



Kentucky's
Touchstone Energy
Cooperatives®

Economic Development Rider

An Economic Development Rider (EDR) is used for certain types of economic development projects that require substantial amounts of electricity on a consistent basis. If the project meets certain power usage requirements, the company may be able to utilize the rider to minimize their electric rates for a set period of time for new or expanding businesses within our service territories.

- Available to qualifying non-residential customers (Commercial and Industrial); both new customers or expanding existing customers are eligible.
- Service under Generation Rates B, C, E, and G.
- Tariff minimum contract loads for Rates B and C is 500 kW.
- Loads between 250 kW and 500 kW would be under Rate E.
- Rate G is usually applied to large loads in excess of 15,000 kW.
- A special contract is required and subject to [Public Service Commission](#) approval.
- The negotiated special contract will contain the specific terms and conditions of the incentive, not the tariff.

Monthly Billing Load

- Minimum average monthly billing load of 500 kW over a 12-month period in counties not designated as "Enhanced Incentive County."
- If locating in a county designated as an "Enhanced Incentive County" then minimum average monthly billing load reduced to 250 kW over a 12-month period.
- "Enhanced Incentive County" determined by Cabinet for Economic Development.
- For existing customers, minimum average monthly billing load is above customer's previous 3 years' monthly billing loads.
- A new customer is defined as one who becomes a customer of the Distributor on or after January 1, 2013.

Minimum Load Factor

- Minimum load factor of 60% required for either new or expanding existing customers during the discount period.
- To allow for “ramp up” of operations, minimum load factor requirement waived for first 12 months of discount period.
- During remaining months of discount period, load factor will be determined monthly.
- During remaining months of discount period, customer may fail to achieve 60% load factor 1/6th of the remaining months of the discount period.
- *Example: For a 5-year discount period, first 12 months is waived and failure to meet 60% load factor is allowed for 8 more months (60 months – first 12 months = 48 months x 1/6 = 8 months).*
- In any month the customer fails to meet 60% load factor beyond the 1/6th allowance, the discount to the Total Demand Charge will be suspended for that month.
- After the suspension, the discount to the Total Demand Charge will resume in any month where the customer achieves a 60% load factor. However, suspension does not lengthen the discount period of the contract.

Example: A customer with a 5-year discount period fails to meet the 60% load factor in 4 months of the 2nd year and 4 months of the 3rd year – the allowed 8 months. Failure to meet 60% load factor in any month of the 4th and 5th years will result in suspension of the discount for that month. Achieving 60% load factor in any month in the 4th or 5th years will restore the discount at the appropriate discount rate.

Contract Term and Discount Periods

- The term of the special contract must be double the discount period and the maximum discount period is 5 years.
- We believe flexibility is needed, and proposes to offer discount periods of 3, 4, or 5 years; results in contracts with terms of 6, 8, or 10 years.
- 3-year discount period has percentages of 30% for first 12 months, 20% for next 12 months, and 10% for final 12 months.
- 4-year discount period has percentages of 40% for first 12 months, 30% for next 12 months, 20% for next 12 months, and 10% for final 12 months.
- 5-year discount period has percentages of 50% for first 12 months, 40% for next 12 months, 30% for next 12 months, 20% for next 12 months, and 10% for final 12 months.

- Percentage reduction is applied to the Total Demand Charge (sum of all applicable demand charges before the EDR is applied).
- Regular tariff rates charged after the end of the discount period and for remainder of the contract term; regular tariff rates will be charged in months when the customer fails to meet the minimum 60% load factor requirement.
- The discount will not be smaller than the amount calculated from the Generation rates.
- Demand charge rates for Generation and Distribution are not the same.
- Generation billing demand is based on system-wide coincident peak while Distribution billing demand generally is based on the highest average rate that energy is used during on-peak periods for that Distributor.
- A larger discount based on the Distributor's demand charge could be considered during special contract negotiations.



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