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COMMISSION
CLERK

December 22, 2011

Ann Cole
Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Dear Ms. Cole:

Enclosed please find the following revisions to CHELCO's rate sheets:

<u>Title</u>	<u>New Sheet</u>	<u>Cancelled Sheet</u>	<u>Sheet #</u>
Index	First	Original	7.1
Residential Service	Eighth	Seventh	8.0
Residential Service – Time of Use	Second	First	8.1
Residential Service – Net Metering	Second	First	8.2.1
Residential Service – Prepaid	First	Original	8.3.1
Residential Service – Prepaid	First	Original	8.3.2
General Service	Eighth	Seventh	9.0
General Service – Time of Use	Second	First	9.1
General Service – Net Metering	Second	First	9.2.1
General Service – Demand	Eighth	Seventh	10.0
Large Power	Sixth	Fifth	11.0
Large Power	Second	First	11.1
Formula Revenue Requirement Rider	Fifth	Fourth	20.0
Formula Revenue Requirement Rider	Original		20.1
Formula Revenue Requirement Rider	Original		20.2
Formula Revenue Requirement Rider	Original		20.3
Formula Revenue Requirement Rider	Original		20.4
Formula Revenue Requirement Rider	Original		20.5
Formula Revenue Requirement Rider	Original		20.6
Formula Revenue Requirement Rider	Original		20.7
Formula Revenue Requirement Rider	Original		20.8
Formula Revenue Requirement Rider	Original		20.9

COM _____
APA _____
ECR 1 _____
GCL _____
RAD _____
SRC _____
ADM _____
OPC _____
CLK _____

On December 15, 2011, CHELCO's Board of Trustees approved the charges contained in the attached tariff sheets. This is a rate increase evenly applied across all rate groups and not a rate structure change.

CHOCTAWHATCHEE ELECTRIC
COOPERATIVE, INC.

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A Touchstone Energy Company

DOCUMENT # 10000 0017

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FPSC-COMMISSION CLERK

The Formula Revenue Requirement (FRR) Rider adopts a formula by which CHELCO can adjust its base rate annually based on an actual or projected return that falls outside a defined band. The FRR Rate Rider is a rate structure that has been previously approved by the Florida Public Service Commission and is currently being used by another cooperative in Florida. CHELCO's Board feels that the use of this FRR will give them the tool they need to keep CHELCO fiscally sound between rate studies and because it treats all rate classes equally, it will be fair to all rate classes.

A summary of the charges that CHELCO's Board approved is as follows:

	Number Of Customers	Annual Customer Months	Current Customer Charge	Increase to Customer Charge	Proposed Customer Charge	Expected Additional Revenue
RS Single Phase	37,613	451,356	24.00	2.00	26.00	902,712.00
RS Three Phase	113	1,356	34.60	2.90	37.50	3,932.40
RP Single Phase	236	2,832	24.00	2.00	26.00	5,664.00
RP Three Phase		0	34.60	2.90	37.50	0.00
RN Single Phase	16	192	24.00	2.00	26.00	384.00
RN Three Phase		0	34.60	2.90	37.50	0.00
RT Single Phase	95	1,140	24.00	2.00	26.00	2,280.00
RT Three Phase		0	34.60	2.90	37.50	0.00
GS Single Phase	4,313	51,756	24.00	2.00	26.00	103,512.00
GS Three Phase	904	10,848	34.60	2.90	37.50	31,459.20
GN Single Phase	2	24	24.00	2.00	26.00	48.00
GN Three Phase	1	12	34.60	2.90	37.50	34.80
GT Single Phase		0	24.00	2.00	26.00	0.00
GT Three Phase		0	34.60	2.90	37.50	0.00
GS-D Single Phase	25	300	35.00	2.90	37.90	870.00
GS-D Three Phase	195	2,340	40.00	3.35	43.35	7,839.00
LP	2	24	40.00	3.35	43.35	80.40
	<u>43,515</u>	<u>522,180</u>				<u>1,058,815.80</u>

CHELCO's Board believes that the charges contained in the attached tariff sheets are fair and reasonable, and respectfully requests that the Commission approve the rates included in this filing.

Respectfully yours,



Leigh V. Grantham
Chief Executive Officer

FIRST REVISED SHEET NO. 7.1
CANCELLING ORIGINAL SHEET NO. 7.1

NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC.

