules</u>	<u>Changed Resale Schedules</u>
RP-1 through RP-20	RS
GP-1 through GP-20, Part A	GSA
GP-1 through GP-20, Part B*	GSB*
GP-1 through GP-20, Part B*	GSC*
GP-1 through GP-20, Part C	GSD
LP	LS
RPT-1 through RPT-20	TRS
GPT-1 through GPT-20	TGSA
GPTA-1 through GPTA-20	TGSA
SPT-1 through SPT-20	TGSA
TGP, Part I**	TGSB**
TGP, Part I**	TGSC**
TGP, Part II	TGSD
DPP-1 through DPP-20	DPS

* GSB will apply for customers with contract demands greater than 5,000 kW but not more than 15,000 kW and GSC will apply for customers with contract demands greater than 15,000 kW but not more than 25,000 kW.

** TGSB will apply for customers with contract demands greater than 5,000 kW but not more than 15,000 kW and TGSC will apply for customers with contract demands greater than 15,000 kW but not more than 25,000 kW.

AGREEMENT
Between
TENNESSEE VALLEY AUTHORITY
And
CITY OF BRISTOL, TENNESSEE

THIS AGREEMENT, made and entered into as of the 17TH day of OCTOBER, 1992, by and between TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act), and CITY OF BRISTOL, TENNESSEE (Distributor), a municipal corporation duly created, organized, and existing under and by virtue of the laws of the State of Tennessee;

W I T N E S S E T H:

WHEREAS, TVA and Distributor have heretofore entered into a contract dated June 27, 1985, as amended (Power Contract), under which electric power and energy are supplied by TVA at wholesale and purchased by Distributor for resale; and

WHEREAS, TVA, Distributor, and RSR Laboratories, Inc. (Company), have entered into a contract of even date herewith (Company Contract) covering arrangements under which TVA will make available to Distributor for resale to Company a supply of firm power and of economy surplus power (ESP) for operation of Company's plant near Bristol, Tennessee; and

WHEREAS, the parties hereto wish to supplement and amend the Power Contract and to enter into such other arrangements as are necessary between TVA and Distributor with respect to Distributor providing such service to Company under the Company Contract;

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants hereinafter set forth, and subject to the provisions of the Tennessee Valley Authority Act of 1933, as amended, the parties hereto mutually covenant and agree as follows:

1. Term of Agreement. This agreement shall become effective as of the date first above written, and shall continue in effect until expiration or termination of the Company Contract, or of the Power Contract, or until ESP is no longer available under the Company Contract, whichever first occurs.

2. Billing Data. It is recognized that data obtained from the metering facilities described in section 4 hereof will be used by Distributor for the purposes of determining the power and energy taken by Company and by TVA for determining applicable adjustments for Distributor's wholesale bill. Accordingly, TVA will supply Distributor by the fourth working day following

Company's scheduled meter-reading date the information regarding the amounts of ESP scheduled, the times such power was scheduled, the price for such power, and such other information as may be necessary so that Distributor may be able to calculate Company's bill under the Company Contract. In order to facilitate TVA's preparation of the bill to Distributor for power and energy made available under the Power Contract, each month Distributor shall furnish to TVA a copy of Distributor's bill to Company for power and energy made available under the Company Contract when it is rendered and such other information related to Company's power and energy takings as TVA may require.

3. Adjustments to Distributor's Wholesale Billing. In calculating the wholesale bill each month for Distributor, the following steps will be taken with respect to Company:

(a) Distributor will be billed demand and energy charges as provided in the wholesale rate schedule (Wholesale Schedule), which is contained in the Schedule of Rates and Charges attached to and made a part of the Power Contract, for any firm power and energy resold under the Company Contract; provided, however, that for the purposes of calculating said charges for any billing month in which Company is deemed to have taken any ESP energy under said contract, the term "metered demand" in the Wholesale Schedule shall be deemed to refer to an amount equal to the sum of the billing demand for firm power and any billing demand for excess power (as those demands are calculated under the Company Contract).

(b) The total dollar amount of base demand and energy charges calculated under the Wholesale Schedule shall be increased by adding thereto an amount equal to the sum of Distributor's monthly charges (exclusive of any surcharge applicable under the last paragraph of section F of the ESP Attachment to the Company Contract) to Company for ESP energy and unscheduled ESP (as determined under the Company Contract and adjusted to reflect losses as provided in (c) below). In addition, an amount equal to the applicable charges billed to Company in accordance with the second and third paragraphs of section A of the ESP Attachment to the Company Contract will be included as part of the wholesale bill.

