

CRAIG-BOTETOURT ELECTRIC COOPERATIVE

POWER COST ADJUSTMENT SCHEDULE PCA-1

AVAILABILITY

Available in all territory in the State of Virginia served by the Cooperative, subject to the Terms and Conditions of the Cooperative on file with the Virginia State Corporation Commission.

APPLICABILITY

The Cooperative shall apply a uniform per kWh charge or credit to applicable sales in accordance with the following terms. All definitions and calculations shall be in reference to the total Cooperative system but shall exclude any kWh sales, kWh purchases, Electricity Supply Service ("ESS") revenues, and power costs related to service to any customer under an electric service tariff that separately provides for a direct pass through of purchased power expense.

DEFINITIONS

PCA	=	Power cost adjustment factor.
ESS Revenue	=	Revenue produced by the base Electricity Supply Service part of each tariff.
ESS Base	=	\$0.08025 per kWh sold reflecting the annual system average base ESS Revenue per kWh sold.
kWhs	=	The total projected kWh to be purchased in the applicable rate year times the Loss Factor.
PCp	=	The projected total cost of purchased power for the applicable rate year from all sources, including costs associated with the annual true-up for the APCO purchased power contract, that will be charged to Accounts 555.
O	=	Any Over Recovery balance recorded on the Cooperative's balance sheet as of the most recent accounting month available.
U	=	Any Under Recovery balance recorded on the Cooperative's balance sheet as of the most recent accounting month available
Loss Factor	=	One minus the estimated kWh loss percentage based on historical data.

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POWER COST ADJUSTMENT SCHEDULE PCA-1 (continued)

FORMULA

In any month there is a change in: a) the base rates of any power supplier, b) the capacity allocation of Network Integration Transmission Service (NITS) under the APCO contract, or c) the SEPA capacity allocation, for application in each month thereafter until changed in accordance with this tariff, a PCA will be computed as follows:

$$\text{PCA} = \frac{\text{PCp} - \text{O} + \text{U}}{\text{kWhs}} - \text{ESS Base}$$

OVER AND UNDER RECOVERY AMOUNT

The over or under recovery of power cost will be calculated and booked monthly based on the difference between actual purchased power costs in the month (including any charge or credit for the APCO true-up) and revenues booked in the month equal to the base ESS Revenues; plus, the PCA revenues. Booked revenues and kWh sales will be net of any applicable unbilled adjustments.

(Over) and Under Recovery Amounts, if any, will be credited or debited to account 186.37 Miscellaneous Deferred Debit – PCA Virginia or 253.64 Other Deferred Credits – PCA Virginia, with corresponding credits or debits to 555.00 Purchased Power.

MODIFICATIONS TO THE PCA

The intent of the PCA is to recover the Cooperative's purchased power cost on a dollar for dollar basis. At any time, the Cooperative may re-calculate the PCA to minimize (over) or under recovery of power cost if actual data and more current information for the remainder of the applicable rate year indicate that the PCp, kWhs, or both have changed enough to warrant a change in the PCA, or if the (Over) or Under Recovery Amounts become excessive. At a minimum, the PCA will be recalculated once in any twelve month period to adjust for any accumulated Over or Under Recovery Amount.

RATE YEAR

The rate year is the twelve month period beginning with the month in which a change in the PCA will occur.