ENERGY COST ADJUSTMENT

APPLICABLE
The Energy Cost Adjustment (ECA) is applicable to all of the Company’s electric rate schedules.

COMPUTATION FORMULA
The ECA is the difference between the projected costs defined below and the amount embedded in base rates. The rates for energy to which this adjustment is applicable will be increased or decreased by .001¢ per kilowatt-hour (kWh) for each .001¢ (or major fraction thereof) increase or decrease in the aggregate cost of energy per kWh as computed by the following formula:

\[
C \times \left( \frac{P}{S} \right) - b + ACA = ECA
\]

Where:

\( C = \) Projections of the monthly cost of purchased power and energy (Account 555), the projected fossil fuel burned for generation (Accounts 501 and 547), revenue received from the sale of power to third parties including the Southwest Power Pool (SPP) (Account 447), revenues or charges resulting from SPP-related activities including but not limited to Auction Revenue Rights (ARRs), Transmission Congestion Rights (TCRs), and other ancillary charges, and demand response related costs expressed in ¢/kWh for each month of the following quarter.

\( P = \) Actual purchased energy and net generation expressed in kWh for the most recent twelve-month period ended November 30th.

\( S = \) Actual sales in kWh for the most recent twelve-month period ended November 30th.\(^1\)

\( b = \) Actual energy cost (purchased power and fuel) in ¢/kWh established during the base period. This amount is 5.4581¢/kWh, as established during the base period of January 2016 through December 2016.

\( ACA = \) The Actual Cost as defined below.

\(^1\)If actual sales reflect a line loss factor greater than the limit value, restatement of sales based on the limit value shall be required.

Effective: January 1, 2019

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BOARD OF DIRECTORS
ENERGY COST ADJUSTMENT

ACTUAL COST ADJUSTMENT
The Company will maintain a monthly comparison of the revenue recovered from each customer rate class allocated to purchase power to the actual cost of purchased power, fuel, revenue from third party power sales, revenue or charges from SPP-related activities and other ancillary charges, and demand response related costs. For each twelve-month billing period ending November 30th, the cumulative difference of the monthly comparisons for the twelve-month billing period will be added to the Actual Cost Remainder, the amount of overage or underage carried over from the prior year, to produce an end of year Cumulative Balance.

The Actual Cost Adjustment (ACA) will then be calculated by dividing the Cumulative Balance by the total number of kWh sales (S) during the twelve-month period ending on that date. This amount will be rounded to the nearest 0.0001 ¢/kWh to determine the increase or decrease which should be made to the ECA calculation for prior overage or underage. This ACA will remain in effect for a calendar year until superseded by a subsequent ACA calculated according to this provision.

At the Company’s discretion, the ACA may be recalculated within a calendar year. If the Company elects to recalculate the ACA within a calendar year, the ACA will be based on the previous twelve months of billing period data.

QUARTERLY REPORTING REQUIREMENTS
At least 25 days prior to the end of the quarter, the Company will provide projections for the ECA for each month of the following quarter.

BILLING OTHER THAN MONTHLY
For those customers billed less frequently than monthly, the ECA will be the effective ECA on the date the meter is read.

LINE LOSS LIMITATION
In the event that the line loss statistic for the most recent twelve-month period ended November 30th exceeds the limit of twelve (12) percent, the Company will compute the energy adjustment based on the limit value rather than the actual operating statistic value.

Effective: January 1, 2019

By: Pat Parke - Signature of Officer

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No supplement or separate understanding shall modify the tariff as shown hereon.

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Effective: January 1, 2019

By: Pat Parke, President

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