(c) The loss adjustments provided for in the first sentence of (b) above shall be made by dividing the charges to be adjusted by 1.03.

(d) The amounts added to the base charges of the wholesale bill pursuant to the first sentence of (b) above shall also be added to the "sum of all charges" used for the distribution loss calculation under the section entitled "Distribution Loss Charge" of the Wholesale Schedule. In the event the ESP energy amount deemed taken by Company under the Company Contract in any month exceeds the metered amount of Company's total energy takings for the month, the total amount of energy resold by Distributor to such customer during that month shall be reduced by the amount of said excess for the purpose of determining the Loss Factor under said Distribution Loss Charge section.

4. Metering Facilities. It is recognized that the existing metering facilities heretofore used by Distributor in determining the firm power and energy taken by Company are inadequate for determining the amounts of power and energy associated with ESP to be taken by Company under the Company Contract. Accordingly, TVA and Distributor have arranged to replace the revenue meter in the existing metering facilities with a solid-state type revenue meter (Replacement Meter) capable of remote telephone access. Distributor will, at its expense, provide the equipment and materials and perform the work necessary to install the Replacement Meter, which will be provided by TVA at its expense. Thereafter, Distributor shall test, calibrate, operate, maintain, repair, and replace all facilities in the metering installation, except that TVA shall provide any necessary replacements for the Replacement Meter.

It is recognized that remote access to the metering data recorded by the Replacement Meter requires installation of a telephone circuit. Distributor shall, at its expense, provide and install, or cause to be installed, and thereafter maintain a telephone circuit to be connected (through a modem furnished by TVA at its expense) to the Replacement Meter. Said telephone circuit shall be installed in accordance with guidelines and specifications furnished or approved by TVA. TVA hereby agrees to permit Distributor remote access through the telephone circuit to the metering data, and TVA will provide Distributor any information necessary for the exercise of such access. It is recognized that Distributor will require equipment not provided by TVA to exercise such access. TVA will assist Distributor in determining the equipment to be utilized, but it is understood that acquisition of such equipment shall be the sole responsibility of Distributor. The use of the telephone circuit and access to the metering data will be coordinated by TVA's and Distributor's operating representatives to ensure unrestricted access by TVA for data retrieval purposes during such periods as specified by TVA. It is hereby agreed that Distributor will not use the Replacement Meter for any purpose other than as specifically provided herein unless it first obtains TVA's written agreement.

Distributor shall reimburse TVA for any damage to the Replacement Meter caused by the negligence or other wrongful act or omission of Distributor or its agents or employees and shall promptly return said meter to TVA upon expiration or termination of the Company Contract or the availability of ESP thereunder, whichever first occurs. The obligations of this paragraph shall survive the expiration or termination of this agreement until they are discharged.

It is recognized that Distributor has requested access to metering outputs from the Replacement Meter for such purposes as monitoring and load control and that TVA is willing to make such access available at no charge to Distributor. Accordingly, Distributor may, at such time as it deems appropriate, provide and install at its expense such additional facilities as are necessary for obtaining access to metering outputs hereunder, including the provision and installation of a cable to be connected by Distributor to a terminal block in the meter cabinet. Distributor will keep TVA informed as to

Distributor's plans for installation of said cable to the extent necessary and practicable. Distributor will neither install any facilities which are to be connected to the Replacement Meter nor, once installed, change them without prior written notification from TVA that such installation or change is satisfactory to TVA insofar as required for the safe and efficient operation of the metering installation. It is understood that the arrangements set out under this paragraph may be terminated by TVA or Distributor at any time upon at least 120 days' written notice to the other party. As soon as practicable following the effective date of such termination, Distributor will disconnect said metering cable from said terminal block.

It is recognized that the Replacement Meter is being installed, operated, and maintained for measuring the power and energy taken by Distributor for resale to Company. In recognition of the allowance of access to the metering outputs at no charge to Distributor, it is understood and agreed that Distributor shall reimburse TVA for any damage to TVA's property and to property in TVA's custody, and Distributor hereby waives, and releases the United States of America, TVA, and their agents and employees from, and shall indemnify and save harmless the United States of America, TVA, and their agents and employees from, any and all claims, demands, or causes of action, including, without limitation, those for personal injuries, property damage, loss of life or property, or consequential damages sustained by Distributor, its agents or employees, or third parties, arising out of or in any way connected with (a) any of Distributor's work under the preceding paragraph or (b) Distributor's exercise of access to the metering outputs; provided, however, that the provisions of this sentence shall apply only if the personal injuries, property damage, loss of life or property, consequential damages, or other damage or loss is caused by the negligence or other wrongful act or omission of Distributor or its agents or employees.

