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BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NO. U-36809

LA PUBLIC SERVICE COMM
JUL 7 2023 PM3:07

CONCORDIA ELECTRIC COOPERATIVE, INC., EX PARTE

In re: 2022 Formula Rate Plan Annual Report

STAFF REPORT AND RECOMMENDATION

Summary

On April 18, 2023, Concordia Electric Cooperative, Inc. ("Concordia", "CEC", or "Cooperative") filed its annual Formula Rate Plan ("FRP") Report for the test year ending December 31, 2022 with the Louisiana Public Service Commission ("LPSC" or "Commission"). Notice of this proceeding was published in the Commission's Official Bulletin #1298, dated May 23, 2023. No interventions were received during, or subsequent to, the intervention period. On May 23, 2023 CEC filed an amended 2022 FRP Annual Report, replacing the Report filed on April 18, 2023 ("2022 FRP Annual Report"). The filing indicated that CEC's auditors made changes to Cooperatives 2022 financial records which resulted in changes to the 2022 FRP Annual Report.

CEC is a Louisiana nonprofit electric cooperative organized and existing under the Electric Cooperative Act of the State of Louisiana with its main office located at 1865 U.S. Hwy 84, West, Jonesville, LA 71343. CEC provides electric service to its members in the Parishes of Catahoula, Concordia, Franklin, Grant, LaSalle, Tensas, and Rapides. CEC's membership is comprised of approximately 13,804 customers, including approximately 9,305 non-seasonal residential customers using an average of 1,117 kilowatt hours (kWh) per month and approximately 1,753 commercial customers using an average of 2,289 kWh per month.[1] CEC maintains approximately 2,685 miles of lines and has approximately 60 employees. CEC is governed by an elected nine-member Board of Directors and obtains long-term debt financing from the Rural Utilities Service ("RUS") and supplemental lenders such as the National Rural Electric Cooperative Finance Corporation ("CFC") and CoBank.

The 2022 FRP Annual Report is based upon a test year for the twelve months ending December 31, 2022, and presents the results of the third, and final, test year under the Cooperative's approved and extended FRP.[2] CEC's FRP provides for a midpoint TIER of 1.50 with a bandwidth range from 1.40 to 1.60. Should CEC's TIER fall above or below the bandwidth, CEC is permitted under the FRP to reset rates to the midpoint of 1.50. In its 2022 FRP Annual Report, CEC's revised as-filed results reflect that an increase in revenues of $1,789,345 is necessary.[3] The Cooperative calculated a Times Interest Earned Ratio ("TIER") of -2.16 and a Debt Service Coverage Ratio ("DSCR") of 0.61 after adjusting the test year's per-books revenues and expenses according to the ratemaking adjustments set forth in Attachment C to the Cooperative's Rider Schedule FRP. CEC asserts that the adjusted TIER of -2.16 falls below the prescribed earnings bandwidth, as the lower endpoint of the bandwidth is set at a TIER of 1.40 and the upper endpoint of the bandwidth is set at a TIER of 1.60. According to the Cooperative's calculations, the adjusted TIER of -2.16 falls below the prescribed earnings bandwidth range, and hence a rate reset is necessary.[4] Staff raises a significant concern at it relates to whether or not the existing Formula Rate Plan is working as intended, as this will result in a large one year increase in rates.

[1] Customer average and kWh usage calculations are based CEC's 2022 Annual Report Part O Power Requirements Database-Annual Summary.
[2] See Order No. U-35800 dated June 7, 2021 and Order No. U-33779 dated January 20, 2017.
[3] 2022 FRP Annual Report, Attachment D.
[4] *Id.*, Attachment D ("Rider FRP Revenue Redetermination Formula").

Staff has thoroughly evaluated the 2022 FRP Annual Report, including documentation provided in support of each prescribed pro forma adjustment, responses to data requests, and additional test year financial transactions and operating data. Staff's examination resulted in additional adjustments to remove scholarships that are typically not considered as operating expenses and therefore not recoverable under the FRP.

Additionally, Staff's review revealed significant increases in both revenue and expense accounts for the test year. The Cooperative's revenue increased by approximately $4.2 million dollars. The majority of the increase was due to an increase in kWh sales, and the associated increase in Power Cost Adjustment ("PCA") revenues associated with the cost of power. The Cooperative recovers the cost of power through the PCA, which includes the actual cost of power from its power suppliers. The cost of power alone represented approximately $3.4 million, or 81%, of this increase. It is important to note that this increase in revenue did not produce excess earnings for the Cooperative, rather the increased revenue reflected an increase in expenses.

