



**HENRY COUNTY RURAL ELECTRIC  
MEMBERSHIP CORPORATION**  
3400 S. State Road 3  
New Castle, Indiana 47362

## APPENDIX D

### DEMAND COST ADJUSTMENT

#### APPLICATION

The Demand Cost Adjustment (DCA) is applicable to all of the Henry County Rural Electric Membership Corporation's (REMC) retail rate schedules that include a demand component and is applicable to all kW sales there under. The DCA allows the REMC to increase or decrease its approved rates based on increases and decreases in its cost of wholesale demand for resale. Monthly bills computed under the appropriate retail rate schedule will increase or decrease by an amount equal to the kW purchased by the customer during the month multiplied by the DCA factor in effect during month.

#### Determination of DCA Factor

The DCA Factor is determined on a projected basis and is expressed in dollars per kW rounded to the nearest cent (\$.01). The following formula shows the determination of the DCA factor:

$$\text{DCA Factor} = (\text{A}) - (\text{B}) + (\text{C})$$

Where:

- (A) Projected Demand Costs equals the average cost per kW of purchased demand estimated for the projected period. The projected period is normally a calendar quarter. The REMC will prepare the projected demand cost in conjunction with its annual budget process and incorporate wholesale demand cost adjustments projected to be applicable for each quarter. The REMC reserves the right to make adjustments at other intervals due to unexpected changes in projected units purchased or the applicable wholesale rate.
- (B) DCA Base for the months of June through November equals \$16.69 per kW, and the base for the months of December through May equals \$15.60 per kW, which is the average demand cost per kW sold included in base retail rates.
- (C) Reconciliation Adjustment equals an amount necessary to correct (refund or recover) for the over or under recovery of the REMC's actual purchased demand costs during the previous calendar year. The REMC will determine the actual DCA over or under recovery each month by multiplying actual kW



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sales times the sum of the applicable DCA factor plus the DCA base and subtracting the actual cost of demand for the month. The REMC shall accumulate the monthly DCA over or under collections and, at the end of each calendar year, the REMC will make adjustments that, based on its sole judgment, are appropriate to keep the total net over or under recoveries as nearly as practical equal to zero. The reconciliation adjustment shall be divided by estimated kW sales for the period which the total over or under collection shall be reconciled.

### **Current DCA Factor**

The current DCA factor and the historical DCA factors applied by the REMC are available by contacting the REMC's office.

**APPROVED – December 12, 2018**