

**ORCAS POWER AND LIGHT COOPERATIVE
TARIFF – ECA
ENERGY CHARGE ADJUSTMENTS
SECOND REVISION**

ENERGY CHARGE ADJUSTMENTS (ECA)

A variable true-up adjustment (surcharge or credit) will be appear as a line item on member bills to reflect increases or decreases in the power sales due to weather. The adjustment amount will be solely based on power costs and calculated by comparing budgeted vs. actual power cost per kWh sold. The purpose of the ECA is address the lack of predictability in weather forecasting for kWh sales and revenue as power costs represent between 25% to 30% of annual revenue requirements. The ECA includes two adjustment mechanisms:

- 1) An automated monthly reoccurring true-up (surcharge or credit) to be applied to each member billing on a kWh basis, which adjusts for increases or decreases in the cost of power purchased as compared to the budgeted vs. actual cost per kWh sold (see below for calculation); and
- 2) On an as-needed basis and subject to board approval, a variable mechanism that balances the fluctuation in revenues to meet strategic directives, financial requirements and emergency funding needs.

For the purposes of calculating the ECA, Total Purchase Power Cost shall mean power purchases and credits from all power suppliers; excluding credits or purchases from all suppliers that may be applied directly to particular Members; including all power supply related costs but not limited to: monthly fixed charges, electric power production costs, fuel costs, market power purchases, transmission costs, substation costs, costs for any facilities that will be billed to the Cooperative by power suppliers, power supplier surcharges for programs such as, but not limited to, energy efficiency and demand response programs, other power supply related costs.

The Budget Cost of Power shall equal the total projected future cost of power at the time the current Cooperative rates were established (power cost embedded within current rates) divided by the total projected future kWh sales at the time the current Cooperative rates were established (kWh sales used to develop current rates).

Monthly ECA Factor

The automated monthly charges on member bills shall be increased or decreased on a uniform per-kWh basis computed monthly as follows:

$$ECA = \frac{PC_A}{kWh_A} - \frac{PC_B}{kWh_E} + \frac{Uncollected}{kWh_B} + Board\ Adjustment$$

The figures for the above variables can be found in financial statements on the Sales and Usage Report

Where:

ECA	Energy Cost Adjustment (\$/kWh) to be applied to energy sales for the billing period.
kWh_E	Total estimated energy annual sales.
kWh_B	Total estimated energy sales for the billing period the ECA will be applied.

PC_A	Total purchased power cost from all suppliers for the prior month billing period.
PC_B	Total annual estimated purchased electricity costs included in the Cooperative's base rates for the billing period as defined above.
Uncollected	Difference in the total ECA revenue collected from the prior month and the total ECA calculated collection for the prior month. $Uncollected = ECA_P * kWh_A$
ECA_P	Energy Cost Adjustment (\$/kWh) as applied to energy sales for the prior billing period.
ECA_A	Energy Cost Adjustment (\$/kWh) as collected from energy sales for the prior billing period, as found on the monthly sales report.
kWh_A	Total actual energy sales for the prior month billing period the ECA was applied.
Emergency Adjustment	A board approved \$/kWh charge to account for material but unpredictable costs. Approved on a case-by-case basis,

Discretionary Adjustment

On an as-needed basis and subject to board approval, a variable (kWh) ECA adjustment that balances the fluctuation in revenues to meet strategic directives.

DocuSigned by:

Foster Hildreth

Foster Hildreth, General Manager

Effective Date: January 2022 Billing Period