

HENDERSON FRANKLIN

ATTORNEYS AT LAW • FOUNDED 1924

ORIGINAL

HENDERSON, FRANKLIN, STARNES & HOLT, P.A.

LAURIE H. ANTON
CHARLES J. BASINAIT
JANET C. BERNSTEIN
THOMAS P. CLARK
MICHAEL J. CORSO
CRAIG FERRANTE
DAVID K. FOWLER
ALBERT M. FRIERSON
DANNI L. GERMANO
THOMAS H. GUNDERSON
GRACE GUTIERREZ
ERNEST H. HATCH, JR.

STEPHEN L. HELGEMO
WILLIAM N. HOROWITZ
HAROLD N. HUME, JR.
PAULA F. KELLEY
CARLOS A. KELLY
STEVEN G. KOEPEL
THERESA M. KOLISH
JEFFREY D. KOTTKAMP
KEITH R. KYLE
ALANE C. LABODA
JOHN W. LEWIS
JOSEPH M. MADDEN, JR.

CORA C. MOLLOY
CHAD J. MOTES
DENIS H. NOAH
JOHN A. NOLAND
JAMES L. NULMAN
GERALD W. PIERCE
J. TERENCE PORTER
JOHN F. POTANOVIC, JR.
ANDREW L. RINGERS, JR.
RUSSELL P. SCHROPP
ROBERT C. SHEARMAN

DANIEL W. SHEPPARD
RONALD W. SMALLLEY
TOM SMOOT III
TRICIA A. SPIVEY
VICKI L. SPROAT
BRUCE M. STANLEY, SR.
J. ERIC STIFFLER
DOUGLAS B. SZABO
RANDAL H. THOMAS
GUY E. WHITESMAN
ELIZABETH A. WOLT

1715 MONROE STREET
FORT MYERS, FLORIDA 33901
P.O. BOX 280
FORT MYERS, FLORIDA 33902-0280
FACSIMILE (941) 332-4494

TELEPHONE (941) 334-4121

December 9, 1998

Ms. Blanca Bayo
Director, Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd., Room 110
Tallahassee, FL 32399-0850

VIA OVERNIGHT MAIL

Re: Seminole Electric Cooperative, Inc. Wholesale Service Rate Members
Rate Schedule - SECI-7

Dear Ms. Bayo:

Enclosed please find the original and fifteen (15) copies of the exhibits to the Complaint and Petition filed by Lee County Electric Cooperative, Inc., which were inadvertently omitted from the package which was forwarded to you yesterday.

Thank you very much for your cooperation and assistance.

Very truly yours,



John A. Noland

ACK _____

AFA _____

APP JAN/jvo
Enclosures

CAF _____

CMUcc: Robert A. Mora, Esq.

CTR Mr. Richard J. Midulla

EAG _____

LEG 1

LIN 5

OPC _____

RCH _____

SEC 1

WAS _____

OTH _____

98 DEC 10 11:09 AM
100-110000-11

DOCUMENT NUMBER-DATE

13898 DEC 10 98

981827

FPSC-RECORDS/REPORTING

SCHEDULE C
TO WHOLESALE POWER CONTRACT

Wholesale Service Rate to Members
Rate Schedule - SECI-7

I. AVAILABILITY

Available for electric service from the Seller to its Members.

II. APPLICABILITY

Wholesale service to Members for use, redistribution, and resale in accordance with the terms and conditions of the Wholesale Power Contract. This Rate Schedule shall apply to each Member. The Member's delivery points under this Rate Schedule are listed in Schedule B of the Wholesale Power Contract. The electric service at any such delivery point will be either the total requirements of the Member's electric system served from the delivery points under this Rate Schedule, or if applicable, partial requirements service which complements the Member's purchases of Interruptible Wholesale Service pursuant to the Seller's Rate Schedule INT under Schedule C of the Wholesale Power Contract and/or the Member's purchases from the Southeastern Power Administration.

III. CHARACTER OF SERVICE

The electric capacity and energy hereunder will be three-phase alternating current at a nominal frequency of sixty hertz.