The Cooperative has reported a steady increase of distribution expenses since the inception of the FRP. The 2022 test year cost increases were significantly higher than previous years, and demonstrate a continued upward trend. The most significant distribution expense increases were found in the "Operation", "Maintenance", and "ROW Maintenance" accounts. These three accounts reported a combined increase of approximately $474,471, or 8.7%, from the previous test year. The Cooperative indicated that the 2022 test year's increases were related to higher overhead costs for fuel and vehicles, as well as a $2.00/hour across the board wage increase granted in January of 2022.

In addition to a significant increase in distribution expenses, the Cooperative reported a $252,000 increase, or 17.54%, in "Customer Accounts Expense". The Cooperative indicated that this increase is due in large part to the necessity of using expensive contract meter readers until their AMS system is functional.[5] The Cooperative was granted the ability to implement an AMS system in 2021, but has been unable to meet the implementation timelines originally submitted to the LPSC. As of the date of this filing, Concordia has only implemented about 2% of the meters for an AMS system.

Concordia additionally reported an increase of approximately $185,364, or 13.84%, in "Administrative and General Expenses" for the test year. The Cooperative indicated that this increase was due to payroll increases, transportation expense increases, and attorney expense increases for the 2022 test year. Additionally, Concordia reported an increase under "Interest Expense Other" of approximately $72,798, or 101.82%. The Cooperative indicated that these expenses were related to interest costs from borrowing additional money through its emergency line of credit for system repairs due to the 2021 ice storms.

Based upon the Staff-adjusted 2022 test year data, CEC achieved a TIER of -2.14 and a DSCR of 0.62. As the 2022 test year's TIER of -2.14 is below the lower endpoint of the prescribed TIER bandwidth of 1.40, the terms of the FRP require a reset of rates to the midpoint TIER of 1.50. While Staff's adjustments reduced the increase necessary to achieve the 1.50 midpoint from CEC's as-filed increase, an increase is still warranted under the terms of the FRP. As discussed further below, while Order Nos. U-33779 and U-35800 authorize CEC an FRP with annual resets, the significant increases in expenses over the last three years under the FRP create concern for Staff. Staff questions the effectiveness of CEC's FRP given these significant increases, and begins to question the management capabilities of CEC given these large overruns in expenses.

<u>The Rate-Setting Provisions of CEC's FRP</u>

[5] See Order U-35456-A dated March 23, 2021.

The FRP approved by the Commission in Order No. U-33779, and extended in Order No. U-35800, offers the Cooperative the opportunity to recover its adjusted test year costs, including the cost of long-term debt, and to implement increases or decreases in the revenue requirement through two primary categories of rate treatment. The first category, the Prospective Revenue Requirement, provides for rate changes to be implemented by the Cooperative if the test year margins exceed or fall below a prescribed bandwidth of the TIER, with an additional revenue test to determine DSCR. The second category of rate treatment allows the Cooperative to recover and/or pass through the revenue requirement effects of Extraordinary Cost Changes outside of the Prospective Revenue Requirement calculation (i.e. dollar-for-dollar recovery or pass-through). The Extraordinary Cost Change Revenue Requirement allows the Cooperative to recover from, or flow back to, its members the effects of unforeseen and extraordinary cost changes that lead to rate changes that the Prospective Revenue Requirement of the FRP is not designed to address. These two areas of rate treatment are combined to yield the Total Rider FRP Revenues that are to be included in base rates. The Cooperative did not seek rate relief through the Extraordinary Cost Change Revenue Requirement in the 2022 test year or any prior test year of the FRP.

The Prospective Revenue Requirement is subject to a set of prescribed, pro forma adjustments specified in Attachment C to CEC's Rider Schedule FRP. Both the Cooperative and Staff can propose additional adjustments outside those prescribed in Attachment C. Any change in base rates through the Prospective Revenue Requirement is triggered through the computation of the TIER and DSCR. If the calculated TIER falls within the bandwidth between 1.40 and 1.60 on an adjusted basis, there shall be no change in the Cooperative's base rates. If the adjusted TIER falls outside the prescribed earnings bandwidth, rates are to be reset to the midpoint TIER of 1.50. By approving, in Order No. U-35800, an FRP extension with a three-year term and a rate reset to the midpoint TIER, the Commission has provided CEC with a cushion in rates that will allow the

Cooperative to consistently achieve a TIER that exceeds the minimum loan covenants of the Cooperative's principal lenders.

Test Year Adjustments Proposed by Concordia

Concordia made the following adjustments to the 2022 test year results as prescribed in Attachment C of the FRP:

- **Adjustment 1a** **Interest on Long-Term Debt** **($5,611)**
- **Adjustment 1b** **Principal Repayments** **($7,368)**

Attachment C prescribes an adjustment to annualize test year interest on long-term debt and principal repayments. The 4^{th} quarter per books interest on long-term debt and principal repayments are annualized and the difference between the annualized amount and the test year per books balance represents the adjustment.

