

KIT CARSON ELECTRIC COOPERATIVE, INC.

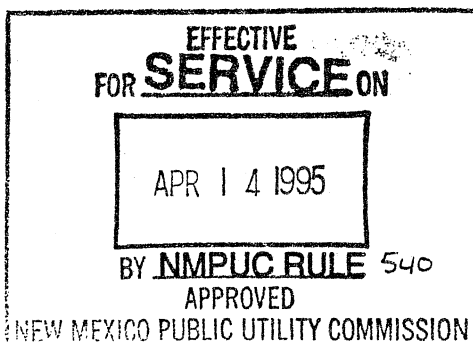
**ORIGINAL RATE NO. 27
ECONOMIC DEVELOPMENT RATE SCHEDULE
SMALL INDUSTRIAL AND LARGE COMMERCIAL SERVICE**

Page 1 of 5

AVAILABILITY:

Available to all consumers within the Utility's service area requiring 50 kVa or more of transformer capacity for all types of usage, and demonstrates eligibility for this rate under the following criteria:

- (1.) A new consumer that requires greater than 200 kw of demand and adds a minimum of five (5) investment units (as defined below).
- (2.) An existing consumer that increases firm monthly demand beyond 200 kW and has a minimum of five (5) investment units (as defined below).
- (3.) The consumer must begin or increase business activity as specified above. The new business activity cannot merely be the result of resumption of previously normal operation following a plant shutdown due to strike, fire, equipment failure, other casualty or business decline causing the interruption of operations. In the event that a new retail consumer is purchasing under other rate schedules during development and construction, all load of the new retail consumer will be eligible once the total load has reached the 200 kW level. For this purpose, a new retail consumer is one who begins an entirely new operation or one who purchases certain assets of a previous operation for the purpose of re-establishing operation after a shutdown period of longer than one year; provided however, that the new retail consumer shall not be an entity formed through reorganization or divestiture of the former operator nor otherwise related in any way to the former operator by virtue of common ownership.
- (4.) This rate schedule is not to be offered to any consumer for retail rates which is provided under a time-of-use or interruptible rate schedule.



Advice Notice No. 40


Luis A. Reyes, General Manager

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Page 2 of 5

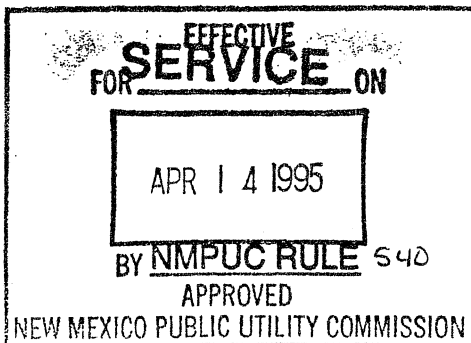
- (5.) Service under this rate schedule shall be offered in accordance with N.M.P.U.C. Rule 590, as may be amended.
- (6.) The consumer will execute a contract as required below only if the wholesale power supplier (Plains Electric Generation and Transmission Cooperative, Inc) reasonably projects, in advance of such execution will possess excess capacity (greater than Plains' peak plus a 20% reserve margin) for the contract during the time period covered by the contract.
- (7.) If consumer requires 5,000 kW or more of capacity and requires transmission delivery voltages of 69,000 volts or higher, this schedule shall not be applicable.

CHARACTER OF SERVICE

Alternating current, single or three phase, 60 hertz, at available primary and secondary voltages.

CONTRACTUAL TERMS :

A contract establishing eligibility and the terms and conditions applicable to electric service provided under this schedule shall be executed between the qualified consumer and Kit Carson Electric Cooperative, Inc. The contract will specify, among other things, firm contract billing period demands of the consumer, the terms and conditions for service, metering required to establish contribution to the Utility's billing peak and the contract period under the schedule. The maximum duration of the contract period is three (3) years.



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Page 3 of 5

INVESTMENT UNITS :

Investment unit is an increase on one (1) job in non-seasonal, full time employment or twenty thousand dollars (\$20,000.00) in new plant or equipment as compared to the base period.

DETERMINATION OF INCREMENTAL DEMAND :

New Users

New users are those with less than one (1) billing period of service on the utility's system as of the date they apply for service under this schedule. Incremental demand units eligible for credit under this schedule will be equal to the total billing demand of the consumer.