(Continued from Sheet No. 7.0)

WPA	Wholesale Power Adjustment	18.0 – 18.1
WPA – C6	Wholesale Power Adjustment C-6	18.2
TAX	Tax Adjustments	19.0
FRR – 1	Formula Revenue Rate Rider	20.0 – 20.9

Issued by: Leigh V. Grantham
 Chief Executive Officer

Effective: May 1, 2012

RS
R

EIGHTH REVISED SHEET NO. 8.0
CANCELLING SEVENTH REVISED SHEET NO. 8.0

NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC

RESIDENTIAL SERVICE

RATE SCHEDULES

AVAILABILITY – Available throughout the area served by the Cooperative.

APPLICABILITY – Applicable to all members for residential uses.

CHARACTER OF SERVICE – Single-phase or three-phase, 60 cycles and approximately 120 volts or higher, at Cooperative's option.

LIMITATIONS – Subject to all the rules and regulations of this tariff and general rules and regulations of the Cooperative. Standby or resale service not permitted.

RATE –

Customer Charge:	\$ 26.00	Single-Phase
	\$ 37.50	Three-Phase
Energy Charge	5.347 ¢per kWh	Purchased Power
	<u>1.699 ¢per kWh</u>	<u>Distribution Delivery</u>
Total Energy Charge:	7.046 ¢per kWh	

MINIMUM CHARGE – The minimum monthly charge shall be the Customer Charge.

WHOLESALE POWER ADJUSTMENT – See “Wholesale Power Adjustment Clause” on Sheet No. 18.0.

TAXES – See “Tax Adjustments” on Sheet No. 19.0.

FRR – See “Formula Revenue Requirement” on Sheet No. 20.0

TERMS OF PAYMENT – See “Terms of Payment” on Sheet No. 21.0.

Issued by: Leigh V. Grantham
 Chief Executive Officer

Effective: May 1, 2012

RS-T

SECOND REVISED SHEET NO. 8.1
CANCELLING FIRST SHEET NO. 8.1

NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC.

RESIDENTIAL SERVICE
TIME OF USE

RATE SCHEDULE RS-T

AVAILABILITY - Available throughout the area served by the Cooperative where T-2 metering is installed.

APPLICABILITY - Applicable to all members for residential uses.

CHARACTER OF SERVICE - Single-phase or three-phase, 60 cycles and approximately 120 volts or higher, at Cooperative's option.

LIMITATIONS - Subject to all the rules and regulations of this tariff and general rules and regulations of the Cooperative. Standby or resale service not permitted.

TIME OF USE RATE OPTION –

Customer Charge:	\$26.00	Single-Phase
	\$37.50	Three-Phase
Energy Charge	6.553 ¢ per kWh	On-Peak Purchased Power
	4.563 ¢ per kWh	Off-Peak Purchased Power
	1.699 ¢ per kWh	<u>Distribution Delivery</u>
Total Energy Charge:	8.252 ¢ per kWh	On-Peak
	6.262 ¢ per kWh	Off-Peak
On-Peak Hours are:	May - October 10:00 am until 8:00 pm	
	November - April 5:00 am until 9:00 am	

MINIMUM CHARGE - The minimum monthly charge shall be the Customer Charge.

WHOLESALE POWER ADJUSTMENT – See “Wholesale Power Adjustment Clause” on Sheet No. 18.0

TAXES - See “Tax Adjustments” on Sheet No. 19.0.

FRR – See “Formula Revenue Requirement” on Sheet No. 20.0

TERMS OF PAYMENT - See “Terms of Payment” on Sheet No. 21.0.

Issued by: Leigh V. Grantham
 Chief Executive Officer

Effective: May 1, 2012

RS-PP

FIRST REVISED SHEET NO. 8.3.1
CANCELLING ORIGINAL SHEET NO. 8.3.1

NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC.

RESIDENTIAL PREPAID METERING

RATE SCHEDULE RS- PP

AVAILABILITY – This rate is available throughout the area served by the Cooperative where T-2 metering is installed

APPLICABILITY - This rate is applicable to all member-consumers of the Cooperative for residential uses. Service under this schedule is provided upon member request at the sole option of the Cooperative and is based upon the availability of metering equipment.

CHARACTER OF SERVICE - Single-phase or three-phase, 60 cycles and approximately 120 volts or higher, at Cooperative's option.

