

SCHEDULE 7

**Rate Schedule for
Network Integration Transmission Service**

1.0 General Billing hereunder will be by Transmission Customer with delivery point readings totaled by hour. If the Transmission Customer is a GTC Member, then the Transmission Customer's allocation of capacity from the Southeastern Power Administration will not be subtracted from the Transmission Customer's load as long as GTC provides the transmission service to deliver this capacity.

Under the GTC Tariff, the Transmission Customer will incur charges for the utilization of Transmission Capacity and Distribution Substations. There will be no charges for distribution if the Distribution Substations are owned by the Transmission Customer, unless GTC performs operations and maintenance for a Distribution Facility. Terms not otherwise defined in this Rate Schedule shall have the meanings set forth in Section 1 of the GTC Tariff.

2.0 Schedule Of Expense Recovery (Monthly):

The monthly billing to Transmission Customer is the sum of all applicable charges as calculated in Subsections "A" through "D" listed below:

A. Transmission:

Transmission Customer's Power Delivery Transmission Charges calculated in accordance with Formula 1.0.

B. Distribution:

Transmission Customer's Power Delivery Distribution Substation Capacity Charge calculated in accordance with Formula 3.0.

C. Distribution Metering Point:

Transmission Customer's Power Delivery Distribution Metering Point Capacity Charge calculated in accordance with Formula 4.0.

D. Prior Period Adjustment:

The refund credit or additional charge for the Contract Year, if any, calculated in accordance with the Prior Period Adjustment Rider.

I. DETERMINATION OF POWER DELIVERY CAPACITY REQUIREMENTS

The Power Delivery Capacity Requirements will be effective for monthly billings for the Contract.

The Power Delivery Capacity Requirements for billing purposes for the Contract Year will be determined as follows:

A. Transmission Capacity:

The Power Delivery Transmission Capacity Requirement will be determined as the Transmission Customer's average demand hereunder coincident with GTC's five (5) highest non-holiday, weekday demands occurring during the twelve (12) months ending September 30 of the preceding Contract Year.

B. Distribution Substation:

1. Distribution Substations:

(a) The Power Delivery Distribution Substation Charge Requirement will be determined as an allocated portion of the cost of all Distribution Substation facilities, serving a Transmission Customer's system load and not owned by the Transmission Customer. This Dedicated Cost is defined below and will reflect costs of all substations in service as of September 30 of the preceding Contract Year.

(b) Distribution Substations will be classified as follows: (i) Dedicated Distribution Substations where a Transmission Customer is the only distribution supplier taking service; (ii) Joint Use Distribution Substations, where two or more distribution suppliers take service; or (iii) Transmission Substations where a Transmission Customer takes distribution service.

The Dedicated Cost for Distribution Substations shall be determined as follows:

(i) The Dedicated Cost of a facility for Dedicated Distribution Substations will be calculated as one hundred percent (100%) of the original cost investment of the facilities serving a Transmission Customer's load, as long as the facilities are owned by an ITS party. When facilities are purchased by GTC, the investment shall include any necessary ownership, connection, and A&G charges. In Transmission Substations where the Transmission Customer has the only distribution service, dedicated cost will be one hundred percent (100%) of the original cost investment of the facilities owned by an ITS party required to serve the distribution load.

(ii) The Dedicated Cost for Joint Use Distribution Substations and Transmission Substations will be determined as the original cost investment of the facility pro-rated on the basis of the load ratios of the various distribution suppliers taking service at the same voltage from a joint use power transformer and adjusted for any transformers dedicated to one distribution supplier. The load ratio is the Transmission Customer's monthly peak demand at the substation occurring in the same month as the annual substation peak demand divided by the annual substation peak demand. The original cost investment of Distribution Service Facilities ("DSF") will be removed from the investment and the ratio applied. The original cost investment of DSF serving Transmission Customers will then be added.

(iii) Whenever actual original cost investment for any facility is not available, an average value based on similar facilities will be used. This is especially applicable to service from Transmission Substations, as the total original cost investment of the substation will also include the transmission facilities. In addition, the original cost investment of transmission facilities residing in Distribution Substations (for example, 115 kV breakers or a 115 kV capacitor bank) will be deducted from the Dedicated Cost. Also, when a Transmission Customer has incurred a direct cost responsibility for Distribution Substation expenses through either (1) assigned investment responsibility, or (2) contribution in aid of construction, the original cost investment will be reduced by that amount to reflect the value of the payment.

2. Distribution Metering Points:

The Distribution Metering Point (“DMP”) charge will be billed as a pass through of the budgeted cost from the provider of the DMP. Any new DMP shall be considered temporary with a maximum duration of one (1) year.

II. POWER DELIVERY CHARGES

The formulary charges described in this Section II apply to Transmission Customers that are not GTC Members. Charges to GTC Members shall be discounted to reflect GTC’s status as a taxable cooperative and RUS borrower. The differences for GTC Member billing are as follows:

- Cost of Debt - GTC Members are charged based on the embedded cost of funds, while non-GTC Members are charged the market rate for public debt. This is done to avoid non-Rural Electrification Act beneficiaries receiving the benefit of RUS funds.
- Rate of Return - GTC Members pay for interest expense and a margin while non-GTC Members pay a rate of return based on the weighted cost of debt (market) and equity capital.
- Income Tax - Since GTC’s revenue from non-GTC Members is taxable, non-GTC Members pay income tax on the equity portion of GTC’s return.

1.0 Calculation of Power Delivery Transmission Capacity Charge.

$$\text{PDTCHG} = (\text{PDTCCR} * \text{PDTCR}) + \text{PDSCET} + (\text{PDSC} * (\text{PDTCR}) / \sum \text{PDTCCRLL})$$

PDTCHG is Power Delivery Transmission Charge.

PDTCCR is Power Delivery Transmission Capacity Charge Rate (**see 2.0**).

PDTCR is Power Delivery Transmission Capacity Requirement as determined in accordance with Section I of this Rate Schedule.

PDSCET is Power Delivery Stranded Cost resulting from an Early Termination where Member reduces its Network Integration Transmission Service requirements after the Initial Term. This cost is directly assigned to the Member reducing its service.

PDSC is Power Delivery Stranded Cost resulting from another purchaser's failure to pay for the costs associated with providing Network Integration Transmission Service.

PDTCRRL is Power Delivery Transmission Capacity Requirement as determined in accordance with Section I of this Rate Schedule, summed for all Members' remaining Network Load.

2.0 Calculation of Power Delivery Transmission Capacity Charge Rate.

$$\text{PDTCCR} = (\text{PDTCC} + \text{PDTAGO} - \text{PDTREV} - \text{SEPREVT}) / [(\sum \text{PDTCR} - \text{SEPCC}) * 12]$$

PDTCCR is Power Delivery Transmission Capacity Charge Rate.

PDTCC is Power Delivery Transmission Capacity Costs and is equal to PDTCC_M for GTC Members and PDTCC_{NM} for non-GTC Members (see 2.1).

PDTAGO is Power Delivery Transmission allocated Administrative and General expenses and Other general expenses and is equal to PDTAGO_M for GTC Members and PDTAGO_{NM} for non-GTC Members (see 2.4).

PDTREV is the portion of Power Delivery Transmission Revenue credits assigned or allocated to the Power Delivery Transmission category to be returned to Transmission Customers through rates. These credits include, but are not limited to parity, transmission service, and interface sales revenues. The amount of revenues flowed through to Transmission Customers on a current basis versus the amount retained by GTC to build equity will be established by Board policy and consistent with regulatory requirements.

PDTCR is Power Delivery Transmission Capacity Requirement as determined in accordance with Section I of this Rate Schedule, then summed for all Transmission Customers.

SEPREVT is SEPA wheeling Transmission-related Revenue credit in Power Delivery Transmission Charge. (see 5.0)

SEPCC is the Sum of SEPA Contract Capacity (MW) for all Members of GTC.

2.1 Calculation of Power Delivery Transmission Capacity Costs.

For non-GTC Members, $PDTCC_{NM} = PDTDEP + PDTR + PDTPT + PDTINS + PDTOM + PDTLAND$

For GTC Members, $PDTCC_M = PDTDEP + PDTINT + PDTPT + PDTINS + PDTOM + PDTLAND$

PDTCC is Power Delivery Transmission Capacity Costs and is equal to $PDTCC_M$ for GTC Members and $PDTCC_{NM}$ for non-GTC Members.

PDTDEP is Power Delivery Transmission Depreciation and amortization expense.

PDTR is Power Delivery Transmission Return (**see 2.2**).

PDTPT is Power Delivery Transmission Property Taxes (**see 2.3**).

PDTINS is Power Delivery Transmission Property Insurance expense associated with Power Delivery Transmission facilities.

PDTOM is Power Delivery Transmission Operation and Maintenance expenses, including all operation and maintenance charges from GSOC.

PDTINT is Power Delivery Transmission Interest Expense (**see 2.1.1**).

PDTLAND is Power Delivery Transmission principal payments associated with GTC's debt for the ownership of Land to accommodate transmission facilities.

2.1.1 Calculation of Power Delivery Transmission Interest Expense.

$$PDTINT = PDTDAI + ((PDTPLT/TNPLT) * NETINT)$$

PDTINT is Power Delivery Transmission Interest expense.

PDTDAI is Power Delivery Transmission Interest expense directly assigned to Power Delivery Transmission investment.

PDTPLT is Power Delivery Total Net Transmission Plant investment, less investment where interest has been directly assigned.

TNPLT is Total Net Plant investment, less investment where interest has been directly assigned.

NETINT is Annual Total Interest expense (net of interest charged to construction) allocable based on net plant investment.

2.2 Calculation of Power Delivery Transmission Return.

$$\text{PDTR} = \text{PDTPLT} * \text{ROR}$$

PDTR is Power Delivery Transmission Return.

PDTPLT is Power Delivery Total Net Transmission Plant Investment, less investment where interest has been directly assigned.