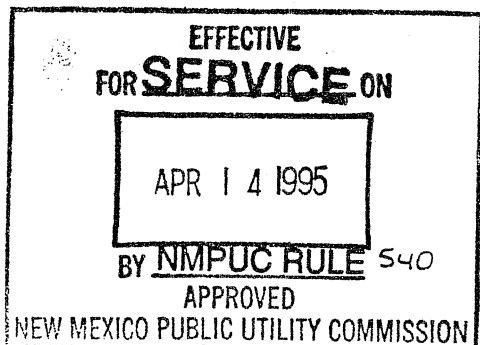
Existing Users

Existing users are those with one (1) or more billing periods of service on the Utility's system as of the date they apply for service under this schedule. Incremental demand units eligible for credit under this schedule will be equal to the consumer's billing demand for the current billing period minus the highest billing periods' billing demand of the consumer in the eighteen (18) base billing periods to the first billing period the consumer is billed under this schedule.

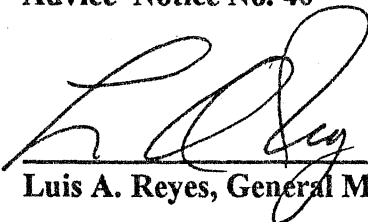
NET RATE PER BILLING PERIOD :

The consumer will be billed for consumption under the tariff that would apply absent this schedule.

For the Incremental Demand, Kit Carson Electric Cooperative, Inc will credit Members under this schedule at the levels listed below :



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Page 4 of 5

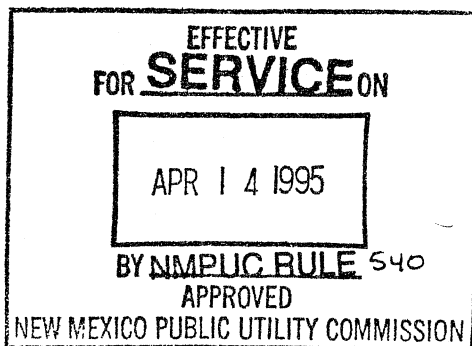
Economic Development
Rate Credit To Be
Applied Under
Applicable Tariff

<u>Effective Billing Periods:</u>	<u>Dollars/kW</u>
1st billing periods of participation	9.86
2nd billing periods of participation	5.00
3rd billing periods of participation	2.50

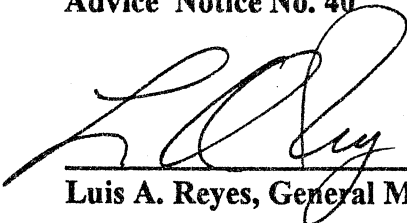
The above credits are based on Plains' Electric Generation and Transmission Cooperative, Inc.'s First Revised Rate No. 7, as may be revised by Plains from time to time. And at no time will service under this rate be less than Kit Carson Electric Cooperative, Inc. incremental cost.

PURCHASED POWER COST ADJUSTMENT:

The Utility shall, if the purchased power expense is increased or decreased above or below the base purchased power cost of \$0.0700000 per kWh sold, flow through to the users such increases or decreases, in accordance with N.M.P.U.C. Rule 550.



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Page 5 of 5

DEBT COST ADJUSTMENT

The utility may flow through increases or decreases in the cost of debt capital incurred pursuant to securities, above or below the debt cost utilized to establish rates in accordance with N.M.P.U.C. Rule 540.

POWER FACTOR ADJUSTMENT:

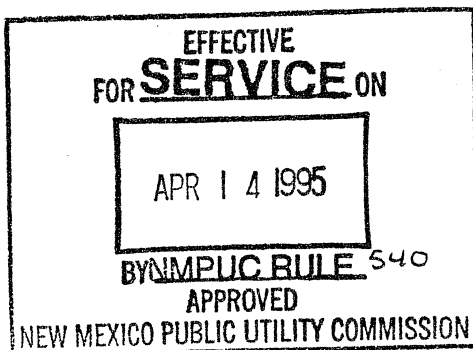
The consumer agrees to maintain unity power factor as nearly as practicable. Unless Plains exercises its option to interrupt service during a billing period, demand charges will be adjusted for consumers with 50 kW or more of measured demand to correct for average power factors lower than 90%. Such adjustments will be made by increasing the measured demand 1% for each 1% by which the average power factor is less than 90% lagging.

TERMS OF PAYMENT:

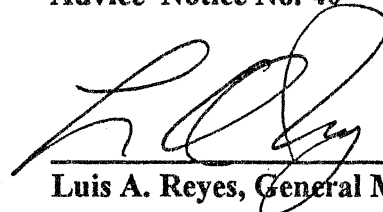
Terms of payment for service rendered under this schedule shall be in accordance with the Agreement between the Consumer and the Utility.

TAX ADJUSTMENT:

Billings under this schedule may be increased by an amount equal to the sum of the taxes payable under the Gross Receipts and compensating Tax Act and of all other taxes, fees or charges (exclusive of ad valorem, state and federal income taxes) payable by the Seller and levied or assessed by any governmental authority on the service rendered, or on any object or event incidental to the rendition of the service.



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