IV. MONTHLY RATES AND CHARGES

The monthly charges to the Members shall be equal to the sum of the Base Charges, Power Factor Penalties and Transmission Facilities Use Charges.

(A) BASE CHARGES - Base Charges shall be equal to the sum of the Fixed Charges, the Non-Fuel Energy Charge, and the Fuel Charge.

FIXED CHARGES - Fixed Charges shall be equal to the sum of Production Charges and Transmission Charges.

Production - Production Charges shall be equal to the sum of the Production Demand Charge and the Production Fixed Energy Charge.

(1) Production Demand Charge (Applicable only during the months of January, February, March, June, July, August, September, and December):

1999 - \$8.50 per kW
2000 - \$7.50 per kW
2001 - \$6.50 per kW

(2) Production Fixed Energy Charge shall be allocated to Members on an energy basis and calculated in accordance with the formula specified in Seller's Production Fixed Energy Charge Recovery Clause which is incorporated as part of this Rate Schedule as Appendix A.

Transmission - Transmission Charges which shall be applicable during all months, shall be equal to the sum of the Transmission Demand Charge and the Distribution Demand Surcharge.

(1) Transmission Demand Charge (applicable to all delivery points) - \$1.83 per kW

(2) Distribution Demand Surcharge (applicable to delivery points below 69 kv) - \$1.26 per kW

NON-FUEL ENERGY CHARGE - \$.00255 per kWh

FUEL CHARGE

The Fuel Charge shall be calculated in accordance with the formula specified in Seller's Fuel Charge Recovery Clause which is incorporated as a part of this Rate Schedule as Appendix B.

BILLING DETERMINANTS

(1) Monthly Billing Demand Determinants:

The Monthly Billing Demand Determinants is the Member's Aggregate Hourly Demand at the time of the Seller's peak demand during the calendar billing month, expressed in kW and rounded to the nearest kW. The Aggregate Hourly Demand for each clock hour of the calendar billing month is determined by the summation of the 60-minute kW demands, corresponding to each such clock hour, metered at each of the Member's delivery points. The Aggregate Hourly Demand for each clock hour shall, where applicable, be reduced by the amount of Southeastern Power Administration capacity, and/or the amount of Interruptible Wholesale Service under the Seller's Rate Schedule INT delivered to certain specified delivery points in each such clock hour during the calendar billing month.

(2) Monthly Energy Determinants:

The Monthly Energy Determinants, expressed in kWh and rounded to the nearest kWh, is determined by the summation of the energy associated with each hour's Aggregate Hourly Demand for all hours during the calendar billing month.

(3) Estimated Billing Determinants:

To the extent that any of the metering information required to determine the Monthly Billing Demand and Monthly Energy supplied during the billing month is not available at the time of billing, bills will be rendered using estimates of said billing determinants with such estimates being based upon all known pertinent facts. Differences between billings based on actual and estimated billing determinants shall be subsequently trued up, with interest accrued at the Seller's short term investment or cost of funds rate, whichever is applicable.

(B) POWER FACTOR

Power factor penalties incurred by the Seller under its contracts with other utilities as a result of a Member delivery point's failing to maintain a power factor at or above the applicable contractually required level, shall be billed to the Member receiving service at the delivery point on a direct pass-through basis as part of the bill for electric service provided hereunder. Seller shall be obligated to keep the Members apprised of the applicable contractual requirements which could affect power factor billings hereunder.

(C) TRANSMISSION FACILITIES USE CHARGE

A Transmission Facilities Use Charge as provided for in Seller's Transmission Policy No. 303 and Seller's Rate Policy No. 304 shall, if applicable be billed to the Member each month. In accordance with the terms and conditions described in said policies the charge shall be calculated in the manner prescribed in Appendix C which is incorporated as part of this Rate Schedule.

