



**Choptank Electric
Cooperative**
A Touchstone Energy[®]
Cooperative

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March 16, 2022
Applicability: Board and Management

BOARD AND MANAGEMENT POLICY NO. 361 POWER COST ADJUSTMENT (PCA)

I. PURPOSE

To establish a policy for setting the Power Cost Adjustment (PCA). The PCA reflects increases and decreases in the cost of purchased power from the Cooperative's wholesale power supplier. The PCA shall be a per-kWh charge or credit.

II. PROCEDURE

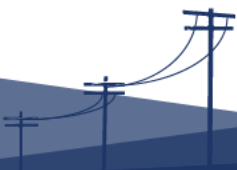
A. Authority

Pursuant to the Electric Cooperative Act,¹ the Board of Directors of Choptank Electric Cooperative (hereinafter, "Board") has the authority to establish and change rates charged by the Cooperative.

B. Process

1. The Cooperative will use a 12-month period that begins January 1st of each year.
2. The PCA model will be prepared using a full year of projected systemwide kWh sales, the associated generation and transmission revenue, and power cost expenses.
3. The ending cumulative balance from the previous model year will be incorporated into the forecasted model.
4. The PCA value will be established at the discretion of the Board. The PCA value may be adjusted during the model year at the discretion of the Board.
5. The Board-approved PCA is applied monthly to the supply side of the member's bill, as a per-kWh charge or credit, in addition to other charges as stated in the applicable billing rate tariff.
6. The PCA is applicable to members receiving Standard Offer Service (SOS) from the Cooperative.
7. The Cooperative will update the PCA model with actual sales and power cost expenses monthly.
8. The PCA model may be updated during the year for changes in forecasted sales and power cost expenses.
9. The PCA model is located under Appendix A.

¹ Maryland Code, Corporations and Associations Article, Title 5, Subtitle 6, Part VI: Member-Regulated Cooperatives.



C. Year-end entry

1. A balance sheet entry will be made for the year end cumulative over or under collection from the PCA model.

D. Publication

1. The Cooperative shall post all currently-effective rates on its website.
2. This policy does not attempt to include the details of the Cooperative's rates or the terms and conditions of service, which is publicly available on the Cooperative's website.

E. Member Complaints

Pursuant to MD Corp & Assn Code § 5-640 (2020), complaints by members of a Member-Regulated Cooperative shall be heard, decided, and resolved by the Cooperative's Board of Directors. This includes complaints related to the Cooperative's Power Cost Adjustment policy. The Cooperative has implemented Board Policy 501: Member Complaints to hear and resolve, in a fair and prompt manner, complaints from members. That policy is available on the Cooperative's website.

III. RESPONSIBILITY

The President & CEO is responsible for administering this policy and for recommending to the Board any changes deemed desirable.

This policy supersedes all previous versions of the policy and all other instructions dated prior to this policy and in conflict with its provisions.



Jeffrey D. Rathell, Sr.
Chairman

REVISION HISTORY

| Revision Number | Effective Date | Description of Changes |
|-----------------|----------------|---|
| 1 | 1/1/21 | New document. |
| 2 | 9/15/21 | In section II.B.4, changed to allow for effective date any time in first quarter of each calendar year. |
| 3 | 3/16/22 | Removed reference in Purpose to applicable across all rate classes. Removed timing reference in section II.B.4. |

