

POWER COST ADJUSTMENT SCHEDULE (PCA)

APPLICATION

This schedule is applicable to electric service furnished under all retail rate schedules. The Power Cost Adjustment (PCA) applies to each affected bill as the sum of the following adjustments multiplied by the total energy in kwh billed in that month:

Wholesale Power Cost Adjustment (WPCA)	\$ 0.01808
Operating Cost Adjustment (OCA)	\$ 0.00686
Power Cost Adjustment (PCA)	\$ 0.02494

The PCA will apply to all bills rendered following the board's approval of a change to the PCA amount. Such approval will be made by the board of directors in conjunction with approval of the annual operating budget necessary to maintain the long-term financial health of the cooperative.

The PCA will be rounded to the nearest \$0.00001 / kWh.

WHOLESALE POWER COST ADJUSTMENT (WPCA)

The cost of power may recognize the following components as a change from the cost for these items incorporated into base rates:

1. The cost of power secured from Bonneville Power Administration (BPA) and other sources more than the base cost of wholesale power currently in base rates.
2. The change in energy conservation program funding provided by BPA.
3. The change in annual net cash flow anticipated from the Priest Rapids.
4. The change in net margins produced by the cooperative's Fighting Creek landfill gas generation project, and any similar future projects.
5. The monthly WPCA per kWh will be determined as follows:

$$\text{Wholesale Power Cost Adjustment (WPCA}_T) = (I \pm R \pm C \pm F) / E + \text{WPCA}_{T-1}$$

Where:

I = The anticipated percent change in BPA and other sources per kWh cost for the budget period, not currently in rates;

R = The change in annual net cash flow anticipated from the Priest Rapids project, not currently in rates;

C = The change in energy conservation program funding provided by BPA, not currently in rates;

F = The change in net margins produced by the cooperative's Fighting Creek landfill gas generation project and any similar future not currently in rates;

E = The total budget kWh forecasted to be sold during the following calendar year;

T = Future rate year

$WPCA_{T-1}$ = Current WPCA rate

The source for existing cost of power shall be the most recently filed Form 7 Financials, including the base rate from the original implementation of the WPCA. The source of the forecasted cost of power shall be the most recently approved budget forecast for the future rate year.

OPERATING COST ADJUSTMENT (OCA)

The Operating Cost Adjustment is comprised of the following three components, defined below: the Financial Cost Adjustment; the Controllable Cost Adjustment; and the Fixed Cost Adjustment.

FINANCIAL COST ADJUSTMENT (FNCA)

1. There shall be added to each monthly bill for service an adjustment per kilowatt-hour (kWh) because of sustained changes in non-power supply related revenues and expenses over time. The cooperative has established an objective to manage financial performance within the following parameters to establish the Financial Cost Adjustment:
 - a. Modified Debt Service Ratio (MDSC): 1.5 to 2.0
 - b. Equity to Total Asset Ratio: 36 to 42%

- c. Patronage Capital Rotation Cycle: Not greater than 30 years
- 2. If forecasted financial performance results in an MDSC or equity to total assets ratio outside their established ranges, the revenues required to return them to those ranges may be recovered through modifying the FNCA accordingly.
- 3. In considering a change to the FNCA, the board of directors may consider the cooperative’s other stated financial objectives including patronage and future rate stabilization. The board may adjust revenues through the FNCA as necessary regulate other financial objectives to preserve the financial health of the cooperative.
- 4. To accurately determine the revenue necessary to sustain the financial parameters stated herein, any wholesale power supply rate changes calculated for the budgeted WPCA will be removed from the development of FNCA calculations.
- 5. The FNCA will be determined as follows:

$$FNCA_T = (FNCA) / E + FNCA_{T-1}$$

Where:

FNCA = The change in revenues necessary to maintain financial performance within stated parameters;

E = The kWh forecasted to be sold during the following 12 months;

FNCA_{T-1} = The current FNCA or predecessor

CONTROLLABLE COST ADJUSTMENT (CCA)

Controllable Costs Adjustment shall include the change in - Distribution Expense – Operation, Distribution Expense – Maintenance, Consumer Accounts Expense, Customer Service and Informational Expense, Sales Expense, and Administrative and General Expense, from amounts in current base rates.

- 1. The CCA will be determined as follows:

$$CCA_T = (CCA / E) + CCA_{T-1}$$

Where:

CCA = The change in controllable costs;

E = The kWh forecasted to be sold during the following 12 months;

CCA_{T-1} = The current CCA

FIXED COST ADJUSTMENT (FXCA)

Fixed Cost Adjustment shall include the change in - Depreciation & Amortization Expense, Tax Expense - Property & Gross Receipts, Tax Expense – Other, Interest on Long-Term Debt, Interest Charged to Construction (Credit), Interest Expense – Other, and Other Deductions.

1. The FXCA will be determined as follows:

$$FXCA_T = (FXCA) / E + FXCA_{T-1}$$

Where:

FXCA = The change in fixed costs;

E = The kWh forecasted to be sold during the following 12 months;

FXCA_{T-1} = The current FXCA or predecessor

The source for existing costs for the CCA and FXCA shall be the most recently filed Form 7 Financials, excluding the WPCA applicable amounts. The source of the financials for the FNCA, CCA, and FXCA shall be the board-approved budget and 10-year financial forecast.

The Power Cost Adjustment shall be the sum of the Wholesale Power Cost Adjustment and the Operating Cost Adjustment.

These rates are effective for billings rendered subsequent to January 1, 2024.