ROR is Rate of Return (see 2.2.1).

2.2.1 Calculation of Rate of Return.

$$\text{ROR} = \text{WLTD COST} + (\text{WEQCOST} / (1 - \text{TAXRATE}))$$

ROR is GTC's weighted average rate of return from debt and equity capital.

WLTD COST is GTC's weighted average cost of debt capital (see 2.2.2).

WEQCOST is GTC's weighted cost of equity capital (see 2.2.3).

TAXRATE is corporate income tax rate.

2.2.2 Calculation of Weighted Cost of Debt Capital.

$$\text{WLTD COST} = \text{LTDCOST} * (\text{LTDDEBT} / \text{CAPITAL})$$

WLTD COST is GTC's weighted average cost of debt capital.

LTDCOST is GTC's current cost of Long Term Debt in the public market unless the Transmission Customer is an RUS borrower, then LTDCOST is the average interest rate of GTC's long-term debt and capitalized leases.

LTDDEBT is GTC's Long Term Debt in the public market.

CAPITAL is the sum of GTC's Long Term Debt and Patronage Capital.

2.2.3 Calculation of Weighted Cost of Equity Capital.

$$\text{WEQCOST} = \text{EQCOST} * (\text{PAT}/\text{CAPITAL})$$

WEQCOST is GTC's weighted cost of equity capital.

EQCOST is the average cost of GTC's equity capital (see 2.2.4).

PAT is GTC's amount of patronage capital.

CAPITAL is the sum of GTC's Long Term Debt and Patronage Capital.

2.2.4 Calculation of Cost of Equity Capital.

$$\text{EQCOST} = \text{LTDCOST} + 0.04$$

EQCOST is the average cost of GTC's equity capital.

LTDCOST is GTC's current cost of Long Term Debt in the public market unless the Transmission Customer is an RUS borrower, then LTDCOST is the average interest rate of GTC's long-term debt and capitalized leases.

2.3 Calculation of Power Delivery Transmission Property Taxes.

$$\text{PDTPT} = \text{PDTPAV} * \text{PDTPMR}$$

PDTPT is Power Delivery Transmission Property Taxes.

PDTPAV is Power Delivery Total Transmission Plant investment Assessed Value.

PDTPMR is Power Delivery Transmission Plant property tax weighted average Millage Rate.

2.4 Calculation of Power Delivery Transmission Administrative and General Expenses and Other General Expenses.

For non-GTC Members, $PDTAGO_{NM} = ((PDTCC - PDTREV)/(PDTCC + PDSCC - REVCRE)) * AG$

For GTC Members, $PDTAGO_M = ((PDTCC - PDTREV)/(PDTCC + PDSCC - REVCRE)) * TOTAGO$

PDTAGO is Power Delivery Transmission Costs allocated Administrative and General expenses and Other general expenses.

PDTCC is Power Delivery Transmission Capacity Costs and is equal to $PDTCC_M$ for GTC Members and $PDTCC_{NM}$ for non-GTC Members.

PDTREV is the portion of Power Delivery Transmission Revenue credits assigned or allocated to the Power Delivery Transmission category to be returned to Transmission Customers through rates. These credits include, but are not limited to parity, transmission service, and interface sales revenues. The amount of revenues flowed through to Transmission Customers on a current basis versus the amount retained by GTC to build equity will be established by Board policy and consistent with regulatory requirements.

PDSCC is Power Delivery Substation Capacity Costs and is equal to $PDSCC_M$ for GTC Members and $PDSCC_{NM}$ for non-GTC Members.

REVCRE is the sum of Revenue Credits (see 2.6).

AG is the corporate administrative and general expenses less Margin Component (see 2.5).

TOTAGO is Total Administrative and General expenses and Other general expenses.

2.5 Calculation of Administrative and General Expenses.

$$AG = \text{TOTAGO} - \text{MC}$$

AG is the corporate administrative and general expenses less Margin Component.

TOTAGO is Total Administrative and General expenses and Other general expenses. (see 2.8)

MC is Margin Component (see 2.7).

2.6 Calculation of Revenue Credits.

$$\text{REVCRE} = \text{PDTREV} + \text{PDSREV}$$

REVCRE is the sum of Revenue Credits.

PDTREV is Power Delivery Transmission Revenue credits assigned or allocated to the Power Delivery Transmission category, including but not limited to parity, transmission service, and interface sales revenues. The amount of revenues flowed through to Transmission Customers on a current basis versus the amount retained by GTC to build equity will be established by Board policy and consistent with regulatory requirements.

PDSREV is the portion of Power Delivery Substation Revenue credits assigned or allocated to the Power Delivery Substation category, including but not limited to parity and transmission service revenues. The amount of revenues flowed through to Transmission Customers on a current basis versus the amount retained by GTC to build equity will be established by Board policy and consistent with regulatory requirements.

2.7 Calculation of Margin Component.

$$\text{MC} = (\text{INDINT} * (\text{MFIREQ} - 1)) +/- \text{MCA}$$

MC is Margin Component.

INDINT is Indenture Interest.

MFIREQ is the ratio of Margins for Interest to Indenture Interest Required and defined in the Indenture.

MCA is Margin Component Adjustments equal to any additions to or reductions of Seller's margins for non-recurring charges to income as set forth in the definition of Margins for Interest contained in the Indenture.

2.8 Calculation of Total Administrative and General Expenses And Other General Expenses.

$$\text{TOTAGO} = \text{TOTAG} - \text{DAIEXP} + \text{OGENEX} + \text{GENDEP} + \text{GENINT} \\ + \text{GENPT} + \text{OTHEXP} + \text{MISODE} - \text{MISREV} + \text{MC} + \text{INCTAX} + \text{BDEXP}$$

TOTAGO is Total Administrative and General expenses and Other general expenses.

TOTAG is Total Administrative and General expenses, including general plant operation and maintenance expense.

DAIEXP is Property Insurance expense Directly Assigned to functional category, excluding property insurance assigned to general plant.

OGENEX is Other General Expense.

GENDEP is General Plant Depreciation and amortization expense.

GENINT is General Plant Interest expense.

GENPT is General Plant Property Taxes.

OTHEXP is Other Expenses.

MISODE is Miscellaneous Other Deductions (e.g., rental amortization, amortization of losses).

MISREV is Miscellaneous Revenues and other revenue credits not otherwise directly assigned to a functional category (e.g., interest income, equity component

of allowance for funds used during construction, income from subsidiary activities, and rental income and other non-operating income).

MC is Margin Component.

INCTAX is Federal and State Income and other Taxes imposed on income from investments and other taxable transactions, if any.

BDEXP is Board of Directors' fees and Expenses.

3.0 Calculation of Power Delivery Distribution Substation Capacity Charge.

$$PDSCHR = ((PDSINVM * PDSAF) / 12) + ((PURCHINV * PDSAFOM)/12)$$

PDSCHR is Power Delivery distribution Substation capacity Charge.

PDSINVM is the Dedicated Cost of all the delivery points of a Transmission Customer's system as calculated in accordance with Section I of this Rate Schedule.

PDSAF is the Power Delivery Substation Allocation Factor (see 3.1).

PURCHINV is the investment of all delivery points owned by a Transmission Customer and where GTC performs operations and maintenance.

PDSAFOM is the operations and maintenance portion of PDSAF (see 3.1.1).

3.1 Calculation of the Power Delivery Substation Allocation Factor.

$$PDSAF = (PDSTC + SEPREVD) / (\sum PDSINVM)$$

PDSAF is the Power Delivery Substation Allocation Factor.

SEPREVD is SEPA wheeling Distribution-related Revenue credit in Power Delivery Distribution charge. (see 5.1)

PDSTC is Power Delivery Distribution Substation Total Costs (see 3.2)

PDSINVM is the Dedicated Cost of all the delivery points of a Transmission Customer's system, as calculated in accordance with Section I of this Rate Schedule, then summed for all Transmission Customers.

3.1.1 Calculation of the Power Delivery Substation Allocation Factor for Operations and Maintenance.

$$\text{PDSAFOM} = \text{PDSOM} / (\sum \text{PDSINVM})$$

PDSAFOM is the operations and maintenance portion of PDSAF.

PDSOM is Power Delivery Distribution Substation Operation and Maintenance expenses.

PDSINVM is the Dedicated Cost of all the delivery points of a Transmission Customer System as calculated in accordance with Section I of this Rate Schedule.

3.2 Calculation of Power Delivery Distribution Substation Total Cost.

$$\text{PDSTC} = \text{PDSCC} + \text{PDSAGO} - \text{PDSREV} - \text{SEPREVD}$$

PDSTC is Power Delivery Distribution Substation Total Costs.

PDSCC is Power Delivery Distribution Substation Capacity Costs (**see 3.3**).

PDSAGO is Power Delivery Distribution Substation Administrative and General expenses and Other general expenses and is equal to PDTAGO_M for GTC Members and PDTAGO_{NM} for non-GTC Members (**see 3.6**).

PDSREV is the portion of Power Delivery Substation Revenue credits assigned or allocated to the Power Delivery Substation category to be returned to Transmission Customers through rates. These credits include, but are not limited to parity, transmission service, and interface sales revenues. The amount of revenues flowed through to Transmission Customers on a current basis versus the amount retained by GTC to build equity will be established by Board policy and consistent with regulatory requirements.

SEPREVD is SEPA wheeling Distribution-related Revenue credit in Power Delivery Distribution charge. (see 5.1)

3.3 Calculation of Power Delivery Distribution Substation Capacity Costs.

For non-GTC Members, $PDS_{CC_{NM}} = PDS_{DEP} + PDS_{SR} + PDS_{PT} + PDS_{INS} + PDS_{SOM} + PDS_{LAND} - PDM_{CC}$

For GTC Members, $PDS_{CC_{M}} = PDS_{DEP} + PDS_{INT} + PDS_{PT} + PDS_{INS} + PDS_{SOM} + PDS_{LAND} - PDM_{CC}$

PDS_{CC} is Power Delivery Distribution Substation Capacity Costs.