- **Adjustment 2** **Depreciation Expense Adjustment** **$19,876**

As in the case of the interest on long term debt and principal repayments being annualized, the depreciation expenses are also annualized to be representative of going-forward plant balances. The adjustments reflect the difference between the annualized December 2022 depreciation expense and the amounts recorded as depreciation expense for the entire test year.

- **Adjustment 3** **Non-Operating Margin Adjustment** **$20,698**

An adjustment is also prescribed in Attachment C to annualize the interest income classified as Non-Operating Margins in the month of December, 2022. The adjustment represents the difference between the annualized amount and the Per Books amount for the entire test year.

- **Adjustment 4** **Change in Rider FRP Revenue due to Rate Increase** **$90,086**

Attachment C requires an adjustment be made for any change in Rider FRP revenues that went into effect during the test year as if the rate change had been in effect for the entire test year. The

Cooperative has made the appropriate adjustments to the Rider FRP revenues for each month of the test year.

- **Adjustment 5 Fines and Penalties ($0)**

  Attachment C requires a removal of all fines and penalties paid by the Cooperative from the test year expenses. There was no Fines and Penalties paid by the Cooperative in the test year.

- **Adjustment 6 Charitable Contributions Exclusions ($28)**

  The charitable contributions made during the 2022 test year have been eliminated from the test year operating expenses as required in Attachment C that the adjustment be made to exclude such donations and contributions.

- **Adjustment 7 Political Contributions and Lobbying Expenses ($4,500)**

  As in the case of Charitable Contributions, Attachment C prescribes an adjustment to exclude all Political Contributions and Lobbying Expenses from the test year expenses.

- **Adjustment 8 Other Revenue Adjustments ($0)**

  The provisions of Attachment C allow the Cooperative, or the Staff, to propose that unusual or nonrecurring revenue changes (or expenses) incurred during the test year may be excluded from the test year in entirely or deferred and amortized over a reasonable number of years. CEC did not request an adjustment.

- **Adjustment 9 Other Expense Adjustments ($0)**

- **Adjustment 9B Other Expense Adjustments ($0)**

  As in the case of Other Revenue Adjustments, Attachment C allows the Cooperative, or the Staff, to propose that unusual or nonrecurring revenue changes incurred during the test year may be excluded from the test year in entirety or deferred and amortized over a reasonable number of years. CEC did not request an adjustment.

Staff Review of CEC's 2022 FRP Annual Report

Staff reviewed the 2022 FRP Annual Report submitted by CEC. The documentation provided in support of each test year adjustment was examined to ensure that the adjustments were accurately determined and that each adjustment prescribed in the FRP had been reflected. Staff reconciled the revenue and expense amounts presented in Attachment B of the Cooperative's 2022 FRP Annual Report Filing (i.e., the test year revenues and expenses by individual line item) to the account balances from the relevant general ledger accounts. These amounts were then verified with the financial information reported in the Cooperative's monthly CFC/RUS Form 7 and the Cooperative's audited financial statements for completeness and accuracy. Additionally, Staff reviewed CEC's treatment of AMS and Right of Way expenses, as required by the Order No. U-35800 and U-35456 which authorized the FRP Extension and AMS Certifications.

Staff issued discovery requesting further information on CEC's operations, financial results, and proposed adjustments. Staff reviewed the individual general ledger account activity to identify any unusual and non-recurring activity, out-of-period activity, or other financial transactions that may not be appropriate for ratemaking purposes.

CEC primarily provides retail service to residential customers. Residential customers make up approximately 86% of the Cooperative's customer base. Commercial customers make up approximately 13%. The remaining balance of customers (approximately 1%) is comprised of public authorities. CEC has experienced a slight increase in total customers served and a significant an increase in total energy sales, as evidenced in Table 1 below. The Total Revenues increased due to increases in the cost of power in addition to additional kWh sales. Staff notes again that because this revenue increase was reflective of increased costs, the additional revenue did not result in surplus earnings.

Table 1
Concordia Electric Cooperative, Inc.
Average Number of Customers Served, Total Energy Sales, and Revenues Received from the Sale of Electricity
2019-2022

Year:	2019	2020	2021	2022
Number of Customers by Year's End	13,736	13,773	13,787	13,807
kWh Sold	211,599,745	191,576,071	188,049,234	195,038,583
Total Revenues	$23,480,305	$21,164,015	$21,254,754	$25,428,823

As part of its review, Staff conducted trend and ratio analyses to evaluate whether the test year amounts reported for individual expense categories were reasonable. Staff compared the 2022 non-fuel operating expenses to the same expense activity reported for each test year in the period of 2019 through 2021 as presented in the Cooperative's annual CFC/RUS Form 7.

