

2022 TEST YEAR FORMULA RATE PLAN (FRP)

ATTACHMENT C: CALCULATIONS – RATEMAKING ADJUSTMENTS

EXHIBIT 8-B

REF. 3

**ANNUALIZED PROPERTY TAX EXPENSE TOTAL UTILITY PLANT @ 12/31/2021,
ADJUSTED TO REMOVE HURRICANE IDA CWIP AMOUNTS**

DIXIE ELECTRIC MEMBERSHIP CORPORATION

2022 TEST YEAR FORMULA RATE PLAN (FRP)

RATEMAKING ADJUSTMENTS

ATTACHMENT C CALCULATIONS

REF. 3, EXHIBIT 8-B, TOTAL UTILITY PLANT @ 12/31/2021, ADJUSTED TO REMOVE HURRICANE IDA CWIP AMOUNTS
THAT WILL BE REIMBURSABLE FROM FEMA (FEMA REIMBURSABLE AMOUNTS NOT TAXED)

	<u>Amount</u>	<u>Amount</u>	<u>Est. FEMA Reimbursable</u>	<u>Source</u>
Total Utility Plant @ 12/31/2021	\$ 805,403,428.00			2021 RUS Form 7, Part C. Balance Sheet, Line 3
<u>Remove Hurricane Ida - est. FEMA Reimbursable costs:</u>				
Work Order Summary Report 3/28/2022		\$ 62,806,234.04		Property Tax Return filed 2022
Material Inventory Activity Summary report 3/28/2022		1,563,550.95		
		<u>\$ 64,369,784.99</u>	64,369,784.99	
				85% Estimated % of FEMA Reimbursable, not FEMA obligated yet
	\$ 54,714,317.24		<u>\$ 54,714,317.24</u>	Per Property Tax Return filed 2022
Net - Total Utility Plant @ 12/31/2021	<u>\$ 750,689,110.76</u>			

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION LA0013		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December 2021		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	2,803	2,021	5. Miles Transmission	230.00	230.00
2. Services Retired	541	836	6. Miles Distribution - Overhead	6,045.00	6,065.00
3. Total Services in Place	128,562	138,494	7. Miles Distribution - Underground	2,612.00	2,659.00
4. Idle Services (Exclude Seasonals)	15,833	24,074	8. Total Miles Energized (5 + 6 + 7)	8,887.00	8,954.00
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	729,109,742		30. Memberships	404,815	
2. Construction Work in Progress	76,293,686		31. Patronage Capital	105,708,399	
3. Total Utility Plant (1 + 2)	805,403,428		32. Operating Margins - Prior Years	4,697,774	
4. Accum. Provision for Depreciation and Amort.	195,144,527		33. Operating Margins - Current Year	(10,783,928)	
5. Net Utility Plant (3 - 4)	610,258,901		34. Non-Operating Margins	10,985,542	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	0	
7. Investments in Subsidiary Companies	1,243,490		36. Total Margins & Equities (30 thru 35)	111,012,602	
8. Invest. in Assoc. Org. - Patronage Capital	6,804,421		37. Long-Term Debt - RUS (Net)	56,481,604	
9. Invest. in Assoc. Org. - Other - General Funds	4,487,212		38. Long-Term Debt - FFB - RUS Guaranteed	336,230,965	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0		39. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)	83,810,081	
12. Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	0		42. Payments - Unapplied	0	
14. Total Other Property & Investments (6 thru 13)	12,535,123		43. Total Long-Term Debt (37 thru 41 - 42)	476,522,650	
15. Cash - General Funds	6,098,396		44. Obligations Under Capital Leases - Noncurrent	0	
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations	0	
17. Special Deposits	0		46. Total Other Noncurrent Liabilities (44 + 45)	0	
18. Temporary Investments	5,390,000		47. Notes Payable	47,036,083	
19. Notes Receivable (Net)	0		48. Accounts Payable	45,678,252	
20. Accounts Receivable - Sales of Energy (Net)	24,877,072		49. Consumers Deposits	8,819,714	
21. Accounts Receivable - Other (Net)	8,124,961		50. Current Maturities Long-Term Debt	15,034,180	
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development	0	
23. Materials and Supplies - Electric & Other	7,705,171		52. Current Maturities Capital Leases	0	
24. Prepayments	1,526,473		53. Other Current and Accrued Liabilities	6,985,501	
25. Other Current and Accrued Assets	39,921		54. Total Current & Accrued Liabilities (47 thru 53)	123,553,730	
26. Total Current and Accrued Assets (15 thru 25)	53,761,994		55. Regulatory Liabilities	11,497,478	
27. Regulatory Assets	43,610,143		56. Other Deferred Credits	2,591,976	
28. Other Deferred Debits	5,012,275		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	725,178,436	
29. Total Assets and Other Debits (5+14+26 thru 28)	725,178,436				

DEMCO Property Tax Return support,
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SCHEDULE NO. 1

ANNUAL REPORT

of the

DIXIE ELECTRIC MEMBERSHIP CORPORATION

Made to the
LOUISIANA TAX COMMISSION
(Under Act 703 of 1976)

For the Year Ending December 31, 2021

Schedules to be filed with the Louisiana Tax Commission, P. O. Box 66788, Baton Rouge, LA 70896, on or before April 1st

If a corporation, indicated the State or Country of incorporation: Louisiana

Location of principal office: 16262 Wax Road, Greenwell Springs, LA 70739

Location of principal business establishment in Louisiana: Baton Rouge

Location of primary business connection in Louisiana: Baton Rouge

Name of Company Agent: Tommy Gildersleeve

Address of such Agent: P.O. Box 2471 Baton Rouge, LA 70821

Name of Agent upon whom process may be served: Tommy Gildersleeve

Address of such Agent: 450 Laurel Street, 8th Floor, Baton Rouge, LA 70801

Prepared by: Peggy Maranan Telephone # (225) 262-3026

Name and Address of Officer to whom correspondence concerning this report should be addressed:

NAME: Randall C. Pierce ADDRESS P. O. Box 15659

TITLE: CEO and General Manager Baton Rouge, LA

TELEPHONE #: (225) 262-3007 ZIP 70895

Name and Address of Officers

TITLE	NAME	POST OFFICE ADDRESS
President	Daniel Berthelot	22206 Highway 22 Maurepas, LA 70449
Vice-President	Randy Lorio	19665 Liberty Road, Pride, LA 70770
Secretary/Treasurer	Dennis Lott	31460 Cade Lane, Walker LA 70785
CEO and General Manager	Randall C. Pierce	12612 Lariat, Greenwell Springs, LA 70739

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IDA Holding Jobs

Revision: 107387

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WORK ORDER WORK ORDER SUMMARY

