

1803 ELECTRIC COOPERATIVE, INC.

LPSC Electric Tariff No. 1

Issued: 01/01/2025

APPLIES TO ALL ELECTRIC UTILITY CLASSES
COMPRISED OF THE FOLLOWING MEMBER COOPERATIVES:

BEAUREGARD ELECTRIC COOPERATIVE, INC.

PARISHES SERVED:

Allen
Beauregard
Calcasieu
Evangeline
Jefferson Davis
Rapides
Vernon

CLAIBORNE ELECTRIC COOPERATIVE, INC.

PARISHES SERVED:

Bienville
Claiborne
Jackson
Lincoln
Ouachita
Union
Webster

NORTHEAST LOUISIANA POWER COOPERATIVE, INC.

PARISHES SERVED:

East Carroll
Franklin
Madison
Morehouse
Richland
Tensas
West Carroll

POINT COUPEE ELECTRIC MEMBERSHIP CORP.

PARISHES SERVED:

Iberville
Pointe Coupee
West Baton Rouge

SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION

PARISHES SERVED:

Assumption
Lafourche
St. Martin
St. Mary
Terrebonne

WASHINGTON – ST. TAMMANY ELECTRIC COOPERATIVE, INC.

PARISHES SERVED:

St. Tammany
Tangipahoa
Washington

ISSUED BY:

Brian W. Hobbs, 1803 Chief Executive Officer
4601 Bluebonnet Blvd.
Baton Rouge, Louisiana 70809
(405) 831-5615

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WHOLESALE RATE TARIFF

AVAILABILITY

1803 Electric Cooperative (1803) is a not-for-profit generation and transmission electric cooperative which supplies wholesale power and transmission and distribution service to its Full Requirements member distribution cooperatives (FR Members) and transmission and distribution service only to its Transmission member distribution cooperatives (TR Members). 1803 serves its FR Members' power requirements and transmission and distribution service pursuant to long-term virtually all-requirements wholesale power contracts subject to the authority of the Louisiana Public Service Commission. 1803's FR Members, in turn, supply power on a retail basis to their end-use member-owner consumers. 1803 provides transmission and distribution service to its TR Members pursuant to transmission member contracts subject to the authority of the Louisiana Public Service Commission.

MONTHLY RATE

Recoverable Non-Variable Third-Party Power Supply Costs will be billed utilizing the attached Power Cost Adjustment ("PCA") tariff.

Recoverable Transmission and Distribution Costs will be billed utilizing the attached Transmission and Distribution Cost Adjustment ("TCA/DCA") Tariff.

Recoverable Power Supply Fuel, Market Settlement, and Other Third-Party Variable Power Supply related costs will be billed utilizing the attached Fuel Cost Adjustment ("FCA") tariff.

All other recoverable costs not recovered in the PCA, TCA/DCA, or FCA will be billed utilizing the attached Schedule Formula Rate Plan ("FRP") tariff.

CAPITAL CONTRIBUTION CHARGES

This charge is for the on-going capitalization of 1803 by its members that may be required from time to time. The total amount to be contributed by members will be established by the Board of Directors and submitted for review and approval by the Commission before implementation.

RECOVERABLE COSTS

Illustrative examples of recoverable costs to be collected in the PCA, TCA/DCA, FCA and the FRP are as follows:

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RECOVERABLE COST BY TARIFF

Line No.	Acct. No.	Description	Test Year Amount	Allocation Factor	PCA Tariff	TCA/DCA Tariff	FCA	WST/FRP	
								FRP Common	FR Adder
		<u>Purchased Power</u>							
1	555	Third Party Purchased Power - Demand and Non Fuel	\$\$\$	PCA	X				
2	555	Third Party Purchased Power - Fuel and Market Settlement	\$\$\$	FCA			X		
3	555	Third Party Purchased Power - SWPA Demand	\$\$\$	PCA	X				
4	555	Third Party Purchased Power - SWPA Energy Fuel	\$\$\$	FCA			X		
5	555	Other Power Supply Costs	\$\$\$	FRP FR					X
6	555	Salaries and Benefits	\$\$\$	FRP FR					X
7		Total Purchased Power	\$\$\$						
8									
9		<u>Owned Power Supply</u>							
10		Owned Power Supply Resource - Demand and Non-Fuel O&M	\$\$\$	FRP FR					X
11		Owned Power Supply Resource - Fuel and Market Settlement	\$\$\$	FCA			X		
12		Interest Expense	\$\$\$	FRP FR					X
13		Depreciation	\$\$\$	FRP FR					X
14		Ad Valorem Taxes	\$\$\$	FRP FR					X
15		Total Owned Power Supply	\$\$\$						
16									
17		<u>Admin and General</u>							
18	920	Salaries	\$\$\$	FR Common				X	
19	926	Office Supplies	\$\$\$	FR Common				X	
20	923	Outside Services - Common	\$\$\$	FR Common				X	
21	923	Outside Services - FR Only	\$\$\$	FRP FR					X
22	924	Property Insurance	\$\$\$	FR Common				X	
23	928	Regulatory Expense	\$\$\$	FR Common				X	
24	930.1	General Advertising Expense	\$\$\$	FR Common				X	
25	930.2	Miscellaneous General Expense	\$\$\$	FR Common				X	
26	931	Rents	\$\$\$	FR Common				X	
27	935	Maintenance of General Plant	\$\$\$	FR Common				X	
28	403.7	Depreciation of General Plant	\$\$\$	FR Common				X	
29	408.7	Other Taxes	\$\$\$	FR Common					X
30	431	Other Interest Expense	\$\$\$	FRP FR					X
31		Total Admin and General	\$\$\$						
32									
33		<u>Transmission Costs</u>							
34	560-569	Operations Expense	\$\$\$	TCA		X			
35	570-571	Maintenance Expense	\$\$\$	TCA		X			
36	403.5	Depreciation	\$\$\$	TCA		X			
37		Interest on LT Debt	\$\$\$	TCA		X			
38		Taxes	\$\$\$	TCA		X			
39		Total Transmission	\$\$\$						
40									
41		Subtotal Cost of Service	\$\$\$						
42		% of Total							
43									
44		Margins	\$\$\$	Allocated		X		X	X
45		Other Revenue	\$\$\$	Allocated		X		X	X
46		Interest Income	\$\$\$	Allocated		X		X	X
47		Non Member Revenue	\$\$\$	Allocated		X		X	X
48									
49		Total Member Base Rate Revenue Requirement	\$\$\$						

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POWER COST ADJUSTMENT CLAUSE

I. APPLICATION

This adjustment clause is applicable to electric service furnished to Full Requirements member distribution cooperatives under the Wholesale Rate Tariff of the Cooperative.

II. POWER COST ADJUSTMENT

There shall be added to each monthly bill for service an adjustment based upon the cost of non-variable purchased power supply costs incurred by the Cooperative to provide service and determined as follows:

$$\text{Power Cost Adjustment (PCA)} = \text{NFPc} + \text{SWPAd}$$

$$\text{Where: } \text{NFPc} = ((\text{NFPe} + \text{NFPadj}/12) / \text{System Billing kW}) \times \text{Member Billing kW}$$

NFPe is the actual recoverable non-variable purchased power supply costs excluding SWPAd incurred to provide service in the current month.

System Billing kW is the sum of the member metered demands coincident with the 1803 peak demand in the current month.

Member Billing kW is the member metered demand coincident with the 1803 peak demand in the current month.

NFPadj is an adjustment to correct for the variance in non-variable purchased power supply cost and recovery in the previous periods.

SWPAd is the demand costs associated with power delivered from the Southwestern Power Administration directly attributable to each member in the current month.

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FUEL COST ADJUSTMENT CLAUSE

I. APPLICATION

This adjustment clause is applicable to electric service furnished to Full Requirements Member Cooperatives under the Wholesale Rate Tariff of the Cooperative.

II. FUEL COST ADJUSTMENT

There shall be added to each monthly bill for service an adjustment based upon the cost of fuel and market settlements for all generation resources and other variable purchased power supply costs incurred by the Cooperative to provide service and determined as follows:

$$\text{Fuel Cost Adjustment (FCA)} = \text{FCAC} + \text{SWPAe}$$

$$\text{Where: FCAC} = ((F + S/12) / \text{System Billing kWh}) \times \text{Member Billing kWh}$$

F is the actual recoverable fuel, market settlement¹, and other variable purchased power supply costs excluding SWPe incurred to provide service in the current month.

System Billing kWh is the sum of the member metered energy purchased for the current month.