TVA makes no statement, representation, claim, guarantee, assurance, or warranty of any kind whatsoever, including, but not limited to, representations or warranties, express or implied, (a) as to the accuracy or completeness of the metering outputs to which Distributor has access hereunder or as to such outputs' merchantability or fitness for any purposes for which Distributor uses or will use them or (b) as to quantity, kind, character, quality, capacity, design, performance, compliance with specifications, condition, size, description of any property, merchantability, or fitness for any use or purpose of any facilities installed by Distributor hereunder. Distributor hereby waives, and releases the United States of America, TVA, and their agents and employees from, any and all claims, demands, or causes of action, including, without limitation, consequential damages, arising out of or in any way connected with Distributor's use of the metering outputs. Distributor's obligations under this and the preceding paragraph shall survive any expiration or termination of this agreement until they are discharged.

It is understood and agreed that in exercising its access to metering outputs hereunder Distributor shall not interfere with TVA's access to the Replacement Meter. In this regard Distributor agrees to immediately modify its facilities and operations in any manner as may be requested by TVA to avoid such interference.

5. Restriction of Benefits. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom unless the agreement be made with a corporation for its general benefit, nor shall Distributor offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34. Breach of this provision shall constitute a material breach of this agreement.

6. Affirmation of Power Contract. Except as expressly supplemented and amended herein, the Power Contract is hereby ratified as the continuing obligation of the parties.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers, as of the day and year first above written.

TENNESSEE VALLEY AUTHORITY

By G. Douglas Can
Manager of Distributor
Marketing and Services

Attest:

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

Linda Parker
(Title) Dir., Mgmt Services

By W. H. Fisher
Chairman

AGREEMENT
Between
TENNESSEE VALLEY AUTHORITY
And
CITY OF BRISTOL, TENNESSEE

TV-67518A
Supp No. 21

THIS AGREEMENT, made and entered into as of the 17th day of November, 1992, by and between the TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended, and CITY OF BRISTOL, TENNESSEE (Distributor), a municipal corporation duly created, organized, and existing under and by virtue of the laws of the State of Tennessee;

W I T N E S S E T H:

WHEREAS, TVA and Distributor have heretofore entered into a power contract dated as of June 27, 1985, as amended (Power Contract), under which electric power and energy are supplied by TVA at wholesale and purchased by Distributor for resale; and

WHEREAS, TVA, Distributor, and Microporous Products, Inc. (Company), have entered into a contract of even date herewith (Company Contract) covering arrangements under which TVA will make available to Distributor for resale to Company a supply of firm power and of economy surplus power (ESP) for operation of Company's plant near Piney Flats, Tennessee; and

WHEREAS, the parties hereto wish to supplement and amend the Power Contract and to enter into such other arrangements as are necessary between TVA and Distributor with respect to Distributor providing such service to Company under the Company Contract;

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants hereinafter set forth, and subject to the provisions of the Tennessee Valley Authority Act of 1933, as amended, the parties hereto mutually covenant and agree as follows:

1. Term of Agreement. This agreement shall become effective as of the date first above written, and shall continue in effect until expiration or termination of the Company Contract, or of the Power Contract, or until ESP is no longer available under the Company Contract, whichever first occurs.

2. Billing Data. It is recognized that data obtained from the metering facilities described in section 4 hereof will be used by Distributor for the purposes of determining the power and energy taken by Company and by TVA for determining applicable adjustments for Distributor's wholesale bill. Accordingly, TVA will supply Distributor by the fourth working day following Company's scheduled meter-reading date the information regarding the amounts

of ESP scheduled, the times such power was scheduled, the price for such power, and such other information as may be necessary so that Distributor may be able to calculate Company's bill under the Company Contract. In order to facilitate TVA's preparation of the bill to Distributor for power and energy made available under the Power Contract, each month Distributor shall furnish to TVA a copy of Distributor's bill to Company for power and energy made available under the Company Contract when it is rendered and such other information related to Company's power and energy takings as TVA may require.