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Charge Code Grand Totals

Charge Code	Construction Amount	Retirement Amount	Tracking Amount	Net Total
1 - DIRECT LABOR	3,955,878.65	6,143.02	0.00	3,962,021.67
2 - INDIRECT LABOR OVERHEAD	5,316,493.97	6,033.49	0.00	5,322,527.46
3 - MATERIAL	235,843.25	0.00	0.00	235,843.25
4 - MATERIAL OVERHEAD	541,561.56	0.00	0.00	541,561.56
5 - TRANSPORTATION	6,842,494.57	4,520.03	0.00	6,847,014.60
6 - OTHER	16,589,111.13	0.00	0.00	16,589,111.13
7 - UTILITY CONTRACTOR LABOR	13,656,878.76	0.00	0.00	13,656,878.76
8 - INDIRECT OVERHEAD (CONTRT)	15,035,076.38	1,003.04	0.00	15,036,079.42
9 - AID	-16,910.58	0.00	0.00	-16,910.58
10 - EMOLYEE BENEFITS	13,160.58	390.32	0.00	13,550.90
11 - AFUDC - CAPITALIZED INTEREST	948.43	0.00	0.00	948.43
12 - FACILITIES CONTRACTOR LABOR	635,697.34	0.00	0.00	635,697.34

Total For All Work Orders:

5,628,623.14	\$ 18,089.90	\$ 0.00	\$ 62,824,323.94
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MATERIAL INVENTORY
ACTIVITY SUMMARY

Page: 6

Date: 12/31/2021 To: 12/31/2021

Group: INV - MATERIAL

Item	Description	Unit Cost	Ordered		Received		Returned		Used		Adjusted	
			Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
78221100	ST LT STD 25' PG POST DIR	355.8777	0.000	0.00	0.000	0.00	0.000	0.00	1.000	355.43	0.000	0.00
9152210	CABLE AL 1/0 25 KV UG	2.8025	0.000	0.00	0.000	0.00	0.000	0.00	261.000	731.58	0.000	0.00
933812	ANCHOR EXPANDING 12.0	13.6280	0.000	0.00	0.000	0.00	0.000	0.00	11.000	126.28	0.000	0.00
9712813	CONDUCTOR CU 122 UF S	0.3974	0.000	0.00	0.000	0.00	0.000	0.00	60.000	23.18	0.000	0.00
9722407	CABLE AL 4/0 TRIPLEX UG	1.3069	0.000	0.00	0.000	0.00	0.000	0.00	454.000	593.02	0.000	0.00
9722409	CABLE AL 350 KCM TPLX	2.7296	0.000	0.00	0.000	0.00	0.000	0.00	40.000	109.34	0.000	0.00
9722700	CABLE AL #6 DUP ST LGT	0.2176	0.000	0.00	0.000	0.00	0.000	0.00	6.000	1.29	0.000	0.00
973040	ANCHOR SCREW 10" (F1-3)	\$1.8155	0.000	0.00	0.000	0.00	0.000	0.00	748.000	37,450.00	0.000	0.00
993185	ANCHOR TWO HELIX POW	126.9740	0.000	0.00	0.000	0.00	0.000	0.00	4.000	507.89	0.000	0.00
993186	ANCHOR THREE HELIX PO	139.4653	0.000	0.00	0.000	0.00	0.000	0.00	65.000	8,790.87	0.000	0.00
Total For Group INV:				0.00		25,738.21		0.00		8,790.87		0.00

Group: SPEQ - SPECIAL EQUIPMENT

Item	Description	Unit Cost	Ordered		Received		Returned		Used		Adjusted	
			Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
87000042	REC 14.4/24KV 1PH ELEC V	4,921.6200	0.000	0.00	0.000	0.00	0.000	0.00	9.000	0.00	0.000	0.00
86000114	TRANSF 50KVA PADMT W/	2,976.0000	0.000	0.00	0.000	0.00	0.000	0.00	1.000	0.00	0.000	0.00
86000115	TRANSF 75KVA PADMT W/	3,599.0000	0.000	0.00	0.000	0.00	0.000	0.00	2.000	0.00	0.000	0.00
87000002	TRANSF 100KVA 1 BUSH/D	0.0000	0.000	0.00	0.000	0.00	0.000	0.00	3.000	0.00	0.000	0.00
87000005	TRANSF 15KVA 1 BUSH/D	1,007.0000	0.000	0.00	0.000	0.00	0.000	0.00	502.000	0.00	0.000	0.00
87000009	TRANSF 25KVA 1 BUSH/D	1,349.0000	0.000	0.00	0.000	0.00	0.000	0.00	353.000	0.00	0.000	0.00
87000011	TRANSF 37.5KVA 1 BUSH/D	1,546.0000	0.000	0.00	0.000	0.00	0.000	0.00	22.000	0.00	0.000	0.00
87000014	TRANSF 50KVA 1 BUSH/D	1,300.0000	0.000	0.00	0.000	0.00	0.000	0.00	11.000	0.00	0.000	0.00
87000017	TRANSF 75KVA 1 BUSH/D	2,064.0000	0.000	0.00	0.000	0.00	0.000	0.00	1.000	0.00	0.000	0.00
870000105	TRANSF 15KVA 1 BUSH - S	922.0000	0.000	0.00	0.000	0.00	0.000	0.00	3.000	0.00	0.000	0.00
870000214	TRANSF 50KVA 2 BUSH 12	1,341.0000	0.000	0.00	0.000	0.00	0.000	0.00	3.000	0.00	0.000	0.00
870000217	TRANSF 75KVA 2 BUSH 12	2,118.0000	0.000	0.00	0.000	0.00	0.000	0.00	3.000	0.00	0.000	0.00
Total For Group SPEQ:				0.00		0.00		0.00		0.00		0.00

ELECTRIC, GAS & WATER
STATEWIDE SYSTEM RECAP

Length (Miles)	Description (Size, Type, Etc.)	Cost	"Net Book" Value	
230.76	TRANSMISSION	42,361,427		
6,065.03	OVERHEAD	384,054,369		
2,658.98	UNDERGROUND	142,999,424		
8,954.77		569,415,220		-
Schedule No. 3		569,415,220		
Schedule No. 4		1,806,874		
Schedule No. 5		18,874,783		
Schedule No. 6		112,990,582		
Schedule No. 7		13,162,702		
Schedule No. 8		18,601,924		
	TOTAL	\$ 734,852,085		

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IDA

62,806,234.04+

1,563,550.95+

64,369,784.99+

64,369,784.99x

85.%

54,714,317.24+

64,369,784.99*

IDA

64,369,784.99+

54,714,317.24-

CWIP

9,655,467.75*

GL

73,316,240.71+

IDA

64,369,784.99-

CWIP

8,946,455.72*

9,655,467.75+

8,946,455.72+

18,601,923.47+

CWIP

178,929.+

7,157,165.+

268,394.+

268,394.+

536,787.+

536,787.+

8,946,456.*

2022 TEST YEAR FORMULA RATE PLAN (FRP)

ATTACHMENT C: CALCULATIONS – RATEMAKING ADJUSTMENTS

EXHIBIT 8-C

REF. 3

**ANNUALIZED PROPERTY TAX EXPENSE: TOTAL UTILITY PLANT @ 12/31/2022,
ADJUSTED TO REMOVE HURRICANE IDA CWIP AMOUNTS**

DIXIE ELECTRIC MEMBERSHIP CORPORATION

2022 TEST YEAR FORMULA RATE PLAN (FRP)

RATEMAKING ADJUSTMENTS

ATTACHMENT C CALCULATIONS

REF. 3, EXHIBIT 8-C, TOTAL UTILITY PLANT @ 12/31/2022, ADJUSTED TO REMOVE HURRICANE IDA CWIP AMOUNTS
THAT WILL BE REIMBURSABLE FROM FEMA (FEMA REIMBURSABLE AMOUNTS NOT TAXED)

