

PURCHASED POWER COST ADJUSTMENT CLAUSE

Applicable to all rate schedules.

The purchased power cost adjustment (PCA) is an amount to be added to the member's billing each month that reflects increases and decreases in the cost of purchased power from the Cooperative's wholesale power supplier. The same PCA value will be used for each month of a 12 month forecasted period unless it is necessary to re-compute the value due to one of the following reasons:

1. The collection of power costs through the PCA exceeds or falls short of actual by an amount of +/- 3% of the Cooperative's 12 month rolling forecasted and actual total purchased power costs.
2. There is a significant rate increase or decrease or rate methodology change that would materially alter the Cooperative's wholesale power rates.
3. A material error was discovered in the computation of the PCA value.
4. There is a significant unplanned gain or loss in load.

Computations of the PCA value will be sent to the Maryland Public Service Commission Staff for review at least 15 days prior to implementation. The Cooperative will monitor the PCA collection of revenues on a quarterly basis. The Cooperative will use the 12 month period beginning on July 1st of each year.

The PCA value will be determined to the nearest one-hundredth mill per kilowatt hour for which the Cooperative's forecasted costs of purchased power exceeds or is less than the Cooperative's base cost of power.

Adjustment for any over or under recovery of purchased power costs by the Actual Cost Adjustment (ACA) as approved by the Maryland Public Service Commission will be applied to the PCA value.

The PCA value for the current period is on file with the Maryland Public Service Commission.

Filed August 6, 2007Effective with billings rendered
on or after September 1, 2007

President & CEO