In the calendar year 2022, Purchased Power represented approximately 64.89% of CEC's total operations and maintenance expenses. CEC had an 8.75% increase in Distribution Expenses-Operations, a 137.35% increase in Distribution Expense-Operations AMS System, a 4.13% increase in Distribution Expense-Maintenance, and a 23.73% increase in Distribution Expense-R.O.W. Maintenance. These increases came at a year to year dollar increase of approximately $493,220 in Distribution Expenses alone. In addition to these increases, Customer Accounts Expenses increased by 17.54% and Customer Service and Informational Expenses increased by 37.12%. These Customer Accounts and Customer Service expenses came at a year to year dollar increase of approximately $273,080. The Administrative and General Expense increased by 13.84% for an additional year to year dollar increase of approximately $185,364. Altogether, the non-fuel related operations and maintenance expenses increased for the 2022 test year by approximately $951,041.

Annualized changes for depreciation, tax expenses, and interest expenses provided an additional overall expense of approximately $99,616. These expenses overall provided an increase in the non-fuel related total cost of electric service of approximately $1,050,657.

Staff requested further information regarding any increase or decrease of more than 5% from Concordia. Concordia indicated the majority of the costs increases for non-fuel related expenses come from increased labor and overhead costs. Concordia indicated they implemented a $2.00 per hour wage increase in January 2022 which increased payroll and its associated expenses. Additionally, Concordia is struggling to implement the AMS system, which increases the cost of expensive meter reader contracts. Concordia had increases in the interest expenses associated with the use of an emergency line of credit while making repairs from the 2021 winter storms. In addition to the $1,050,657 increase in total cost of electric service in the test year, Concordia had a reduction in non-operating margins that helped to reduce a significant increase in rates in the previous year that was related to the Paycheck Protection Program. This reduction was approximately $921,851.00 and further erodes the established TIER and DSCR allowed by the Formula Rate Plan rate setting methodology. This effectively masked a need for approximately $921,851.00 in additional revenues in the previous test year which further compounds the revenue shortfall in the current test year because operating expenses continued a significant upward trend.

The aforementioned increases in expenses for the test year resulted in CEC not meeting its minimum TIER as set in its FRP. The Cooperative's inability to control expenses in Distribution Operation Expenses, Transmission Expenses, Customer Account Expenses, and Customer Service and Informational Expenses contributed to the TIER of -2.14 on an adjusted basis for the 2022 test year. Based upon its review of the documentation provided by CEC in support of the prescribed pro forma adjustments, Staff found that the Cooperative's proposed adjustments are complete, accurate, and appropriately reflect the provisions of the FRP, with the exception of one additional adjustment. However, as this is a review of the 2022 Annual Report, not an actual rate case, Staff makes no judgment as to the prudence of these increased costs.

Staff also reviewed the Cooperative's compliance with required annual reports, ISF payments, and additional regulatory requirements. It appears that during this review Concordia has not filed their annual commercial billing account review for 2021 or 2022. Concordia also appears to continue be out of compliance with the minimum performance standards for System Average Interruption Duration Index ("SAIDI") and System Average Interruption Frequency Index ("SAIFI"). Staff is including in this Report the condition that Concordia file an update as to its performance metrics.

Staff Recommendations

In addition to the adjustments made by CEC, Staff recommends the following adjustment to exclude those expenses that are more akin to or represent donations and/or charitable contributions and are not directly related to the operation of an electric utility:

- **Staff Adjustment 1 – Scholarships (\$7,500).**

CEC recorded \$7,500 in in expenses for scholarships during the test year. As these expenses are not directly related to the actual operation or maintenance of an electric utility, they are routinely removed for ratemaking purposes. Staff recommends that a total of \$7,500 be removed from test year expenses.

The effect of Staff's adjustments increases the Calculated TIER from -2.15 as filed by CEC to -2.14 on an adjusted basis. Table 2 presents a summary of the Calculated TIER for test year 2022.[6]

[6] A more detailed presentation of the revenue requirement determination and the calculation of the TIER and DSCR can be found in Exhibit No. 2 attached hereto.

Table 2
Concordia Electric Cooperative, Inc.
Formula Rate Plan Evaluation – 2022 Test Year
Summary of the Calculation of the Times Interest Earned Ratio

Description	Per Books	CEC Adjusted	Staff Adjusted
Patronage Capital and Operating Margins	($1,643,726)	($1,542,679)	($1,535,179)
Interest on Long-Term Debt	$494,503	$488,892	$488,892
Calculated Times Interest Earned Ratio	**(2.3240)**	**(2.1555)**	**(2.1401)**

The Staff-adjusted TIER of -2.14 falls below the lower earnings bandwidth endpoint of a TIER of 1.40. Therefore, applying CEC's FRP with Staff's adjustments, as with the as-filed results, there is a need for a rate reset to the midpoint TIER of 1.50; however, the increase calculated by Staff needed to achieve the midpoint is lower than CEC's as-filed results.