PDS_{DEP} is Power Delivery Distribution Substation Depreciation and amortization expense.

PDS_{SR} is Power Delivery Distribution Substation Return (see 3.4).

PDS_{PT} is Power Delivery Distribution Substation Property Taxes (see 3.5).

PDS_{INS} is Power Delivery Distribution Substation Property Insurance expense associated with Power Delivery Distribution Substation facilities.

PDS_{SOM} is Power Delivery Distribution Substation Operation and Maintenance expenses.

PDM_{CC} is Power Delivery Distribution Metering Point Capacity annual budgeted Costs billed to GTC by Georgia Power Company and the Municipal Electric Authority of Georgia (see 4.0).

PDS_{INT} is Power Delivery Distribution Substation Interest expense (see 3.3.1).

PDS_{LAND} is Power Delivery Distribution Substation principal payments associated with GTC's debt for the ownership of Land to accommodate distribution facilities.

3.3.1 Calculation of Power Delivery Distribution Substation Interest Expense.

$$\text{PDSINT} = \text{PDSDAI} + ((\text{PDSPLT}/\text{TNPLT}) * \text{NETINT})$$

PDSINT is Power Delivery Distribution Substation Interest expense.

PDSDAI is Power Delivery Distribution Substation Interest expense Directly Assigned to Power Delivery Distribution Substation investment.

PDSPLT is Power Delivery Total Net Distribution Substation Plant investment, less investment where interest has been directly assigned.

TNPLT is Total Net Plant investment, less investment where interest has been directly assigned.

NETINT is Annual Total Interest expense (net of interest charged to construction) allocable based on net plant investment.

3.4 Calculation of Power Delivery Distribution Substation Return.

$$\text{PDSR} = \text{PDSPLT} * \text{ROR}$$

PDSR is Power Delivery Distribution Substation Return.

PDSPLT is Power Delivery Total Net Distribution Substation Plant Investment, less investment where interest has been directly assigned.

ROR is Rate of Return (see 2.2.1).

3.5 Calculation of Power Delivery Distribution Substation Property Taxes.

$$\text{PDSPT} = \text{PDSAV} * \text{PDSMR}$$

PDSPT is Power Delivery Distribution Substation Property Taxes.

PDSAV is Power Delivery Distribution Substation plant investment Assessed Value.

PDSMR is Power Delivery Distribution Substation property tax weighted average millage rate.

3.6 Calculation of Power Delivery Distribution Substation Administrative and General Expenses and Other General Expenses.

For non-GTC Members, $PDSAGO_{NM} = ((PDS_{CC} - PDS_{REV}) / (PDT_{CC} + PDS_{CC} - REV_{CRE})) * AG$

For GTC Members, $PDSAGO_M = ((PDS_{CC} - PDS_{REV}) / (PDT_{CC} + PDS_{CC} - REV_{CRE})) * TOTAGO$

PDSAGO is Power Delivery Substation Capacity Costs allocated Administrative and General expenses and Other general expenses.

PDS_{CC} is Power Delivery Substation Capacity Costs.

PDS_{REV} is the portion of Power Delivery Substation Revenue credits assigned or allocated to the Power Delivery Substation category to be returned to Transmission Customers through rates. These credits include, but are not limited to parity, transmission service, and interface sales revenues. The amount of revenues flowed through to Transmission Customers on a current basis versus the amount retained by GTC to build equity will be established by Board policy and consistent with regulatory requirements.

PDT_{CC} is Power Delivery Transmission Capacity Costs and is equal to PDT_{CC}_M for GTC Members and PDT_{CC}_{NM} for non-GTC Members.

REV_{CRE} is the sum of Revenue Credits (see 2.6).

AG is the corporate administrative and general expenses less Margin Component.

TOTAGO is Total Administrative and General expenses and Other general expenses.

4.0 Calculation of Power Delivery Distribution Metering Point Capacity Charge.

$$PDMPCR = PDMCC / 12$$

PDMPCR is Power Delivery Distribution Metering Point Capacity Charge.

PDMCC is Power Delivery Distribution Metering Point Capacity annual budgeted Costs billed to GTC by Georgia Power Company and the Municipal Electric Authority of Georgia.

5.0 Calculation of SEPA Wheeling Revenue Credit - Transmission.

$$\text{SEPREVT} = \text{SEPAREVTOT} * (\text{PDTTC} / (\text{PDTTC} + \text{PDDTC}))$$

SEPREVT is SEPA wheeling Transmission-related Revenue credit in Power Delivery Transmission Charge.

SEPAREVTOT is Total SEPA Revenue (see 5.2).

PDTTC is Power Delivery Transmission Total Costs (see 5.4).

PDDTC is Power Delivery Distribution Total Costs (see 5.5).

5.1 Calculation of SEPA Wheeling Revenue Credit - Distribution.

$$\text{SEPREVD} = \text{SEPAREVTOT} * (\text{PDDTC} / (\text{PDTTC} + \text{PDDTC}))$$

SEPREVD is SEPA wheeling Distribution-related Revenue credit in Power Delivery Distribution Charge.

SEPAREVTOT is Total SEPA Revenue (see 5.2).

PDTTC is Power Delivery Transmission Total Costs (see 5.4).

PDDTC is Power Delivery Distribution Total Costs (see 5.5).

5.2 Calculation of Total SEPA Revenue.

$$\text{SEPAREVTOT} = (\text{SEPCC} * \text{SEPCHRG}) * 12$$

SEPAREVTOT is Total SEPA Revenue.

SEPCC is the Sum of SEPA Contract Capacity (MW) for all Members of GTC.

SEPCHRG is SEPA Wheeling Charge (see 5.3).

5.3 Calculation of SEPA Wheeling Charge.

$$\text{SEPCHRG} = ((\text{PDTTC} + \text{PDDTC}) / \sum \text{PDTCR}) / 12$$

SEPCHRG is SEPA Wheeling Charge.

PDTTC is Power Delivery Transmission Total Costs (see 5.4).

PDDTC is Power Delivery Distribution Total Costs (see 5.5).

PDTCR is Power Delivery Transmission Capacity Requirement as determined in accordance with Section I of this Rate Schedule, then summed for all Transmission Customers.

5.4 Calculation of Power Delivery Transmission Total Costs.

$$\text{PDTTC} = \text{PDTCC} + \text{PDTAGO} - \text{PDTREV}$$

PDTTC is Power Delivery Transmission Total Costs.

PDTCC is Power Delivery Transmission Capacity Costs and is equal to PDTCC_M for GTC Members.

PDTAGO is Power Delivery Transmission allocated Administrative and General expenses and Other general expenses and is equal to PDTAGO_M for GTC Members.

PDTREV is the portion of Power Delivery Transmission Revenue credits assigned or allocated to the Power Delivery Transmission category to be returned to Transmission Customers through rates. These credits include, but are not limited to parity, transmission service, and interface sales revenues. The amount of revenues flowed through to Transmission Customers on a current basis versus the amount retained by GTC to build equity will be established by Board policy and consistent with regulatory requirements.

5.5 Calculation of Power Delivery Distribution Total Costs.

$$\text{PDDTC} = \text{PDSCC} + \text{PDSAGO} - \text{PDSREV}$$

PDDTC is Power Delivery Distribution Total Costs.

PDSCC is Power Delivery Distribution Substation Capacity Costs and is equal to PDSCC_M for GTC Members.

PDSAGO is Power Delivery Distribution Substation Administrative and General expenses and Other general expenses and is equal to PDSAGO_M for GTC Members.

PDSREV is the portion of Power Delivery Substation Revenue credits assigned or allocated to the Power Delivery Substation category to be returned to Transmission Customers through rates. These credits include, but are not limited to parity, transmission service, and interface sales revenues. The amount of revenues flowed through to Transmission Customers on a current basis versus the amount retained by GTC to build equity will be established by Board policy and consistent with regulatory requirements.

Prior Period Adjustment Rider

Section I. GENERAL:

Each GTC Member shall be billed an annual Prior Period Adjustment for each Contract Year calculated in accordance with this Rider, if applicable.

The Prior Period Adjustment for the Contract Year, which may be an additional charge or a refund credit, shall be made if Margins For Interest before making such Prior Period Adjustment is less than that required by the Indenture or greater than 1.2 times Indenture Interest. Such Prior Period Adjustment shall be determined in accordance with the formula set forth herein below. Such Prior Period Adjustment for each Contract Year shall be credited or debited to each GTC Member in the Contract Year and refunded or collected in nine (9) equal monthly installments on the bills rendered from April 1 through December 31 of the succeeding Contract Year.

Section II. CALCULATION OF PRIOR PERIOD ADJUSTMENT:

1.0 Calculation Of Minimum Margin Component Requirement.

$$\text{MINMAR} = (\text{ACTINT} * (\text{MFIREQ} - 1)) +/- \text{MCA}$$

MINMAR is the Minimum Margin Component requirement necessary to achieve Margins For Interest of 1.1 times Indenture Interest for the Contract Year.

ACTINT is Actual Indenture Interest of the GTC for the Contract Year.

MFIREQ is the ratio of Margins for Interest to Indenture Interest Required and defined in the rate covenant contained in the Indenture.

MCA is Margin Component Adjustments equal to any additions to or reductions of Seller's margins for non-recurring charges to income as set forth in the definition of Margins for Interest contained in the Indenture.

2.0 Calculation Of Maximum Margin Allowable.

$$\text{MAXMAR} = (\text{ACTINT} * 0.2) +/- \text{MCA}$$

MAXMAR is the Maximum Margin Component above which all additional margins shall be refunded to the GTC Members.

ACTINT is Actual Indenture Interest of the GTC for the Contract Year.

MCA is Margin Component Adjustments equal to any additions to or reductions of Seller's margins for non-recurring charges to income as set forth in the definition of Margins for Interest contained in the Indenture.

