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**FORMULA RATE PLAN  
RIDER SCHEDULE FRP**

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**1. GENERAL**

Formula Rate Plan Rider Schedule FRP ("Rider FRP") defines the procedure by which the rates contained in the Beauregard Electric Cooperative, Inc., ("BECi" or "Company") rate schedules designated in Attachment A to the Rider FRP ("Rate Schedules") may be periodically adjusted. Rider FRP shall apply in accordance with the provisions of Section 2.A below to all electric service billed under the Rate Schedules, whether metered or unmetered, subject to the jurisdiction of the Louisiana Public Services Commission ("LPSC" or "Commission").

**2. APPLICATION AND ANNUAL REDETERMINATION PROCEDURE**

**2.A RATE ADJUSTMENTS**

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

**2.B ANNUAL FILING AND REVIEW**

**2.B.1. FILING DATE**

On or before May 15 of each year, beginning in 2013, BECi shall file a report with the Commission containing a calculation of the Company's revenue requirement based on the twelve 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.

**2.B.2 REVIEW PERIOD**

The Commission Staff ("Staff"), its outside advisors, if any, and all Intervenor of record as of the filing date, hereinafter collectively referred to as the "Parties", shall each 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, BECi shall provide the Parties with all workpapers supporting the data and calculations reflected in the FRP Annual Report, including electronic

spreadsheets with formulas intact. The Parties may request clarification and additional supporting data.

The Parties shall have until August 7 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 Parties 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, revenues, or costs included in such computations, such error(s) and/or disagreements shall be formally communicated in writing to BECi by the August 7 deadline. Each such indicated error or disagreement shall include documentation of the proposed correction. The Company shall then have 15 days to review any proposed corrections and/or adjustments, to work with the Parties to resolve any differences and to file a revised Attachment A containing FRP Rate Changes by Tariff reflecting all corrections and adjustments upon which the Parties agree. The Company shall provide the Parties with all workpapers supporting any revisions made to the Attachment A initially filed for the test year.

Except where there is an unresolved dispute, which shall be addressed in accordance with the provisions of Section 2.B.3 below, the FRP Rate Changes by Tariff initially filed under the provisions of Section 2.B.1 above, or such revised FRP Rate Changes by Tariff as may be determined pursuant to the terms of this Section 2.B.2, shall become effective for bills rendered on and after the first billing cycle for the month of October 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.3. RESOLUTION OF DISPUTED ISSUES**

In the event there are disputes regarding any FRP Annual Report, the Parties and the Company shall work together in good faith to resolve such disputes. If the Parties and the Company are unable to resolve all disputes by the end of the 15 day period provided for in Section 2.B.2 above, revised FRP Rate Changes by Tariff reflecting all revisions to the FRP Rate Changes by Tariff initially filed on which the Company and Parties agree shall become effective as provided for in Section 2.B.2 above. Any disputed issues shall be submitted to the Commission for resolution.

If the Commission's final ruling on any disputed issues requires changes in the FRP Rate Changes by Tariff initially implemented pursuant to the above provisions, the Company shall file a revised Attachment A containing such further modified FRP Rate Changes by Tariff within 15 days after receiving the Commission's Order resolving the dispute. The Company shall provide a copy of the revised filing to the Parties together with supporting documentation and workpapers, including electronic spreadsheets with formulas

intact. Such modified FRP Rate Changes by Tariff shall then be implemented with the next applicable monthly billing cycle after this filing and shall remain in effect until superseded by any subsequent FRP Rate Changes by Tariff established in accordance with the provisions of this Rider FRP.

Within 60 days after receipt of the Commission's final ruling on disputed issues, the Company shall determine the amount to be refunded or surcharged to customers due to the disputed issues, if any, together with interest at the legal rate of interest from October 1 of the filing year and the adjustment to the FRP Rate Changes by Tariff to be applied prospectively. Any refund/surcharge amount shall be applied on a percentage basis pursuant to Section 2.C.3 of this Rider FRP and shall be based on the customer's applicable base revenue from the first billing cycle of October of the filing year through the last date the prior FRP Rate Changes by Tariff were billed. Such refund/surcharge amount shall be applied to customers' bills in the manner prescribed by the Commission.

## **2.C. ANNUAL REDETERMINATION OF RATE ADJUSTMENTS**

### **2.C.1. DEFINITION OF TERMS**

**a. TEST YEAR**

The test year shall be the twelve month period ending December 31 immediately preceding the year in which the FRP Annual Report is filed.

**b. CALCULATED DEBT SERVICE COVERAGE RATIO**

The Calculated Debt Service Coverage Ratio ("CDSC") for each test year shall be determined in accordance with the Calculated Debt Service Coverage Ratio Formula set out in Attachment B to this Rider FRP tariff. The CDSC determination shall reflect the actual results for the test year as recorded on the Company'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 DEBT SERVICE COVERAGE RATIO**

The Debt Service Coverage Ratio Bandwidth ("Bandwidth") shall be the range of values with a lower limit ("Lower Band") equal to 1.50 and an upper limit ("Upper Band") equal to 1.70.