V. METERED READINGS AND BILLINGS

(A) PAYMENT OF BILLS

Bills for electric power and energy and for transmission facilities use services furnished hereunder shall be paid for at the office of the Seller within fifteen (15) days after the bill therefore is mailed to the Member. Bills not paid within such fifteen-day period shall be deemed delinquent and shall accrue interest at the Seller's monthly line of credit rate. The Board of Trustees of the Seller may, from time to time, establish terms and conditions under which (1) either Seller or Member makes payments of amounts owed hereunder in advance of the performance date provided for herein or (2) Seller offers the Member a premium on any billing credits owed hereunder from the Seller to the Member in consideration of such credits being applied by the Seller to billings subsequent to those provided for above. Said terms and conditions shall be specified in writing and provided to each of the Members of the Seller.

(B) METER READING AND TESTING

The Seller shall read meters monthly, or cause meters to be read monthly. In cases whereby the meter installation is made at a voltage different from the delivery point voltage designated in Schedule B of the Wholesale Power Contract, compensating devices, which automatically adjust meter readings to account for losses, shall be installed. The Seller shall test and calibrate meters, or shall cause such meters to be tested and calibrated, by comparison with accurate standards at intervals of twelve (12) months. The Seller shall also make or cause to be made special meter tests at any time at the Member's request. The costs of all tests shall be borne by the Seller; provided, however, that if any special meter test made at the Member's request shall disclose that the meters are recording accurately, the Member shall reimburse the Seller for the cost of such test. Meters registering not more than two percent (2%) above or below normal shall be deemed to be accurate. The readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the thirty (30) days previous to such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period, the Member and the Seller shall agree as to the amount of power and energy furnished during such period and the Seller shall render a bill therefore.

VI. TERMS AND CONDITIONS

Service hereunder is subject to all of the provisions of the Wholesale Power Contract between Seller and its Members, including all schedules, amendments, and supplemental agreements thereto in effect from time to time.

VII. SPECIAL PROVISIONS

In the event that the Member purchases power from a cogenerator or a small power producer (Qualifying Facility), the Seller may reallocate to the Member any costs that have not been avoided as a result of the Member's purchases from the Qualifying Facility. The criteria that a small power producer or a cogenerator must meet to achieve the status of a Qualifying Facility is defined by Section 201 of the Public Utility Regulatory Policies Act of 1978 and regulations adopted thereunder.

RATE SCHEDULE C

APPENDIX A

Production Fixed Energy Charge Recovery Clause

The monthly Production Fixed Energy Charge shall be rounded to the nearest whole dollar and determined by use of the following formula:

$$PFE = ((PFC - PBR) \times MEMALLOC) + 12$$

where:

- PFE - Member's monthly Production Fixed Energy Charge
- PFC - Seller's production fixed costs projected for the applicable calendar year comprised of the following costs:
 - (i) Seller's total revenue requirements; less
 - (ii) Seller's transmission revenue requirements; less
 - (iii) Seller's Fuel costs; less
 - (iv) Seller's Non-fuel Energy costs.
- PBR - Seller's Production Demand Charge revenues collected under this Rate Schedule projected for the applicable calendar year.
- MEMALLOC - Portion of Production Fixed Energy Charge allocated to each Member based upon the Members' percentage share of actual Energy Determinants for the three calendar years ending with the year prior to the preceding calendar year. For example, for the year 1999 each Member's share of the total Production Fixed Energy Charge shall be based upon the total Energy Determinants for the years 1996 through 1997.

Appendix D, which is incorporated as part of this Rate Schedule, shall specify the Production Fixed Energy Charge in effect for the current calendar year.

RATE SCHEDULE C

APPENDIX B

Fuel Charge Recovery Clause

The Fuel Charge shall be equal to the Fuel Rate applied to the Monthly Energy Determinants (kWh), plus the Monthly Trueup, if applicable.

FUEL RATE The Fuel Rate shall be determined by the use of the following formula:

$$FR = \frac{E_n}{S_n}$$

where:

- FR = Applicable Fuel Rate rounded to the nearest one thousandth of a cent.
- E_n = Shall be comprised of the following costs projected for the applicable calendar year.
- (i) Fossil and nuclear fuel consumed in Seller-owned plants and the Seller share of fossil and nuclear fuel consumed in jointly-owned or leased plants; plus
 - (ii) fossil and nuclear fuel costs associated with replacement power, reserve purchases and load following, exclusive of capacity or demand charges (irrespective of the designation assigned to such transactions); plus
 - (iii) the net energy cost of economy energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transactions); plus
 - (iv) allowable fuel and/or purchased economic power costs associated with Seller's purchases of full and partial requirements wholesale power; plus
 - (v) gains, losses, and associated costs related to fuel price hedging transactions; plus
 - (vi) the avoided energy payments to Qualifying Facilities; less
 - (vii) the cost of fossil and nuclear fuel recovered through inter-system sales.
- S_n = Sum of the Projected Energy Determinants for all Members for the applicable calendar year.

