



**HENRY COUNTY RURAL ELECTRIC
MEMBERSHIP CORPORATION**
3400 S. State Road 3
New Castle, Indiana 47362

APPENDIX A

POWER COST ADJUSTMENT

APPLICATION

The Power Cost Adjustment (PCA) is applicable to all of the Henry County Rural Electric Membership Corporation's (REMC) retail rate schedules and is applicable to all kWh sales there under. The PCA allows the REMC to increase or decrease its approved rates based on increases and decreases in its cost of wholesale power purchased for resale. Monthly bills computed under the appropriate retail rate schedule will increase or decrease by an amount equal to the kWh purchased by the customer during the month multiplied by the PCA factor in effect during month.

Determination of PCA Factor

The PCA Factor is determined on a projected basis and is expressed in dollars per kWh rounded to the nearest one hundredth of a cent (\$.00001). The following formula shows the determination of the PCA factor:

$$\text{PCA Factor} = (\text{A}) - (\text{B}) + (\text{C})$$

Where:

- (A) Projected Power Costs equals the average cost per kWh of purchased power estimated for the projected period including line losses. The projected period is normally a calendar quarter. The REMC will prepare the projected power cost in conjunction with its annual budget process and incorporate wholesale power cost adjustments projected to be applicable for each quarter. The REMC reserves the right to make adjustments at other intervals due to unexpected changes in projected units purchased or the applicable wholesale rate.
- (B) PCA Base equals \$.07359 per kWh, which is the average power cost power per kWh sold included in base retail rates.
- (C) Reconciliation Adjustment equals an amount necessary to correct (refund or recover) for the over or under recovery of the REMC's actual purchased power costs during the previous calendar year. The REMC will determine the actual PCA over or under recovery each month by multiplying actual kWh



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sales times the sum of the applicable PCA factor plus the PCA base and subtracting the actual cost of purchased power for the month. The REMC shall accumulate the monthly PCA over or under collections and, at the end of each calendar year, the REMC will make adjustments that, based on its sole judgment, are appropriate to keep the total net over or under recoveries as nearly as practical equal to zero. The reconciliation adjustment shall be divided by estimated kWh sales for the period which the total over or under collection shall be reconciled.

Current PCA Factor

The current PCA factor and the historical PCA factors applied by the REMC are available by contacting the REMC's office.