Conclusion

Staff has thoroughly evaluated the 2022 FRP Annual Report submitted by CEC. Based upon Staff's review of the documentation provided in support of the pro forma adjustments prescribed in Attachment C of Rider Schedule FRP and the evaluation of additional test year financial transactions, Staff proposed one additional adjustment to reduce test year expenses. The total Staff-recommended adjustments result in a TIER of -2.14, which still falls below the 1.40 TIER lower earnings bandwidth endpoint. Based upon its review, Staff's adjustments to the as-filed results reflect the need for a rate change of 18.95% in CEC's Rider FRP Revenues, as the lower earnings threshold has not been met. Pursuant to the terms of CEC's FRP, CEC is permitted to reset rates to the midpoint TIER of 1.50. This change constitutes an approximate revenue increase of $1,779,567 for the 2022 test year.

Staff raises a significant concern at it relates to whether or not the existing Formula Rate Plan is working as intended. In the past, rural cooperatives utilizing a formula rate plan in Louisiana have had minor or modest increases or decreases in its rates.[7] No other Cooperative has filed for as significant an increase as is called for in this filing. Rate increases have historically been mitigated by Concordia's ability to maintain and manage its distribution maintenance expenses as well as its customer accounts and general administrative expenses. Over the last three years, Concordia has seen an increase of $1,811,062 in these expenses alone, with the majority of those increases occurring in the last two calendar years. Additionally, the FRP is designed with a shortened review period which is intended to allow recovery of agreed upon operating expenses as well as agreed upon adjustments to those operating expenses. Because of the significant increase in these expense categories, Staff believes it is appropriate and necessary for Concordia to come in for a full base rate review as soon as is reasonably possible. Staff anticipates the need for a review Concordia's base rates to ensure that these significantly increased distribution and administrative expenses are necessary and prudent.

Staff makes its recommendations subject to the following two conditions:

1. Within 15 days of the issuance of an order in this proceeding, CEC shall file into the record of this proceeding an updated and revised tariff for Staff review and approval. CEC shall not implement the rates authorized by the order unless and until Commission Staff receives

[7] See the following Dockets: U-34033, U-35368, U-35194, U-35475, U-34837, U-35117, U-35178, U-35183, U-35550, U-35998, U-36337, U-36365, U-36368, and U-36807.

and approves the Cooperative's updated and revised tariff and the LPSC Commission has voted.

2. Within 30 days of the issuance of an order in this proceeding, CEC shall file an update on its reliability metrics for SAIDI and SAIFI along with an accompanying narrative explaining any performance deviation from the standard established in the April 30, 1998 General Order. This narrative should include explanations of increased ROW expenses and why the increased spending has not had a corresponding impact on these metrics.
3. The Cooperative shall file its annual review of Commercial Billing Accounts Report into the record of this proceeding within 60 days of an issuance of an order in this proceeding.
4. The Cooperative shall file a full base rate review no later than June 1, 2024, utilizing the 2023 Test Year.

Louisiana Public Service Commission
Concrodia Electric Cooperative, Inc.
Docket No. U-36809
Formula Rate Plan Evaluation - Unadjusted Results 2019-2022

