

**RUTHERFORD ELECTRIC MEMBERSHIP CORPORATION
FOREST CITY, NORTH CAROLINA**

WHOLESALE POWER AND TIER ADJUSTMENT

The Cooperative reserves the right to implement a Wholesale Power and TIER Adjustment (WPTA) credit or charge to recover wholesale power costs fully and maintain the financial condition of the Cooperative. WPTA factors will be applicable to all metered kilowatthours of energy billed under the Cooperative's electric service schedules.

An annualized WPTA factor will be calculated each year for electric service billings from January through December. Each annual factor will be reviewed in March, June, and September for any adjustment needed to reconcile estimated collections from members during the year with requirements. When scheduled review of the WPTA results in a change of \$0.0005/kWh (\$0.50 per thousand kWh) or less, no adjustment will be made in the billed WPTA.

In addition to scheduled reviews, an interim adjustment may be made by the Cooperative if the cumulative difference between power costs plus TIER adjustments and recoveries from members exceeds two percent of power costs for the year.

Any change in the WPTA during the last four months of the year will be within \$0.003/kWh (\$3.00 per thousand kWh) of the estimated WPTA for the succeeding year, unless approved by the Board of Directors.

WPTA factors will be calculated as follows:

$$\text{WPTA} = [(A+D)/C - B] \times C/S$$

Where:

- A = Total power bills from all suppliers, load management credits, and other costs and margins determined by the Board of Directors to be appropriate to maintain the Cooperative's financial condition. Estimates are for the calendar year or part year remaining.
- B = Average Cost of Purchased Power (6.2756 cents per kWh) collected in current base rates.
- D = Cumulative difference between WPTA collections and power costs, load management credits, TIER adjustments, and applicable gross receipts taxes through the end of the billing month preceding the effective date of the WPTA factor.
- C = Total kWh estimated to be purchased from all suppliers for the calendar year, or part year remaining.
- S = Estimated Metered Sales subject to WPTA adjustment for the calendar year, or part year remaining.

Effective for bills issued on and after July 1, 2014.