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LA Public Service Commission

July 30, 2024

VIA HAND DELIVERY

Louisiana Public Service Commission
Mr. Brandon Frey
Executive Secretary
and
Ms. Terri Bordelon
Galvez Building – 12th Floor
602 North 5th Street
Baton Rouge, Louisiana 70825

Re: Pointe Coupee Electric Membership Corporation, ex parte. In re: Application for Increase of Base Rates, Interim Rate Relief, Tariff Modification and Establishment of a Formula Rate Plan and Emergency Reserve Fund.

Dear Secretary Frey,

Enclosed for filing is the PC Electric Application for Increase of Base Rates, Interim Rate Relief, Tariff Modification and Establishment of a Formula Rate Plan and Emergency Reserve Fund.

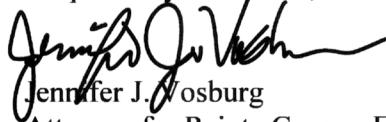
The Residential Rate Impact Form as required by Commission Order in Docket R-35462 is attached to the Application through the testimony of witness Rebecca Payne.

We respectfully request that this matter be given a fifteen (15) day intervention and published in the upcoming Commission's Official Bulletin.

Four hard copies plus an electronic version have been provided. Please note that the filing includes certain attachments to testimony that have been identified by PC Electric as confidential. The testimony has not been deemed to be confidential. Please return a filed stamped copy for our records.

If you have any questions, please do not hesitate to call me. Thank you for your courtesy and assistance with this matter.

Respectfully submitted,



Jennifer J. Vosburg

Attorney for Pointe Coupee Electric
Membership Corporation

ROUTE TO: BBU-15day DATE 7/30 DEPT. _____

DEPT. _____ DATE _____ DEPT. _____

JJV@jenniferJvosburg.com / 225.240.2282
P.O. Box 956 New Roads, LA 70760

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LOUISIANA PUBLIC SERVICE COMMISSION

JUL 30 2024

DOCKET NO. _____

LA Public Service Commission

POINTE COUPEE ELECTRIC MEMBERSHIP CORPORATION
EX PARTE

IN RE: APPLICATION FOR INCREASE OF BASE RATES, INTERIM RATE RELIEF,
TARIFF MODIFICATION AND ESTABLISHMENT OF A FORMULA RATE PLAN AND
EMERGENCY RESERVE FUND

NOW BEFORE THE LOUISIANA PUBLIC SERVICE COMMISSION (“LPSC” or
“Commission”), through undersigned counsel, comes Pointe Coupee Electric Membership
Corporation, (“PC Electric”) who files this Application for Increase of Base Rates, Interim Rate
Relief, Tariff Modification and Establishment of a Formula Rate Plan and Emergency Reserve
Fund as described herein.

1.

PC Electric is an electric distribution cooperative organized and existing under the Electric
Cooperative Act of the State of Louisiana (R.S. 12:401, *et seq.*). PC Electric serves approximately
10,600 meters in the parishes of Iberville, Pointe Coupee and West Baton Rouge.

2.

PC Electric, as a cooperative, has no shareholders, but is instead owned by its members
who are also its customers.

3.

PC Electric has approximately 36 employees, including employees governed by a
collective bargaining agreement, and is governed by a seven (7) member Board of Directors
elected by the membership.

4.

PC Electric receives both short-term and long-term debt financing from financial institutions that service rural electric cooperatives, including the Rural Utilities Services (“RUS”), the National Rural Utilities Cooperative Finance Corporation (“CFC”) and CoBank.

5.

PC Electric’s prior Formula Rate Plan (“FRP”) expired after the 2022 Test Year. PC Electric’s last rate case was filed in LPSC Docket No. U-33917 that was based on a March 2015 through February 2016 test year.¹ In multiple FRP related dockets and in its recent certification docket of U-36515, PC Electric was instructed to file a full rate case. Based upon those orders, this application is timely.

6.

PC Electric retained the expert services of C.H. Guernsey and Company (“Guernsey”) to prepare a Cost of Service and Revenue Requirement Study using a 2023 test year and to assist in proposing a restructuring of PC Electric’s funding mechanisms.

7.

Based on the results of the work performed by Guernsey, PC Electric seeks the following:

- Approval of a base rate increase of \$3,928,234
- Approval of interim rate relief in the amount of 60% percent of the total additional revenue requirement
- Modifications to certain tariff rate schedules
- Establishment of a new Formula Rate Plan

¹ LPSC Docket No. U-33917. In re: First Amended Petition for Approval of a Formula Rate plan and Application for Rate Increase. Order decided at the Commission’s December 17, 2017 Business and Executive Session.

- Establishment of an Emergency Reserve Fund

8.

As demonstrated in the attached testimony, PC Electric's rates have not produced sufficient revenue to meet its minimum debt coverage with its lenders. Over this same period, PC Electric was unable to cover costs when due without becoming more dependent on short-term lines of credit and incurring more long-term debt, both at higher interest rates. PC Electric's equity to total assets ratio continues to drop which indicates that PC Electric is more heavily leveraged than historically.