Description	2019	2020	2021	2022
OPERATING REVENUE AND PATRONAGE CAPITAL	$ 23,816,248.00	$ 21,538,055.00	$ 21,607,231.00	$ 25,807,194.00
COST OF PURCHASED POWER	$ 13,849,514.00	$ 12,368,491.00	$ 12,898,572.00	$ 16,306,274.00
	58.15%	57.43%	59.70%	63.18%
TRANSMISSION EXPENSE	$ 53,876.00	$ 54,516.00	$ 53,058.00	$ 52,435.00
DISTRIBUTION EXPENSE - OPERATION	$ 1,868,572.00	$ 2,010,411.00	$ 2,138,584.00	$ 2,325,626.00
DISTRIBUTION EXPENSE - OPERATION AMS SYSTEM	$ -	$ -	$ 13,651.00	$ 32,400.00
DISTRIBUTION EXPENSE - MAINTENANCE	$ 2,529,590.00	$ 1,750,636.63	$ 1,965,078.00	$ 2,046,304.00
DISTRIBUTION EXPENSE - R.O.W MAINTENANCE		$ 720,866.37	$ 868,850.00	$ 1,075,053.00
CUSTOMER ACCOUNTS EXPENSE	$ 1,298,580.00	$ 1,310,056.00	$ 1,437,953.00	$ 1,690,181.00
CUSTOMER SERVICE AND INFORMATIONAL EXPENSE	$ 56,709.00	$ 54,507.00	$ 56,178.00	$ 77,030.00
SALES EXPENSE	$ -	$ -	$ -	$ -
ADMINISTRATIVE AND GENERAL EXPENSE	$ 1,205,471.00	$ 1,343,275.00	$ 1,339,467.00	$ 1,524,831.00
TOTAL O&M EXPENSE	$ 20,862,312.58	$ 19,612,759.57	$ 20,771,391.60	$ 25,130,134.63
	88%	91%	96%	97%
DEPRECIATION AND AMORTIZATION EXPENSE	$ 1,655,379.00	$ 1,698,344.00	$ 1,733,817.00	$ 1,765,808.00
TAX EXPENSE - PROPERTY & GROSS RECEIPTS	$ -	$ -	$ -	$ -
TAX EXPENSE - OTHER	$ (418.00)	$ (1,403.00)	$ (26,641.00)	$ (7,035.00)
INTEREST ON LONG-TERM DEBT	$ 569,076.00	$ 539,820.00	$ 519,282.00	$ 494,503.00
INTEREST CHARGED TO CONSTRUCTION - CREDIT	$ -	$ -	$ -	$ -
INTEREST EXPENSE - OTHER	$ 46,980.00	$ 49,255.00	$ 71,495.00	$ 144,293.00
OTHER DEDUCTIONS	$ 45,167.00	$ 22,686.00	$ -	$ -
TOTAL COST OF ELECTRIC SERVICE	$ 23,178,497.46	$ 21,921,462.48	$ 23,069,345.56	$ 27,527,704.61
	97%	102%	107%	107%
PATRONAGE CAPITAL & OPERATING MARGINS	$ 637,750.54	$ (383,407.48)	$ (1,462,114.56)	$ (1,720,510.61)
NON-OPERATING MARGINS - INTEREST	$ 55,518.00	$ 49,478.00	$ 50,241.00	$ 53,354.00
ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION	$ -	$ -	$ -	$ -
INCOME (LOSS) FROM EQUITY INVESTMENTS	$ -	$ -	$ -	$ -
NON-OPERATING MARGINS - OTHER	$ 218,968.00	$ 47,799.00	$ 926,502.00	$ 4,651.00
CAPITAL CREDITS AND PATRONAGE DIVIDENDS	$ 33,801.00	$ 5,271.00	$ 34,015.00	$ 18,778.00
EXTRAORDINARY ITEMS	$ -	$ -	$ -	$ -
PATRONAGE CAPITAL OR MARGINS	$ 946,037.54	$ (280,859.48)	$ (451,356.56)	$ (1,643,727.61)
MARGINS PLUS INTEREST ON LONG-TERM DEBT	$ 1,515,113.54	$ 258,960.52	$ 67,925.44	$ (1,149,224.61)
CALCULATED TIER (CTIER)	2.66	0.48	0.13	(2.32)
PATRONAGE CAPITAL OR MARGINS	$ 946,037.54	$ (280,859.48)	$ (451,356.56)	$ (1,643,727.61)
INTEREST ON LONG-TERM DEBT	$ 569,076.00	$ 539,820.00	$ 519,282.00	$ 494,503.00
DEPRECIATION AND AMORTIZATION EXPENSE	$ 1,655,379.00	$ 1,698,344.00	$ 1,733,817.00	$ 1,765,808.00
SUM CDSC COMPONENTS	$ 3,170,492.54	$ 1,957,304.52	$ 1,801,742.44	$ 616,583.39
INTEREST ON LONG-TERM DEBT	$ 569,076.00	$ 539,820.00	$ 519,282.00	$ 494,503.00
PRINCIPAL PAYMENTS ON LONG-TERM DEBT	$ 683,758.00	$ 669,671.00	$ 771,954.00	$ 717,934.00
SUM OF CDSC PRINCIPAL AND INTEREST PAYMENTS	$ 1,252,834.00	$ 1,209,491.00	$ 1,291,236.00	$ 1,212,437.00
CALCULATED DSC (CDSC)	2.53	1.62	1.40	0.51

