



MENARD ELECTRIC COOPERATIVE

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SCHEDULE PCA POWER COST ADJUSTMENT

The Cooperative's wholesale power cost from Prairie Power Inc. (PPI) fluctuates from month to month. The Cooperative's base rates can generally handle small fluctuations in this cost of wholesale power. However, if the fluctuation in wholesale power cost is greater over a longer period of time, the Cooperative needs to be able to adjust its revenues in order to meet its financial obligations.

The Cooperative's base rates are designed to recover \$0.078 per kWh in wholesale power cost, excluding any allocation to sales and purchases for certain dedicated contract delivery points, and excluding PPI Deferred Revenue Adjustments. Should the Cooperative determine at any time that its average cost of wholesale power is more than \$0.083 per kWh purchased or less than \$0.073 per kWh purchased, the Cooperative may apply the Power Cost Adjustment (PCA) to compensate for the difference. Otherwise, the PCA shall be zero. The PCA will be a positive 1.1 mills per kWh for each 1 mill per kWh, or fraction thereof, when the average cost of wholesale power is more than \$0.083 per kWh purchased. The PCA will be a negative 1.1 mills per kWh for each 1 mill per kWh, or fraction thereof, when the average cost of wholesale power is less than \$0.073 per kWh purchased.

The wholesale cost of power that will be used to determine the PCA will be a rolling three month average of PPI power billings. If at any time the rolling average is above \$0.083 per kWh purchased or below \$0.073 per kWh, the PCA may be applied until the rolling average returns back to within the desired range.

Adopted by the Board of Directors 12/29/1998 (EFFECTIVE 02/28/1999 BILLING)
(EFFECTIVE 02/01/2014 BILLING)