	<u>Amount</u>	<u>Amount</u>	<u>Est. FEMA Reimbursable</u>	<u>Source</u>
Total Utility Plant @ 12/31/2022	\$ 826,243,612.98			2022 RUS Form 7, Part C. Balance Sheet, Line 3
<u>Remove Hurricane Ida - est. FEMA Reimbursable costs:</u>				
GL Account 107.2 - CONSTRUCTION WORK IN PROGRESS (WORK ORDERS)	\$ 64,384,942.33	\$ 64,384,942.33		Attached report "Work Order - Period & To-Date Summary", from accounting system
GL Account 107.04 - IDA OBLIGATED AMT RECEIVABLE	(7,708,316.57)			Attached report "General Ledger Journal Detail" for Journal Entry 152155, from accounting system
	<u>\$ 56,676,625.76</u>			
		<u>\$ 64,384,942.33</u>		
			85% Estimated % of FEMA Reimbursable, not FEMA obligated yet	
	<u>\$ 54,727,200.98</u>	<u>\$ 54,727,200.98</u>		
Net - Total Utility Plant @ 12/31/2022	<u>\$ 771,516,412.00</u>			

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION LA0013		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December 2022		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	2,021	1,821	5. Miles Transmission	230.00	230.00
2. Services Retired	836	264	6. Miles Distribution -- Overhead	6,065.00	6,038.00
3. Total Services in Place	138,494	141,323	7. Miles Distribution - Underground	2,659.00	2,926.00
4. Idle Services (Exclude Seasonals)	24,074	25,346	8. Total Miles Energized (5 + 6 + 7)	8,954.00	9,194.00
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	750,737,593		30. Memberships	374,625	
2. Construction Work in Progress	75,506,020		31. Patronage Capital	105,708,399	
3. Total Utility Plant (1 + 2)	826,243,613		32. Operating Margins - Prior Years	6,205,664	
4. Accum. Provision for Depreciation and Amort.	203,146,841		33. Operating Margins - Current Year	7,919,963	
5. Net Utility Plant (3 - 4)	623,096,772		34. Non-Operating Margins	(914,376)	
6. Non-Utility Property (Net)	0		35. Other Margins and Equities	0	
7. Investments in Subsidiary Companies	1,477,053		36. Total Margins & Equities (30 thru 35)	119,294,275	
8. Invest. in Assoc. Org. - Patronage Capital	7,199,358		37. Long-Term Debt - RUS (Net)	53,961,923	
9. Invest. in Assoc. Org. - Other - General Funds	3,747,912		38. Long-Term Debt - FFB - RUS Guaranteed	326,673,457	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	0		39. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)	36,584,723	
12. Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	0		42. Payments - Unapplied	0	
14. Total Other Property & Investments (6 thru 13)	12,424,323		43. Total Long-Term Debt (37 thru 41 - 42)	417,220,103	
15. Cash - General Funds	7,114,366		44. Obligations Under Capital Leases - Noncurrent	0	
16. Cash - Construction Funds - Trustee	0		45. Accumulated Operating Provisions and Asset Retirement Obligations	0	
17. Special Deposits	0		46. Total Other Noncurrent Liabilities (44 + 45)	0	
18. Temporary Investments	0		47. Notes Payable	88,493,078	
19. Notes Receivable (Net)	0		48. Accounts Payable	40,212,289	
20. Accounts Receivable - Sales of Energy (Net)	31,045,625		49. Consumers Deposits	8,948,000	
21. Accounts Receivable - Other (Net)	13,233,409		50. Current Maturities Long-Term Debt	15,695,174	
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development	0	
23. Materials and Supplies - Electric & Other	8,383,208		52. Current Maturities Capital Leases	0	
24. Prepayments	991,404		53. Other Current and Accrued Liabilities	11,626,065	
25. Other Current and Accrued Assets	35,200		54. Total Current & Accrued Liabilities (47 thru 53)	164,974,606	
26. Total Current and Accrued Assets (15 thru 25)	60,803,212		55. Regulatory Liabilities	35,751,879	
27. Regulatory Assets	36,182,354		56. Other Deferred Credits	394,672	
28. Other Deferred Debits	5,128,874		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	737,635,535	
29. Total Assets and Other Debits (5+14+26 thru 28)	737,635,535				

DIXIE ELECTRIC MEMBERSHIP CORPORATION

2022 TEST YEAR FORMULA RATE PLAN (FRP)

RATEMAKING ADJUSTMENTS

ATTACHMENT C CALCULATIONS

REF. 3, EXHIBIT 8-C, TOTAL UTILITY PLANT @ 12/31/2022, ADJUSTED TO REMOVE HURRICANE IDA CWIP AMOUNTS THAT WILL BE REIMBURSABLE FROM FEMA (FEMA REIMBURSABLE AMOUNTS NOT TAXED)

Hurricane Ida costs:

See attached reports "Work Order - Period & To-Date Summary", by Parish Project Number

<u>Project Number</u>	<u>Parish</u>	<u>GL 107.2 CWIP,</u> <u>WO Construction</u> <u>Balance</u>	<u>GL 107.2 CWIP,</u> <u>WO Aid Balance</u>	<u>Total</u>
104159	ASCENSION	1,018,035.00	(108.88)	1,017,926.12
104160	EAST BATON ROUGE	1,575,373.36	(362.25)	1,575,011.11
104161	EAST FELICIANA	629,660.52	(99.30)	629,561.22
104162	LIVINGSTON	4,535,768.29	(1,538.08)	4,534,230.21
104163	ST. HELENA	1,666,500.09	(109.85)	1,666,390.24
104164	TANGIPAHOA	66,471.06	-	66,471.06
104165	WEST FELICIANA	164,944.64	(112.33)	164,832.31
104166	NON-SPECIFIC	54,770,843.75	(40,323.69)	54,730,520.06
		<u>64,427,596.71</u>	<u>(42,654.38)</u>	<u>64,384,942.33</u>

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WORK ORDER PERIOD & TO-DATE SUMMARY

GL Div	GL Acct	GL Dept	Description	Total To-Date Amounts
0	107.2	0	GL Balance	82,722,645.00
			WO Construction Balance	1,018,035.00
			WO Aid Balance	-108.88
			Difference	81,704,718.88
0	108.8	0	GL Balance	1,381,248.76
			WO Retirement Balance	13,842.88
			WO Aid Balance	0.00
			Difference	1,367,405.88