Appendix D, which is incorporated as part of this Rate Schedule, shall specify the projected Fuel Rate in effect for the current calendar year.

MONTHLY TRUEUP In addition, each Member shall be charged or credited a Monthly Fuel Trueup during the last four months of each subsequent six-month period by a dollar amount equal to the sum of the following:

- (A) The dollar amount equal to the difference between the Fuel Charges based on actual fuel costs during the preceding six-month period and the Fuel Charges collected based upon projected fuel costs during the same preceding six-month period.
- (B) Interest compounded monthly on the amount computed each month pursuant to Item A above, up to the end of such six-month period, at the Seller's short term investment or cost of funds rate, whichever is applicable, and

(C) Interest compounded monthly for the two months following such six-month period on the total amount included in Items A and B above at the Seller's short term investment or cost of funds rate, whichever is applicable, for the month succeeding the end of the six-month period.

The distribution of the dollar amounts as determined by the sum of paragraphs A, B and C above shall be billed or credited in equal amounts on billings for the last four months of each six-month period.

RATE SCHEDULE C

APPENDIX C

Components of
Transmission Facilities Use Charge

The Seller's Transmission Policy No. 303 and Rate Policy No. 304 specify that the costs for transmission facilities owned by the Seller and provided for the exclusive use and benefit of a single Member shall be borne by that Member. Costs of operation and maintenance are to be borne directly by the Member, whereas costs of ownership will be recovered by Seller from the benefiting Member through a Transmission Facilities Use Charge. Outlined below are those components of the Transmission Facilities Use Charge and how they are to be computed.

DEPRECIATION

For facilities constructed by Seller, depreciation will be calculated monthly based on original installed cost (including cost of capitalized renewals and replacements) of depreciable property relating to the transmission facilities used exclusively by a Member system and the depreciation rate prescribed in REA Bulletin 183-1, or revisions thereto. The date at which depreciation cost commences will be the date that the transmission facility is placed in service for its intended use by Seller for the benefiting Member, regardless of the date of closing of the construction work order.

For facilities purchased from a Member by Seller to be used exclusively by that Member, depreciation will commence as of the effective date of the transfer thereof and calculated according to the method previously described.

PROPERTY TAXES

For facilities constructed by Seller, for the exclusive use of a Member, property tax costs will be included in the Transmission Facilities Use Charge at such time that the facility qualifies as taxable property and becomes taxable to Seller. The cost will be based on the ratio of the net book value of taxable property comprising the transmission facility used exclusively by the benefiting Member to the total net book value of all taxable property owned by Seller in the county in which the facility is located, as of January 1 of each year. This ratio will be applied to the estimated tax bill for the county in which the facility is located as the basis for determining the estimated monthly charge. When the actual tax bill is received, appropriate adjustments will be made.

For facilities purchased from a Member by Seller for exclusive use by that Member, property taxes will be prorated as of the effective date of transfer. Taxes associated with the facility will be based on the ratio of the net book value of taxable property comprising the facility to the total net book value of taxable property owned by the Member in the county in which the facility is located. The taxes will be calculated by the method described for Seller-built facilities.

PROPERTY INSURANCE

Seller will carry property insurance for transmission facilities in accordance with its standard insurance purchasing practices. For built facilities, the cost will be based on the ratio of insured value of the facility to the total insured value of all property covered in the policy. This ratio will be applied to the total premium for the policy to determine the cost applicable to the facility; however, if the premium for the facility is specifically identified in the policy, this amount will be used in the Transmission Facilities Use Charge.

