

RATE SCHEDULE PCA-KCC-04

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 during the current month to supply electric energy to customers.

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 \$0.03583 per kWh.

KCC Jurisdictional Customers:

This adjustment shall 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. The City will maintain a monthly comparison of the actual increase (decrease) in the cost of purchased power and fossil fuel used in generation as shown on the books and records of the City and the increase (decrease) dollar cost of the purchased power and fuel used in generation recovered from customers. The true-up can be done on a monthly basis. During the billing period the calculation shall be increased or decreased in direct proportion to the base cost of \$0.03583. All increases or decreases will be passed on to the customers at the time of their monthly billing.