

COMMUNITY ELECTRIC COOPERATIVE

SCHEDULE G - WHOLESALE POWER COST ADJUSTMENT CLAUSE

When the Cooperative's cost of power at wholesale is increased or decreased by (1) a change in the price of power allowed to go into effect, or (2) a change in the charge under a Fuel Cost Adjustment Clause or contracted energy allocation change, the rates of the Cooperative shall be increased or decreased as set forth in Paragraphs A and B below.

A. Wholesale Rate Changes

When a wholesale supplier is permitted to put an increase or decrease in rates into effect in conformance with a rate filed with a regulatory commission, the Cooperative will file a rider which will be applicable to all rate schedules. Each kWh of energy sold by the Cooperative shall be increased or decreased by an amount equal to the net revenue change which the wholesale supplier would have received during the base year divided by the Cooperative's sales for the same period, adjusted for state and local gross receipts taxes. Since the adjustment in the charges per kWh under the rider is not subject to month-to-month variation, the charges under the rider will be included in the basic charge for energy on the consumers' bills. Each consumer will be notified of the amount of the adjustment, either on the first bill applying the adjustment or by prior direct mail notice. The rider shall become effective in the first billing period after the new wholesale rates become effective. The rider will remain in effect no longer than twelve months subsequent to the final adjudication of the wholesale rate or such earlier date as may be determined by the Virginia State Corporation Commission. In the event refunds are made to the Cooperative as a result of a final decision of the applicable regulatory commission related to increase rates which have been adjusted in accordance with this paragraph, the Cooperative shall, within six days after receipt of such funds, make refunds to each consumer. The refund factor will be calculated by dividing the amount of the refund and interest, adjusted for gross receipts tax, by the kWh sold during the period covered by the refund. The credit for each consumer will be determined by multiplying the number of kWh used by the consumer during the refund period by the refund factor. The refund will be issued to each consumer in the form of a credit on his bill or by check. In cases where it is impractical to refund in this manner, adjustments will be made in the Cooperative's rates such that the refund is estimated to be returned to consumers within 12 months.

B. Fuel Cost Adjustment

When the Cooperative receives charges or credits on its wholesale power bill under the provisions of a fuel adjustment clause or changes in energy allocations included in a rate or contract filed with a regulatory commission, a fuel adjustment factor will be calculated and applied to each kWh of energy sold by the Cooperative. A differential make-up factor will be calculated each month based upon the over or under recovery of the fuel adjustment clause or energy allocation change in the last six months. The billing factor the Cooperative will use for the upcoming month will be the sum of these two factors as calculated below:

1. Monthly Fuel Factor

This factor will be calculated by dividing the total dollar amount of wholesale fuel cost adjustment and/or net dollar change in energy allocation received by the Cooperative from its wholesale suppliers for the three preceding months by the Cooperative's kWh sales for the same three-month period. This will then be adjusted for state and local gross receipts taxes.

2. Differential Factor

This factor will be calculated by determining the net difference occurring between the actual dollar amount of fuel cost paid and the fuel revenue collected under the monthly fuel factor as calculated in Section 1, above, for the preceding six months. This difference will be divided by the Cooperative's kWh sales during those six months to arrive at a differential factor. This factor will then be adjusted for state and local gross receipts taxes.

The billing factor will be the sum of the factors calculated in Item 1 and 2 above. This resulting factor shall be applied to all kWh sold by the Cooperative. Since this fuel billing factor (monthly fuel factor plus differential fuel factor) is subject to monthly change, the factors and the supporting calculations will be furnished to the Commission staff prior to application on consumers' bills.

C. Definition of Terms

As used above, the base year means the most recent twelve consecutive months for which actual data are available to the Cooperative, giving the effect of the wholesale rate change or such other twelve-month period as may be approved by the Virginia State Corporation Commission.

The adjustment factor for gross receipts taxes in Paragraphs A and B shall be equal to 100% divided by 100% minus the effective gross receipts tax rate. The effective gross receipts tax rate, when only state gross receipts taxes are applied, is the incremental or highest tax rate paid by the Cooperative. Local gross receipts tax rates must be converted to a system rate by multiplying the local tax rate by the ratio of the sales during the preceding calendar year in the taxing jurisdiction to the total sales of the Cooperative during the same period. The state gross receipts tax rate and the system local gross receipts tax rate shall be added together to determine the effective gross receipts tax rate used in calculating the adjustment factor for gross receipts tax.

The monthly fuel revenue recovery shall be calculated by multiplying the kilowatt-hours sold within that month by the monthly fuel factor as calculated in Section B, Item 1.

The adjustment factors as used in A and B above shall be calculated to the nearest 1/1000 of a cent.

Supersedes Schedule G effective April 1, 1983
Filed State Corporation Commission January 2003
Effective for service rendered on and after September 1, 2003