For facilities purchased by Seller from a Member system, Seller will obtain appropriate property insurance as of the effective date of the transfer thereof and include this amount in the Transmission Facilities Use Charge.

COST OF MONEY

For facilities constructed by Seller, the cost of money component will be included in the Transmission Facilities Use Charge as of the date of in-service of the facility. This cost will be determined by applying the cost of permanent financing or interim financing, if permanent not in place, for the facility to the net book value of the facilities used exclusively by the Member at the end of each month.

For facilities purchased by Seller from a Member system for exclusive use by the Member system, the cost of money component will be determined by the cost of debt assumed or Seller's cost of permanent financing or interim financing, if permanent not in place, used to finance the purchase of the facility.

Rate Schedule C

Appendix D

Monthly Production Fixed Energy Charge and Projected Fuel Rate

MONTHLY PRODUCTION FIXED ENERGY CHARGE

Pursuant to Appendix A of this Rate Schedule, the amounts provided below represent the Monthly Production Fixed Energy Charge for each member to become effective January 1, 1999 through December 31, 1999.

<u>Member</u>	<u>Monthly Fixed Energy Charge</u>
Central Florida Electric Cooperative, Inc.	\$ 135,056
Clay Electric Cooperative, Inc.	\$ 881,634
Glades Electric Cooperative, Inc.	\$ 111,117
Lee County Electric Cooperative, Inc.	\$ 1,005,501
Peace River Electric Cooperative, Inc.	\$ 131,880
Sumter Electric Cooperative, Inc.	\$ 549,534
Suwannee Valley Electric Cooperative, Inc.	\$ 105,049
Talquin Electric Cooperative, Inc.	\$ 296,677
Tri-County Electric Cooperative, Inc.	\$ 65,950
Withlacoochee River Electric Cooperative, Inc.	\$ 1,025,231
Total	<u>\$ 4,307,629</u>

PROJECTED FUEL RATE

Pursuant to Appendix B of this Rate Schedule the projected Fuel Rate to become effective January 1, 1999 shall be \$0.02065 per kWh.

SCHEDULE C
TO WHOLESALE POWER CONTRACT

Wholesale Service Rate to Members'
Rate Schedule - SECI-6b

I. AVAILABILITY

Available for electric service from the Seller to its Members.

II. APPLICABILITY

Wholesale service to Members for use, redistribution, and resale in accordance with the terms and conditions of the Wholesale Power Contract. This schedule shall apply to each Member. The Member's delivery points under this schedule are listed in Schedule B of the Wholesale Power Contract.

III. CHARACTER OF SERVICE

The electric capacity and energy hereunder will be three-phase alternating current at a nominal frequency of sixty hertz.

IV. MONTHLY RATE

The rate to the Members shall be composed of the following charges:

(A) BASE RATE FOR SERVICE

	<u>230/240 kV</u>	<u>115/138 kV</u>	<u>69 kV</u>	<u>Below 69</u>
Station Charge (\$/Delivery Point)	\$400.00	\$400.00	\$400.00	\$400.00
Demand Charges				
For each kW of Monthly Billing Demand at Applicable Voltage Level	\$ 10.63	\$ 10.76	\$ 10.89	\$ 12.02
Energy Charge (\$/kWh)	.02919	.02919	.02919	.02919

FUEL ADJUSTMENT

The amount computed at the above monthly rate shall be adjusted in accordance with the formula specified in Seller's Fuel Adjustment Clause which is incorporated as a part of this rate as Appendix A.

MINIMUM MONTHLY CHARGE

The minimum monthly bill shall not be less than the sum of the station charge and the demand charge for the current effective Monthly Billing Demand.

