

AUG 07 2014

SOUTHSIDE ELECTRIC COOPERATIVE
Power Cost Adjustment
Schedule PCA-1

Availability:

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

Applicability:

This schedule is applicable to and becomes a part of each electric rate schedule in which reference is made to Power Cost Adjustment Rider, Schedule PCA-1.

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, Generation & Transmission ("G&T") revenues, and power costs related to service to any Member under an electric service tariff that separately provides for a direct pass through of purchased power expense.

DEFINITIONS

PCA	=	Power cost adjustment factor.
G&T Revenue	=	Revenue produced by the base Energy Supply Service part of each tariff.
G&T Base	=	\$0.07757 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 Energy Adjustment part of the ODEC Tariff, 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.

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DEFINITIONS (continued)

- EA = ODEC's Energy Adjustment rate from time to time, expressed in \$ per kWh.
- SEPA Factor = One minus the ratio of annual SEPA kWh purchased to total annual kWh purchased based on historical data.
- Loss Factor = One minus the estimated kWh loss percentage based on historical data.

FORMULA

In any month there is a change in: a) the ODEC base rates, b) the SEPA Capacity rate, 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:

$$PCA = \frac{PCp - O + U}{kWhs} - G\&T \text{ Base} + EA_r$$

Where;

EA_r will be zero unless there is a change in the EA relative to the EA used for PC_p in which case EA_r will be calculated as follows and the PCA will be modified to reflect the new EA_r:

$$EA_r = (\text{New EA} - \text{EA included in PC}_p) \times \text{SEPA Factor} + \text{Loss Factor}$$

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 applicable to account 555 in the month (including any charge or credit for an ODEC margin stabilization adjustment excluding any amount applicable to calendar 2013 power cost to the extent said amount is booked to account 555 in 2013) and revenues booked in the month equal to the base G&T Revenues; plus, the PCA revenues; less, the product of booked kWh sales for the month times \$0.00037 per kWh. 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 186.04 Deferred Debit – PCA, with corresponding credits or debits to 555.02 Purchased Power - PCA.

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 PC_p, 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

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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 that is not solely due to a change in EAr.

**ACCEPTED FOR FILING
DIVISION OF ENERGY REGULATION
STATE CORPORATION COMMISSION**

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