Member Billing kWh is the member metered energy purchased for the current month.

S is an adjustment to true-up the cumulative over (negative) or under (positive) recovery of fuel, market settlement, and other variable purchased power supply costs recoverable in this adjustment clause through the end of the previous month.

¹ Market Settlement: MISO uses a multi-settlement process to determine financial charges and credits to market participants based on their participation in the Financial Transmission Rights, Day-Ahead Energy and Operating Reserves and Real Time Energy and Operating Reserves markets.

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SWPAe is the variable costs associated with power delivered from the Southwestern Power Administration directly attributable to each member in the current month.

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FORMULA RATE PLAN
RIDER SCHEDULE FRP
GENERAL

Formula Rate Plan Rider Schedule FRP ("Rider FRP") defines the procedure by which the rates contained in the 1803 Electric Cooperative ("1803" or "Cooperative") Wholesale Rate Tariff may be periodically adjusted as designated in Attachment A to this Rider FRP. Rider FRP shall apply in accordance with the provisions of Section 2.A below to all service billed under the Rate Schedules, whether metered or unmetered, subject to the jurisdiction of the Louisiana Public Service Commission ("LPSC" or "Commission").

1. APPLICATION AND ANNUAL REDETERMINATION PROCEDURE

2.A RATE ADJUSTMENTS

The adjustments to the Cooperative's rates set forth in Attachment A to this Rider FRP ("FRP Rate Changes by Tariff") shall be added to the rate set out in the Monthly Rate section in the Cooperative's Wholesale Rate Tariff. The Rate Adjustments shall be determined in accordance with the provisions of Sections 2.B, 2.C, and 2.D below.

2.B ANNUAL FILING AND REVIEW

2.B.1. FILING DATE

On or before January 31 of each year, 1803 shall file a report with the Commission containing a calculation of the Cooperative's revenue requirement based on the 12 months ending December 31 of the previous year ("test year") prepared in accordance with the provisions of Section 2.C below. The annual filing shall be referred to as the "FRP Annual Report." A revised Attachment A shall be included in each such filing containing revised FRP Rate Changes by Tariff determined in accordance with the provisions of Section 2.C below. The rider shall become effective for bills rendered for usage in January of the filing year. Those FRP Rate Changes by Tariff shall then remain in effect until changed pursuant to the provisions of this Rider.

2.B.2 REVIEW PERIOD

The Commission Staff ("Staff") shall be provided a copy of each FRP Annual Report filing at the time it is filed with the Commission along with all pleadings in the FRP-related proceedings. At the time each such FRP Annual Report is filed, 1803 shall provide the Staff with all work papers supporting the data and calculations reflected in the FRP Annual Report, including electronic spreadsheets with formulas intact. The Staff may request clarification and additional supporting data.

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The Staff shall have until April 15 of the filing year to review the FRP Annual Report to ensure that it complies with the requirements of Section 2.C below. If the Staff should detect an error(s) in the application of the principles and procedures contained in Section 2.C below or should otherwise disagree with any of the computations, revenue, or costs included in such computations, such error(s) and/or disagreements shall be formally communicated in writing to 1803 by the April 15 deadline. Each such indicated error or disagreement shall include documentation of the proposed correction. The Cooperative shall then have 15 days to review any proposed corrections and/or adjustments, to work with the Staff to resolve any differences, and to file a revised Attachment A containing FRP Rate Changes by Tariff reflecting all corrections and adjustments upon which 1803 and the Staff agrees. The Cooperative shall include all work papers supporting any revisions to the Attachment A.

2.B.3 RESOLUTION OF DISPUTED ISSUES

If unable to resolve all disputes by the end of the 15-day period, remaining disputed issues may be submitted to the Commission for resolution. Upon resolution of the disputed issues, whether by Staff or by the Commission, 1803 shall have 60 days to file a revised Attachment A, if such is required, and provide a copy to Staff with supporting documentation and work papers. Such modified FRP Rate Changes shall be implemented in the next applicable billing cycle. 1803 shall determine the amount to be refunded or surcharged to customers due to the disputed issues, if any, together with legal interest and the adjustment to the FRP Rate Changes by Tariff to be applied prospectively. Such refund/surcharge amount shall be applied to customers' bills in the manner prescribed by the Commission, using best efforts to issue the refund/surcharge amount before the end of the year in which the FRP Annual Report was filed.