BILLING DETERMINANTS

(1) Demand Determinants:

The Monthly Billing Demand shall be equal to the sum of the Members' Monthly Supplier Area Billing Demands, expressed in kW and rounded to the nearest kW. For Members' delivery points located in the Florida Power & Light (FPL) control area, the Monthly Supplier Area Billing Demand is the Aggregate Hourly Demand of such delivery points at the time of the aggregate peak load experienced during the FPL partial requirements billing cycle for those Member delivery points served through the partial requirements agreement between the Seller and FPL. For the remaining Members' delivery points, the Monthly Supplier Area Billing Demand is the Aggregate Hourly Demand for the remaining Member delivery points at the time of billing demand during the billing month under the partial requirements agreement between the Seller and Florida Power Corporation. The Aggregate Hourly Demand for each clock hour of the billing month is determined by the summation of the 60-minute kW demands, corresponding to each such clock hour, established at each of the Member's delivery points by Supplier Area. The Aggregate Hourly Demand for each clock hour shall, where applicable, be reduced by the amount of Southeastern

Issued by: William C. Walbridge
Executive Vice President
and General Manager

Effective: September 1, 1994

EXHIBIT 2

Power Administration capacity delivered to certain specified delivery points in each such clock hour during the billing month.

(2) Energy Determinants:

The Monthly energy, expressed in kWh and rounded to the nearest kWh, is determined by the summation of the energy associated with each hour's Aggregate Hourly Demand for all hours during the calendar billing month.

(3) Estimated Billing Determinants:

To the extent that any of the metering information required to determine the Monthly Billing Demand and energy supplied during the billing month is not available at the time of billing, bills will be rendered using estimates of said billing determinants with such estimates being based upon all known pertinent facts. Differences between billings based on actual and estimated billing determinants shall be subsequently trued up, with interest accrued at the Seller's short term investment or cost of funds rate, whichever is applicable.

POWER FACTOR

Power factor penalties incurred by the Seller under its contracts with other utilities as a result of a member delivery point's failing to maintain a power factor at/or above the applicable contractually required level, shall be billed to the member receiving service at said delivery point on a direct pass-through basis as part of the bill for electric service provided hereunder. Seller shall be obligated to keep the members apprised of the applicable contractual requirements which could affect power factor billings hereunder.

(B) TRANSMISSION FACILITIES USE CHARGE

A "facilities use charge" as described in Seller's Transmission Policy No. 303 shall, if applicable be billed in addition to the foregoing Monthly Base Rate. In accordance with the terms and conditions described in said policy, the charge shall be calculated in the manner prescribed in Appendix B which is incorporated as part of this rate schedule.

V. METERED READINGS AND BILLINGS

(A) PAYMENT OF BILLS

Bills for electric power and energy and for transmission facilities use services furnished hereunder shall be paid for at the office of the Seller within fifteen (15) days after the bill therefore is mailed to the Member. Bills not paid within such fifteen-day period shall be deemed delinquent and shall accrue interest at the Seller's monthly line of credit rate. The Board of Trustees of the Seller may, from time to time, establish terms and conditions under which (1) either Seller or Member makes payments of amounts owed hereunder in advance of the performance date provided for herein or (2) Seller offers the Member a premium on any billing credits owed hereunder from the Seller to the Member in consideration of such credits being applied by the Seller to billings subsequent to those provided for above. Said terms and conditions shall be specified in writing and provided to each of the Members of the Seller.

(B) METER READING AND TESTING

The Seller shall read meters monthly, or cause meters to be read monthly. In cases whereby the meter installation is made at a voltage different from the delivery point voltage designated in Schedule B of the Wholesale Power Contract, compensating devices, which automatically adjust meter readings to account for losses, shall be installed. The Seller shall test and calibrate meters, or shall cause such meters to be tested and calibrated, by comparison with accurate standards at intervals of twelve (12) months. The Seller shall also make or cause to be made special meter tests at any time at the Member's request. The costs of all tests shall be borne by the Seller; provided, however, that if any special meter test made at the Member's request shall disclose that the meters are recording accurately, the Member shall reimburse the Seller for the cost of such test. Meters registering not more than two percent (2%) above or below normal shall be deemed to be accurate. The readings of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the thirty (30) days previous

Issued by: William C. Walbridge
Executive Vice President
and General Manager

Effective: September 1, 1994

to such test in accordance with the percentage of inaccuracy found by such test. If any meter shall fail to register for any period, the Member and the Seller shall agree as to the amount of power and energy furnished during such period and the Seller shall render a bill therefore.

