

**RAPPAHANNOCK ELECTRIC COOPERATIVE
Fredericksburg, VA**

**AIR CONDITIONING CYCLING PROGRAM RIDER
SCHEDULE DR RIDER**

I AVAILABILITY

Available in all territory served by the Cooperative, subject to the Terms and Conditions of the Cooperative on file with the Virginia State Corporation Commission.

II APPLICABILITY

This schedule is applicable to sales under Cooperative tariffs as specified in the Exhibit of Applicable Riders.

III PURPOSE

The purpose of this schedule is to recover the Cooperative's actual costs associated with its Air Conditioning Cycling Program ("A/C Program").

IV DETERMINATION OF THE BILLING FACTOR

The applicable billing factor for each year shall be calculated based on the following formula where estimates are for year in which the billing factor is to be applied:

$$\text{DR Rider} = ((\text{A/C Program Revenue Requirement} + \text{U} - \text{O}) \div \text{kWh}(\text{ac})) - \text{AC}(\text{base})$$

Where the A/C Program Revenue Requirement is:

$$\underline{\text{O}(\text{ac}) + \text{M}(\text{ac}) + \text{CA}(\text{ac}) + \text{DD}(\text{ac}) + \text{PT}(\text{ac}) + \text{I}(\text{ac}) + \text{OM}(\text{ac})}$$

And where:

O(ac) = Estimated A/C Program operations expenses that will be recorded in accounts 5820.635, 5870.635, and 5880.635.

M(ac) = Estimated A/C Program maintenance expenses that will be recorded in accounts 5920.635 and 5980.635.

CA(ac) = Estimated A/C Program customer accounts expenses that will be recorded in accounts 9100.740 and 9040.740.

DD(ac) = Estimated A/C Program distribution plant depreciation expense associated with plant account 3711.

PT(ac) = Estimated A/C Program property tax expense to be allocated by multiplying Cooperative's estimated total property tax expense by the product of the A/C Program net utility plant ["NUP(ac)"] divided by the Cooperative's total net utility plant.

I(ac) = Estimated A/C Program interest expense to be allocated by multiplying the Cooperative's total interest expense by the product of the NUP(ac) divided by the Cooperatives' total net utility plant.

OM(ac) = Estimated A/C Program operating margins equal to I(ac) times TIER – 1.

TIER = 2.25

NUP(ac) = The balance in account 3711 minus the accumulated depreciation associated with plant account 3711;

And where:

U and O = The over or under recovery balance as of October 31 of the current year.

kWh(ac) = The estimated kWh to be sold subject to Schedule PCA-1.

AC(base)= \$0.000000 per kWh.