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WORK ORDER PERIOD & TO-DATE SUMMARY

PARAMETERS ENTERED:

Period: DEC 2022

Work Order: All

BU Project: All

Project: 104159

Inventory: All

Work Order Type: All

Transaction Type: All

GL Account: 0 107.2, 0 108.8

GL Department: All

Status: All

Include Zero Balance: No

Reconciling Totals Only: Yes

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WORK ORDER PERIOD & TO-DATE SUMMARY

GL Div	GL Acct	GL Dept	Description	Total To-Date Amounts
0	107.2	0		
			GL Balance	82,722,645.00
			WO Construction Balance	1,575,373.36
			WO Aid Balance	-362.25
			Difference	81,147,633.89
0	108.8	0		
			GL Balance	1,381,248.76
			WO Retirement Balance	4,762.85
			WO Aid Balance	0.00
			Difference	1,376,485.91

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WORK ORDER PERIOD & TO-DATE SUMMARY

PARAMETERS ENTERED:

Period: DEC 2022

Work Order: All

BU Project: All

Project: 104160

Inventory: All

Work Order Type: All

Transaction Type: All

GL Account: 0 107.2, 0 108.8

GL Department: All

Status: All

Include Zero Balance: No

Reconciling Totals Only: Yes

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**WORK ORDER
PERIOD & TO-DATE SUMMARY**

GL Div	GL Acct	GL Dept	Description	Total To-Date Amounts
0	107.2	0		
			GL Balance	82,722,645.00
			WO Construction Balance	629,660.52
			WO Aid Balance	-99.30
			Difference	82,093,083.78
0	108.8	0		
			GL Balance	1,381,248.76
			WO Retirement Balance	4,184.07
			WO Aid Balance	0.00
			Difference	1,377,064.69

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**WORK ORDER
PERIOD & TO-DATE SUMMARY**

PARAMETERS ENTERED:

Period: DEC 2022

Work Order: All

BU Project: All

Project: 104161

Inventory: All

Work Order Type: All

Transaction Type: All

GL Account: 0 107.2, 0 108.8

GL Department: All

Status: All

Include Zero Balance: No

Reconciling Totals Only: Yes

DEMCO

Revision: 107389

05/09/2023 11:24:44 am

Page: 5

WORK ORDER PERIOD & TO-DATE SUMMARY

GL Div	GL Acct	GL Dept	Description	Total To-Date Amounts
0	107.2	0	GL Balance	82,722,645.00
			WO Construction Balance	4,535,768.29
			WO Aid Balance	-1,538.08
			Difference	78,188,414.79
0	108.8	0	GL Balance	1,381,248.76
			WO Retirement Balance	40,565.54
			WO Aid Balance	0.00
			Difference	1,340,683.22

DEMCO

Revision: 107389

05/09/2023 11:24:44 am

Page: 6

WORK ORDER PERIOD & TO-DATE SUMMARY

PARAMETERS ENTERED:

Period: DEC 2022

Work Order: All

BU Project: All

Project: 104162

Inventory: All

Work Order Type: All

Transaction Type: All

GL Account: 0 107.2, 0 108.8

GL Department: All

Status: All

Include Zero Balance: No

Reconciling Totals Only: Yes

DEMCO

Revision: 107389

05/09/2023 11:27:41 am

Page: 5

WORK ORDER PERIOD & TO-DATE SUMMARY

GL Div	GL Acct	GL Dept	Description	Total To-Date Amounts
0	107.2	0		
			GL Balance	82,722,645.00
			WO Construction Balance	1,666,500.09
			WO Aid Balance	-109.85
			Difference	81,056,254.76
0	108.8	0		
			GL Balance	1,381,248.76
			WO Retirement Balance	8,493.96
			WO Aid Balance	0.00
			Difference	1,372,754.80

DEMCO

Revision: 107389

05/09/2023 11:27:41 am

Page: 6

WORK ORDER PERIOD & TO-DATE SUMMARY

PARAMETERS ENTERED:

Period: DEC 2022

Work Order: All

BU Project: All

Project: 104163

Inventory: All

Work Order Type: All

Transaction Type: All

GL Account: 0 107.2, 0 108.8

GL Department: All

Status: All

Include Zero Balance: No

Reconciling Totals Only: Yes

DEMCO

Revision: 107389

05/09/2023 11:28:53 am

Page: 3

WORK ORDER PERIOD & TO-DATE SUMMARY

GL Div	GL Acct	GL Dept	Description	Total To-Date Amounts
0	107.2	0		
			GL Balance	82,722,645.00
			WO Construction Balance	66,471.06
			WO Aid Balance	0.00
			Difference	82,656,173.94
0	108.8	0		
			GL Balance	1,381,248.76
			WO Retirement Balance	0.00
			WO Aid Balance	0.00
			Difference	1,381,248.76

DEMCO

Revision: 107389

05/09/2023 11:28:53 am

Page: 4

WORK ORDER PERIOD & TO-DATE SUMMARY

PARAMETERS ENTERED:

Period: DEC 2022

Work Order: All

BU Project: All

Project: 104164

Inventory: All

Work Order Type: All

Transaction Type: All

GL Account: 0 107.2, 0 108.8

GL Department: All

Status: All

Include Zero Balance: No

Reconciling Totals Only: Yes

DEMCO

Revision: 107389

05/09/2023 11:29:41 am

Page: 3

WORK ORDER PERIOD & TO-DATE SUMMARY

GL Div	GL Acct	GL Dept	Description	Total To-Date Amounts
0	107.2	0		
			GL Balance	82,722,645.00
			WO Construction Balance	164,944.64
			WO Aid Balance	-112.33
			Difference	82,557,812.69
0	108.8	0		
			GL Balance	1,381,248.76
			WO Retirement Balance	0.00
			WO Aid Balance	0.00
			Difference	1,381,248.76

DEMCO

Revision: 107389

05/09/2023 11:29:41 am

Page: 4

WORK ORDER PERIOD & TO-DATE SUMMARY

PARAMETERS ENTERED:

Period: DEC 2022

Work Order: All

BU Project: All

Project: 104165

Inventory: All

Work Order Type: All

Transaction Type: All

GL Account: 0 107.2, 0 108.8

GL Department: All

Status: All

Include Zero Balance: No

Reconciling Totals Only: Yes

DEMCO

Revision: 107389

05/09/2023 11:30:26 am

Page: 5

WORK ORDER PERIOD & TO-DATE SUMMARY

GL Div	GL Acct	GL Dept	Description	Total To-Date Amounts
0	107.2	0		
			GL Balance	82,722,645.00
			WO Construction Balance	54,770,843.75
			WO Aid Balance	-40,323.69
			Difference	27,992,124.94
0	108.8	0		
			GL Balance	1,381,248.76
			WO Retirement Balance	0.00
			WO Aid Balance	0.00
			Difference	1,381,248.76