9.

PC Electric's revenue requirement reflects the cost of investment in its system over a five-year period with the costs equally divided over the term of the investment plan. PC Electric's engineering planning study, known as its Construction Work Plan, is a detailed study of the PC Electric system, conducted by engineers in compliance with specific requirements and subject to review and approval by the USDA RUS. The Construction Work Plan guides PC Electric's capital expenditures over a five-year period that are required to maintain and improve PC Electric's system infrastructure to increase reliability and provide the required capacity to serve its existing and new members.²

10.

The overall plant additions included in the calculation of the revenue requirement is higher than the previous Construction Work Plan approved by the LPSC in 2018 due to significant cost increase in materials, equipment and labor.

² PC Electric has requested a letter of non-opposition to borrow funds to support the Construction Work Plan that is currently pending in LPSC Docket No. S-37227. In re: Request for a Letter of Non-Opposition to borrow funds for the Cooperative's Construction Work Plan.

11.

The requested revenue adjustment will result in satisfactory financial ratios adequate to maintain lender covenants, access to long-term debt and stop the decline in PC Electric's equity level while providing investment in its system to improve reliability for its members in the most prudent economic manner.

12.

PC Electric also seeks to mitigate the impact of weather on its revenue through an increase in its residential customer charge from the current rate of \$10 to \$15.

13.

PC Electric requests authority to immediately implement an interim base rate increase in the amount of 60% of the overall requested base rate increase. As the testimony will demonstrate, PC Electric has an immediate need to increase its base rates to position the cooperative to regain compliance with its covenants with its lenders going forward. The delay in implementation until the full disposition of the rate case will further jeopardize PC Electric's likelihood of compliance for both the current year and next year, jeopardizing PC Electric's access to financing and or increasing the costs of financing. PC Electric seeks to mitigate the member impact of the needed rate increase by phasing in the increase through an initial interim millage increase with the full rate increase to be implemented upon final approval by the Commission.

14.

The Commission has the authority to grant interim rate relief. As stated in La. Const. art. IV §21, "after the effective filing date of any proposed schedule by a public utility which would result in a rate increase, the commission may permit the proposed schedule to be put into effect, in

whole or in part, pending its decision on the application for rate increase and subject to protective bond or security approved by the commission.”

15.

As a result of the rate review and the Cost of Service Study performed to develop the rate request increase, PC Electric is proposing several modifications to its tariffs to streamline the tariffs offered and reflect the rate increase and restructuring in this application.

16.

PC Electric seeks authority to re-establish a Formula Rate Plan with the modifications identified in the attached testimony.

17.

PC Electric also seeks to establish an Emergency Reserve Fund rider in the amount of \$1.1 million to be collected over a three-year period. The Emergency Reserve Fund would be used in cases of emergency such as costs associated with weather events or other unexpected events.

18.

In compliance with the order issued in LPSC Docket R-34562, PC Electric submits the Rate Impact Report to demonstrate the residential rate increase as requested in the interim and final rate increase that demonstrates the impact of the base rate increase requested as well as the impact of the addition of the Emergency Reserve Fund rider. These schedules are attached to the testimony of Rebecca Payne who performed the calculations on behalf of PC Electric.

19.

In support of this application, PC Electric submits the following:

- Exhibit A: Direct Testimony of Myron A. Lambert, General Manager of PC Electric;

- Exhibit B: Direct Testimony of Amanda H. McDuff, Chief Financial Officer of PC Electric; and
- Exhibit C: Direct Testimony of Rebecca A. Payne, Managing Consultant, Vice President with Guernsey.

20.

As required by Article IV, §21(D)(1) of the Louisiana Constitution of 1974, notice will be published in the official state journal for Louisiana and for the following parishes of Pointe Coupee, West Baton Rouge and Iberville. Copies of the Proof of Publication will be filed with the Commission.

21.

All communications and pleadings in this docket should be directed to:

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P.O. Box 956
New Roads, LA 70760
Telephone: 225-240-2282
Email: jjv@jenniferjvosburg.com

And

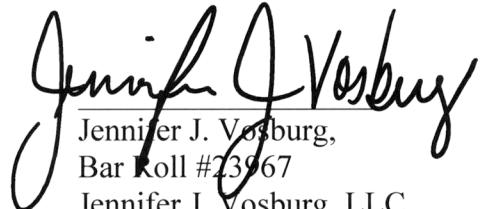
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22.

PC Electric respectfully requests that the Notice of this filing be published in the Commission's Official Bulletin and interested parties be given fifteen (15) days to file any notice of intervention.

WHEREFORE, Pointe Coupee Electric Membership Corporation prays, that after all appropriate hearings an consideration of its Application for Increase of Base Rates, Interim Rate Relief, Tariff Modifications and the Establishment of a Formula Rate Plan and Emergency Reserve Fund as set forth herein and as supported in the testimony, exhibits and schedules attached hereto and made a part hereof, this application be given a fifteen (15) day intervention period, and that PC Electric be granted the relief sought.

Respectfully submitted:



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