

**ELECTRIC SERVICE SCHEDULE NO. 23B - Continued**

**CONTRACT DEMAND:** All Customers electing or renewing the Time-of-Day Option under this Schedule shall contract for On-Peak Demand, and for Off-Peak Demand. Off-Peak Contract Demand as used herein shall mean the maximum Power contracted for by the Customer for use during Off-Peak times in excess of which the Company is under no obligation to supply. The former Electric Service Agreement shall be amended to reflect the On-Peak and Off-Peak Contract Demands, or at the option of the Company a new Electric Service Agreement shall be executed reflecting the new Contract Demands. The On-Peak Contract Demand shall be the Historical Average Billing Demand, hereinafter defined, multiplied by 1.54. The On-Peak Contract Demand shall be in effect for the duration of the contract. References to historical actual demands relating to periods of time when the customer was not billed under the provisions of the Time-of-Day Option include both On-Peak and Off-Peak time periods.

The Historical Average Billing Demand shall be the average of the Billing Demands for the twelve most recent billing periods which represent normal operation immediately preceding the billing period in which a Customer elects to have the Time-of-Day Option apply. If twelve such periods are not available, the average shall be based on such periods as are available. If the Customer is a new Customer providing new load, the Historical Average Demand shall be zero. Billing Demand is the demand in kilowatts which is used to determine the Demand (Power) charges. For Customers switching from the historic provisions of Schedule No. 23 to the Time-of-Day Option, Billing Demand is determined without regard to On-Peak or Off-Peak hours. For Customers renewing their contract under the Time-of-Day Option, Billing Demand is determined only with regard to On-Peak hours. Normal operation excludes abnormally high demands established as a result of extraordinary conditions existing on the Company's interconnected system or as a result of accidents caused by Company's negligence resulting in temporary separation of Company's and Customer's systems, as well as abnormally high demands which are caused by events beyond the control and action of the Customer but which are not the result of the Customer's usual and ordinary industrial operations. Normal operation also excludes abnormally low demands established as a result of: (1) Force Majeure as enumerated in the Force Majeure paragraph, and, (2) the shut down or the significant cut back of industrial operations due to market or economic conditions including seasonal variations of such market or economic conditions.

**POWER FACTOR:** This rate is based on the Customer maintaining at all times a Power Factor of 90% lagging, or higher, as determined by measurement. If the average Power Factor is found to be less than 90% lagging the Power as recorded by the Company's meter will be increased by 3/4 of 1% for every 1% that the Power Factor is less than 90%. The adjustment to the Power as recorded by the Company's meter shall be to the On-Peak power as recorded by the Company's meter.

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