DEMCO

Revision: 107389

05/09/2023 11:30:26 am

Page: 6

WORK ORDER PERIOD & TO-DATE SUMMARY

PARAMETERS ENTERED:

Period: DEC 2022

Work Order: All

BU Project: All

Project: 104166

Inventory: All

Work Order Type: All

Transaction Type: All

GL Account: 0 107.2, 0 108.8

GL Department: All

Status: All

Include Zero Balance: No

Reconciling Totals Only: Yes

DEMCO

Revision: 105565

05/08/2023 4:37:42 pm

GENERAL LEDGER JOURNAL DETAIL

Page: 1

Journal : 152155
 Description : REC AR BAL FOR OBLIGATED LESS PAID FUNDS
 Created Date : 02/15/2023
 Created By : donaldrn
 Status : Approved

Approved/Rejected Date : 02/15/2023
 Approved/Rejected By : peggym
 Module : General Ledger
 Journal Activity Journal Entry

Line	Div Account	Description	Dept	Actv	BU Project	Jrnl Code Reference	Date	Debit	Credit
1	0143.08	A/R - HURRICANE DELTA	0	0		0 HURRICANE DELTA	12/31/2022	78,377.62	
2	0107.04	DELTA & IDA OBLIGATED AMT R	0	0		0 HURRICANE DELTA	12/31/2022	1,761,598.09	
3	0143.08	A/R - HURRICANE DELTA	0	0		0 HURRICANE DELTA	12/31/2022		1,761,598.09
4	0107.04	DELTA & IDA OBLIGATED AMT R	0	0		0 HURRICANE DELTA	12/31/2022		78,377.62
5	0143.81	HURRICANE IDA	0	0		0 HURRICANE IDA	12/31/2022	7,708,316.57	
6	0107.04	DELTA & IDA OBLIGATED AMT R	0	0		0 HURRICANE IDA	12/31/2022		7,708,316.57
Total for Journal Number 152155:								9,548,292.28	9,548,292.28

DEMCO

Revision: 105565

05/08/2023 4:37:42 pm

**GENERAL LEDGER
JOURNAL DETAIL**

Page: 2

PARAMETERS ENTERED:

Journal: 152155

Comments: No

Extended Reference: No

Interface Detail: No

2022 TEST YEAR FORMULA RATE PLAN (FRP)

ATTACHMENT C: CALCULATIONS – RATEMAKING ADJUSTMENTS

EXHIBIT 9

REF. 4

ANNUALIZED INTEREST INCOME

DIXIE ELECTRIC MEMBERSHIP CORPORATION
2022 TEST YEAR FORMULA RATE PLAN (FRP)
ATTACHMENT C: CALCULATIONS – RATEMAKING ADJUSTMENTS
REF. 4, EXHIBIT 9, ANNUALIZED INTEREST INCOME

Search Type:	Account	Division:	0 - DEMCO
Account:		419.01	INT & DIVID INC CFC SUBSCRIPTION

Filter			
Starting Year:	2022	Compare:	Actual
Number Of Years:		1	Type: Both
Percentage:		None	

Comparison			
View: Table			
Post Month	2022 Actual PTD	2022 Actual YTD	
January	-12,090.41	-12,090.41	
February	-12,090.41	-24,180.82	
March	-12,090.41	-36,271.23	
April	-12,090.41	-48,361.64	
May	-12,090.41	-60,452.05	
June	-10,010.05	-70,462.10	
July	-10,074.34	-80,536.44	
August	-10,074.34	-90,610.78	
September	-10,267.14	-100,877.92	
October	-11,733.27	-112,611.19	
November	-11,733.27	-124,344.46	
December	-11,733.27	-136,077.73	
Total YTD	-136,077.73	-136,077.73	

2022 TEST YEAR FORMULA RATE PLAN (FRP)

ATTACHMENT C: CALCULATIONS – RATEMAKING ADJUSTMENTS

EXHIBIT 10

REF. 5

ANNUALIZED FRANCHISE TAX

DIXIE ELECTRIC MEMBERSHIP CORPORATION
2022 TEST YEAR FORMULA RATE PLAN (FRP)
ATTACHMENT C: CALCULATIONS – RATEMAKING ADJUSTMENTS
REF. 5, EXHIBIT 10, ANNUALIZED FRANCHISE TAX

Search Type: <input type="text" value="Account"/>	Division: <input type="text" value="0 - DEMCO"/>
Account: <input type="text" value="408.40"/> TAXES - FRANCHISE	

Filter			
Starting Year: <input type="text" value="2022"/>	Compare: <input type="text" value="Actual"/>	Budget Revisions: <input type="text" value=""/>	
Number Of Years: <input type="text" value="1"/>	Type: <input type="text" value="Both"/>	Percentage: <input type="text" value="None"/>	

Comparison			
View: <input type="text" value="Table"/>			
Post Month	2022 Actual PTD	2022 Actual YTD	
January	88,135.75	88,135.75	
February	102,015.83	190,151.58	
March	89,763.48	279,915.06	
April	80,931.16	360,846.22	
May	88,296.28	449,142.50	
June	123,057.14	572,199.64	
July	162,371.98	734,571.62	
August	159,941.43	894,513.05	
September	184,103.69	1,078,616.74	
October	147,923.78	1,226,540.52	
November	106,657.71	1,333,198.23	
December	100,089.92	1,433,288.15	
Total YTD	1,433,288.15	1,433,288.15	

2022 TEST YEAR FORMULA RATE PLAN (FRP)

ATTACHMENT C: CALCULATIONS – RATEMAKING ADJUSTMENTS

EXHIBIT 11

REF. 7

FINES AND PENALTIES

DODE ELECTRIC MEMBERSHIP CORPORATION
2022 TEST YEAR FORMULA RATE PLAN (FRP)
ATTACHMENT C: CALCULATIONS - RATEMAKING ADJUSTMENTS
REF. 7, EXHIBIT 11, FINES AND PENALTIES