3. Adjustments to Distributor's Wholesale Billing. In calculating the wholesale bill each month for Distributor, the following steps will be taken with respect to Company:

(a) Distributor will be billed demand and energy charges as provided in the wholesale rate schedule (Wholesale Schedule), which is contained in the Schedule of Rates and Charges attached to and made a part of the Power Contract, for any firm power and energy resold under the Company Contract; provided, however, that for the purposes of calculating said charges for any billing month in which Company is deemed to have taken any ESP energy under said contract, the term "metered demand" in the Wholesale Schedule shall be deemed to refer to an amount equal to the sum of the billing demand for firm power and any billing demand for excess power (as those demands are calculated under the Company Contract).

(b) The total dollar amount of base demand and energy charges calculated under the Wholesale Schedule shall be increased by adding thereto an amount equal to the sum of Distributor's monthly charges (exclusive of any surcharge applicable under the last paragraph of section F of the ESP Attachment to the Company Contract) to Company for ESP energy and unscheduled ESP (as determined under the Company Contract and adjusted to reflect losses as provided in (c) below). In addition, an amount equal to the applicable charges billed to Company in accordance with the second and third paragraphs of section A of the ESP Attachment to the Company Contract will be included as part of the wholesale bill.

(c) The loss adjustments provided for in the first sentence of (b) above shall be made by dividing the charges to be adjusted by 1.03.

(d) The amounts added to the base charges of the wholesale bill pursuant to the first sentence of (b) above shall also be added to the "sum of all charges" used for the distribution loss calculation under the section entitled "Distribution Loss Charge" of the Wholesale Schedule. In the event the ESP energy amount deemed taken by Company under the Company Contract in any month exceeds the metered amount of Company's total energy takings for the month, the total amount of energy resold by Distributor to such customer during that month shall be reduced by the amount of said excess for the purpose of determining the Loss Factor under said Distribution Loss Charge section.

4. Metering Facilities. It is recognized that the existing metering facilities heretofore used by Distributor in determining the firm power and energy taken by Company are inadequate for determining the amounts of power

and energy associated with ESP to be taken by Company under the Company Contract. Accordingly, TVA and Distributor have arranged to replace the revenue meter in the existing metering facilities with a solid-state type revenue meter (Replacement Meter) capable of remote telephone access. Distributor will, at its expense, provide the equipment and materials and perform the work necessary to install the Replacement Meter, which will be provided by TVA at its expense. Thereafter, Distributor shall test, calibrate, operate, maintain, repair, and replace all facilities in the metering installation, except that TVA shall provide any necessary replacements for the Replacement Meter.

It is recognized that remote access to the metering data recorded by the Replacement Meter requires installation of a telephone circuit. Distributor shall, at its expense, provide and install, or cause to be installed, and thereafter maintain a telephone circuit to be connected (through a modem furnished by TVA at its expense) to the Replacement Meter. Said telephone circuit shall be installed in accordance with guidelines and specifications furnished or approved by TVA. TVA hereby agrees to permit Distributor remote access through the telephone circuit to the metering data, and TVA will provide Distributor any information necessary for the exercise of such access. It is recognized that Distributor will require equipment not provided by TVA to exercise such access. TVA will assist Distributor in determining the equipment to be utilized, but it is understood that acquisition of such equipment shall be the sole responsibility of Distributor. The use of the telephone circuit and access to the metering data will be coordinated by TVA's and Distributor's operating representatives to ensure unrestricted access by TVA for data retrieval purposes during such periods as specified by TVA. It is hereby agreed that Distributor will not use the Replacement Meter for any purpose other than as specifically provided herein unless it first obtains TVA's written agreement.

Distributor shall reimburse TVA for any damage to the Replacement Meter caused by the negligence or other wrongful act or omission of Distributor or its agents or employees and shall promptly return said meter to TVA upon expiration or termination of the Company Contract or the availability of ESP thereunder, whichever first occurs. The obligations of this paragraph shall survive the expiration or termination of this agreement until they are discharged.

5. Restriction of Benefits. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom unless the agreement be made with a corporation for its general benefit, nor shall Distributor offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34. Breach of this provision shall constitute a material breach of this agreement.

6. Affirmation of Power Contract. Except as expressly supplemented and amended herein, the Power Contract is hereby ratified as the continuing obligation of the parties.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers, as of the day and year first above written.

