

SCHEDULE MARGIN ADJUSTMENT FACTOR (MAF)

APPLICABILITY

This schedule is applicable to and becomes a part of each electric service rate schedule of the Cooperative in which reference is made to Schedule MAF.

PURPOSE OF ADJUSTMENT

The Margin Adjustment Factor shall be established to assure rates are adequate, but not excessive, to recover both the cost of wholesale power purchased by the Cooperative that is not recovered by the Cooperative's retail rate schedule and the cost of acquiring and delivering energy to cooperative members while maintaining a strong financial position and compliance with mortgage covenants.

The adjustment will be stated as a charge or credit per kWh for energy sold. The Margin Adjustment Factor (MAF) shall be computed by giving consideration to the following:

- Projected total operating expenses for the current calendar year.
- Projected revenue from the sales of electricity and other electric revenue for the current calendar year
- Projected non-operating margins for the current calendar year, including non-cash capital credits.
- Projected interest expense for the current calendar year
- An amount per kilowatt-hour sold determined by the Cooperative as appropriate to manage the balance of the deferred margin account maintained in accordance with Board Approval
- Projected kilowatt-hour sales for the current calendar year.
- Budgeted Capital Credit Retirements
- Current Targeted Equity Level
- Over or Under Recovery from Preceding Year

To the extent that financial targets are not projected to be reached or are exceeded, current calendar year revenues will be adjusted to reflect an over or under recovery of cost and the resulting amount would be a component of the current calendar year's MAF.

Effective with all bills rendered on or after March 1, 2025