3.0 Calculation Of Margins For Interest Ratio Before Prior Period Adjustment.

$$\text{MFIR} = (\text{ACTINT} + [\text{UADMAR} +/- \text{MCA}] / (\text{ACTINT}))$$

MFIR is the ratio of Margins For Interest to Indenture Interest for the Contract Year calculated prior to any Prior Period Adjustment for the Contract Year.

ACTINT is Actual Indenture Interest of the GTC for the Contract Year.

UADMAR is actual Unadjusted Margins, excluding revenues associated with land-related principal payments, for the Contract Year determined prior to any Prior Period Adjustment for the Contract Year.

MCA is Margin Component Adjustments equal to any additions to or reductions of Seller's margins for non-recurring charges to income as set forth in the definition of Margins for Interest contained in the Indenture.

4.0 Calculation Of Margin Adjustment.

(A) If MFIR is less than MFIREQ, then

$$\text{ADDMAR} = \text{MINMAR} - \text{UADMAR}$$

MFIR is the ratio of Margins For Interest to Indenture Interest for the Contract Year calculated prior to any Prior Period Adjustment for the Contract Year (**see 3.0**).

ADDMAR is the Additional Margins necessary to achieve the ratio of Margins For Interest to Indenture Interest required by the rate covenant of the Indenture for the Contract Year.

MINMAR is the Minimum Margins Component necessary to achieve the ratio of Margins For Interest to Indenture Interest required by the rate covenant of the Indenture for the Contract Year (**see 1.0**).

UADMAR is actual Unadjusted Margins, excluding revenues associated with land-related principal payments, for the Contract Year determined prior to any Prior Period Adjustment for the Contract Year.

MFIREQ is the ratio of Margins for Interest to Indenture Interest Required and defined in the rate covenant contained in the Indenture.

(B) If MFIR is greater than 1.2, then

$$\text{REFMAR} = \text{MAXMAR} - \text{UADMAR}$$

MFIR is the ratio of Margins For Interest to Indenture Interest for the Contract Year calculated prior to any Prior Period Adjustment for the Contract Year (**see 3.0**).

REFMAR is the Margins Refund necessary to achieve a ratio of Margins For Interest to Indenture Interest of 1.2 for the Contract Year.

MAXMAR is the Maximum Margins Component above which all additional margins shall be refunded to the GTC Members (**see 2.0**).

UADMAR is actual Unadjusted Margins, excluding revenues associated with land-related principal payments, for the Contract Year determined prior to any Prior Period Adjustment for the Contract Year.

5.0 Calculation Of Margin Adjustment Factor.

(A) If MFIR is less than MFIREQ, then

$$\text{MADJF} = \text{ADDMAR} / \text{UADREV}$$

MFIR is the ratio of Margins For Interest to Indenture Interest for the Contract Year calculated prior to any Prior Period Adjustment for the Contract Year (see 3.0).

MADJF is Margin Adjustment Factor.

ADDMAR is the Additional Margins necessary to achieve the ratio of Margins For Interest to Indenture Interest required by the rate covenant of the Indenture for the Contract Year (see 4.0(A)).

UADREV is Unadjusted Revenue, excluding revenues associated with land-related principal payments, for the Contract Year from sales to GTC Members prior to any Prior Period Adjustment for the Contract Year.

MFIREQ is the ratio of Margins for Interest to Indenture Interest Required and defined in the rate covenant contained in the Indenture.

(B) If MFIR is greater than 1.2, then

$$\text{MADJF} = \text{REFMAR} / \text{UADREV}$$

MFIR is the ratio of Margins For Interest to Indenture Interest for the Contract Year calculated prior to any Prior Period Adjustment for the Contract Year (see 3.0).

MADJF is Margin Adjustment Factor.

REFMAR is the Margin Refund necessary to achieve the ratio of Margins For Interest to Indenture Interest of 1.2 for the Contract Year (see 4.0(B)).

UADREV is Unadjusted Revenue, excluding revenues associated with land-related principal payments, for the Contract Year from sales to GTC Members prior to any Prior Period Adjustment for the Contract Year.

6.0 Calculation Of Prior Period Adjustment For Each GTC Member.
(Note: A separate calculation is made for each GTC Member)

$$\text{PPADJ} = (\text{MADJF} * \text{MUAREV})/9$$

PPADJ is Prior Period Adjustment (refund credit or additional charge) for the individual GTC Member to be credited or charged in each month.

MADJF is Margin Adjustment Factor **(see 5.0(A) or (B), as applicable)**.

MUAREV is the individual GTC Member's Unadjusted Revenue for the Contract Year from sales to the GTC Member determined prior to any Prior Period Adjustment for the Contract Year.

SERVICE SCHEDULE 8

**Rate Schedules For
Point-To-Point Transmission Service**

A. LONG-TERM FIRM TRANSMISSION SERVICE

- A1.0 General. This Service Schedule A, “Long-Term Firm Transmission Service,” is effective under and a part of the TRANSMISSION SERVICE TARIFF OF GEORGIA TRANSMISSION CORPORATION dated January 1, 1997 (“GTC Tariff”). All of the terms, conditions, charges, and stipulations contained in the GTC Tariff are incorporated into this Service Schedule A herein by reference. Terms not otherwise defined in this Service Schedule A shall have the meanings set forth in Section 1 of the GTC Tariff.
- A2.0 Description of Service. Long-Term Firm Transmission Service contemplated by this Service Schedule A is for the use of GTC’s bulk transmission system, and the ITS which GTC has contractual right to utilize, to receive capacity and energy at the Point(s) of Receipt transmit such capacity and energy across the ITS, and deliver such capacity and energy at the Point(s) of Delivery. Specifically, Long-Term Firm Transmission Service shall be:
- (a) A Transmission Service transaction of a minimum duration in excess of one (1) year and a maximum duration of ten (10) years;
 - (b) Point-to-point transmission service; and
 - (c) Available to a Transmission Customer that meets the eligibility requirements of Section 13 of the GTC Tariff and has complied with the service request provisions of Section 15 of the GTC Tariff.
- A3.0 Procedure to Obtain Service. In order to obtain Long-Term Firm Transmission Service, the Transmission Customer must:
- (a) Have provided a Completed Application required in Section 15.2 of the GTC Tariff at least ninety (90) calendar days in advance of the date on which Transmission Service is to commence;

- (b) Have reimbursed GTC for all costs associated with any System Impact Study as provided for in Section 17.2 and Facilities Study required in Section 17.4 of the GTC Tariff; and
- (c) Have executed a Service Agreement with GTC.

A4.0 Compensation. The Transmission Customer shall pay GTC for Long-Term Firm Transmission Service in accordance with the following formulas:

A4.1 Calculation of Power Delivery Transmission Capacity Charge for Long-Term Firm Transmission Service.

$$\text{PDTCHG_P} = \text{PDTCCR_P} * \text{TCD}$$

PDTCHG_P is the Power Delivery Transmission Capacity Charge for Long-Term Firm Transmission Service, applied during each month of service.

PDTCCR_P is the Power Delivery Transmission Capacity Charge Rate, applied during each month of service, for Long-Term Firm Transmission Service expressed in terms of dollars per kW-month (see A4.2).

TCD is the Transmission Capacity, in kilowatts, being Delivered, integrated over one (1) hour, that is the greater of:

- 1) Contract amount, or
- 2) Scheduled amount.

A4.2 Calculation of Power Delivery Transmission Capacity Charge Rate for Long-Term Firm Transmission Service.

$$\text{PDTCCR_P} = (\text{EXPITS} + \text{AGITS}) / (100,000 * \text{MOSERV})$$

PDTCCR_P is the Power Delivery Transmission Capacity Charge Rate, applied during each month of service, for Long-Term Firm Transmission Service expressed in terms of dollars per kW-month.

EXPITS is the total direct expenses related to the change in GTC's parity calculation of investment responsibility for the period of service (see A4.2.1).

AGITS is the allocated Administrative and General expenses (see A4.2.2).

MOSERV is the number of months of transmission service that is required for the transaction.

**A4.2.1 Calculation of Direct Expenses Related to the Change in GTC's Parity
Calculation of Investment Responsibility.**

For non-GTC Members, $EXPITS_{NM} = \frac{(ROR + D + OM + I + AT + L + CCD) *}{INV}$

For GTC Members, $EXPITS_M = (INT + D + OM + I + AT + L + CCD) * INV$

EXPITS is the total direct expenses related to the change in GTC's parity calculation of investment responsibility for the period of service.

ROR is GTC's weighted average rate of return from debt and equity capital (see A4.2.1.1).

D is the annual Depreciation expense applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

OM is the annual Operations and Maintenance expenses applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

I is the annual Insurance expenses applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

AT is the annual Ad valorem Tax expenses applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

L is the annual land-related principal payments applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

CCD is the carrying charge adder for Long Term Firm transmission service. It is equal to the difference between the total ITS carrying charge rates of GTC and the ITS party with the highest carrying charge rate.

INV is the change in GTC's ITS parity calculation for off-system Investment responsibility incurred as a result of the 100 MW transmission transaction. For transactions using bulk facilities only, this change is multiplied by the average B2 investment percentage.

INT is the annual Interest expenses applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

A4.2.1.1 Calculation of Rate of Return.

$$\text{ROR} = \text{WLTDCOST} + (\text{WEQCOST} / (1 - \text{TAXRATE}))$$

ROR is GTC's weighted average rate of return from debt and equity capital.

WLTDCOST is GTC's weighted average cost of debt capital (see A4.2.1.2).

WEQCOST is GTC's weighted cost of equity capital (see A4.2.1.3).

TAXRATE is the corporate income tax rate.

A4.2.1.2 Calculation of Weighted Cost of Debt Capital.

$$\text{WLTDCOST} = \text{LTDCOST} * (\text{LTDDEBT}/\text{CAPITAL})$$

WLTDCOST is GTC's weighted average cost of debt capital.

