

SCHEDULE ECA  
ENERGY COST ADJUSTMENT BILLING FACTOR

APPLICABILITY

The Energy Cost Adjustment (ECA) is applicable to all electric customers served by the District and applied to all kilowatt-hours (kWh) billed under all rate schedules and applicable special contracts. The ECA recovers the costs of, fuel, energy, capacity, transmission, purchased power and transmission costs, and revenues from wholesale sales not recovered in the base energy charge of the District.

RATE

An amount in cents per kWh, calculated in accordance with the computation below, shall be added to or subtracted from the amount determined under the applicable rate schedule.

COMPUTATION

The ECA billing factor for all rate schedules shall be adjusted as necessary, by the discretion of the Board of Directors. The financial metrics as specified in the District's financial policies as well as optimization of resources and market conditions will be taken into consideration prior to adjusting the billing factor.

The ECA billing factor shall reflect the cost per kWh of electricity costs described herein and will be calculated as follows:

$$\text{ECA} = \frac{(a + b + c + d - e)}{f} - g$$

Where:

- (a) Actual purchased power cost for the previous 12 months is the cost of firm and variable purchased power, purchased power prepayments, premiums, and any contractually obligated joint powers agency purchased power or fuel expenses.
- (b) Actual capacity and ancillary costs for the previous 12 months are the cost of capacity and falling water charges, spinning reserves, reactive power and voltage control, loss compensation, load following, system protection, and energy imbalance costs associated with importing energy from the Bulk Electric System (BES), and all other related power settlement costs.
- (c) Actual fuel cost for the previous 12 months is the cost of fuel and oil used for generation of electricity at facilities owned by the District including generation facilities operated by others. This includes procurement, premiums,

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scheduling, storing, testing, in-plant handling and transportation of fuel and oil to the point it enters the boiler.

- (d) Actual transmission costs and CAISO fees for the previous 12 months are the cost of transmission, fees, and taxes charged for facilities owned or operated by others.
- (e) Actual wholesale revenues for the previous 12 months are revenues from the sale of excess power, natural gas, and ancillary services and will be used to reduce the costs recovered through the ECA.
- (f) Actual retail energy sales for the previous 12 months are the sum of energy sales in kWh to all customers.
- (g) The base energy cost of \$.0562 is included in the customers' energy kWh rates.
- (h) A balancing account shall be maintained in an amount by which the energy cost revenues collected from retail customers are less than (or more than) the actual cost of energy. The deficiencies (or excesses) in the balancing account will be adjusted by increasing (decreasing) the billing factor determined in accordance with the following:
  - (1) Deficiency in Account – The billing factor will be increased to recover any deficiencies in the balancing account on a monthly basis.
  - (2) Excess in Account – The billing factor will be decreased to return any excesses in the balancing account on a monthly basis.
  - (3) Deficiency or Excess in Account as of December 31 – When there is any balance in the balancing account as of December 31, said amount will be added or deducted into the computation above.

The District will maintain a minimum level of \$15 million in the rate stabilization fund to be utilized as an emergency fund to mitigate or partially offset unexpected fuel and purchased power costs as outlined in this Schedule.