2.C ANNUAL REDETERMINATION OF RATE ADJUSTMENTS

2.C.1. DEFINITION OF TERMS

a. TEST YEAR

The test year shall be the 12-month period ending December 31 of the calendar year immediately preceding the filing of an FRP Annual Report.

b. CALCULATED MARGIN AS A PERCENT OF REVENUE

The Calculated Margin as a Percent of Revenue ("MPR") for each test year shall be determined in accordance with the Calculated Margin as a Percent of Revenue Formula set out in Attachment B to this Rider FRP tariff. The MPR determination shall reflect the actual results for the test year as recorded on the Cooperative's books in accordance with the RUS

Uniform System of Accounts, as adjusted by the test year ratemaking adjustments set forth in Attachment C to this Rider FRP tariff.

- c. **BANDWIDTH FOR MARGIN AS A PERCENT OF REVENUE**
The Margin as a Percent of Revenue Ratio Bandwidth ("Bandwidth") shall be the range of values with a lower limit ("Lower Band") equal to 1.25% and an upper limit ("Upper Band") equal to 1.75%
- d. **MINIMUM DEBT SERVICE COVERAGE RATIO REQUIREMENT**
The Cooperative's lender(s) require(s) the Cooperative to maintain a minimum Debt Service Coverage ratio (DSCR). To ensure compliance with this requirement, the Formula Rate Plan shall also include recovery of sufficient revenue to produce no less than a 1.35 DSCR.

2.C.2. RIDER FRP REVENUE LEVEL

For each test year, the Total Rider FRP Revenue level shall be determined using the Rider FRP Revenue Redetermination Formula as set forth in Attachment D, which reflects the following rules:

- a. **NO RIDER FRP CHANGE**
There shall be no change in the Rider FRP Revenue level in effect for the test year if the MPR is greater than or equal to the Lower Band, the MPR is less than or equal to the Upper Band, and the Rider RFP Revenue level produces no less than a 1.35 DSCR.
- b. **RIDER FRP INCREASE**
If the MPR is less than the Lower Band or results in less than a 1.35 DSCR, the Rider FRP Revenue level in effect for the test year shall be increased by the amount necessary to meet both the Lower Band and the 1.35 DSCR.
- c. **RIDER FRP REFUND**
If the MPR exceeds the Upper Band, the Rider FRP Revenue level in effect for the test year shall be reduced by the difference between the MPR and the Upper Band, subject to the requirement to produce no less than a 1.35 DSCR.

3. PROVISIONS FOR OTHER RATE CHANGES

3.A NO BASE RATE CHANGE

During the term of this Rider FRP, 1803 shall not file a base rate increase and the Commission shall not initiate a base rate reduction, except as otherwise specifically provided for herein. However, nothing herein shall preclude 1803 from continuing to recover through monthly bill adjustments based upon the cost of service as authorized in the Fuel Cost Adjustment Clause, the Power Cost Adjustment Clause, and the Transmission and Distribution Cost Adjustment Clause.

3.B EXTRAORDINARY COST CHANGES

If 1803 experiences a single extraordinary increase or decrease or multiple increases or decreases in expenses, or a single extraordinary decrease or multiple extraordinary decreases in base revenues net of any related offsetting reductions in expenses, in a test year having a net annual revenue requirement impact exceeding \$1 million on a Louisiana jurisdictional basis, then either the Cooperative or the Commission may address the ratemaking effects of such cost increase(s) or decrease(s) in expenses or decrease in base revenues in either the annual FRP proceedings or in a separate proceeding outside the provisions of the FRP and established for that purpose. Such extraordinary increases or decreases in expenses or decrease in base revenues shall be limited to an event or events of force majeure beyond the reasonable and direct control of 1803, including but not limited to natural disaster, damage or unforeseeable loss of assets, cyber-attack, changes in regulation ordered by a regulatory body, changes in Midcontinent Independent System Operator ("MISO") rules, or other entity with appropriate jurisdiction, and orders or acts of civil or military authority.

3.C SPECIAL RATE FILINGS

The FRP shall not preclude 1803 from proposing revisions to existing rate schedules or new rate schedules, such as experimental, developmental, and alternative rate schedules, to address competitive and other business needs. 1803 shall file any such proposed rate schedules or changes with the Commission and the Commission shall evaluate 1803's proposals in accordance with the rules and procedures then in effect.