LTDCOST is GTC's current cost of Long Term Debt in the public market unless the Transmission Customer is an RUS borrower, then LTDCOST is the average interest rate of GTC's long-term debt and capitalized leases.

LTDDEBT is GTC's Long Term Debt including capitalized leases.

CAPITAL is the sum of GTC's Long Term Debt and Patronage Capital.

A4.2.1.3 Calculation of Weighted Cost of Equity Capital.

$$\text{WEQCOST} = \text{EQCOST} * (\text{PAT}/\text{CAPITAL})$$

WEQCOST is GTC's weighted cost of equity capital.

EQCOST is the average cost of GTC's equity capital (see A4.2.1.4).

PAT is GTC's amount of patronage capital.

CAPITAL is the sum of GTC's Long Term Debt and Patronage Capital.

A4.2.1.4 Calculation of Cost of Equity Capital.

$$\text{EQCOST} = \text{LTDCOST} + 0.04$$

EQCOST is the average cost of GTC's equity capital.

LTDCOST is GTC's current cost of Long Term Debt in the public market unless the Transmission Customer is an RUS borrower, then LTDCOST is the average interest rate of GTC's long-term debt and capitalized leases.

A4.2.2 Calculation of Allocated Administrative and General Expenses.

$$\text{For non-GTC Members, } \text{AGITS}_{\text{NM}} = \text{AG}_{\text{NM}} * [\text{EXPITS}_{\text{NM}} / ((\text{PDTCC} + \text{PDSCC} - \text{REVCRE}) + \text{EXPITS}_{\text{NM}})]$$

$$\text{For GTC Members, } \text{AGITS}_{\text{M}} = \text{AG}_{\text{M}} * [\text{EXPITS}_{\text{M}} / ((\text{PDTCC} + \text{PDSCC} - \text{REVCRE}) + \text{EXPITS}_{\text{M}})]$$

AGITS is the allocated Administrative and General expenses.

AG_{NM} is the corporate administrative and general expenses less margin component (see A4.2.2.1).

AG_M is the corporate administrative and general expenses including margin component.

EXPITS is the direct expenses related to the change in GTC's parity calculation of investment responsibility.

PDTCC is Power Delivery Transmission Capacity Costs.

PDSCC is Power Delivery Substation Capacity Costs

REVCRE is the sum of Revenue Credits (see A4.2.2.2).

A4.2.2.1 Calculation of Administrative and General Expenses for Non-GTC Members.

$$AG_{NM} = \text{TOTAGO} - \text{MC}$$

AG_{NM} is the corporate administrative and general expenses less margin component.

TOTAGO is Total Administrative and General expenses and Other general expenses. (see A4.2.2.4)

MC is Margin Component (see A4.2.2.3).

A4.2.2.2 Calculation of Revenue Credits.

$$\text{REVCRE} = \text{PDTREV} + \text{PDSREV}$$

REVCRE is the sum of Revenue Credits.

PDTREV is the portion of Power Delivery Transmission Revenue credits assigned or allocated to the Power Delivery Transmission category to be returned to Transmission Customers through rates. These credits include, but are not limited to parity, transmission service, and interface sales revenues. The amount of revenues flowed through to Transmission Customers on a current basis versus the amount retained by GTC to build equity will be established by Board policy and consistent with regulatory requirements.

PDSREV is the portion of Power Delivery Substation Revenue credits assigned or allocated to the Power Delivery Substation category to be returned to Transmission Customers through rates. These credits include, but are not limited to parity, transmission service, and interface sales revenues. The amount of revenues flowed through to Transmission Customers on a current basis versus the amount retained by GTC to build equity will be established by Board policy and consistent with regulatory requirements.

A4.2.2.3 Calculation of Margin Component.

$$MC = (INDINT * (MFIREQ - 1))$$

MC is Margin Component.

INDINT is Indenture Interest.

MFIREQ is the Margins for Interest ratio Required by the Indenture.

A4.2.2.4 Calculation of Total Administrative and General Expenses And Other General Expenses.

$$TOTAGO = TOTAG - DAIEXP + OGENEX + GENDEP + GENINT + GENPT + OTHEXP + MISODE - MISREV + MC + INCTAX + BDEXP$$

TOTAGO is Total Administrative and General expenses and Other general expenses.

TOTAG is Total Administrative and General expenses, including general plant operation and maintenance expense.

DAIEXP is Property Insurance expense Directly Assigned to functional category, excluding property insurance assigned to general plant.

OGENEX is Other General Expense.

GENDEP is General Plant Depreciation and amortization expense.

GENINT is General Plant Interest expense.

GENPT is General Plant Property Taxes.

OTHEXP is Other Expenses.

MISODE is Miscellaneous Other Deductions (e.g., rental amortization, amortization of losses).

MISREV is Miscellaneous Revenues and other revenue credits not otherwise directly assigned to a functional category (e.g., interest income, equity component of allowance for funds used during construction, income from subsidiary activities, and rental income and other non-operating income).

MC is Margin Component

INCTAX is Federal and State Income and other Taxes imposed on income from investments and other taxable transactions, if any.

BDEXP is Board of Directors' fees and Expenses.

- A4.3 Special Service Costs. The Transmission Customer shall pay all applicable Interface Capability costs, Modified Dispatch Costs, or Lost Opportunity Costs, incurred by GTC in order to accommodate a transmission service scheduled in accordance with Section 25 of the GTC Tariff.
- A4.4 Curtailement Costs. The Transmission Customer shall also pay any applicable Modified Dispatch Costs or Lost Opportunity Costs incurred by GTC at Purchaser's request to avoid or limit curtailment in accordance with Section 25 of the GTC Tariff.
- A4.5 Miscellaneous Costs. The Transmission Customer shall also pay other applicable charges in accordance with other provisions of the GTC Tariff or the Service Agreement, if any.

--END OF SERVICE SCHEDULE A--

B. SHORT-TERM FIRM TRANSMISSION SERVICE

- B1.0 General. This Service Schedule B, “Short-Term Firm Transmission Service,” is effective under and a part of the TRANSMISSION SERVICE TARIFF OF GEORGIA TRANSMISSION CORPORATION dated January 1, 1997 (the “GTC Tariff”). All of the terms, conditions, charges, and stipulations contained in the GTC Tariff are incorporated into this Service Schedule B herein by reference. Terms not otherwise defined in this Service Schedule B shall have the meanings set forth in Section 1 of the GTC Tariff.
- B2.0 Description of Service. Short-Term Firm Transmission Service contemplated by this Service Schedule B is for the use of GTC’s bulk transmission system, and the ITS which GTC has contractual right to utilize, to receive capacity and energy at the Point(s) of Receipt transmit such capacity and energy across the ITS, and deliver such capacity and energy at the Point(s) of Delivery. Specifically, Short-Term Firm Transmission Service shall be:
- (a) A Transmission Service transaction of a minimum duration in excess of one (1) day and a maximum duration of one (1) year;
 - (b) Point-to-point transmission service; and
 - (c) Available to a Transmission Customer that meets the eligibility requirements of Section 13 of the GTC Tariff and has complied with the service request provisions of Section 15 of the GTC Tariff.
- B3.0 Procedure to Obtain Service. In order to obtain Short-Term Firm Transmission Service, the Transmission Customer must:
- (a) Have provided a Completed Application required in Section 15.2 of the GTC Tariff at least sixty (60) calendar days in advance of the date on which Transmission Service is to commence; in the case of daily or weekly service, this requirement is waived;
 - (b) Have reimbursed GTC for all costs associated with any System Impact Study as provided for in Section 17.2 and Facilities Study required in Section 17.4 of the GTC Tariff; and
 - (c) Have executed a Service Agreement with GTC.

B4.0 Compensation. The Transmission Customer shall pay GTC for Short-Term Firm Transmission Service in accordance with the following formulas:

B4.1 Calculation of Power Delivery Transmission Capacity Charge for Short-Term Firm Transmission Service.

$$\text{PDTCHG_P} = \text{PDTCCR_P} * \text{TCD}$$

PDTCHG_P is the Power Delivery Transmission Capacity Charge for Short-Term Firm Transmission Service, applied during each month of service.

PDTCCR_P is the Power Delivery Transmission Capacity Charge Rate, applied during each month of service, for Short-Term Firm Transmission Service expressed in terms of dollars per kW-month.

TCD is the Transmission Capacity, in kilowatts, being Delivered, integrated over one hour, that is the greater of:

- 1) Contract amount, or
- 2) Scheduled amount.

B4.2 Calculation of Power Delivery Transmission Capacity Charge Rate for Short-Term Firm Transmission Service.

$$\text{PDTCCR_P} = (\text{EXPITS} + \text{AGITS}) / (100,000 * \text{MOSERV})$$

PDTCCR_P is the Power Delivery Transmission Capacity Charge Rate, applied during each month of service, for Short-Term Firm Transmission Service expressed in terms of dollars per kW-month.

EXPITS is the total direct expenses related to the change in GTC's parity calculation of investment responsibility for the period of service (see B4.2.1).

AGITS is the allocated Administrative and General expenses (see B4.2.2).

MOSERV is the number of months of that transmission service is required for the transaction.

RESP is the number of months of investment responsibility that GTC incurs under the ITS contract for the firm transaction.

This rate for Short-Term Firm Transmission Service can be expressed in terms of an annual (when appropriate), weekly, daily and hourly rate by applying the following calculations:

If RESP is greater than or equal to 12,
Annual Rate = (EXPITS + AGITS), Annualized / TCD
If RESP is less than 12,
Annual Rate = PDTCCR_P * MOSERV
Monthly Rate = PDTCCR_P
Weekly Rate = (EXPITS + AGITS), Annualized / (TCD* 52)
Daily Rate = Weekly Rate / 5
Hourly rate = Daily Rate / 16

**B4.2.1 Calculation of Direct Expenses Related to the Change in GTC's Parity
Calculation of Investment Responsibility.**

For non-GTC Members, $EXPITS_{NM} = (ROR + D + OM + I + AT + L + CCD) * INV$

For GTC Members, $EXPITS_M = (INT + D + OM + I + AT + L + CCD) * INV$

EXPITS is the total direct expenses related to the change in GTC's parity calculation of investment responsibility for the period of service.