VI. TERMS AND CONDITIONS

Service hereunder is subject to all of the provisions of the Wholesale Power Contract between Seller and its Members, including all schedules, amendments, and supplemental agreements thereto in effect from time to time.

VII. SPECIAL PROVISIONS

In the event that the Member purchases power from a cogeneration or small power production Qualifying Facility, the Seller may reallocate to the Member any costs that have not been avoided as a result of the Member's purchases from the Qualifying Facility. The criteria that a small power producer or a cogenerator must meet to achieve the status of a Qualifying Facility is defined by Section 201 of the Public Utility Regulatory Policies Act of 1978 and regulations adopted thereunder.

Issued by: William C. Walbridge
Executive Vice President
and General Manager

Effective: September 1, 1994

RATE SCHEDULE C

APPENDIX A

Fuel Adjustment Clause

APPLICABILITY

To the Monthly Rate of all Board approved rate schedules as indicated with reference to this Appendix A.

CALCULATION

The monthly bill computed under the Base Rate for Service shall be increased or decreased, per kWh delivered, by an amount (FAC below), to the nearest one thousandth of a cent, determined by use of the formula:

$$FAC = \frac{F_m}{S_m} - 2.443\text{¢}$$

where:

FAC = Applicable fuel adjustment to be applied to each kWh of energy delivered in the current billing month.

F_m = Shall be comprised of the following costs projected for a 12-month test period:

- (i) Fossil and nuclear fuel consumed in Seller-owned plants and the Seller share of fossil and nuclear fuel consumed in jointly-owned or leased plants; plus
- (ii) fossil and nuclear fuel costs associated with replacement power, reserve purchases and load following, exclusive of capacity or demand charges (irrespective of the designation assigned to such transactions); plus
- (iii) the net energy cost of economy energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transactions); plus
- (iv) allowable fuel and/or purchased economic power costs associated with Seller's purchases of full and partial requirements wholesale power; plus
- (v) the avoided energy payments to Qualifying Facilities; less
- (vi) the cost of fossil and nuclear fuel recovered through inter-system sales.

S_m = Projected kWh sales to the Members for the 12-month test period.

In addition, each Member shall be charged or credited during the last four months of each subsequent six-month period by a dollar amount equal to the sum of the following:

- (A) The dollar amount equal to the difference between the fuel adjustment charges based on actual fuel costs during the preceding six-month period and the fuel adjustment charges collected during the same preceding six-month period.
- (B) Interest compounded monthly on the amount computed each month pursuant to Item A above, up to the end of such six-month period, at the Seller's short term investment or cost of funds rate, whichever is applicable and

- (C) Interest compounded monthly for the two months following such six-month period on the total amount included in Items A and B above at the Seller's short term investment or cost of funds rate, whichever is applicable, for the month succeeding the end of the six-month period.

The distribution of the dollar amounts as determined by the sum of paragraphs A, B and C above shall be billed or credited in equal amounts on billings for the last four months of each six-month period.

Modifications to the applicable FAC factor during any six-month period will be made in accordance with Seminole Rate Policy No. 304.

Issued by: William C. Walbridge
Executive Vice President
and General Manager

Effective: September 1, 1994

RATE SCHEDULE C

APPENDIX B

Components of
Facilities Use Charge

Section 2 of the Transmission Policy No. 303 lists the costs that will be borne by a Member system that has exclusive use of facilities owned by Seller. Costs of operation and maintenance are to be borne directly by the Member, whereas costs of ownership will be recovered by Seller from the benefiting Member through a Facilities Use Charge. Outlined below are those components of the Facilities Use Charge and how they are to be computed.

DEPRECIATION

For facilities constructed by Seller, depreciation will be calculated monthly based on original installed cost (including cost of capitalized renewals and replacements) of depreciable property relating to the transmission facilities used exclusively by a Member system and the depreciation rate prescribed in REA Bulletin 183-1. or revisions thereto. The date at which depreciation cost commences will be the date that the transmission facility is placed in service for its intended use by Seller for the benefiting Member, regardless of the date of closing of the construction work order.

