Page 2 of Exhibit No. ___(JHS-3) shows two examples of under and over recovered power costs as calculated under the PCA mechanism for a sixteen month period. The column labeled "Difference" is the Actual Power Cost column minus the Baseline Cost. For purposes of this exhibit the actual power costs would include the charge to Account 555 for the market price of power that has been credited to the Mint Farm deferral.

If the next general rate case filing was finalized sixteen months after the beginning of the Mint Farm deferral the following adjustments would be made to the Mint Farm deferral.

Example 1 – No adjustment would be made as power costs were under recovered by $14,648,536.

Example 2 – As power costs were over collected per the PCA true-up, the $16,915,039 would be used to offset the net variable cost deferral. Because Exhibit No. ___(~~CAP~~WJE-4) is based on a twelve month period, it is assumed that power costs would be comparable for an additional four months and the net variable cost deferral would be approximately $17,734,909 (Exhibit No. ___(~~CAP~~WJE-4) amount of $13,301,182*16/12). All of the $16,915,039 would be used to offset this balance and the amount deferred for the total net variable cost portion of Mint Farm would be $819,870 ($17,734,909 - $16,915,039).

If the net variable costs deferred were less than the $16,915,039 the over collection would be credited to the net variable cost deferral to eliminate any deferral and the remaining amount of the over collection would be subject to the PCA sharing bands starting with the first $20 million over recovery being credited to the company.