ROR is GTC's weighted average rate of return from debt and equity capital (see **B4.2.1.1**).

D is the annual Depreciation expense applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

OM is the annual Operations and Maintenance expenses applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

I is the annual Insurance expenses applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

AT is the annual Ad valorem Tax expenses applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

L is the annual land-related principal payments applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

CCD is a carrying charge adder for Short-Term Firm and Non-Firm Transmission Service. It is equal to the difference between the total ITS Carrying Charge rates of GTC and the ITS party with the highest ITS carrying charge rate.

INV is the change in GTC's ITS parity calculation for off-system Investment responsibility incurred as a result of the 100 MW transmission transaction. For transactions using bulk facilities only, this change is multiplied by the average B2 investment percentage.

INT is the annual Interest expenses applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

B4.2.1.1 Calculation of Rate of Return.

$$\text{ROR} = \text{WLTDCOST} + (\text{WEQCOST} / (1 - \text{TAXRATE}))$$

ROR is GTC's weighted average rate of return from debt and equity capital.

WLTDCOST is GTC's weighted average cost of debt capital (see **B4.2.1.2**).

WEQCOST is GTC's weighted cost of equity capital (see **B4.2.1.3**).

TAXRATE is corporate income tax rate.

B4.2.1.2 Calculation of Weighted Cost of Debt Capital.

$$\text{WLTDCOST} = \text{LTDCOST} * (\text{LTDDEBT}/\text{CAPITAL})$$

WLTDCOST is GTC's weighted average cost of debt capital.

LTDCOST is GTC's current cost of Long Term Debt in the public market unless the Transmission Customer is an RUS borrower, then LTDCOST is the average interest rate of GTC's long-term debt and capitalized leases.

LTDDEBT is GTC's Long Term Debt including capitalized leases.

CAPITAL is the sum of GTC's Long Term Debt and Patronage Capital.

B4.2.1.3 Calculation of Weighted Cost of Equity Capital.

$$\text{WEQCOST} = \text{EQCOST} * (\text{PAT}/\text{CAPITAL})$$

WEQCOST is GTC's weighted cost of equity capital.

EQCOST is the average cost of GTC's equity capital (see B4.2.1.4).

PAT is GTC's amount of patronage capital.

CAPITAL is the sum of GTC's Long Term Debt and Patronage Capital.

B4.2.1.4 Calculation of Cost of Equity Capital.

$$\text{EQCOST} = \text{LTDCOST} + 0.04$$

EQCOST is the average cost of GTC's equity capital.

LTDCOST is GTC's current cost of Long Term Debt in the public market unless the Transmission Customer is an RUS borrower, then LTDCOST is the average interest rate of GTC's long-term debt and capitalized leases.

B4.2.2 Calculation of Allocated Administrative and General Expenses.

For non-GTC Members, $AGITS_{NM} = AG_{NM} * [EXPITS_{NM} / (PDTCC + PDSCC - REVCRE) + EXPITS_{NM}]$

For GTC Members, $AGITS_M = AG_M * [EXPITS_M / ((PDTCC + PDSCC - REVCRE) + EXPITS_M)]$

AGITS is the allocated Administrative and General expenses.

AG_{NM} is the corporate administrative and general expenses less margin component (see **B4.2.2.1**).

AG_M is the corporate administrative and general expenses including margin component.

EXPITS is the direct expenses related to the change in GTC's parity calculation of investment responsibility.

PDTCC is Power Delivery Transmission Capacity Costs.

PDSCC is Power Delivery Substation Capacity Costs

REVCRE is the sum of Revenue Credits (see **B4.2.2.2**).

B4.2.2.1 Calculation of Administrative and General Expenses for Non-GTC Members.

$$AG_{NM} = TOTAGO - MC$$

AG_{NM} is the corporate administrative and general expenses less margin component.

TOTAGO is Total Administrative and General expenses and Other general expenses. (see **B4.2.2.4**)

MC is Margin Component (see **B4.2.2.3**).

B4.2.2.2 Calculation of Revenue Credits.

$$\text{REVCRE} = \text{PDTREV} + \text{PDSREV}$$

REVCRE is the sum of Revenue Credits.

PDTREV is the portion of Power Delivery Transmission Revenue credits assigned or allocated to the Power Delivery Transmission category to be returned to Transmission Customers through rates. These credits include, but are not limited to parity, transmission service, and interface sales revenues. The amount of revenues flowed through to Transmission Customers on a current basis versus the amount retained by GTC to build equity will be established by Board policy and consistent with regulatory requirements.

PDSREV is the portion of Power Delivery Substation Revenue credits assigned or allocated to the Power Delivery Substation category to be returned to Transmission Customers through rates. These credits include, but are not limited to parity, transmission service, and interface sales revenues. The amount of revenues flowed through to Transmission Customers on a current basis versus the amount retained by GTC to build equity will be established by Board policy and consistent with regulatory requirements.

B4.2.2.3 Calculation of Margin Component.

$$\text{MC} = (\text{INDINT} * (\text{MFIREQ} - 1))$$

MC is Margin Component.

INDINT is Indenture Interest.

MFIREQ is the Margins for Interest ratio Required by the Indenture.

B4.2.2.4 Calculation of Total Administrative and General Expenses And Other General Expenses.

$$\text{TOTAGO} = \text{TOTAG} - \text{DAIEXP} + \text{OGENEX} + \text{GENDEP} + \text{GENINT} \\ + \text{GENPT} + \text{OTHEXP} + \text{MISODE} - \text{MISREV} + \text{MC} + \text{INCTAX} + \text{BDEXP}$$

TOTAGO is Total Administrative and General expenses and Other general expenses.

TOTAG is Total Administrative and General expenses, including general plant operation and maintenance expense.

DAIEXP is Property Insurance expense Directly Assigned to functional category, excluding property insurance assigned to general plant.

OGENEX is Other General Expense.

GENDEP is General Plant Depreciation and amortization expense.

GENINT is General Plant Interest expense.

GENPT is General Plant Property Taxes.

OTHEXP is Other Expenses.

MISODE is Miscellaneous Other Deductions (e.g., rental amortization, amortization of losses).

MISREV is Miscellaneous Revenues and other revenue credits not otherwise directly assigned to a functional category (e.g., interest income, equity component of allowance for funds used during construction, income from subsidiary activities, and rental income and other non-operating income).

MC is Margin Component

INCTAX is Federal and State Income and other Taxes imposed on income from investments and other taxable transactions, if any.

BDEXP is Board of Directors' fees and Expenses.

- B4.3 Special Services Costs. The Transmission Customer shall pay all applicable Interface Capability costs, Modified Dispatch Costs, or Lost Opportunity Costs, incurred by GTC in order to accommodate a transmission service scheduled in accordance with Section 25 of the GTC Tariff.
- B4.4 Curtailement Costs. The Transmission Customer shall also pay any applicable Modified Dispatch Costs or Lost Opportunity Costs incurred by GTC at the Transmission Customer's request to avoid or limit curtailment in accordance with Section 25 of the GTC Tariff.
- B4.5 Miscellaneous Costs. The Transmission Customer shall also pay other applicable charges in accordance with other provisions of the GTC Tariff or the Service Agreement, if any.

--END OF SERVICE SCHEDULE B--

C. PEAK PERIOD FIRM TRANSMISSION SERVICE

- C1.0 General This Service Schedule C, “Peak Period Firm Transmission Service,” is effective under and a part of the TRANSMISSION SERVICE TARIFF OF GEORGIA TRANSMISSION CORPORATION dated January 1, 1997 (“GTC Tariff”). All of the terms, conditions, charges, and stipulations contained in the GTC Tariff are incorporated into this Service Schedule C herein by reference. Terms not otherwise defined in this Service Schedule C shall have the meanings set forth in Section 1 of the GTC Tariff.
- C2.0 Description of Service. Peak Period Firm Transmission Service contemplated by this Service Schedule C is for the use of GTC’s bulk transmission system, and the ITS which GTC has contractual right to utilize, to receive capacity and energy at the Point(s) of Receipt transmit such capacity and energy across the ITS, and deliver such capacity and energy at the Point(s) of Delivery. Specifically, Peak Period Firm Transmission Service shall be:
- (a) A Transmission Service transaction of a minimum duration in excess of twenty (20) consecutive Peak Period days;
 - (b) Limited to one (1) calendar year;
 - (c) Point-to-point transmission service; and
 - (d) Available to a Transmission Customer that meets the eligibility requirements of Section 13 of the GTC Tariff and has complied with the service request provisions of Section 15 of the GTC Tariff.
- C3.0 Procedure to Obtain Service. In order to obtain Peak Period Firm Transmission Service, the Transmission Customer must:
- (a) Have provided a Completed Application required in Section 15.2 of the GTC Tariff at least sixty (60) calendar days in advance of the date on which Transmission Service is to commence;
 - (b) Have reimbursed GTC for all costs associated with any System Impact Study as provided for in Section 17.2 and Facilities Study required in Section 17.4 of the GTC Tariff; and

(c) Have executed a Service Agreement with GTC.

C4.0 Compensation. The Transmission Customer shall pay GTC for Peak Period Firm Transmission Service in accordance with the following formulas:

C4.1 Calculation of Power Delivery Transmission Capacity Charge for Peak Period Firm Transmission Service.

$$\text{PDTCHG_P} = \text{PDTCCR_P} * \text{TCD}$$

PDTCHG_P is the Power Delivery Transmission Capacity Charge for Peak Period Firm Transmission Service, applied during each month of service.

PDTCCR_P is the Power Delivery Transmission Capacity Charge Rate, applied during each month of service, for Peak Period Firm Transmission Service expressed in terms of dollars per kW-month.