TENNESSEE VALLEY AUTHORITY

By G. V. Douglas Carr

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

Attest:

Linda Parker
(Title)
Dir., Management Services

By L. Michael B. ...
(title) Chairman

AGREEMENT
Between
TENNESSEE VALLEY AUTHORITY
And
CITY OF BRISTOL, TENNESSEE

THIS AGREEMENT, made and entered into as of the 17TH day of DECEMBER, 1992, by and between the TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended, and CITY OF BRISTOL, TENNESSEE (Distributor), a municipal corporation duly created, organized, and existing under and by virtue of the laws of the State of Tennessee;

W I T N E S S E T H:

WHEREAS, TVA and Distributor have heretofore entered into a power contract dated as of June 27, 1985, as amended (Power Contract), under which electric power and energy are supplied by TVA at wholesale and purchased by Distributor for resale; and

WHEREAS, TVA, Distributor, and Modern Forge Co. of Tenn. Inc. (Company), have entered into a contract of even date herewith (Company Contract) covering arrangements under which TVA will make available to Distributor for resale to Company a supply of firm power and of economy surplus power (ESP) for operation of Company's plant near Piney Flats, Tennessee; and

WHEREAS, the parties hereto wish to supplement and amend the Power Contract and to enter into such other arrangements as are necessary between TVA and Distributor with respect to Distributor providing such service to Company under the Company Contract;

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants hereinafter set forth, and subject to the provisions of the Tennessee Valley Authority Act of 1933, as amended, the parties hereto mutually covenant and agree as follows:

1. Term of Agreement. This agreement shall become effective as of the date first above written, and shall continue in effect until expiration or termination of the Company Contract, or of the Power Contract, or until ESP is no longer available under the Company Contract, whichever first occurs.

2. Billing Data. It is recognized that data obtained from the metering facilities described in section 4 hereof will be used by Distributor for the purposes of determining the power and energy taken by Company and by TVA for determining applicable adjustments for Distributor's wholesale bill. Accordingly, TVA will supply Distributor by the fourth working day following

Company's scheduled meter-reading date the information regarding the amounts of ESP scheduled, the times such power was scheduled, the price for such power, and such other information as may be necessary so that Distributor may be able to calculate Company's bill under the Company Contract. In order to facilitate TVA's preparation of the bill to Distributor for power and energy made available under the Power Contract, each month Distributor shall furnish to TVA a copy of Distributor's bill to Company for power and energy made available under the Company Contract when it is rendered and such other information related to Company's power and energy takings as TVA may require.

3. Adjustments to Distributor's Wholesale Billing. In calculating the wholesale bill each month for Distributor, the following steps will be taken with respect to Company:

(a) Distributor will be billed demand and energy charges as provided in the wholesale rate schedule (Wholesale Schedule), which is contained in the Schedule of Rates and Charges attached to and made a part of the Power Contract, for any firm power and energy resold under the Company Contract; provided, however, that for the purposes of calculating said charges for any billing month in which Company is deemed to have taken any ESP energy under said contract, the term "metered demand" in the Wholesale Schedule shall be deemed to refer to an amount equal to the sum of the billing demand for firm power and any billing demand for excess power (as those demands are calculated under the Company Contract).

(b) The total dollar amount of base demand and energy charges calculated under the Wholesale Schedule shall be increased by adding thereto an amount equal to the sum of Distributor's monthly charges (exclusive of any surcharge applicable under the last paragraph of section F of the ESP Attachment to the Company Contract) to Company for ESP energy and unscheduled ESP (as determined under the Company Contract and adjusted to reflect losses as provided in (c) below). In addition, an amount equal to the applicable charges billed to Company in accordance with the second and third paragraphs of section A of the ESP Attachment to the Company Contract will be included as part of the wholesale bill.

(c) The loss adjustments provided for in the first sentence of (b) above shall be made by dividing the charges to be adjusted by 1.03.

(d) The amounts added to the base charges of the wholesale bill pursuant to the first sentence of (b) above shall also be added to the "sum of all charges" used for the distribution loss calculation under the section entitled "Distribution Loss Charge" of the Wholesale Schedule. In the event the ESP energy amount deemed taken by Company under the Company Contract in any month exceeds the metered amount of Company's total energy takings for the month, the total amount of energy resold by Distributor to such customer during that month shall be reduced by the amount of said excess for the purpose of determining the Loss Factor under said Distribution Loss Charge section.

