

Energy Adjustment Clause - Rider No. 1

Applicable to Rates - Except: Heat Plus, Rate Code 08; Large Power Service, Rate Code 05; Large General Service Time of Day, Interruptible Service, Rate Code 16

The energy adjustment clause shall provide for change of the price per kilowatt hour consumed to equal the average cost per kilowatt hour delivered by the utility's system. Prior to each billing cycle the Cooperative shall determine the adjustment amount to be charged for each energy unit consumed under rates set forth by the Iowa Utilities Board. The calculation shall be:

$$EO = \frac{C2 + C3 + C4}{Q2 + Q3 + Q4} + \frac{A2}{J2 + J3 + J4} - B$$

EO is the energy cost adjustment to be used in the next customer billing cycle rounded on a consistent basis to the nearest \$0.0001/kWh. For deliveries at voltages higher than secondary line voltages, appropriate factors should be applied to the energy cost adjustment to recognize the lower losses associated with these deliveries.

C2, C3, and C4, are the charges by the wholesale suppliers as recorded in account 555 of the Uniform System of Accounts for the first three of the four months prior to the month in which EO will be used.

Q2, Q3, and Q4, is the total electric energy delivered by the utility system during each of the months in which the expenses C2, C3, and C4, were incurred.

B is the amount of electric energy cost included in the base rates of the utility's rate schedules.

A2 is the end of the month energy cost adjustment account balance for the month of consumption J2. This would be the most recent month's balance available from actual accounting data.

J2, J3, and J4, is the electric energy consumed under rates set by the Iowa Utilities Board in the months corresponding to C2, C3, and C4.

$$B = \frac{\text{*Test Year Power Cost}}{\text{*Test Year kWh Sold}}$$

$$B = \frac{\$11,292,234}{197,177,985} = \$0.05727$$

\*Test year base information—12 months ending December 2000 (adjusted)