TCD is the Transmission Capacity, in kilowatts, being Delivered, integrated over one (1) hour, that is the greater of:

- 1) Contract amount, or
- 2) Scheduled amount.

C4.2 Calculation of Power Delivery Transmission Capacity Charge Rate for Peak Period Firm Transmission Service.

$$\text{PDTCCR_P} = (\text{EXPITS} + \text{AGITS}) / (100,000 * \text{MOSERV})$$

PDTCCR_P is the Power Delivery Transmission Capacity Charge Rate, applied during each month of service, for Peak Period Firm Transmission Service expressed in terms of dollars per kW-month.

EXPITS is the total direct expenses related to the change in GTC's parity calculation of investment responsibility for the period of service (see C4.2.1).

AGITS is the allocated Administrative and General expenses (see C4.2.2).

MOSERV is the number of months of that transmission service is required for the transaction.

**C4.2.1 Calculation of Direct Expenses Related to the Change in GTC's Parity
Calculation of Investment Responsibility.**

For non-GTC Members $EXPITS_{NM} = (ROR + D + OM + I + AT + L + CCD) * INV$

For GTC Members, $EXPITS_M = (INT + D + OM + I + AT + L) * INV$

EXPITS is the total direct expenses related to the change in GTC's parity calculation of investment responsibility for the period of service.

ROR is GTC's weighted average rate of return from debt and equity capital (see C4.2.1.1).

D is the annual Depreciation expense applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

OM is the annual Operations and Maintenance expenses applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

I is the annual Insurance expenses applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

AT is the annual Ad valorem Tax expenses applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

L is the annual land-related principal payments applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

CCD is a carrying charge adder for Peak Period Firm Transmission Service. It is equal to the difference between the total ITS Carrying Charge rates of GTC and the ITS party with the highest ITS carrying charge rate.

INV is the change in GTC's ITS parity calculation for off-system Investment responsibility incurred as a result of the 100 MW transmission transaction. For

transactions using bulk facilities only, this change is multiplied by the average B2 investment percentage.

INT is the annual Interest expenses applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

C4.2.1.1 Calculation of Rate of Return.

$$\text{ROR} = \text{WLTDCOST} + (\text{WEQCOST} / (1 - \text{TAXRATE}))$$

ROR is GTC's weighted average rate of return from debt and equity capital.

WLTDCOST is GTC's weighted average cost of debt capital (see C4.2.1.2).

WEQCOST is GTC's weighted cost of equity capital (see C4.2.1.3).

TAXRATE is the corporate income tax rate.

C4.2.1.2 Calculation of Weighted Cost of Debt Capital.

$$\text{WLTDCOST} = \text{LTDCOST} * (\text{LTDDEBT}/\text{CAPITAL})$$

WLTDCOST is GTC's weighted average cost of debt capital.

LTDCOST is GTC's current cost of Long Term Debt in the public market unless the Transmission Customer is an RUS borrower, then LTDCOST is the average interest rate of GTC's long-term debt and capitalized leases.

LTDDEBT is GTC's Long Term Debt including capitalized leases.

CAPITAL is the sum of GTC's Long Term Debt and Patronage Capital.

C4.2.1.3 Calculation of Weighted Cost of Equity Capital.

$$\text{WEQCOST} = \text{EQCOST} * (\text{PAT}/\text{CAPITAL})$$

WEQCOST is GTC's weighted cost of equity capital.

EQCOST is the average cost of GTC's equity capital (see C4.2.1.4).

PAT is GTC's amount of patronage capital.

CAPITAL is the sum of GTC's Long Term Debt and Patronage Capital.

C4.2.1.4 Calculation of Cost of Equity Capital.

$$\text{EQCOST} = \text{LTDCOST} + 0.04$$

EQCOST is the average cost of GTC's equity capital.

LTDCOST is GTC's current cost of Long Term Debt in the public market unless the Transmission Customer is an RUS borrower, then LTDCOST is the average interest rate of GTC's long-term debt and capitalized leases.

C4.2.2 Calculation of Allocated Administrative and General Expenses.

For non-GTC Members, $\text{AGITS}_{\text{NM}} = \text{AG}_{\text{NM}} * [\text{EXPITS}_{\text{NM}} / ((\text{PDTCC} + \text{PDSCC} - \text{REVCRE}) + \text{EXPITS}_{\text{NM}})]$

For GTC Members, $\text{AGITS}_{\text{M}} = \text{AG}_{\text{M}} * [\text{EXPITS}_{\text{M}} / ((\text{PDTCC} + \text{PDSCC} - \text{REVCRE}) + \text{EXPITS}_{\text{M}})]$

AGITS is the allocated Administrative and General expenses.

AG_{NM} is the corporate administrative and general expenses less margin component (see C4.2.2.1).

AG_{M} is the corporate administrative and general expenses including margin component.

EXPITS is the direct expenses related to the change in GTC's parity calculation of investment responsibility.

PDTCC is Power Delivery Transmission Capacity Costs.

PDSCC is Power Delivery Substation Capacity Costs

REVCRE is the sum of Revenue Credits (see C4.2.2).

C4.2.2.1 Calculation of Administrative and General Expenses for Non-GTC Members.

$$AG_{NM} = \text{TOTAGO} - \text{MC}$$

AG_{NM} is the corporate administrative and general expenses less margin component.

TOTAGO is Total Administrative and General expenses and Other general expenses. (see C4.2.2.4)

MC is Margin Component (see C4.2.2.3).

C4.2.2.2 Calculation of Revenue Credits.

$$\text{REVCRE} = \text{PDTREV} + \text{PDSREV}$$

REVCRE is the sum of Revenue Credits.

PDTREV is the portion of power delivery transmission revenue credits assigned or allocated to the power delivery transmission category to be returned to Transmission Customers through rates. These credits include, but are not limited to parity, transmission service, is Power Delivery Transmission Revenue credits assigned or allocated to the Power Delivery Transmission category, including but not limited to parity, transmission service, and interface sales revenues. The amount of revenues flowed through to Transmission Customers on a current basis versus the amount retained by GTC to build equity will be established by Board policy and consistent with regulatory requirements.

PDSREV is the portion of Power Delivery Substation Revenue credits assigned or allocated to the Power Delivery Substation category to be returned to

Transmission Customers through rates. These credits include, but are not limited to parity, transmission service, and interface sales revenues. The amount of revenues flowed through to Transmission Customers on a current basis versus the amount retained by GTC to build equity will be established by Board policy and consistent with regulatory requirements.

C4.2.2.3 Calculation of Margin Component.

$$MC = (INDINT * (MFIREQ - 1))$$

MC is Margin Component.

INDINT is Indenture Interest.

MFIREQ is the Margins for Interest ratio Required by the Indenture.

C4.2.2.4 Calculation of Total Administrative and General Expenses And Other General Expenses.

$$TOTAGO = TOTAG - DAIEXP + OGENEX + GENDEP + GENINT + GENPT + OTHEXP + MISODE - MISREV + MC + INCTAX + BDEXP$$

TOTAGO is Total Administrative and General expenses and Other general expenses.

TOTAG is Total Administrative and General expenses, including general plant operation and maintenance expense.

DAIEXP is Property Insurance expense Directly Assigned to functional category, excluding property insurance assigned to general plant.

OGENEX is Other General Expense.

GENDEP is General Plant Depreciation and amortization expense.

GENINT is General Plant Interest expense.

GENPT is General Plant Property Taxes.

OTHEXP is Other Expenses.

MISODE is Miscellaneous Other Deductions (e.g., rental amortization, amortization of losses).

MISREV is Miscellaneous Revenues and other revenue credits not otherwise directly assigned to a functional category (e.g., interest income, equity component of allowance for funds used during construction, income from subsidiary activities, and rental income and other non-operating income).

MC is Margin Component

INCTAX is Federal and State Income and other Taxes imposed on income from investments and other taxable transactions, if any.

BDEXP is Board of Directors' fees and Expenses.

- C4.3 Special Service Costs. The Transmission Customer shall pay all applicable Interface Capability costs, Modified Dispatch Costs, or Lost Opportunity Costs, incurred by GTC in order to accommodate a transmission service scheduled in accordance with Section 25 of the GTC Tariff.
- C4.4 Curtailement Costs. The Transmission Customer shall also pay any applicable Modified Dispatch Costs or Lost Opportunity Costs incurred by GTC at the Transmission Customer's request to avoid or limit curtailment in accordance with Section 25 of the GTC Tariff.
- C4.5 Miscellaneous Costs. The Transmission Customer shall also pay other applicable charges in accordance with other provisions of the GTC Tariff or the Service Agreement, if any.

--END OF SERVICE SCHEDULE C--

D. NON-FIRM TRANSMISSION SERVICE

- D1.0 General This Service Schedule D, “Non-Firm Transmission Service,” is effective under and a part of the TRANSMISSION SERVICE TARIFF OF GEORGIA TRANSMISSION CORPORATION dated January 1, 1997 (“GTC Tariff”). All of the terms, conditions, charges, and stipulations contained in the GTC Tariff are incorporated into this Service Schedule D herein by reference. Terms not otherwise defined in this Service Schedule D shall have the meanings set forth in Section 1 of the GTC Tariff.
- D2.0 Description of Service. Non-Firm Transmission Service contemplated by this Service Schedule D is for the use of GTC’s bulk transmission system, and the ITS which GTC has contractual right to utilize, to receive energy at the Point(s) of Receipt, transmit such energy across the ITS, and deliver such energy at the Point(s) of Delivery. Specifically, Non-Firm Transmission Service shall be:
- (a) A Transmission Service transaction of a minimum duration of one (1) hour and a maximum duration of one (1) week;
 - (b) Point-to-point transmission service; and
 - (c) Available to a Transmission Customer that meets the eligibility requirements of Section 13 of the GTC Tariff and has complied with the service request provisions of Section 16.2 of the GTC Tariff.
- D3.0 Procedure to Obtain Service. In order to obtain Non-Firm Transmission Service, the Transmission Customer must have provided a Completed Application in accordance with Section 16.2 of the GTC Tariff and have executed a Service Agreement.
- D4.0 Compensation. The Transmission Customer shall pay GTC for Non-Firm Transmission Service in accordance with the following formulas:
- D4.1 Calculation of Power Delivery Transmission Capacity Charge for Non-Firm Transmission Service.**

$$PDTCHG_P = PDTCCR_P * TCD$$

Approved: February 4, 1997
Effective: April 1, 1997

PDTCHG_P is the Power Delivery Transmission Capacity Charge for Non-Firm Transmission Service, applied during each month of service.