4. Metering Facilities. It is recognized that the existing metering facilities heretofore used by Distributor in determining the firm power and energy taken by Company are inadequate for determining the amounts of power and energy associated with ESP to be taken by Company under the Company Contract. Accordingly, TVA and Distributor have arranged to replace the revenue meter in the existing metering facilities with a solid-state type revenue meter (Replacement Meter) capable of remote telephone access. Distributor will, at its expense, provide the equipment and materials and perform the work necessary to install the Replacement Meter, which will be provided by TVA at its expense. Thereafter, Distributor shall test, calibrate, operate, maintain, repair, and replace all facilities in the metering installation, except that TVA shall provide any necessary replacements for the Replacement Meter.

It is recognized that remote access to the metering data recorded by the Replacement Meter requires installation of a telephone circuit. Distributor shall, at its expense, provide and install, or cause to be installed, and thereafter maintain a telephone circuit to be connected (through a modem furnished by TVA at its expense) to the Replacement Meter. Said telephone circuit shall be installed in accordance with guidelines and specifications furnished or approved by TVA. TVA hereby agrees to permit Distributor remote access through the telephone circuit to the metering data, and TVA will provide Distributor any information necessary for the exercise of such access. It is recognized that Distributor will require equipment not provided by TVA to exercise such access. TVA will assist Distributor in determining the equipment to be utilized, but it is understood that acquisition of such equipment shall be the sole responsibility of Distributor. The use of the telephone circuit and access to the metering data will be coordinated by TVA's and Distributor's operating representatives to ensure unrestricted access by TVA for data retrieval purposes during such periods as specified by TVA. It is hereby agreed that Distributor will not use the Replacement Meter for any purpose other than as specifically provided herein unless it first obtains TVA's written agreement.

Distributor shall reimburse TVA for any damage to the Replacement Meter caused by the negligence or other wrongful act or omission of Distributor or its agents or employees and shall promptly return said meter to TVA upon expiration or termination of the Company Contract or the availability of ESP thereunder, whichever first occurs. The obligations of this paragraph shall survive the expiration or termination of this agreement until they are discharged.

5. Restriction of Benefits. No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom unless the agreement be made with a corporation for its general benefit, nor shall Distributor offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 18 C.F.R. § 1300.735-12 or -34. Breach of this provision shall constitute a material breach of this agreement.

6. Affirmation of Power Contract. Except as expressly supplemented and amended herein, the Power Contract is hereby ratified as the continuing obligation of the parties.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers, as of the day and year first above written.

TENNESSEE VALLEY AUTHORITY

By G. Douglas Carn
Manager of Distributor
Marketing and Services

Attest:

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

Linda J. Parker
(Title) Dir., Regnat. Services

By R. Michael Bond
(Title) Gen Mgr

BILL CREDIT EXTENSION AGREEMENT

AMENDATORY AGREEMENT
Between
TENNESSEE VALLEY AUTHORITY
And
CITY OF BRISTOL, TENNESSEE

THIS AGREEMENT, made and entered into as of the 1st day of May, 1993, by and between TENNESSEE VALLEY AUTHORITY (TVA), a corporation created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended (TVA Act), and CITY OF BRISTOL, TENNESSEE (Distributor), a municipal corporation duly created, organized, and existing under and by virtue of the laws of the State of Tennessee;

W I T N E S S E T H:

WHEREAS, TVA and Distributor have heretofore entered into a contract dated June 27, 1985, as amended (Power Contract), under which electric power and energy are supplied by TVA at wholesale and purchased by Distributor for resale; and

WHEREAS, TVA and Distributor have entered into an agreement dated May 1, 1992 (1992 Agreement), under which the parties are cooperating in a program (Program) under which eligible public educational institutions and manufacturing industries served by Distributor may receive a credit against their electric bills; and

WHEREAS, the parties wish to amend the 1992 Agreement to extend the period in which qualifying customers may receive credits;

NOW, THEREFORE, for and in consideration of the mutual covenants set forth, and subject to the provisions of the TVA Act, the parties mutually agree as follows:

1. Extension of Program. By this agreement TVA and Distributor amend the 1992 Agreement so that the Program will not end with the April 1993 revenue month. Instead, Distributor will continue applying the credits provided for in the 1992 Agreement until the earlier of (a) the end of the June 1994 revenue month or (b) implementation of the next rate change as provided for in the paragraph entitled "Change" under section 7 of the Schedule of Terms and Conditions attached to and made a part of the Power Contract.