3.D ADDITIONAL CAPACITY MECHANISM ("ACM")

The ACM provides an adjustment to increase the Base FRP rates for the Additional Capacity Revenue Requirement ("ACRR") to reflect the first-year revenue requirement for eligible costs incurred for a new owned supply side resource incurred mid-year after the end of the test year reflected in the most recent FRP Annual Report filing and before the end of the test year in the next FRP Annual Report filing. The ACM provides recovery of the ACRR outside the bandwidth mechanism consistent with the following:

The ACM and ACRR shall apply to the first-year non-fuel revenue requirement for owned capacity resources due to (a) the acquisition of generating facilities from a third party previously authorized by the Commission, or otherwise exempt from such authorization and/or (b) the commercial operation of generating facilities constructed by the Cooperative previously authorized by the Commission or otherwise exempt from such authorization. The first-year non-fuel revenue requirement shall be subject to review by Staff and other parties and subject to adjustment by the Commission. 1803 shall make a filing with the Commission with its calculations and supporting documentation for the estimated first year non-fuel revenue requirement at least 90 days prior to the closing of an acquisition or the commercial operation of generating facilities constructed by the Cooperative. The ACRR shall be subject to adjustment and refund in the FRP Annual Report review following the acquisition date or the commercial operation date based on a review of the costs and related revenue requirement by the Staff and other parties. In the first FRP Annual Report following the acquisition date or the commercial operation date, the first-year revenue requirement shall be trued-up to the actual first-year revenue requirement, as adjusted by the Commission, and realigned from the Additional Capacity Mechanism to Base Rider FRP Revenue where the revenues will be maintained at the annual adjusted level and included, along with the annual costs incurred, within the FRP bandwidth mechanism.

4. Rider FRP shall be charged to Member Cooperatives based on Billing Demand. The Billing Demand for the FRP shall be the Member's monthly metered demand coincident with the 1803 peak demand for the same month in the prior calendar year. This charge is applicable to Full Requirements member distribution cooperatives and Transmission member distribution cooperatives.

5. EFFECTIVE DATE AND TERM

Rider FRP shall continue in effect for three years with FRP Annual Report filings to be made on or before January 31 of 2025, 2026, and 2027 for the test years ending December 31, 2024, 2025 and 2026, respectively. Unless the Rider FRP is extended by the Commission, the FRP Rate Changes by Tariff resulting from the 2027 FRP Annual Report filing based on the 2026 test year shall continue in effect until such time as they are superseded pursuant to a final Commission order. If this Rider FRP is terminated by a future order of the Commission, the then-existing Total FRP Revenue shall continue to be in effect until new base rates reflecting the then-existing Total FRP Revenue are duly approved and implemented. Nothing contained in this Rider FRP shall limit the right of any part to file an appeal as provided by law.

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1803 ELECTRIC COOPERATIVE
RATEMAKING ADJUSTMENTS
ATTACHMENT C,

The Cooperative's ratemaking adjustments to the per-books amounts on Attachment B shall be limited to the following:

1. The change in Rider FRP revenues that went into effect during the test year shall be annualized as if the change had been in effect for the entire test year.
2. Long-term debt interest expense and costs associated with required Letters of Credit shall be annualized by multiplying the per-books costs incurred in December of the test year times 12, provided, however, that known and measurable changes to Letters of Credit or new Letters of Credit to be issued may be included.
3. Interest income shall be annualized by multiplying the per-books Non-Operating Margins-Interest earned in December of the test year times 12, provided, however, that known and measurable changes to interest income may be included.
4. All fines and penalties shall be excluded from expenses.
5. All revenues and expenses and all related deferrals shall be included on a) Attachment B for the purpose of calculating the Calculated MPR based on a percent of revenues, b) Attachment D for the purpose of calculating the FRP revenue refund or FRP revenue increase, and c) Attachment E for the purpose of calculating the additional increase, if any, necessary to meet the minimum Lender DSCR.
6. All revenues associated with capital contributions shall be excluded from the calculation.
7. Annualization of known and measurable changes in wages and benefits shall be included.
8. Annualization of depreciation expenses shall be included.

In addition to the preceding list, the Cooperative or the Staff may propose that unusual or nonrecurring expenses incurred during the test year either be excluded from expenses altogether or deferred and amortized over a reasonable number of years. The party proposing each such adjustments shall have the burden to demonstrate that it is just and reasonable.