For facilities purchased from a Member by Seller to be used exclusively by that Member, depreciation will commence as of the effective date of the transfer thereof and calculated according to the method previously described.

PROPERTY TAXES

For facilities constructed by Seller, for the exclusive use of a Member, property tax costs will be included in the Facilities Use Charge at such time that the facility qualifies as taxable property and becomes taxable to Seller. The cost will be based on the ratio of the net book value of taxable property comprising the transmission facility used exclusively by the benefiting Member to the total net book value of all taxable property owned by Seller in the county in which the facility is located, as of January 1 of each year. This ratio will be applied to the estimated tax bill for the county in which the facility is located as the basis for determining the estimated monthly charge. When the actual tax bill is received, appropriate adjustments will be made.

For facilities purchased from a Member by Seller for exclusive use by that Member, property taxes will be prorated as of the effective date of transfer. Taxes associated with the facility will be based on the ratio of the net book value of taxable property comprising the facility to the total net book value of taxable property owned by the Member in the county in which the facility is located. The taxes will be calculated by the method described for Seller-built facilities.

PROPERTY INSURANCE

Seller will carry property insurance for transmission facilities in accordance with its standard insurance purchasing practices. For built facilities, the cost will be based on the ratio of insured value of the facility to the total insured value of all property covered in the policy. This ratio will be applied to the total premium for the policy to determine the cost applicable to the facility; however, if the premium for the facility is specifically identified in the policy, this amount will be used in the Facilities Use Charge.

For facilities purchased by Seller from a Member system, Seller will obtain appropriate property insurance as of the effective date of the transfer thereof and include this amount in the Facilities Use Charge.

COST OF MONEY

For facilities constructed by Seller, the cost of money component will be included in the Facilities Use Charge as of the date of in-service of the facility. This cost will be determined by applying the cost of permanent financing or interim financing, if permanent not in place, for the facility to the net book value of the facilities used exclusively by the Member at the end of each month.

For facilities purchased from a Member system Seller for exclusive use by the Member system, the cost of money component will be determined by the cost of debt assumed or Seller's cost of permanent financing or interim financing, if permanent not in place, used to finance the purchase of the facility.

RESOLUTION

WHEREAS, the Rate Committee of Seminole Electric Cooperative, Inc. (Seminole) has reviewed the preliminary revenue requirement for 1998 of approximately \$575 million; and

WHEREAS, the projection of Seminole revenues under Rate Schedule SECI-6b will over-recover approximately \$18 million more in revenues than is required to meet Seminole's TIER requirement; and

WHEREAS, based upon staff's assessment, the Rate Committee has reviewed these projections and believes that an interim rate adjustment of a 1 mill/kWh credit to the non-fuel energy charge under Rate Schedule SECI-6b during the billing months of January through December 1998 will not impair Seminole's ability to meet its financial covenants for 1998; and

WHEREAS, the Rate Committee, after consideration, recommends the adoption of this resolution by the Seminole Board of Trustees.

NOW, THEREFORE, BE IT RESOLVED that the Seminole Board of Trustees does hereby approve the attached Interim Billing Adjustment Rider to Rate Schedule SECI-6b that calls for the implementation of a 1 mill/kWh rate reduction during the cycle billing months of January through December 1998.

BE IT FURTHER RESOLVED that said Interim Billing Adjustment Rider to Rate Schedule SECI-6b shall be forwarded to the Rural Utilities Service pursuant to the terms and conditions of the Memorandum of Understanding, and is deemed approved 30 days after receipt unless otherwise notified by RUS.

I, the undersigned Secretary of Seminole Electric Cooperative, Inc., do hereby certify that the foregoing Resolution was duly approved by the Board of Trustees of Seminole Electric Cooperative, Inc., at their meeting held on December 11, 1997.

Dated this December 11, 1997.


Secretary

12-11-97

R-13
Page 2 of 2

INTERIM BILLING ADJUSTMENT RIDER |

For the cycle billing months of January through December 1998, the non-fuel energy component of Rate Schedule SECI-6b shall be decreased by \$0.001 per kWh.

Issued by: Richard J. Midulla
Executive Vice President
and General Manager

Effective: January 1, 1998