2. Affirmation of the 1992 Agreement. Except as amended by this agreement (and except for the provisions of the first paragraph of section 4 of the 1992 Agreement, which are obsolete and no longer applicable) the provisions of the 1992 Agreement, are expressly reaffirmed, and the parties will each carry out their responsibilities under the Program in full accord with those provisions.

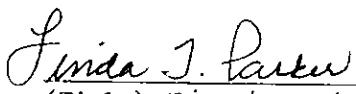
IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers, as of the day and year first above written.

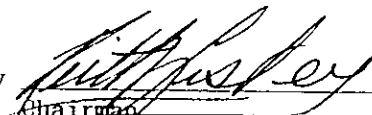
TENNESSEE VALLEY AUTHORITY

By 
President
Customer Group

Attest:

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities


(Title) Dir., Mgmt. Services

By 
Chairman

K10 940107 543

October 21, 1993

TV-67518A
Supp No. 24

RESALE RATE SCHEDULE SUBSTITUTION AGREEMENT
Between
TENNESSEE VALLEY AUTHORITY (TVA)
And
CITY OF BRISTOL, TENNESSEE (Distributor)

Distributor and TVA agree to substitute the new resale rate schedule specified in (a) below, a copy of which is attached, for the resale rate schedule specified in (b) below, which is now in effect under provisions of the Power Contract dated June 27, 1985, between TVA and Distributor. This substitution is to be effective for all bills rendered from resale meter readings taken for revenue months of Distributor beginning with the July 1993 revenue month.

(a) New resale rate schedule:

Outdoor Lighting Rate--Schedule LS (July 1993)

(b) Existing resale rate schedule:

Outdoor Lighting Rate--Schedule LS (June 1993)

It is understood that, upon execution of this agreement by TVA and Distributor, all references in the Power Contract to the existing resale rate schedule specified in (b) above, or to any predecessor schedule, shall be deemed to refer to the appropriate new resale rate schedule specified in (a) above.

CITY OF BRISTOL, TENNESSEE
By Board of Public Utilities

By

Chairman

Rate schedule substitution
agreed to as of the date
first above written.

TENNESSEE VALLEY AUTHORITY

By

Richard J. Hines, Jr.
President
Customer Group

W063092-STD.
0100V/2494V

BRISTOL TENNESSEE ELECTRIC SYSTEM
OUTDOOR LIGHTING RATE--SCHEDULE LS
(July 1993)

Availability

Available for service to street and park lighting systems, traffic signal systems, athletic field lighting installations, and outdoor lighting for individual customers.

Service under this schedule is for a term of not less than 1 year.

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 Distributor's standard policy.

Adjustment

The energy charge in Part A and Part B of this rate schedule shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA. (In addition, the energy charge in Part A and Part B of this rate schedule 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.)

**PART A--CHARGES FOR STREET AND PARK LIGHTING SYSTEMS, TRAFFIC
SIGNAL SYSTEMS, AND ATHLETIC FIELD LIGHTING INSTALLATIONS**

I. Energy Charge: 4.161¢ per kWh per month

II. Facility Charge

The annual facility charge shall be 8 percent of the installed cost to Distributor's electric system of the facilities devoted to street and park lighting service specified in this Part A. Such installed cost shall be recomputed on July 1 of each year, or more often if substantial changes in the facilities are made. Each month, one-twelfth of the then total annual facility charge shall be billed to the customer. If any part of the facilities has not been provided at the electric system's expense or if the installed cost of any portion thereof is reflected on the books of another municipality or agency or department, the annual facility charge shall be adjusted to reflect properly the remaining cost to be borne by the electric system.

Traffic signal systems and athletic field lighting installations shall be provided, owned, and maintained by and at the expense of the customer, except as Distributor may agree

otherwise in accordance with the provisions of the paragraph next following in this section II. The facilities necessary to provide service to such systems and installations shall be provided by and at the expense of Distributor's electric system, and the annual facility charge provided for first above in this section II shall apply to the installed cost of such facilities.

