

PSC NO: 2 ELECTRICITY  
COMPANY: MASSENA ELECTRIC DEPARTMENT  
EFFECTIVE DATE: 01/01/2008

LEAF: 36  
REVISION: 2  
SUPERSEDING REVISION:

PURCHASE POWER ADJUSTMENT (PPA)

Adjustment of rates in accordance with changes in the cost of purchased power.

- A. Energy rates for electric service classifications that include a PPA shall be increased or decreased by the amount per kilowatt hour that the purchased power cost is above or below the base power cost. The Base PPA is calculated as follows utilizing a rolling average (12-month) of Purchased Power costs:
1. by taking the sum of the monthly purchase power costs for the preceding twelve months and dividing it by the sum of the monthly purchases for the preceding twelve months, in kilowatt hours. Purchase power expenses and kilowatt hours assignable to customers not subject to the PPA should be excluded. The 12-month rolling average per kWh cost is then reduced by the Base Purchase Power Cost per kWh. This difference is then multiplied by the Factor of Adjustment to arrive at the Base PPA factor.
  2. The Base Purchase Power Cost per kWh is \$0.016403 per kWh.
  3. The Factor of Adjustment is 1.06.
- B. PPA Reconciliation Surcharge/Refund is added to, or subtracted from, the Base PPA. The Surcharge/Refund is calculated annually as follows:
1. Reconciliation of actual purchased power cost recoveries - Actual purchased power cost recoveries through the Base PPA shall be compared with actual purchased power expenses each year (purchase power expenses excludes expenses assignable to customers not subject to the PPA), to determine the PPA Reconciliation Surcharge/Refund added to, or subtracted from the Base PPA in the following year.
  2. Annual Reconciliation of Surcharge/Refund - Any under or over-collections relating to the PPA Surcharge/Refunds will be reconciled for each calendar year. Under or over-collections of PPA Surcharges/Refunds shall be transferred into the following year's PPA Reconciliation PPA Surcharge/Refund.
  3. The amount derived in 1 including any amount from 2 of this subdivision should be divided by the quantities of power to be sold by Massena Electric to its customers during the previous calendar year. to arrive at the current year's PPA Reconciliation Surcharge/Refund factor.
  4. The determination period to be used in the computation of the surcharge or refund shall be the twelve months ended December 31 of each year starting in 2008. The computation shall be filed with the Commission on or before March 15<sup>th</sup>, and the resulting surcharge or refund shall be effective in the month of April. and continue until the following March for each year.
  5. Once the annual dollars has been collected or paid out relating to the PPA Reconciliation Surcharge/Refund, the surcharges/refunds will cease for that year.

Issued by: James Shaw, Chairman MEUB, P.O. Box 209, Massena, NY 13662-0209