

COFFEYVILLE MUNICIPAL LIGHT & POWER

RATE SCHEDULE PCA-02 PRODUCTION COST ADJUSTMENT

All electrical usage in the area served by the City of Coffeyville may be subject to application of a Production Cost Adjustment (PCA). The rates for energy to all customers may be increased by 0.001 cents per kilowatt-hour (kWh) for each 0.001 cent or major fraction thereof, increase in the aggregate cost of fuel and energy per kWh as computed by the following formula:

$$Adjustment = \left(\left[\frac{F + E}{G + P} \right] * LF \right) - b$$

Where:

- F = Total fuel cost during the current month to supply electric energy to customers.
- E = Total cost of purchased power, energy, and transmission thereof, and all other related costs therefore, including, without limitation, transmission and power supply studies.
- G = kWh (gross) generated during the current month.
- P = kWh purchased from wholesale suppliers for the current month.
- LF = Loss factor shall be equal to the greater of 1.07 or one (1) plus the difference, expressed as a fraction, between system energy purchased and generated for the previous year and annual retail use for the same period to account for distribution losses, plant use, and energy furnished free by the utility to the city.
- b = Base cost of \$0.0408 per kWh (Summer) and \$0.0335 per kWh (Winter).

This adjustment may be made each month, and shall be computed on the cost of fuel and energy purchased during the monthly period immediately preceding the period for which the energy is furnished. An estimated adjustment may be applied to the rates in advance when the city has reason to believe combined fuel and energy costs will exceed the base cost during the next monthly period. An example of such a case would be when generation is scheduled during an upcoming month and there was no generation during the current month. Any amount added to a monthly bill under the PCA shall not be reduced by any other adjustment. Any month where the PCA computes as a negative number a zero adjustment will occur. Application of the PCA during any monthly period shall be at the option of the city.

*Adopted 12/19/02
Amended 06/27/06*