Amount	Account	Account Desc	Date	Reference	Vendor	Vendor Name	Invoice	Check/Tr	Journal Desc	Journal	Module	Journal Activity	Fines and Penalties	Computer Software Conversion Cleanup
				SALES TAX-VENDOR										
21.92	426.3	PENALTIES AND FINES	12/31/2022	COMP/PENALTY&INTEREST				0	Payment	152787	Bank Reconciliation	Payment	21.92	
2,218.80	426.3	PENALTIES AND FINES	5/31/2022	State Excise Taxes				0	Journal Entry	112698	General Ledger	Journal Entry	2,218.80	
						LA STATE								
4,068.42	426.3	PENALTIES AND FINES	6/21/2022	SALES TAX PENALTY & INTEREST	13233	PAYROLL TAXES	062122-02	9025	Invoice	113950	Accounts Payable	Invoice	4,068.42	
						CITY OF BATON								
6,282.70	426.3	PENALTIES AND FINES	5/27/2022	ACCOUNT # 00437800	2593	ROUGE	52722	2202358	Invoice	109845	Accounts Payable	Invoice	6,282.70	
						CITY OF BATON								
10,279.48	426.3	PENALTIES AND FINES	6/3/2022	ACCOUNT # 00437800	2593	ROUGE	60322	2202314	Invoice	109555	Accounts Payable	Invoice	10,279.48	
26,267.46	426.3	PENALTIES AND FINES	5/3/2022	LA DEPT OF REV				0	Payment	110437	Bank Reconciliation	Payment	26,267.46	
						LA STATE								
41,739.09	426.3	PENALTIES AND FINES	6/24/2022	PENALTY	13233	PAYROLL TAXES	062422-02	9114	Invoice	120620	Accounts Payable	Invoice	41,739.09	
(528.72)	426.3	PENALTIES AND FINES	3/31/2022	Correcting entry JE 104628				0	Journal Entry	105142	General Ledger	Journal Entry	(528.72)	
(145.26)	426.3	PENALTIES AND FINES	3/31/2022	Correcting entry JE 104628				0	Journal Entry	105142	General Ledger	Journal Entry	(145.26)	
2,881.23	426.3	PENALTIES AND FINES	6/2/2022	correction for JE 116064				0	Journal Entry	116990	General Ledger	Journal Entry	2,881.23	
(2,881.23)	426.3	PENALTIES AND FINES	6/2/2022	preconversion checks voided				0	Deposit	116064	Bank Reconciliation	Deposit	(2,881.23)	
2,287.42	426.3	PENALTIES AND FINES	6/30/2022	NISC CONV BALANCE				0	Journal Entry	120614	General Ledger	Journal Entry	2,287.42	
(655.26)	426.3	PENALTIES AND FINES	6/30/2022	ADJ TO ACTUAL				0	Journal Entry	117148	General Ledger	Journal Entry	(655.26)	
(1,903.64)	426.3	PENALTIES AND FINES	6/30/2022	RECLASSIFY CIA CONTRACTS				0	Journal Entry	111574	General Ledger	Journal Entry	(1,903.64)	
				Check 1019109 West Feliciana School										
(73,694.36)	426.3	PENALTIES AND FINES	8/28/2022	Board				0	Journal Entry	125202	General Ledger	Journal Entry	(73,694.36)	
(157,166.00)	426.3	PENALTIES AND FINES	8/31/2022	RECLASS JE 127110				0	Journal Entry	128037	General Ledger	Journal Entry	(157,166.00)	
(773.09)	426.3	PENALTIES AND FINES	12/31/2022	NISC CONVERSION CLEANUP				0	Journal Entry	152859	General Ledger	Journal Entry	(773.09)	
(141,701.04)													90,877.87	(232,578.91)

Search Type: Account	Division: 0 - DEB	Account: 426.30	FINES AND FINES
Title			
Starting Year: 2022	Compare: Actual	Budget Revision: -	
Number Of Years: 1	Type: Both	Percentage: None	
Comparison			
View: Table			
Post Month	2022 Actual PTD	2022 Actual YTD	
January	0.00	0.00	
February	0.00	0.00	
March	2,132.92	2,132.92	
April	0.00	0.00	
May	34,255.86	34,255.86	
June	55,815.51	89,910.40	
July	0.00	89,910.40	
August	-230,860.36	140,949.87	
September	0.00	140,949.87	
October	0.00	140,949.87	
November	0.00	140,949.87	
December	-761.17	141,701.04	
Total YTD	-141,701.04	-141,701.04	

2022 TEST YEAR FORMULA RATE PLAN (FRP)

ATTACHMENT C: CALCULATIONS – RATEMAKING ADJUSTMENTS

EXHIBIT 12

REF. 9

POLITICAL CONTRIBUTIONS AND LOBBYING ACTIVITIES

DIXIE ELECTRIC MEMBERSHIP CORPORATION
2022 TEST YEAR FORMULA RATE PLAN (FRP)
ATTACHMENT C: CALCULATIONS – RATEMAKING ADJUSTMENTS
REF. 9, EXHIBIT 12, POLITICAL CONTRIBUTIONS AND LOBBYING ACTIVITIES

Vendor Name	Address	Invoice	Date	Transaction Type	Invoice Total	Status
13437 SOUTHERN STRATEGY GROUP	BATON ROUGE, LA 70802	LA-13420	12/1/2022	Invoice	7,500.00	Paid/Applied
13437 SOUTHERN STRATEGY GROUP	BATON ROUGE, LA 70802	LA-13345	11/1/2022	Invoice	7,500.00	Paid/Applied
13437 SOUTHERN STRATEGY GROUP	BATON ROUGE, LA 70802	LA-13264	10/1/2022	Invoice	7,500.00	Paid/Applied
13437 SOUTHERN STRATEGY GROUP	BATON ROUGE, LA 70802	LA-13186	9/1/2022	Invoice	7,500.00	Paid/Applied
13437 SOUTHERN STRATEGY GROUP	BATON ROUGE, LA 70802	LA-13110	8/1/2022	Invoice	7,500.00	Paid/Applied
13437 SOUTHERN STRATEGY GROUP	BATON ROUGE, LA 70802	LA-13026	7/1/2022	Invoice	7,500.00	Paid/Applied
13437 SOUTHERN STRATEGY GROUP	BATON ROUGE, LA 70802	LA-12949	6/1/2022	Invoice	7,500.00	Paid/Applied
13437 SOUTHERN STRATEGY GROUP	BATON ROUGE, LA 70802	LA-12858	5/1/2022	Invoice	7,500.00	Paid/Applied
13437 SOUTHERN STRATEGY GROUP	BATON ROUGE, LA 70802	LA-12785	4/1/2022	Invoice	7,500.00	Paid/Applied
13437 SOUTHERN STRATEGY GROUP	BATON ROUGE, LA 70802	LA-12714	3/1/2022	Invoice	7,500.00	Paid/Applied
13437 SOUTHERN STRATEGY GROUP	BATON ROUGE, LA 70802	LA-12638	2/1/2022	Invoice	7,500.00	Paid/Applied
13437 SOUTHERN STRATEGY GROUP	BATON ROUGE, LA 70802	LA-12571	1/1/2022	Invoice	7,500.00	Paid/Applied
					<u>90,000.00</u>	

Contract lobbyist assisting with proposed new power supply contract.