LIMITATIONS - Service rendered under this Schedule is subject to all the rules and regulations of this tariff and general rules and regulations of the Cooperative. Standby or resale service not permitted.

Service under this Schedule is not available: (1) to Customer who has designated a third party to receive notification of any pending termination notices; or (2) for other uses not specifically provided for by the provisions herein.

The Cooperative will furnish, maintain, and own all the prepaid power equipment including the meter which the Cooperative shall install.

PREPAID METERING RATE OPTION-

Customer Charge: Single Phase	Availability charge	\$1.49 per day
	<u>Administrative Charge</u>	<u>\$0.32 per day</u>
	Total	\$1.81 per day

Customer Charge: Three Phase	Availability charge	\$1.86 per day
	<u>Administrative Charge</u>	<u>\$0.32 per day</u>
	Total	\$2.18 per day

Energy Charge 5.347 cents per kWh

MINIMUM CHARGE - The minimum daily charge shall be the Customer Charge.

WHOLESALE POWER ADJUSTMENT - See "Wholesale Power Adjustment Clause" on Sheet No. 18.0

Issued by: Leigh V. Grantham
 Chief Executive Officer

Effective: May 1, 2012

RS-PP

FIRST REVISED SHEET NO. 8.3.2
CANCELLING ORIGINAL SHEET NO. 8.3.2

NAME OF UTILITY _____ CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC.

TAXES - See "Tax Adjustments" on Sheet No. 19.0.

FRR - See "Formula Revenue Requirement" on Sheet No. 20.0

TERMS OF PAYMENT - Payment for service shall be made in advance. At such time as the value of the service consumed equals the value of advanced purchases, electric service is subject to immediate disconnection from the Cooperative by the prepaid metering system until additional purchases by Customer are made. Should the electric service be disconnected by the prepaid metering system caused by Customer's electrical usage having consumed the entire value of the advanced payment, the Customer Charge will continue to be accumulated on Customer's account and will be deducted from the Customer's next advanced payment purchase for electric service. Disconnection for reasons of non-payment does not release Customer from their obligation to pay the customer charge.

In the event Customer has an indebtedness with the Cooperative for service previously provided, The Cooperative may allow, at its sole option, for Customer to pay the indebtedness or portions of the indebtedness by deducting a portion or all of the indebtedness as a percentage of each prepaid service purchase made thereafter until the indebtedness is satisfied.

In the event Customer has an electric service deposit with the Cooperative at the time Customer elects to take service under this Schedule, a refund will be issued for the deposit plus applicable interest less the prepaid rate option deposit (See "Residential Prepaid Deposit" on Sheet No. 23.0.1) and all outstanding indebtedness. Any amount of the deposit and interest in excess of the outstanding indebtedness will be applied as a credit on Customer's account.

Customer shall receive a receipt of payment and other billing information at each prepaid service purchase. A summary of bill payment and consumption information will be provided to Customer a minimum of once per month.

SERVICE PERIOD - The initial Service Period for service under this Schedule shall be for ninety (90) days. After the initial Service Period, Customer may cease participation under this Schedule and select an alternative rate option by giving the Cooperative thirty days (30) notice. If Customer elects to be served under another of the Cooperative's available rate schedules, Customer may be required to furnish an additional deposit. Customer will subsequently be provided service under the same terms, as applicable, as prior to choosing service under this Schedule.

Under the Prepaid Metering Schedule, if the outstanding account remains disconnected for thirty (30) days, the Cooperative will consider the account closed.

Issued by: Leigh V. Grantham
Chief Executive Officer

Effective: May 1, 2012

GS
B

EIGHTH REVISED SHEET NO. 9.0
CANCELLING SEVENTH REVISED SHEET NO. 9.0

NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC

GENERAL SERVICE – NON-DEMAND

RATE SCHEDULES GS
(0-49 KW DEMAND)

AVAILABILITY – Available throughout the area served by the Cooperative.

APPLICABILITY – Applicable to all business, commercial and farm services with a consistent demand of up to but not including 50 kW except for service to which another rate schedule is applicable.

CHARACTER OF SERVICE – Single-phase or three-phase, 60 cycles and approximately 120 volts or higher, at Cooperative’s option.

