

SHENANDOAH VALLEY ELECTRIC COOPERATIVE
Mt. Crawford, Virginia

SCHEDULE WPA-1Q (UNBUNDLED)
WHOLESALE POWER COST ADJUSTMENT CLAUSE

When the Cooperative's cost of power at wholesale is increased or decreased by a change in the cost of power allowed to go into effect, the rates of the Cooperative may be increased or decreased as set forth in Paragraph A below. When the Cooperative's cost of power is increased or decreased by a change in the charge under a Fuel Cost Adjustment clause or contracted energy allocation change, the rates of the Cooperative shall be increased or decreased as set forth in Paragraph B below. On July 1, 2011, the Cooperative's rates applicable in the service territory acquired from Potomac Edison Company shall be increased or decreased as set forth in Paragraph C below.

- A. Wholesale Rate Changes. When a wholesale supplier is permitted to put an increase or decrease in rates into effect in conformance with a rate filed with a regulatory commission, the Cooperative may file a rider which will be applicable in accordance with the Cooperatives' jurisdictional rate schedules applicable in the service territory acquired from Potomac Edison Company. If the Cooperative files such a rider, each kWh of energy sold by the Cooperative in the acquired territory shall be increased or decreased by an amount equal to the net revenue change which the wholesale supplier would have received during the base year divided by the Cooperative's sales for the same period, adjusted for state and local gross receipts taxes. Since the adjustment in the charges per kWh under the rider is not subject to month-to-month variation, the charges under the rider will be included in the basic charge for energy on the consumers' bills. If an adjustment is to be made each consumer will be notified of the amount of the adjustment, either on the first bill applying the adjustment or by prior direct mail notice. The rider shall become effective in the first billing period after the new wholesale rates become effective. The rider will remain in effect until the cooperative files a rate case with the Virginia State Corporation Commission. In the event refunds are made to the Cooperative as a result of a final decision of the applicable regulatory commission related to increased rates which have been adjusted in accordance with this paragraph, the Cooperative shall, within sixty days after receipt of such funds, make refunds to each consumer. The refund factor will be calculated by dividing the amount of the refund and interest by the kWh sold during the period covered by the refund. The credit for each consumer will be determined by multiplying the number of kWh used by the consumer during the refund period by the refund factor. The refund will be issued to each consumer in the form of a credit on his or her bill or by check. In cases where it is impractical to refund in this manner, adjustments will be made in the

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Cooperative's rates such that the refund is estimated to be returned to consumers within twelve months.

B. Fuel Cost Adjustment. When the Cooperative receives charges or credits on its wholesale power bill under the provisions of a fuel adjustment clause or changes in energy allocations included in a rate or contract filed with a regulatory commission, a fuel adjustment factor will be calculated and applied to each kWh of energy sold by the Cooperative in the acquired territory. A differential make-up factor will be calculated each month based upon the over or under recovery of the fuel adjustment clause or energy allocation change in the last six months. The billing factor the Cooperative will use for the upcoming month will be the sum of these two factors as calculated below:

1. Monthly Fuel Factor. This factor will be calculated by dividing the total dollar amount of wholesale fuel cost adjustment and/or net dollar change in energy allocation received by the Cooperative from its wholesale suppliers for the three preceding months by the Cooperative's kWh sales plus own use for the same three-month period.
2. Differential Factor. This factor will be calculated by determining the net difference occurring between the actual dollar amount of fuel cost paid and the fuel revenue collected under the monthly fuel factor as calculated in Section 1, above, for the preceding six months. This difference will be divided by the Cooperative's kWh sales plus own use during those six months to arrive at a differential factor.

The billing factor will be the sum of the factors calculated in Item 1 and 2 above. This resulting factor shall be applied to all kWh sold by the Cooperative. Since this fuel billing factor (monthly fuel factor plus differential fuel factor) is subject to monthly change, the factors and the supporting calculations will be furnished to the Commission staff prior to application on consumers' bills.

C. Rider OD-11-Q. The Cooperative will file a Rider OD-11-Q to be effective July 1, 2011 which will be applicable in accordance with the Cooperative's jurisdictional rate schedules applicable in the service territory acquired from Potomac Edison Company. Each kWh of energy sold by the Cooperative in the acquired territory shall be increased or decreased by the Rider OD-11-Q amount per kWh determined by dividing: (a) the difference between, (i) the amount the wholesale supplier would have received from sales in the acquired territory during the base year under the wholesale rate in effect as of July 1, 2011, excluding fuel adjustment revenues and (ii) the amount that was billed by the Cooperative in the base year under the Energy Supply Service base rates of each acquired

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territory tariff; by (b) the Cooperative's sales in the acquired service territory for the same period.

- D. Definition of Terms. As used above, the base year means the most recent twelve consecutive months for which actual data are available to the Cooperative, giving the effect of the wholesale rate change or such other twelve month period as may be approved by the Virginia State Corporation Commission. The monthly fuel revenue recovery shall be calculated by multiplying the kilowatt hours sold within that month by the monthly fuel factor as calculated in Section B, Item 1. The adjustment factors as used in A and B above shall be calculated to the nearest 1/1000 of a cent.

Filed:

Effective: July 1, 2011