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### Power Supply Cost Recovery

Power Supply Cost Recovery (PSCR) refers to a pricing mechanism commonly employed by utilities such as Cherryland Electric Cooperative (Cherryland). It is used to make short term power supply pricing adjustments. PSCR is also referred to as Fuel Cost Adjustment or Power Cost Adjustment.

A utility like Cherryland establishes retail rate energy charges. The retail rate is measured in kilowatt hours (kWh) and consists of two different components – power supply and the costs necessary to operate the utility. The portion of Cherryland’s retail rate designated for power supply is \$0.07748 per kWh. This is known as the “base rate”, the amount required to cover the cost of power supply.

Each year Cherryland balances its actual power supply costs against the power supply base rate charge embedded in its retail rates. Depending on whether the actual power supply costs exceed or fall below the power supply charge of \$0.07748, Cherryland passes along the additional cost or savings to its members through a billing line item labeled “PSCR Adjustment”.

The maximum PSCR Cherryland can charge its members is determined by the Cooperative’s Board of Directors. PSCR can fluctuate from month-to-month but will not exceed the approved maximum.

Following is Cherryland’s PSCR plan for the current calendar year:

<u>Year</u>	<u>Month</u>	<u>Maximum Authorized 2011 PSCR Factor (per kWh)</u>	<u>Actual Factor Billed (per kWh)</u>
2011	January	\$0.01506	\$0.01506
2011	February	\$0.01506	\$0.01506
2011	March	\$0.01506	\$0.01506
2011	April	\$0.01506	\$0.01506
2011	May	\$0.01506	\$0.01506
2011	June	\$0.01880	\$0.01880
2011	July	\$0.01880	\$0.01880
2011	August	\$0.01880	\$0.00000
2011	September	\$0.01880	\$0.00000
2011	October	\$0.01880	\$0.00700
2011	November	\$0.01880	
2011	December	\$0.01880	

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Issued June 28, 2011  
By Tony Anderson  
General Manager  
Grawn, Michigan

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Cherryland’s PSCR billing for the 2010 calendar year:

<u>Year</u>	<u>Month</u>	Maximum Authorized 2010 PSCR <u>Factor</u> (per kWh)	Actual Factor <u>Billed</u> (per kWh)
2010	January	\$0.01506	\$0.01498
2010	February	\$0.01506	\$0.01498
2010	March	\$0.01506	\$0.01498
2010	April	\$0.01506	\$0.01498
2010	May	\$0.01506	\$0.01498
2010	June	\$0.01506	\$0.01498
2010	July	\$0.01506	\$0.01498
2010	August	\$0.01506	\$0.01498
2010	September	\$0.01506	\$0.01498
2010	October	\$0.01506	\$0.01498
2010	November	\$0.01506	\$0.01498
2010	December	\$0.01506	\$0.01498

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