LIMITATIONS – Subject to all the rules and regulations of this tariff and general rules and regulations of the Cooperative. Standby or resale service not permitted.

RATE –

Customer Charge:	\$26.00	Single-Phase
	\$37.50	Three-Phase
Energy Charge:	5.174 ¢ per kWh	Purchased Power
	<u>1.285 ¢ per kWh</u>	<u>Distribution Delivery</u>
Total Energy Charge:	6.459 ¢ per kWh	

MINIMUM CHARGE – The minimum monthly charge shall be the Customer Charge.

WHOLESALE POWER ADJUSTMENT – See “Wholesale Power Adjustment Clause” on Sheet No. 18.0.

TAXES – See “Tax Adjustments” on Sheet No. 19.0.

FRR – See “Formula Revenue Requirement” on Sheet No. 20.0

TERMS OF PAYMENT – See “Terms of Payment” on Sheet No. 21.0.

Issued by: Leigh V. Grantham
Chief Executive Officer

Effective May 1, 2012

GS-T

SECOND REVISED SHEET NO. 9.1
CANCELLING FIRST SHEET NO. 9.1

NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC.

GENERAL SERVICE – NON-DEMAND
TIME OF USE

RATE SCHEDULE GS-T
(0-49 kW DEMAND)

AVAILABILITY – Available throughout the area served by Cooperative where T-2 metering is installed.

APPLICABILITY – Applicable to all business, commercial and farm services with a consistent demand of up to but not including 50 kW except for service to which another rate schedule is applicable.

CHARACTER OF SERVICE – Single-phase or three-phase, 60 cycles and approximately 120 volts or higher, at Cooperative’s option.

LIMITATIONS – Subject to all the rules and regulations of this tariff and general rules and regulations of the Cooperative. Standby or resale service not permitted.

TIME OF USE RATE OPTION –

Customer Charge:	\$26.00	Single-Phase
	\$37.50	Three-Phase
Energy Charge	8.417 ¢ per kWh	On-Peak Purchased Power
	4.363 ¢ per kWh	Off-Peak Purchased Power
	1.285 ¢ per kWh	<u>Distribution Delivery</u>
Total Energy Charge:	9.702 ¢ per kWh	On-Peak
	5.648 ¢ per kWh	Off-Peak
On-Peak Hours are:	May - October 2:00 pm until 7:00 pm	
	November - April 5:00 am until 9:00 am	

MINIMUM CHARGE – The minimum monthly charge shall be the Customer Charge.

WHOLESALE POWER ADJUSTMENT – See “Wholesale Power Adjustment Clause” on Sheet No. 18.0

TAXES – See “Tax Adjustments” on Sheet No. 19.0

FRR – See “Formula Revenue Requirement” on Sheet No. 20.0

TERMS OF PAYMENT – See “Terms of Payment” on Sheet No. 21.0

Issued by: Leigh V. Grantham
Chief Executive Officer

Effective: May 1, 2012

NAME OF UTILITY _____ CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC

GENERAL SERVICE – NON DEMAND
NET METERING RIDER

DEFINITION – "Net Metering" means calculating the difference in an applicable billing period between: 1) the charges for the electricity supplied by the Cooperative to a General Service Non-Demand Customer served under Rate GS-N, and 2) the credit to the customer for electricity generated by such Customer that is delivered to the Cooperative.

AVAILABILITY – This Rider is available to general service – non-demand customers who are provided single-phase service, or three phase service and who have installed electric generation of 50 kW alternating current or less on their premises. Customers must meet the Generator System Requirements and Interconnection Requirements specified below.

BILLING Rate GS-N

The charges for the electricity supplied by the Cooperative to a General Service Non-Demand Customer served under Rate GS-N shall be determined as follows:

Customer Charge

Single Phase	Same as Under GS Rate Sheet 9.0
Three Phase	Same as Under GS Rate Sheet 9.0

Energy Charge

Purchased Power	\$0.04031 per kWh Power
	\$0.01143 per kWh Demand
	\$0.05174 Same as Under GS Rate Sheet 9.0
Distribution Delivery	Same as Under GS Rate Sheet 9.0

Wholesale Power Adjustment See Sheet 18.0

Taxes See Sheet 19.0

FRR See Sheet 20.0

The credit to the Customer served under Rate GS-N for electricity generated by the Customer that is delivered to the Cooperative shall be determined as follows:

\$0.04031 plus current month's Wholesale Power Adjustment for all kWh Energy Delivered to the Cooperative.