PDTCCR_P is the Power Delivery Transmission Capacity Charge Rate, applied during each month of service, for Non-Firm Transmission Service expressed in terms of dollars per kW-month.

TCD is the Transmission Capacity, in kilowatts, being Delivered, integrated over one (1) hour, that is the greater of:

- 1) Contract amount, or
- 2) Scheduled amount.

D4.2 Calculation of Power Delivery Transmission Capacity Charge Rate for Non-Firm Transmission Service.

$$\text{PDTCCR_P} = (\text{EXPITS} + \text{AGITS}) / (100,000 * \text{MOSERV})$$

PDTCCR_P is the Power Delivery Transmission Capacity Charge Rate, applied during each month of service, for Non-Firm Transmission Service expressed in terms of dollars per kW-month.

EXPITS is the total direct expenses related to the change in GTC's parity calculation of investment responsibility for the period of service (see **D4.2.1**).

AGITS is the allocated Administrative and General expenses (see **D4.2.2**).

MOSERV is the number of months of that transmission service is required for the transaction.

RESP is the number of months of investment responsibility that GTC incurs under the ITS contract for the firm transaction.

This rate for Non-Firm Transmission Service can be expressed in terms of a weekly, daily and hourly rate by applying the following calculations:

$$\text{Hourly Rate} = \text{Firm Annual Rate for RESP greater than or equal to 12} / \text{Hours per year}$$

Daily Rate = Hourly Rate * 16

Weekly Rate = Daily Rate * 5

**D4.2.1 Calculation of Direct Expenses Related to the Change in GTC's Parity
Calculation of Investment Responsibility.**

For non-GTC Members, $EXPITS_{NM} = (ROR + D + OM + I + AT + L + CCD) * INV$

For GTC Members, $EXPITS_M = (INT + D + OM + I + AT + L) * INV$

EXPITS is the total direct expenses related to the change in GTC's parity calculation of investment responsibility for the period of service.

ROR is GTC's weighted average rate of return from debt and equity capital (see **D4.2.1.1**).

D is the annual Depreciation expense applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

OM is the annual Operations and Maintenance expenses applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

I is the annual Insurance expenses applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

AT is the annual Ad valorem Tax expenses applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

L is the annual land-related principal payments applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

CCD is a carrying charge adder for Non-Firm Transmission Service. It is equal to the difference between the total ITS Carrying Charge rates of GTC and the ITS party with the highest ITS carrying charge rate.

Approved: February 4, 1997

Effective: April 1, 1997

INV is the change in GTC's ITS parity calculation for off-system Investment responsibility incurred as a result of the 100 MW transmission transaction. For transactions using bulk facilities only, this change is multiplied by the average B2 investment percentage.

INT is the annual Interest expenses applicable to transmission and distribution facilities divided by the total gross transmission and distribution investment.

D4.2.1.1 Calculation of Rate of Return.

$$\text{ROR} = \text{WLTDCOST} + (\text{WEQCOST} / (1 - \text{TAXRATE}))$$

ROR is GTC's weighted average rate of return from debt and equity capital.

WLTDCOST is GTC's weighted average cost of debt capital (see **D4.2.1.2**).

WEQCOST is GTC's weighted cost of equity capital (see **D4.2.1.3**).

TAXRATE is the corporate income tax rate.

D4.2.1.2 Calculation of Weighted Cost of Debt Capital.

$$\text{WLTDCOST} = \text{LTDCOST} * (\text{LTDDEBT}/\text{CAPITAL})$$

WLTDCOST is GTC's weighted average cost of debt capital.

LTDCOST is GTC's current cost of Long Term Debt in the public market unless the Transmission Customer is an RUS borrower, then LTDCOST is the average interest rate of GTC's long-term debt and capitalized leases.

LTDDEBT is GTC's Long Term Debt including capitalized leases.

CAPITAL is the sum of GTC's Long Term Debt and Patronage Capital.

D4.2.1.3 Calculation of Weighted Cost of Equity Capital.

$$\text{WEQCOST} = \text{EQCOST} * (\text{PAT}/\text{CAPITAL})$$

Approved: February 4, 1997
Effective: April 1, 1997

WEQCOST is GTC's weighted cost of equity capital.

EQCOST is the average cost of GTC's equity capital (see **D4.2.1.4**).

PAT is GTC's amount of patronage capital.

CAPITAL is the sum of GTC's Long Term Debt and Patronage Capital.

D4.2.1.4 Calculation of Cost of Equity Capital.

$$\text{EQCOST} = \text{LTDCOST} + 0.04$$

EQCOST is the average cost of GTC's equity capital.

LTDCOST is GTC's current cost of Long Term Debt in the public market unless the Transmission Customer is an RUS borrower, then LTDCOST is the average interest rate of GTC's long-term debt and capitalized leases.

D4.2.2 Calculation of Allocated Administrative and General Expenses.

For non-GTC Members, $\text{AGITS}_{\text{NM}} = \text{AG}_{\text{NM}} * [\text{EXPITS}_{\text{NM}} / ((\text{PDTCC} + \text{PDSCC} - \text{REVCRE}) + \text{EXPITS}_{\text{NM}})]$

For GTC Members, $\text{AGITS}_{\text{M}} = [\text{EXPITS}_{\text{M}} / ((\text{PDTCC} + \text{PDSCC} - \text{REVCRE}) + \text{EXPITS}_{\text{M}})]$

AGITS is the allocated Administrative and General expenses.

AG_{NM} is the corporate administrative and general expenses less margin component (see **D4.2.2.1**).

AG_{M} is the corporate administrative and general expenses including margin component.

EXPITS is the direct expenses related to the change in GTC's parity calculation of investment responsibility.

PDTCC is Power Delivery Transmission Capacity Costs.

PDSCC is Power Delivery Substation Capacity Costs

REVCRE is the sum of Revenue Credits (see D4.2.2.2).

D4.2.2.1 Calculation of Administrative and General Expenses for Non-GTC Members.

$$AG_{NM} = \text{TOTAGO} - \text{MC}$$

AG_{NM} is the corporate administrative and general expenses less margin component.

TOTAGO is Total Administrative and General expenses and Other general expenses. (see D4.2.2.4)

MC is Margin Component (see D4.2.2.3).

D4.2.2.2 Calculation of Revenue Credits.

$$\text{REVCRE} = \text{PDTREV} + \text{PDSREV}$$

REVCRE is the sum of Revenue Credits.

PDTREV is the portion of Power Delivery Transmission Revenue credits assigned or allocated to the Power Delivery Transmission category to be returned to Transmission Customers through rates. These credits include, but are not limited to parity, transmission service, and interface sales revenues. The amount of revenues flowed through to Transmission Customers on a current basis versus the amount retained by GTC to build equity will be established by Board policy and consistent with regulatory requirements.

PDSREV is the portion of Power Delivery Substation Revenue credits assigned or allocated to the Power Delivery Substation category to be returned to Transmission Customers through rates. These credits include, but are not limited to parity, transmission service, and interface sales revenues. The amount of revenues flowed through to Transmission Customers on a current basis versus the amount retained by GTC to build equity will be established by Board policy and consistent with regulatory requirements.

D4.2.2.3 Calculation of Margin Component.

$$MC = (INDINT * (MFIREQ - 1))$$

MC is Margin Component.

INDINT is Indenture Interest.

MFIREQ is the Margins for Interest ratio Required by the Indenture.

D4.2.2.4 Calculation of Total Administrative and General Expenses And Other General Expenses.

$$TOTAGO = TOTAG - DAIEXP + OGENEX + GENDEP + GENINT + GENPT + OTHEXP + MISODE - MISREV + MC + INCTAX + BDEXP$$

TOTAGO is Total Administrative and General expenses and Other general expenses.

TOTAG is Total Administrative and General expenses, including general plant operation and maintenance expense.

DAIEXP is Property Insurance expense Directly Assigned to functional category, excluding property insurance assigned to general plant.

OGENEX is Other General Expense.

GENDEP is General Plant Depreciation and amortization expense.

GENINT is General Plant Interest expense.

GENPT is General Plant Property Taxes.

OTHEXP is Other Expenses.

MISODE is Miscellaneous Other Deductions (e.g., rental amortization, amortization of losses).

MISREV is Miscellaneous Revenues and other revenue credits not otherwise directly assigned to a functional category (e.g., interest income, equity component of allowance for funds used during construction, income from subsidiary activities, and rental income and other non-operating income).

MC is Margin Component

INCTAX is Federal and State Income and other Taxes imposed on income from investments and other taxable transactions, if any.

BDEXP is Board of Directors' fees and Expenses.

- D4.3 Special Services Costs. The Transmission Customer shall pay all applicable Interface Capability costs, Modified Dispatch Costs, or Lost Opportunity Costs, incurred by GTC in order to accommodate a transmission service schedule in accordance with Section 25 of the GTC Tariff.
- D4.4 Curtailement Costs. The Transmission Customer shall also pay any applicable Modified Dispatch Costs or Lost Opportunity Costs incurred by GTC at the Transmission Customer's request to avoid or limit curtailment in accordance with Section 25 of the GTC Tariff.
- D4.5 Miscellaneous Costs. The Transmission Customer shall also pay other applicable charges in accordance with other provisions of the GTC Tariff or the Service Agreement, if any.

--END OF SERVICE SCHEDULE D--