(Transaction history download from Acctg. System)

2022 TEST YEAR FORMULA RATE PLAN (FRP)

ATTACHMENT C: CALCULATIONS – RATEMAKING ADJUSTMENTS

EXHIBIT 13

REF. 10

YOUTH TOUR EXPENSES

DIXIE ELECTRIC MEMBERSHIP CORPORATION
 2022 TEST YEAR FORMULA RATE PLAN (FRP)
 ATTACHMENT C: CALCULATIONS – RATEMAKING ADJUSTMENTS
 REF. 10, EXHIBIT 13, YOUTH TOUR EXPENSES

<u>Account</u>	<u>Account Desc</u>	<u>Date</u>	<u>Amount</u>	<u>Debit</u>	<u>Activity</u>	<u>Reference</u>
912.1 SALES EXP - PROMOTING SERVICES		9/14/2022	1,000.00	5300 - PUBLIC RELATIONS	6822 - YOUTH TOUR-WASHINGTON D C	VENUE DEPOSIT - 2023 YOUTH TOUR ESSAY
912.1 SALES EXP - PROMOTING SERVICES		6/13/2022	2,000.00	5300 - PUBLIC RELATIONS	6822 - YOUTH TOUR-WASHINGTON D C	ESSAY CONTEST SCHOLARSHIP AWARD 2021
912.1 SALES EXP - PROMOTING SERVICES		6/13/2022	2,000.00	5300 - PUBLIC RELATIONS	6822 - YOUTH TOUR-WASHINGTON D C	ESSAY CONTEST SCHOLARSHIP AWARD 2021
912.1 SALES EXP - PROMOTING SERVICES		6/13/2022	2,000.00	5300 - PUBLIC RELATIONS	6822 - YOUTH TOUR-WASHINGTON D C	ESSAY CONTEST SCHOLARSHIP AWARD 2021
912.1 SALES EXP - PROMOTING SERVICES		4/18/2022	760.52	5300 - PUBLIC RELATIONS	6822 - YOUTH TOUR-WASHINGTON D C	YOUTH TOUR GIFTS - TEACHERS & HONORALBE MENTION
912.1 SALES EXP - PROMOTING SERVICES		3/15/2022	450.00	5300 - PUBLIC RELATIONS	6822 - YOUTH TOUR-WASHINGTON D C	WHITE OAK AWARDS PHOTOS
912.1 SALES EXP - PROMOTING SERVICES		3/4/2022	524.25	5300 - PUBLIC RELATIONS	6822 - YOUTH TOUR-WASHINGTON D C	15 COOKBOOKS
			<u>10,734.77</u>			

(Account history/Activity download from Acctg. System)

2022 TEST YEAR FORMULA RATE PLAN (FRP)

ATTACHMENT C: CALCULATIONS – RATEMAKING ADJUSTMENTS

EXHIBIT 14

REF. 11

**2021 FRP Annual Report Filing, Docket No. U-36368, Section III, Item #2 Recovery of
NISC Software Conversion Costs**

LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NUMBER U-36368

DIXIE ELECTRIC MEMBERSHIP CORPORATION, D/B/A DEMCO,
EX PARTE

Docket No. U-36368, In re: Formula Rate Plan Annual Report for 2021 Test Year.

(Decided at the January 18, 2023 Business and Executive Session.)

ORDER

OVERVIEW

This Commission, having reviewed and considered the Staff Report (“Staff Report”), filed by Commission Staff (“Staff”) on January 6, 2023, and the Correspondence in Agreement with Staff’s Recommendations for Dixie Electric Membership Corporation (“DEMCO’s Acceptance”) finds said Staff Report to be acceptable. A copy of the Staff Report is attached as Attachment A hereto.

COMMISSION JURISDICTION

The Commission exercises jurisdiction over public utilities in Louisiana pursuant to Article IV, Section 21(B) of the Louisiana Constitution, which states:

The commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law. It shall adopt and enforce reasonable rules, regulations and procedures necessary for the discharge of its duties, and shall have other powers and perform other duties as provided by law.

COMMISSION CONSIDERATION

This matter was considered at the Commission’s January 18, 2023 Business and Executive Session. On motion of Commissioner Greene, seconded by Chairman Campbell, with Vice Chairman Francis and Commissioner Lewis concurring, and with Commissioner Skrmetta temporarily absent, the Commission voted to accept the Staff Report filed into the record on January 6, 2023.

Therefore it is ORDERED:

The Staff Report is accepted by this Commission.

This Order is effective immediately.

**BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
February 15, 2023**




**BRANDON M. FREY
SECRETARY**

/S/ FOSTER L. CAMPBELL
DISTRICT V
CHAIRMAN FOSTER L. CAMPBELL

/S/ MIKE FRANCIS
DISTRICT IV
VICE CHAIRMAN MIKE FRANCIS

ABSENT
DISTRICT I
COMMISSIONER ERIC F. SKRMETTA

/S/ CRAIG GREENE
DISTRICT II
COMMISSIONER CRAIG GREENE

/S/ DAVANTE LEWIS
DISTRICT III
COMMISSIONER DAVANTE LEWIS

cc. 156

2023 JAN -6 AM 10:14
LA PUBLIC SERVICE
COMMISSION

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

DOCKET NO. U-36368

**DIXIE ELECTRIC MEMBERSHIP CORPORATION, INC.
EX PARTE**

In re: 2021 Formula Rate Plan Annual Report Filing

STAFF REPORT

I. Summary of DEMCO's 2021 FRP Annual Report Filing

Dixie Electric Membership Corporation, Inc. ("DEMCO" or "the Cooperative") is a non-profit rural electric distribution cooperative that provides retail electric service to over 113,500 members in the parishes of Ascension, East Baton Rouge, East Feliciana, Livingston, St. Helena, Tangipahoa, and West Feliciana.¹ The Cooperative's Formula Rate Plan ("FRP") contains a reset to a midpoint Calculated Times Interest Earned Ratio ("CTIER") of 1.45 should the test year CTIER fall below the 1.35 minimum or exceed the 1.55 maximum. The current FRP was approved by the Louisiana Public Service Commission ("LPSC" or "Commission") in its Order dated December 29, 2020, Order No. U-35359.

The Commission retained ReSolved Energy Consulting, LLC ("REC") at its September 18, 2019 Business and Executive Session to assist the Commission Staff with the review of the Renewal of the Formula Rate Plan and subsequent test year reviews for 2021, 2022, and 2023. This FRP Annual Report, based upon the test year ending December 31, 2021, is the first submitted under the FRP approved by Order No. U-35359. Notice of this proceeding was published in the Commission's *Official Bulletin* number 1272, dated May 27, 2022 and number 1274, dated June 24, 2022. No interventions were received.

As filed, DEMCO's 2021 FRP Annual Report demonstrates a purported need for a rate increase of 9.22% based on computations set forth in the Rider Schedule FRP and the associated

¹ <http://www.demco.org/about-us/service-area>.

attachments. In these computations, the test year booked revenues and costs were adjusted in accordance with the ratemaking adjustments set forth in Attachment C to Rider Schedule FRP. The Cooperative proposes a Rider Schedule FRP revenue increase of \$12,659,095 based on a Times Interest Earned Ratio ("TIER") of 0.60. The increase divided by the test year base revenues of \$137,296,765 results in the rate increase of 9.22% to achieve the midpoint of its TIER range of 1.45.²

II. FRP Calculated TIER Requirements

Section 2.C.1.c of Rider Schedule FRP sets a TIER lower limit of 1.35 and a TIER upper limit of 1.55. The Rider also establishes a test to ensure that the Debt Service Coverage ("DSC") ratio does not fall below 1.40. If the test year calculated TIER (after ratemaking adjustments) is less than 1.35, then DEMCO is allowed to increase rates sufficient to increase the TIER to 1.45, subject to the DSC test. If the test year calculated TIER (after ratemaking adjustments) is greater than 1.55, then the Cooperative is required to reduce rates to reduce the TIER to 1.45, subject to the DSC test. If the calculated TIER is between 1.35 and 1.55, it is within the TIER "deadband" and there is no base rate change, subject to the DSC test. If the DSC does fall below 1.40, a rate increase sufficient to achieve a DSC of 1.40 is necessary, or if a rate reduction will cause the DSC to fall below 1.40, then rates will be adjusted so that revenues are sufficient to attain a DSC of 1.40. The TIER and DSC provisions were designed so that DEMCO would have some cushion in rates to maintain a TIER of at least 1.25 and a DSC of at least 1.35 as required by the Cooperative's loan covenants.