The customer's bill will be calculated by subtracting the credit to the customer from the Cooperative's charges to the customer. If the payment to the customer is greater than the Cooperative's charges to the customer, the Customer's bill shall be zero for the current billing cycle with the difference credited to the Customer in subsequent billing cycles. When the Customer discontinues Net Metering Rider service, any unused credit will revert to the Cooperative.

Issued by: Leigh V. Grantham
Chief Executive Officer

Effective: May 1, 2012

NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC

LARGE POWER SERVICE

RATE SCHEDULES LP
(500 KW AND ABOVE)

AVAILABILITY – Available throughout the area served by the Cooperative.

APPLICABILITY –Applicable to all consumers with a consistent demand of 500 kW and above.

CHARACTER OF SERVICE – Single-phase or three-phase, 60 cycles and approximately 120 volts or higher, at Cooperative’s option.

LIMITATIONS – Subject to all the rules and regulations of this tariff and general rules and regulations of the Cooperative. Standby or resale service not permitted.

RATE –

Customer Charge:	\$43.35	
Demand Charge:	\$1.03 per kW	Purchased Power Demand
	<u>\$3.88 per kW</u>	<u>Distribution Delivery</u>
Total Demand Charge:	\$4.91 per kW	of Billing Demand
Energy Charge:	4.265¢ per kWh	Purchased Power

BILLING DEMAND – The highest measures 15 minute interval kW demand during the month for which the bill is rendered, but not less than 75% of the highest such billing demand established during the preceding eleven months and not less than 500 kW, nor less than 75% of the contract capacity.

POWER FACTOR – The distributor shall measure the demands in kW and KVA of all customers having loads in excess of 500 kW. The demand for any month shall be the highest average demand during the 15 consecutive minute period of the month. The load measured in kW or 90% of the load in KVA, whichever is greater, will be used as the billing demand.

MINIMUM CHARGE– Highest charge of one of the following:

1. The minimum monthly charge, based on capacity, specified in the contract for service.
2. The minimum monthly charge shall be the customer charge plus the billing demand charges.

WHOLESALE POWER ADJUSTMENT – See “Wholesale Power Adjustment Clause” on Sheet No. 18.0

TAXES – See “Tax Adjustments” on Sheet No. 19.0.

Issued by: Leigh V. Grantham
 Chief Executive Officer

Effective: May 1, 2012

LP

SECOND REVISED SHEET NO. 11.1
CANCELLING FIRST SHEET NO. 11.1

NAME OF UTILITY _____ CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC

(Continued from Sheet No. 11.0)

FRR – See “Formula Revenue Requirement” on Sheet No. 20.0

TERMS OF PAYMENT – See “Terms of Payment” on Sheet No. 21.0.

SERVICE PROVISION –

Delivery Point – If service is furnished at secondary voltage, the delivery point shall be the metering point unless otherwise specified in the contract for service. All wiring, pole-lines and other electric equipment on the load side of the delivery point shall be owned and maintained by the member. If service is furnished at Cooperative primary line voltage, the deliver point shall be the point of attachment of Cooperative’s primary line to member’s transformer structure unless otherwise specified in the contract for service. All wiring, pole-line and other electric equipment (except metering equipment) on the load side of the deliver pint shall be owned and maintained by the member. If facilities on the load side of the meter are furnished by the Cooperative, an additional charge of 1.7% per month shall apply on the investment in those facilities.

Issued by: Leigh V. Grantham
Chief Executive Officer

Effective: May 1, 2012

NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC FORMULA REVENUE REQUIREMENTFRR**APPLICATION**

Formula Revenue Requirement Rider Schedule FRR-1 ("Rider" or "Rider FRR") defines the procedure by which the revenues of CHOCTAWHATCHEE ELECTRIC COOPERATIVE (CHELCO) set out in Attachment A to this Rider shall be periodically reviewed and adjusted. Rider FRR is applicable to all electric service billed under CHELCO's rate schedules designated in Attachment A to the Rider, whether metered or unmetered.

