

Section 26 ELECTRIC TAX ADJUSTMENT RIDER #1

Applicable: To All Electric Prices, Charges and Fees

Adjustment: When any franchise, occupation, sales, license, excise, privilege or similar tax or fee of any kind is imposed upon the Cooperative by any governmental authority based upon (I) the sale of electric service to customers, (II) the amounts of electric energy sold to customers, (III) the gross receipts, net receipts, or revenues to the Cooperative therefrom, or when the Cooperative is required pursuant to pre-existing agreements to provide service without charge, such tax or fee or value of service shall, insofar as practical, be charged on a pro rate basis to all customers receiving electric service from the Cooperative within the boundaries of such taxing authority. Any such charge shall continue in effect only for the duration of such tax, assessment, or service period.

Iowa Sales Tax: A state sales tax, as set forth in Section 422.43 of the Iowa Code, shall be applied to all billings for electric service, unless excepted under the provisions of Section 422.45, Iowa Code, and regulations applicable thereto.

Local Option Sales Tax: Where a local option tax, as set forth in Section 422B of the Iowa Code, has been imposed in a county, it shall be applied to all billings for electric service to customers within the designated area(s) of application, except where such billings are subject to a franchise or user fee and therefore exempt under Rule 701-107.9 of the Iowa Admin. Code.

School Infrastructure Local Option Tax: Where a school infrastructure local option tax, as set forth in Section 422E of the Iowa Code, has been imposed in a county, it shall be applied to all billings for electric service to customers within the county, except where such billings are subject to a franchise or user fee and therefore exempt under Rule 701 –107.9 of the Iowa Admin. Code.

Franchise Requirements: A franchise tax, as set forth in any franchise documents, shall be applied to all billings for electric service in the applicable jurisdictions.