The Cooperative also may propose that other post-test year adjustments to reflect known and measurable changes related to the start-up of the company be included during the test years 2024, 2025, and 2026. No post-test year adjustments will be allowed after the 2026 test year. The cooperative shall have the burden to demonstrate that each such adjustment is just and reasonable.

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TRANSMISSION AND DISTRIBUTION COST ADJUSTMENT CLAUSE (TCA/DCA)

I. APPLICATION

These adjustment clauses are applicable as defined below for transmission and distribution service furnished to Full Requirements member distribution cooperatives and Transmission member distribution cooperatives under the Wholesale Rate Tariff of the Cooperative.

II. TRANSMISSION COST ADJUSTMENT

There shall be added to each monthly bill for service an adjustment based upon the transmission costs incurred by the Cooperative to provide service and determined as follows:

$$\text{Transmission Cost Adjustment (TCA)} = \text{TPN} + \text{TPC}$$

TPN charges are applicable to Full Requirements member distribution cooperatives and Transmission member distribution cooperatives receiving MISO Network Transmission Service and/or other third-party transmission service through the Cooperative.

TPC charges are applicable to Full Requirements member distribution cooperatives and Transmission member distribution cooperatives receiving transmission service from transmission facilities owned by the Cooperative.

$$\text{Where: } \text{TPN} = ((\text{TPe} + \text{TPNm} + \text{TPNadj}) / \text{System Billing kW}) \times \text{Member Billing kW}$$

TPe is the actual recoverable MISO Network Transmission Service costs and applicable third-party transmission service costs incurred to provide service for the current month.

TPNm is the margin component equal to 1.50% X TPe.

System Billing kW is the sum of the member metered demands coincident with MISO's peak demand in the current month for members receiving MISO network transmission service and/or other third-party transmission service.

Member Billing kW is the member metered demand coincident with the Cooperative's peak demand in the current month for members receiving

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MISO network transmission service and/or third-party transmission service.

TPNadj is an adjustment to true-up the cumulative over (negative) or under (positive) recovery of MISO Network Transmission Service cost and third-party transmission service costs recoverable in this adjustment clause through the end of the previous month.

Where:
$$TPC = ((TPo + TPCm + TPCadj/12) / \text{System Billing kW}) \times \text{Member Billing kW}$$

TPo is the actual recoverable costs for transmission facilities owned by the Cooperative incurred to provide service net of transmission revenues accrued for the reimbursement of those costs and/or the use of those facilities by MISO other third parties in the current month.

TPCm is the margin component equal to 1.50% X TPo.

System Billing kW is the sum of the member metered demands coincident with MISO's peak demand in the current month for members receiving transmission service utilizing transmission facilities owned by the Cooperative.

Member Billing kW is the member metered demand coincident with the Cooperative's peak demand in the current month for members receiving transmission service utilizing transmission facilities owned by the Cooperative.

TPCadj is an adjustment to true-up the cumulative over (negative) or under (positive) recovery of costs incurred for transmission facilities owned by the Cooperative recoverable in this adjustment clause through the end of the previous month.

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III. DISTRIBUTION COST ADJUSTMENT

There shall be added to each monthly bill for service an adjustment based upon the distribution costs incurred to provide service determined as follows:

Distribution Cost Adjustment (DCA) = DPN

DPN Charges are applicable to 1803 members receiving service through 1803 owned distribution facilities.

Where:
$$\text{DPN} = ((\text{DPe} + \text{DPNm} + \text{DPNadj}/12) / \text{System Billing kW}) \times \text{Member Billing kW}$$

DPe is the actual recoverable costs for distribution facilities owned by the Cooperative incurred to provide service in the current month.

DPNm is the margin component equal to 1.50% X DPe.

System Billing kW is the sum of the member metered demands coincident with the Cooperative's peak demand in the current month for members receiving distribution service utilizing distribution facilities owned by the Cooperative.

Member Billing kW is the member metered demand coincident with the Cooperative's peak demand in the current month for members receiving distribution service utilizing distribution facilities owned by the Cooperative.

DPNadj is an adjustment to true-up the cumulative over (negative) or under (positive) recovery of costs incurred for distribution facilities owned by the Cooperative recoverable in this adjustment clause through the end of the previous month.