BILLING PROVISIONS**1. RATE ADJUSTMENTS**

The adjustments to CHELCO's rates as set forth in Attachment A to this Rider ("Rate Adjustments"), shall be added/subtracted to the Net Monthly Rates or Net Seasonal Rates in CHELCO's currently effective rate schedules as set out in Attachment A. The Rate Adjustments shall be determined in accordance with the provisions of Sections 2 and 3 below.

2. ANNUAL DETERMINATION AND REVIEW**A. FILING DATE**

On or before April 1 of each year, CHELCO shall file a report with its Board of Trustees ("Board") containing an evaluation of the Rate Adjustments set forth in Attachment A to this Rider prepared in accordance with the provisions of Section 3 below ("Evaluation Report"). A revised Attachment A shall be included in each such filing and shall reflect such modified Rate Adjustments as may be required under the provisions of Section 3 below.

B. REVIEW PERIOD

The Board shall then have until April 30 of the filing year to review the Evaluation Report to ensure that it complies with the requirements of Section 3 below and that it balances the interest of both CHELCO and its member-owners. At the time each such Evaluation Report is filed, CHELCO shall provide the Board with work papers and forecasts supporting the data and calculations reflected in the Evaluation Report.

In accordance with the objective of providing quality service at minimum rates, it is the intent of this rider to allow CHELCO to change rates (increase or decrease) in order to maintain a prudent return that is within specifically defined boundaries. Should the review indicate the earned return is below the threshold lower boundary return, the Board will contemplate an increase. If the earned return is above the threshold upper boundary return, then the Board will contemplate a decrease. However, the Board may elect not to change rates even if the Evaluation Report may indicate a rate change is required, or the Board may deviate from the formula for good reason. The Board will render its decision on or before April 30 of the each year.

Issued by: Leigh V. Grantham
 Chief Executive Officer

Effective: May 1, 2012

NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC

(Continued from Sheet No. 20.0)

C. GENERAL RATE PROCEEDINGS

In the event the Board initiates a general rate proceeding while this Rider FRR is in effect, the Rate Adjustments in the then currently effective Attachment A shall be revised to be zero. Such revised Rate Adjustments shall become effective on the effective date of the revised rates resulting from such a general rate proceeding.

3. ANNUAL EVALUATION OF RATE ADJUSTMENTS

A. EVALUATION PERIOD

Each annual evaluation of the Rate Adjustments shall be based on data for the twelve-month period ended December 31 of the prior calendar year ("Evaluation Period"). All data utilized in each evaluation shall be based on actual results for the Evaluation Period as recorded on the books CHELCO in accordance with the Uniform System of Accounts and such other documentation as may be appropriate.

1. DEFINITION OF TERMS

a. RATE OF RETURN ON RATE BASE

The Rate of Return on Rate Base (RORB) for any Evaluation Period shall be CHELCO's net utility operating income divided by its rate base and shall be determined in accordance with the formula set out in Attachment B. The RORB determination shall reflect the Evaluation Period Adjustments set out and described in the Evaluation Report.

b. BENCHMARK RATE OF RETURN ON EQUITY

The Benchmark Rate of Return on Equity ("BROE") is the forward looking target return on equity of CHELCO. The BROE shall be determined in accordance with the formula set out in Attachment C.

c. EVALUATION PERIOD EARNED COST OF COMMON EQUITY

The Evaluation Period Cost of Common Equity ("EPROE") is CHELCO's earned cost of common equity at the end of the Evaluation Period and shall be determined for each Evaluation Period in accordance with the formula set out in Attachment B.

d. RATE OF RETURN ON EQUITY BANDWIDTH

There shall be a Rate of Return on Rate Base Bandwidth ("Bandwidth") around the BROE within which no change in the Rate Adjustments will be made. The upper limit of the Bandwidth ("Upper Band") shall be the BROE plus 1.00%. The lower limit of the Bandwidth ("Lower Band") shall be the BROE minus 1.00%.

