

**Desert Community Energy
Rate Stabilization Schedule (RSS)**

Energy Cost Adjustment (ECA) and
IOU/CPUC Adjustment (ICA)

A. ENERGY COST ADJUSTMENT (ECA)

1. An ECA may be included in DCE's generation rates to customers under CCA service schedules as part of DCE's per kWh generation charge or as a separate surcharge. The ECA is intended to recover the costs of purchased power including renewable resources, energy and energy hedges, resource and capacity adequacy products, demand side management (DSM) costs (including revenue losses), and other energy and/or capacity products not otherwise included or forecast in DCE's retail generation rates or current total revenue requirement. ECA related DCE rate adjustments shall be subject to Board-authorized Rate Adjustment Guidelines as outlined in attached Exhibit A. Exhibit A may be revised from time to time by the DCE Board.
2. An ECA shall be calculated no more often than monthly and expressed in \$ per kWh to five decimal places. In order to apply any calculated ECA pursuant to this RSS, such ECA, when added or subtracted from DCE's current generation rate must adhere to the currently approved Rate Adjustment Guidelines shown in attached Exhibit A. Any single ECA which results in Desert Saver and or Carbon Free rate changes exceeding DCE's Rate Adjustment Guidelines in Exhibit A are to be brought to the Board for further consideration and approval and may not be implemented subject to this RSS. DCE's Risk Management Team (RMT) must review and concur with any ECA prior to implementation.

The ECA formula, expressed to the nearest \$0.00001 per kilowatt-hour (kWh):

$$\text{ECA} = \frac{(a)+(b)+(c)+(d)}{(e)}$$

Where:

(a) is the estimated change in total wholesale power supply cost for the 12-month period commencing with either: i) the current 12-month budget, or ii) the effective date of ECA implementation. This amount shall include all charges associated with resource adequacy and other capacity requirements, transmission service, CAISO charges and fees, energy purchased by CCA from all sources including the CAISO, and any energy purchase prepayment expenses for which expenditures have been approved in advance by the DCE Board for inclusion in the purchased power component of the ECA.

(b) is the estimated change in total costs/expenses associated with procurement and acquisition of renewable portfolio standard (RPS) resources for the 12-month period commencing with either: i) the current 12-month budget, or ii) the effective date of ECA implementation. This cost increase or decrease is to be measured from the next prior ECA or the current rate calculation date, if any. This expense shall include all charges associated with renewable resource energy, capacity, RPS related prepayment expense, operation and maintenance, depreciation, and interest expenses for generation

and or transmission as and which have been approved in advance by the DCE Board for inclusion in the RPS component of DCE's revenue requirement.

(c) is the estimated change in total Demand-Side Management (DSM) cost, reduced by funding received from other sources, for qualified DSM projects for the 12-month period commencing with either: i) the current 12-month budget, or ii) the effective date of the ECA implementation. This increase or decrease is to be measured from the next prior ECA calculation date, if any. DSM costs are those incurred for the acquisition and installation of devices and systems, including incentive payments, audit costs related to DSM, and administrative costs, which are part of those programs or projects designed to lower and control power system demand or consumption, and for which expenditures have been approved in advance by the DCE Board for inclusion in the Demand-Side Management component of the ECA.

(d) any unallocated balance in the ECA account, subject to currently approved DCE Rate Adjustment Guidelines.

3. A summary of any implemented ECA will be included in DCE's RSS implementation history log.
4. Any given ECA may result in an upward or downward adjustment to DCE average generation rates given the then existing economic and financial circumstances at the time of such ECA calculation. ECA implementation will utilize best reasonable efforts to maintain the same or similar relative DCE retail product average total bill differentials, as applicable, versus corresponding SCE bundled base product average total bills.
5. The ECA does not generally directly apply to DCE's Desert Saver retail rates. Desert Saver charges are derived pursuant to Paragraph 1 of the attached Exhibit A, Rate Adjustment Guidelines. Exhibit A may be revised from time-to-time by the DCE Board.
6. An information report describing any implemented ECA will be provided to the Board at the next regularly scheduled Board Meeting following such implementation.

B. IOU/CPUC ADJUSTMENT (ICA)

1. An ICA may be included in DCE's generation rate to customers under CCA service schedules as part of DCE's per kWh generation charge or as a separate surcharge. The ICA is intended to recover and adjust DCE revenues and rates to maintain Board-authorized revenue requirements. Such adjustments may be necessary if and when SCE revises its costs and or other factors affecting the PCIA, SCE retail rate changes, collection of SCE balancing account charges, and or other SCE and or California Public Utilities Commission (CPUC) related regulatory actions which directly impact DCE's operating costs and or DCE revenue requirements. ICA related DCE rate adjustments shall be subject to Board-authorized Rate Adjustment Guidelines as outlined in attached Exhibit A. Exhibit A may be revised from time to time by the DCE Board.

An ICA shall be calculated as warranted following such actions by SCE and or CPUC which result in material changes to DCE costs and or revenue levels. DCE intends to calculate and implement any such ICA within 90 days following relevant actions affecting DCE. The timing, frequency, and financial impact of CPUC and SCE actions which may affect the ICA are not typically known in advance and may occur multiple times during any given year. DCE's RMT must review and concur with any ICA prior to implementation.

2. Any implemented ICA is subject to Board approved Rate Adjustment Guidelines outlined in attached Exhibit A.
3. Due to the particulars of rate design, existing SCE rate schedules, and customer class and consumption characteristics, actual rate impacts experienced by any specific DCE customer may vary somewhat from overall average rate change percentages.
4. Any given ICA may result in an upward or downward adjustment to DCE generation rates given the particular impacts of any one or combination of CPUC / SCE actions resulting in such ICA calculation.
5. A summary of any implemented ICA will be included in DCE's RSS implementation history log.
6. The ICA does not generally directly apply to DCE's Desert Saver retail rates. Desert Saver charges are derived pursuant to Paragraph 1 of the attached Exhibit A, Rate Adjustment Guidelines. Exhibit A may be revised from time-to-time by the DCE Board.
7. An information report describing any implemented ICA will be provided to the Board at the next regularly scheduled Board Meeting following implementation.

Exhibit A

Rate Adjustment Guidelines

DCE sets rates in accordance with Board approved policies and procedures in order to assure revenue sufficiency to meet all financial responsibilities, build necessary reserves, to provide flexibility to respond to unplanned and or unexpected power supply and operating cost changes, and other factors that affect DCE's revenues and costs. DCE's Risk Management Team (RMT) must review and concur with any rate adjustments prior to implementation. The below Rate Adjustment Guidelines were approved by the Board on March 17, 2025. These Rate Adjustment Guidelines may be revised from time to time by the DCE Board.

- 1) Adjustments to Desert Saver Rates: Any RSS adjustments to Desert Saver rates are to be implemented in a manner to maintain an average 0.0 – 1.0 percent discount versus Southern California Edison's current non-CARE residential base product average total monthly bill.

- 2) Adjustments to Carbon Free Rates: Any given RSS adjustments to Carbon Free rates are to be implemented in a manner such that Carbon Free Customers' average DCE generation rate does not increase or decrease by more than 5.0 percent.