III. Staff Evaluation of the 2021 FRP Annual Report

The Commission Staff and its consultant, ReSolved Energy Consulting, LLC., (collectively, the "Staff") reviewed DEMCO's 2021 FRP Annual Report, which reflects a proposed 9.22% rate increase pursuant to the Rider Schedule FRP rate. In addition to the review of the Cooperative's

² FRP 2021 Annual Report, Attachment D.

FRP Annual Report and accompanying schedule and workpapers, REC Staff issued data requests to DEMCO personnel and reviewed DEMCO's responses to the data requests.

Staff reviewed in detail the historical test year data and proforma adjustments contained in DEMCO's filing. The historical data was based on per book level of revenues and costs for the test year ending December 31, 2021. Staff confirmed the accuracy of the historical data reported by DEMCO through a review of DEMCO's detailed trial balances, RUS Form 7 filings, and other data provided by the Cooperative. Staff also reviewed each of DEMCO's proforma adjustments summarized in Attachment C of the 2021 FRP to ensure adherence to the explicit provisions detailed in Attachment C. Staff carefully reviewed the source work papers and schedules provided by the Cooperative in its filing along with the responses to data requests to ensure that all proforma adjustments had been properly determined, that the Cooperative made no unauthorized proforma adjustments, and that each of the proforma adjustments had been properly calculated.

The majority of the proforma adjustments described in Attachment C of Rider Schedule FRP require the annualization of costs actually incurred in December of the test year compared to the actual costs incurred for the twelve months ending December of the test year. Staff concluded that DEMCO provided adequate documentation to demonstrate that the costs on which the annualized adjustments were made represented the actual costs for December 2021.

Staff reviewed the level of Operation and Maintenance ('O&M') expense incurred during the 2021 test year to determine if the level of O&M expenses was reasonable. Staff compared the O&M expense by FERC account during the test year to the O&M by FERC account in prior years to determine the reasonableness of any change in costs. The general ledger account detail was examined to identify any unusual trends in the reported amounts and to determine if any non-recurring items had been included in the test year results. Staff issued data requests to gain a better understanding as to the causes for the changes in certain revenue and expense levels.

As a result of its review, Staff determined the Company correctly removed numerous non-recurring items from the filing and identified one recommended adjustment that aligns with reasonable ratemaking principles as detailed below.

1. Removal of Non-Recurring Items

DEMCO appropriately removed a number of non-recurring items from the initial filing. One of these being approximately \$5.2 million of deferred charges for earned vacation and sick leave that the Company was carrying on the balance sheet since 1993 in a regulatory asset. In 2021, the Board voted to write off the regulatory asset. As a result of this, the Company removed \$3.7 million in O&M expenses from the FRP filing.³

Another one time cost the Company removed was expenses for a youth tour during the test year. DEMCO previously agreed to remove youth tour expenses in its 2016 FRP. DEMCO removed \$3,607 from the current FRP filing relating to the youth tour.⁴

In addition to the items above, DEMCO removed \$82,500 of expenses for work provided by Southern Strategy Group. The Company hired Southern Strategy Group to assist with providing information to the Louisiana Public Service Commission to gain approval of a new power supply contract. Attachment C, Section 8 of the FRP Rider disallows recovery of "political contributions and lobbying expenses." In their response to discovery, DEMCO stated they did not consider the work Southern Strategy Group conducted as traditional lobbying expenses but in order to avoid any doubt, made the decision to exclude the costs for recovery.⁵

2. Recovery of NISC Software Conversion Costs

FERC account 920.9 reflects expenses related to DEMCO's NISC software system. Account 920.9 increased from \$345,411 in 2020 to \$1,829,283 in 2021. The increase of \$1,483,872 was due to DEMCO converting to its new software system in 2021.⁶ The majority of the increase reflected DEMCO labor assigned to the NISC conversion project. Staff understands that the labor expense was not incremental but was allocated to the project, hence is not double counted. However, a portion of this amount is not labor expense and Staff recommends amortizing this amount over a four-year period. The amount to be amortized consists of two parts. First is \$188,614 of non-labor

³ Response to Staff DR 1-3.

⁴ Response to Staff DR 1-13.

⁵ Response to Staff DR 1-12.


⁶ Response to Staff DR 1-9.

expenses.⁷ Second is the capitalized portion of labor expense. This totals \$453,340,⁸ based on DEMCO's estimate of 35% capitalized labor.⁹ Staff recommends amortizing the total of \$641,954¹⁰ over a four-year period for recovery of \$160,488.50 per year. This would allow recovery until the end of the time period under the current FRP Rider. Staff made an adjustment to Administrative and General Expenses of \$481,465.50¹¹ to reduce overall O&M Expense from \$200,999,270 to \$200,517,804.

IV. Conclusion

After considering the analysis described above, Staff recommends an adjustment to the as-filed 2021 FRP of (\$481,465.50) related to software conversion expenses. Staff's adjustment results in a total rate increase of \$12,063,373 (or 8.79%) to achieve the midpoint of its TIER range of 1.45. Staff recommends that DEMCO be allowed to collect this additional revenue during the February to December 2023 billing cycles using the allocation method set forth in Rider FRP Section 2.C.3.¹² This compares to the \$12,659,095 (or 9.22%) increase proposed by DEMCO in its as-filed FRP. Exhibit 1R reflects the result of Staff's adjustment to DEMCO's 2021 FRP filing.

Respectfully submitted,


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⁷ Attachment B, Reference A-8.

⁸ $(\$1,483,872 - \$188,614) \times 35\% = \$453,340$.

⁹ Attachment B, Reference A-8.

¹⁰ $\$188,614 + \$453,340 = \$641,954$.

¹¹ $\$160,488.50 - \$641,954 = (\$481,465.50)$.

¹² Staff recommends that DEMCO use a factor based on an 11-month February to December recovery period for 2023. However, any subsequent FRP filings and/or adjustments will use a 12-month factor to maintain consistency in FRP adjustments.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing has been served upon all parties of record by fax, email or United States Mail, properly addressed and postage prepaid, facsimile, or email, on this 6th of January, 2023.



W. NOAH HOGGATT