2. RULES FOR CHANGING RATE ADJUSTMENTS

In each annual Evaluation Report, the determination of the change in the currently effective Rate Adjustments shall be made based on the following rules:

Issued by: Leigh V. Grantham
 Chief Executive Officer

Effective: May 1, 2012

NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC

(Continued from Sheet No. 20.1)

- a. If the EPROE is less than the Lower Bandwidth, the then currently effective revenues shall be increased in accordance with the provisions of Attachment B below so that, when the Rate Adjustments so revised are applied to the Evaluation Period billing units ("kW" or "kWh"), the resulting increase in revenue would increase the EPROE for the Evaluation Period to meet the Lower Band. However, the amount of such revenue increase shall not exceed 5% of the Cooperative's unadjusted Evaluation Period revenues.
- b. No change shall be made to the Rate Adjustments if the EPROE is less than or equal to the Upper Band and greater than or equal to the Lower Band.
- c. If the EPROE exceeds the Upper Band, the then currently effective revenues shall be reduced in accordance with the provisions of Attachment B below so that, when the Rate Adjustments so revised are applied to the Evaluation Period billing units ("kW" or "kWh"), the resulting reduction in revenue would reduce the EPROE for the Evaluation Period to meet the Upper Band. However, the amount of such revenue reduction shall not exceed 5% of the Cooperative's unadjusted Evaluation Period revenues.

3. EFFECTIVE DATE AND TERM

Rider FRR shall be effective with bills rendered on or after May 1 and shall continue in effect until modified or terminated in accordance with the provisions of this Rider FRR or applicable regulations or laws. Nothing herein shall prevent CHELCO or its members from proposing elimination of this Rider FRR at any time in the manner provided by CHELCO's By-Laws.

If Rider FRR is terminated in the future, then the Rate Adjustments then in effect shall continue to be added to the Net Monthly Rates CHELCO's currently effective rate schedules until such time as new general rates become effective pursuant to a final Commission order in a general rate proceeding, which may be concurrent with such termination of Rider FRR.

A. MAJOR COST ADDITIONS

It is recognized that CHELCO may from time to time have to construct or acquire major plant additions; make major modifications to existing plant; or incur significant new costs to comply with environmental or other laws and regulations, which are outside of the annual average increases to plant or normal expense growth. Such costs may significantly increase CHELCO's revenue requirements and thereby require rate changes, which this Rider FRR is not designed to collect. Should CHELCO construct, have constructed/sell, or purchase major plant, make major modifications to existing plant, or be required to incur substantial costs to comply with new laws or regulations, then CHELCO may increase/decrease, as provided by its By-Laws, for rate or other relief outside the provisions of this Rider. Such a request will be considered by the Commission in accordance with its rules and regulations and applicable law governing such filings.

Issued by: Leigh V. Grantham
 Chief Executive Officer

Effective: May 1, 2012

NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC

(Continued from Sheet No. 20.2)

B. SPECIAL RATE FILINGS

Nothing in this Rider shall be interpreted as preventing CHELCO from proposing to revise existing rate schedules or implement new rate schedules as may be appropriate. Any such rate changes shall be filed with the Commission and evaluated in accordance with the rules and procedures then in effect.

C. FORCE MAJEURE

In addition to the rights of CHELCO under this Rider, or as provided by law, to change rates outside the terms of this Rider, if any event or events beyond the reasonable control of CHELCO, including natural disaster, damage or loss of generating capacity, and orders or acts of civil or military authority, cause increased costs to CHELCO and result in a deficiency in revenues which is not readily capable of being redressed in a timely manner under this Rider, CHELCO may seek to increase/decrease rates outside the provisions of this Rider FRR, such requests shall be considered by the Board in accordance with its regulations and applicable By-Laws governing such actions.

Issued by: Leigh V. Grantham
 Chief Executive Officer

Effective: May 1, 2012

NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC

(Continued from Sheet No. 20.3)

Attachment A
Revenue Adjustment Based On Application
Of Formula Revenue Requirement Rider

Attachment A

Proposed Rate Adjustment

Line No.	Rate Group	(a) Existing Revenues	(b) Proposed Increase	(c) Proposed Revenues	(d) Percent Change
1	Residential				
2	Commercial				
3	Industrial				
4	Street Lighting				
5	Public Authorities				
6	Total Metered Sales				
7	Other Misc. Revenues				
8	Total Operating Revenues				
Notes: 1 Increases/Decreases are spread to rate groups based on existing revenues. 2 Line 8 (b) is taken from Attachment B Schedule 4 Line 7 (a).					