Louisiana Public Service Commission							
Docket No. U-36809							
Concordia Electric Coopertive, Inc.							
Formula Rate Plan Evaluation - 2022 Test Year							
Determination of Times Interest Earned Ration, Debt Service Coverage Ratio, and Revenue Change							
January 2022 through December 2022							
Description	Unadjusted Test Year	Concordia Proposed Adjustments	Adjustment	Concordia Adjusted Test Year		Staff Proposed Adjustment	Staff Adjusted Test Year
Operating Revenue	$ 25,807,194.00	$ 90,086.00	4 and 8	$ 25,897,280.00		$ 90,086.00	$ 25,897,280.00
				$ -			$ -
Power Costs	$ 16,306,274.00	$ -	9A	$ 16,306,274.00		$ -	$ 16,306,274.00
Transmission Expense	$ 52,435.00			$ 52,435.00			$ 52,435.00
Distribution Expense - Operation Net of AMS	$ 2,325,626.00			$ 2,325,626.00			$ 2,325,626.00
Distribution Expense - Operationg AMS	$ 32,400.00			$ 32,400.00			$ 32,400.00
Distribution Expense - Maintenance Net of ROW	$ 2,046,304.00	$ -	9B	$ 2,046,304.00		$ -	$ 2,046,304.00
Distribution Expense ROW	$ 1,075,053.00			$ 1,075,053.00			$ 1,075,053.00
Consumer Accounts Expense	$ 1,690,181.00			$ 1,690,181.00			$ 1,690,181.00
Customer Service and Information Expense	$ 77,030.00			$ 77,030.00			$ 77,030.00
Sales Expense	$ -			$ -			$ -
Administrative and General Expense	$ 1,524,831.00	$ -	5	$ 1,520,303.00		$ -	$ 1,520,303.00
		$ (28.00)	6			$ (28.00)	
		$ (4,500.00)	7			$ (4,500.00)	
Total O&M Expense	$ 25,130,134.00	$ (4,528.00)		$ 25,125,606.00		$ (4,528.00)	$ 25,125,606.00
Depreciation and Amortization Expense	$ 1,765,808.00	$ 19,876.00	2	$ 1,785,684.00		$ 19,876.00	$ 1,785,684.00
Tax Expense - Property and Gross Receipts	$ -			$ -			$ -
Tax Expense - Other	$ (7,035.00)			$ (7,035.00)			$ (7,035.00)
Interest on Long Term Debt	$ 494,503.00	$ (5,611.00)	1a	$ 488,892.00		$ (5,611.00)	$ 488,892.00
Interest Charged to Construction - Credit	$ -						
Interest Expense - Other	$ 144,293.00			$ 144,293.00			$ 144,293.00
Other Deductions	$ -			$ -			$ -
Total Cost of Electric Service	$ 27,527,703.00	$ 9,737.00		$ 27,537,440.00		$ 9,737.00	$ 27,537,440.00
Patronage Capital & Operating Margin	$ (1,720,509.00)	$ 80,349.00		$ (1,640,160.00)		$ 80,349.00	$ (1,640,160.00)
Non-Operating Margins - Interest	$ 53,354.00	$ 20,698.00	3	$ 74,052.00		$ 20,698.00	$ 74,052.00
Alllowance for Funds Used During Construction	$ -			$ -			$ -
Income from Equity Investments	$ -			$ -			$ -
Non-Operating Margins - Other	$ 4,651.00			$ 4,651.00		$ -	$ 4,651.00
Capital Credits and Patronage Divedends	$ 18,778.00		12	$ 18,778.00		$ 7,500.00	$ 26,278.00
Extraordinary Items	$ -						$ -
Patronage Capital or Margins	$ (1,643,726.00)	$ 101,047.00		$ (1,542,679.00)		$ 108,547.00	$ (1,535,179.00)
Margins Plus Interest on Long-Term Debt	$ (1,149,223.00)	$ 95,436.00		$ (1,053,787.00)		$ 102,936.00	$ (1,046,287.00)
TIER	-2.3240			-2.1555			-2.1401
Patronage Capital or Margins	$ (1,643,726)	$ 101,047		$ (1,542,679)		$ 108,547	$ (1,535,179)
Interest on Long Term Debt	$ 494,503	$ (5,611)		$ 488,892		$ (5,611)	$ 488,892
Depreciation and Amortization Expense	$ 1,765,808	$ 19,876		$ 1,785,684		$ 19,876	$ 1,785,684
Sum CDSC Components	$ 616,585	$ 115,312		$ 731,897		$ 122,812	$ 739,397
Principal Payments on Long Term Debt	$ 717,934	$ (7,368)		$ 710,566		$ (7,368)	$ 710,566
Interest on Long Term Debt	$ 494,503	$ (5,611)		$ 488,892		$ (5,611)	$ 488,892
Sum of Principal and Interest Payments	$ 1,212,437	$ (12,979)		$ 1,199,458		$ (12,979)	$ 1,199,458
Debt Service Coverage Ratio	0.5086			0.6102			0.6164