### **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 CDSC is greater than or equal to the Lower Band and less than or equal to the Upper Band.

**b. RIDER FRP INCREASE - CDSC**

If the CDSC is less than the Lower Band, the Rider FRP Revenue level in effect for the test year shall be increased by 100% of the difference between the CDSC and the Lower Band.

**c. RIDER FRP DECREASE – CDSC**

If the CDSC exceeds the Upper Band, the Rider FRP Revenue level in effect for the test year shall be reduced by 100% of the difference between the CDSC and the Upper Band.

**2.C.3. RIDER FRP REVENUE ALLOCATION**

The Total Rider FRP Revenue, as determined under the provisions of Section 2.C.2 above, shall be allocated to each applicable rate schedule based on an equal percentage of applicable base revenue. Base revenue includes all retail base revenues with the exception of revenues recovered pursuant to the Power Cost Adjustment Clause and/or the Fuel Cost Adjustment Clause. This percentage shall be developed by dividing the Total Rider FRP Revenue by the total applicable base revenue.

**2.C.4. RIDER FRP RATE CHANGES BY TARIFF**

All applicable retail rates and riders as noted on Attachment A on file with the Louisiana Public Service Commission will be adjusted by an equal percentage of the base rate revenue of all bills.

**3. PROVISIONS FOR OTHER RATE CHANGES**

**3.A. NO BASE RATE CHANGE**

During the term of this FRP, BECi 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 BECi from continuing to recover through monthly bills adjustments based upon the cost of power and fuel from its power supplier(s) pursuant to such contracts approved by the LPSC as provided for in the Power Cost Adjustment Clause and/or Fuel Cost Adjustment Clause.

**3.B. EXTRAORDINARY COST CHANGES**

If BECi 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 retail jurisdictional basis, then either the Company or the Commission may address the ratemaking effects of such cost increase(s) or decrease(s) 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 BECi, including natural disaster, damage or unforeseeable loss of distribution assets, changes in regulation ordered by a regulatory body or other entity with appropriate jurisdiction, and orders or acts of civil or military authority.

In conjunction with any certification application or other approval request filed by BECI with the LPSC relating to the satisfaction of the future power supply needs of its members, including but not limited to certification of new generation or acquisition, as well as a public interest or other determination related to electric transmission, then the Company or the Commission may address the ratemaking effects of the related costs outside the FRP.

### **3.C. SPECIAL RATE FILINGS**

The FRP shall not preclude BECi 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. BECi shall file any such proposed rate schedules or changes with the Commission and the Commission shall evaluate BECi's proposals in accordance with the rules and procedures then in effect.

## **4. EFFECTIVE DATE AND TERM**

Rider FRP shall continue in effect for three years with FRP Annual Report filings to be made on or before May 15 of 2013, 2014 and 2015 for the test years ending December 31, 2012, 2013 and 2014, respectively. Unless Rider FRP is extended by the Commission, the FRP Rate Changes by Tariff resulting from the 2015 FRP Annual Report filing based on the 2014 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 party to file an appeal as provided by law.

**BEAUREGARD ELECTRIC COOPERATIVE, INC.  
FORMULA RATE PLAN - ATTACHMENT A  
FRP RATE CHANGES BY TARIFF**

LINE NO	DESCRIPTION	RATE SCHEDULE	VOLTAGE	CURR YR FRP RATE CHANGE %	PR YR FRP RATE CHANGE %	2ND PR YR FRP RATE CHANGE %	3RD PR YR FRP RATE CHANGE %
<b>RESIDENTIAL</b>							
1	Residential	R	Sec	0.18%	0.00%	4.68%	8.46%
2	Seasonal	S	Sec	0.18%	0.00%	4.68%	8.46%
<b>COMMERCIAL/SMALL INDUSTRIAL</b>							
3	Small Commercial	SC	Sec	0.18%	0.00%	4.68%	8.46%
4	Ball Parks	BP	Sec	0.18%	0.00%	4.68%	8.46%
5	Seasonal Agricultural	SA	Sec	0.18%	0.00%	4.68%	8.46%
6	Time-of-Day	TOD					
7	Church	CH					
<b>INDUSTRIAL/LARGE LIGHT &amp; POWER</b>							
8	Large Power Commercial	SPC	Sec	0.18%	0.00%	4.68%	8.46%
9	Large Power Industrial	LPI	Sec	0.18%	0.00%	4.68%	8.46%
10	Air Separation Plants	ASP	Sec	0.18%	0.00%	4.68%	8.46%
11	High Load Factor Incentive	HLF	Sec	0.18%	0.00%	4.68%	8.46%
<b>LIGHTING</b>							
12	Security/Yard Lights	SYL	Sec	0.18%	0.00%	4.68%	8.46%
13	Street Lights	SL	Sec	0.18%	0.00%	4.68%	8.46%

Note: The FRP Rate Change to be applied is the sum of the Current Year FRP Rate Change plus all Prior Year FRP Rate Changes.