Issued by: Leigh V. Grantham
 Chief Executive Officer

Effective: May 1, 2012

NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC

(Continued from Sheet No. 20.4)

Attachment B
Formula Revenue Requirement

Attachment B
Schedule 1

CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC.
Rate Base and Existing Return Calculation
December 31, 20xx

Line No.		(a) Actual per Books	(b) Adjustments	(c) Adjusted Results	(d) Source
1	Utility Plant				RUS Form 7
2	CWIP				RUS Form 7
3	Accumulated Depreciation				RUS Form 7
4	Net Plant in Service				Sum of Lines 1-3
5	Materials & Supplies				RUS Form 7
6	Prepayments				RUS Form 7
7	Cash Working Capital [See Note (b)]				See Note B
8	Deferred Debits				RUS Form 7
9	Customer Deposits				RUS Form 7
10	Deferred Debits				RUS Form 7
11	RATE BASE				Sum of Lines 4-10
12	Operating Revenues				RUS Form 7
	Operating Expenses				
13	Total Operation & Maintenance				RUS Form 7
14	Annual Depreciation				RUS Form 7
15	Property Taxes				RUS Form 7
16	Taxes - Other than Income				RUS Form 7
17	TOTAL OPERATING EXPENSES				Sum of Lines 13-16
18	RETURN				Line 12 - Line 17
19	RATE OF RETURN - OVERALL				Line 18 / Line 11

Notes:

- (a) Schedule B and Schedule C
- (b) As adjudicated in last rate case or as currently calculated

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NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC

(Continued from Sheet No. 20.5)

Attachment B
Schedule 2

**CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC.
Rate Base and Existing Return Calculation
December 31, 20xx**

Line No.		(a) Capitalization per Books	(b) Capitalization Percentage	(c) Cost	(d) Weighted Costs
	EXISTING RETURN:				
1	Long-Term Debt				
2	Total Equity				
3	Total				
	ADJUSTED RETURN:				
4	Long-Term Debt				
5	Total Equity				
6	Total				

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NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC

(Continued from Sheet No. 20.6)

Attachment B
Schedule 3

CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC.
Return Calculation
December 31, 20xx

Line No.		(a) Cost	(b) Source
	BANDWIDTH CHECK		
1	Benchmark Return on Equity		
2	Upper Bandwidth Return On Equity		Benchmark ROE + 1%
3	Lower Bandwidth Return On Equity		Benchmark ROE - 1%
4	Earned Return on Equity		Schedule 2 Line 3 (c)
5	ROE Adjustment		Adjustment ROE
6	Adjusted ROE		Line 4 + Line 5
7	Adjusted Return On Rate Base		Schedule 2 Line 7 (d)

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Chief Executive Officer

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NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC

(Continued from Sheet No. 20.7)

Attachment B
Schedule 4

**CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC.
Rate Base and Existing Return Calculation
December 31, 20xx**

Line No.		(a) Cost	(b) Source
1	Rate Base		Schedule 1 Line 11 (c)
2	Adjusted Return On Rate Base		Schedule 3 Line 7 (a)
3	Adjusted Return		Lines 1*2
4	Total Operating Expenses		Schedule 1 Line 17 (c)
5	Adjusted Revenues		Sum of Lines 3 and 4
6	Existing Operating Revenues		Schedule 1 Line 12 (c)
7	Adjustment To Operating Revenues		Line 5 - Line 6
8	Percent Increase		Line 7/Line 6

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Chief Executive Officer

Effective: May 1, 2012

NAME OF UTILITY CHOCTAWHATCHEE ELECTRIC COOPERATIVE, INC

(Continued from Sheet No. 20.8)

ATTACHMENT C
EVALUATION PERIOD COST OF [COMMON] EQUITY (EPCOE)

1. The "Modified" Goodwin Model

A. The following version of the "Modified" Goodwin Model as put forth by National Rural Utility Cooperative Finance Corporation and the Rural Utility Service shall be used and applied to CHELCO in determining its BROE:

$$k_e = \frac{((1+g)^{(n+1)} - (1+g)^n)}{(1+g)^n}$$

Where:

- k_e = Cost of common equity for CHELCO.
- g = Growth rate in Total Utility Plant for CHELCO. The growth rate data for CHELCO shall be computed as described in section B below.
- n = Capital Credits rotation cycle policy in years

The Board of Directors shall use this formula as a guide to determining the BROE; however, they can deviate from it with good reason.

B. Growth rate shall be the 10 year average of the annual change in Total Utility Plant inclusive of CWIP.

Issued by: Leigh V. Grantham
 Chief Executive Officer

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