CONCORDIA ELECTRIC COOPERATIVE, INC.
FORMULA RATE PLAN
RIDER FRP REVENUE REDETERMINATION FORMULA

SECTION 1 - BANDWIDTH CHECK

	DESCRIPTION	REFERENCE	
1	Calculated TIER	Attachment B, L31	(2.14)
2	Lower Band TIER	Settlement Agreement	1.40
3	Upper Band TIER	Settlement Agreement	1.60
4	Midpoint TIER	Settlement Agreement	1.50
5	Calculated DSC	Attachment B, L39	0.62
6	DSC Lower Limit	Settlement Agreement	1.40
7	If L1 < L2	Section 2.C.2 of Tariff	GO TO Section 3
8	If L1 > L3	Section 2.C.2 of Tariff	GO TO Section 2
9	Otherwise		No Rate Change

SECTION 2 - RIDER FRP RATE REDUCTION

	DESCRIPTION	REFERENCE	
10	Calculated TIER	L1	(2.14)
11	TIER Midpoint	L4	1.50
12	Excess CTIER over Midpoint	L10 - L11	0.00
13	Required Decrease in TIER	100% of L12	0.00
14	Interest on Long-Term Debt	Attachment B, L14	$488,892
15	Rider FRP Revenue Reduction Subject to DSC Test	L13 * L14	$0

SECTION 3 - RIDER FRP RATE INCREASE

	DESCRIPTION	REFERENCE	
16	Calculated TIER	L1	(2.14)
17	TIER Midpoint	L4	1.50
18	Deficiency CTIER under Midpoint	L17 - L16	3.64
19	Required Increase in TIER	100% of L15	3.64
20	Interest on Long-Term Debt	Attachment B, L14	$488,892
21	Rider FRP Revenue Increase Subject to TIER Test	L19 * L20	$1,779,567

SECTION 4 - ADDITIONAL INCREASE DUE TO DSC LOWER LIMIT TEST

	DESCRIPTION	REFERENCE	
22	Calculated DSC before Revenue (Decrease)/Increase	Attachment B, L39	0.62
23	Revenue (Decrease)/Increase above based upon TIER	-L15 or +L21	$1,779,567
24	Payments for Principal and Interest on LTD	Attachment B, L38	$1,199,458
25	Change in CDSC for TIER Revenue	L23 / L24	1.48
26	CDSC as adjusted for TIER Revenue (Decrease)/Increase	L22 + L25	2.10
27	DSC Lower Limit	L6	1.40
28	Deficiency CDSC under DSC Lower Limit	L27 - L26	(0.70)
29	Revenue Increase subject to DSC Test	If L28 > 0, then L27 * L24	
		If L 28 <= 0, then 0	$0

SECTION 5 - TOTAL RIDER FRP REVENUE

	DESCRIPTION	REFERENCE	
30	(Reduction)/Increase in Rider FRP Revenue Requirement	- L15 or +L21	$1,779,567
31	Extraordinary Cost Change Revenue Requirement	Sec. 3.A of the Tariff	$0
32	Required Change In Total Revenue Requirement	L30 + L31	$1,779,567

SECTION 6 - CURRENT YEAR RIDER FRP PERCENTAGE

	DESCRIPTION	REFERENCE	
33	Base Revenue - Current Test Year	Attachment E	$9,391,779
34	Required Change in Rider FRP Revenue	L32	$1,779,567
35	Current Year % Change in Rider FRP Revenue	L34 / L33	18.95%

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NO. U-36809

CONCORDIA ELECTRIC COOPERATIVE, INC.,
EX PARTE

In re: 2022 Formula Rate Plan Annual Report

AFFIDAVIT

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned notary public, duly qualified and commissioned in and for the State and Parish aforesaid, personally came and appeared, THOMAS BROADY ("Affiant"), Auditor Supervisor with the Louisiana Public Service Commission, who after being duly sworn, did depose and say that Affiant prepared and reviewed the above and foregoing Testimony; that the matters contained therein are true and accurate to the best of Affiant's knowledge, information, and belief; and that the Affiant adopts the same as his sworn testimony in this proceeding.

FURTHER AFFIANT SAYETH NOT.

Thomas Broady

Auditor Supervisor

Louisiana Public Service Commission

SWORN TO AND SUBSCRIBED before me this 7th day of July, 2023.

Arvind Viswanathan

Bar Roll No. 36066

Notary ID. 142990

My Commission Expires at Death

Staff Attorney

Louisiana Public Service Commission

Service List for U-36809
as of 7/7/2023

Commissioner(s)

Mike Francis
Foster L. Campbell

LPSC Staff Counsel

W. Noah Hoggatt, LPSC Staff Attorney

LPSC Staff

Donnie Marks, LPSC Utilities Division
Thomas Broady, LPSC Auditing Division

Petitioner : **Concordia Electric Cooperative, Inc.**

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