

The Victory Electric Cooperative Association, Inc.

(Cooperative)

Replacing Schedule PCA-07

Rural Territory

(Territory to which schedule is applicable)

which was issued March 27, 2007

The cooperative's bylaws, rules and regulations are supplemental to this tariff and are incorporated herein.

Sheet 1 of 2

**POWER COST ADJUSTMENT**

**Applicability:**

The Power Cost Adjustment Clause is applicable to all retail rate schedules of the Cooperative.

**Computation Formula:**

The rates for energy to which this adjustment is applicable shall be increased or decreased by 0.001¢ per kilowatt-hour (kWh) for each 0.001¢ change in the average cost of purchased power as computed by the following formula.

$$PowerCostAdjustment = (C - b)(P / S)$$

Where:

*C* = Average cost of power in ¢/kWh purchased for the latest twelve months for which data is available.

*b* = Average cost of power in ¢/kWh purchased during the base period. For the twelve months ending December 31, 2009, the base (*b*) equals 5.889¢/kWh.

*P* = Actual purchases in kWh for the most recent twelve-month period ending December 31.

*S* = Actual sales in kWh for the most recent twelve-month period ending December 31.

**Frequency of Computation:**

The new adjustment amount should be computed no more frequently than once each month.

Issued	<u>November</u>	<u>30</u>	<u>2010</u>
	Month	Day	Year
Effective	<u>January</u>	<u>1</u>	<u>2011</u>
	Month	Day	Year

By \_\_\_\_\_  
Signature of Officer

Title President

SCHEDULE PCA-11

The Victory Electric Cooperative Association, Inc.

(Cooperative)

Replacing Schedule PCA-07

Rural Territory

which was issued March 27, 2007

(Territory to which schedule is applicable)

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Sheet 2 of 2

**Settlement Provision:**

The Cooperative will maintain a continuing monthly comparison of the actual increased (decreased) cost of purchased power and the increased (decreased) cost of purchased power recovered from customers with the difference being defined as the "Actual Cost Remainder." For each twelve-month billing period ending at the close of December, the cumulative "Actual Cost Remainder" will be added to the "Accumulated Cost Remainder" from the prior twelve-month period to produce an "Accumulated Cost Remainder" for the next twelve-month period.

A "Settlement Factor" shall then be calculated by dividing this new "Accumulated Cost Remainder" as of that date by the total number of kWh deliveries during the twelve-month period ending on that date. This amount shall be rounded to the nearest .001¢/kWh to determine the increase or decrease which should be made to the monthly Power Cost Adjustment. This "Settlement Factor" shall remain in effect until superseded by the subsequent "Settlement Factor" calculated according to this provision.

**Billing Other Than Monthly:**

For those customers billed less frequently than monthly, the adjustment will be the average adjustment for the period for which these customers are being billed. The average adjustment will be computed by weighting the monthly adjustment amount (¢/kWh) by the relative volume of total sales during the period under which the particular adjustment amount was in effect.

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By \_\_\_\_\_  
Signature of Officer

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