When so authorized by policy duly adopted by Distributor's governing board, traffic signal systems and athletic field lighting installations may be provided, owned, and maintained by Distributor's electric system for the customer's benefit. In such cases Distributor may require reimbursement from the customer for a portion of the initial installed cost of any such system or installation and shall require payment by the customer of a facility charge sufficient to cover all of Distributor's costs (except reimbursed costs), including appropriate overheads, of providing, owning, and maintaining such system or installation; provided that, for athletic field lighting installations, such facility charge shall in no case be less than 12 percent per year of such costs. Said facility charge shall be in addition to the annual facility charge on the facilities necessary to provide service to such system or installation as provided for in the preceding paragraph. Replacement of lamps and related glassware for traffic signal systems and athletic field lighting installations provided under this paragraph shall be paid for under the provisions of paragraph A in Section IV.

III. Customer Charge - Traffic Signal Systems and Athletic Field Lighting Installations.

Distributor shall apply a uniform monthly customer charge of \$2.50 for service to each traffic signal system or athletic field lighting installation.

IV. Replacement of Lamps and Related Glassware - Street and Park Lighting

Customer shall be billed and shall pay for replacements as provided in paragraph B below, which shall be applied to all service for street and park lighting.

- A. Distributor shall bill the customer monthly for such replacements during each month at Distributor's cost of materials, including appropriate storeroom expense.
- B. Distributor shall bill the customer monthly for one-twelfth of the amount by which Distributor's cost of materials, including appropriate storeroom expense, exceeds the product of 3 mills multiplied by the number of kilowatthours used for street and park lighting during the fiscal year immediately preceding the fiscal year in which such month occurs.

Metering

For any billing month or part of such month in which the energy is not metered or for which a meter reading is found to be in error or a meter is found to have failed, the energy for billing purposes for that billing month or part of such month shall be computed from the rated capacity of the lamps (including ballast) plus 5 percent of such capacity to reflect secondary circuit losses, multiplied by the number of hours of use.

Revenue and Cost Review

Distributor's costs of providing service under Part A of this rate schedule are subject to review at any time and from time to time to determine if Distributor's revenues from the charges being applied are sufficient to cover its costs. (Such costs, including applicable overheads, include, but are not limited to, those incurred in the operation and maintenance of the systems provided and those resulting from depreciation and payments for taxes, tax equivalents and interest.) If any such review discloses that revenues are either less or more than sufficient to cover said costs, Distributor shall revise the above facility charges so that revenues will be sufficient to cover said costs. Any such revision of the annual facility charge provided for first above in section II of Part A of this rate schedule shall be by agreement between Distributor and TVA.

PART B--CHARGES FOR OUTDOOR LIGHTING FOR INDIVIDUAL CUSTOMERS

Charges Per Fixture Per Month

(a) <u>Type of Fixture</u>	<u>Lamp Size</u>		<u>Rated kWh</u>	<u>Facility Charge</u>
	<u>(Watts)</u>	<u>(Lumens)</u>		
Mercury Vapor or Incandescent	175	7,650	70	\$2.71
	250	10,400	98	\$3.21
	400	19,100	155	\$4.06
	700	33,600	266	\$5.48
	1,000	47,500	378	\$6.98
High Pressure Sodium	70	4,860	31	\$3.85
	100	8,550	42	\$4.12
	150	14,400	63	\$4.24
	200	18,900	82	\$4.61
	250	23,000	105	\$4.87
	400	45,000	165	\$5.78
	1,000	126,000	385	\$9.24
Low Pressure Sodium	55	7,650	32	\$3.87
	90	12,750	53	\$6.44
	135	22,000	75	\$8.49
	180	33,000	93	\$9.64

(b) Energy Charge: For each lamp size under (a) above, 4.161¢ per rated kWh per month

Additional Facilities

The above charges in this Part B are limited to service from a photoelectrically controlled standard lighting fixture installed on a pole already in place. If the customer wishes to have the fixture installed at a location other than on a pole already in place, Distributor may apply an additional monthly charge.

Lamp Replacements

Replacements of lamps and related glassware will be made in accordance with replacement policies of Distributor without additional charge to the customer.

Special Outdoor Lighting Installations

When so authorized by policy duly adopted by Distributor's governing board, special outdoor lighting installations (other than as provided for under Parts A and B above) may be provided, owned, and maintained by Distributor's electric system. In such cases Distributor may require reimbursement from the customer for a portion of the initial installed cost of any such installation and shall require payment by the customer of monthly charges sufficient to cover all of Distributor's costs (except reimbursed costs), including appropriate overheads, or providing, owning, and maintaining such installations, and making lamp replacements.

Service is subject of Rules and Regulations of Distributor.