

**TAYLOR COUNTY RECC**

**DEVELOPMENT OF ADDER FOR ADDITIONAL METER COSTS**

Data comes from 2019 Cooperative's Form 7 except CP data

**A. Development of Fixed Charge Rate (Excludes Purchased Power Costs)**

	Expense	Fixed Rate
1	Depreciation	3.34%
2	Distribution O&M	4.59%
3	Admin & General	1.69%
4	<u>Total Costs - Distribution</u>	<u>9.62%</u>
5	Return	3.11%
6	Annual Revenue Requirements	12.73%
	Monthly Fixed Rate (Excludes Purchased Power Costs)	1.06%

**B. Basis for Fixed Charge Rate Percentages:**

1. Depreciation Rate is the actual depreciation expense divided by year end investment in distribution plant as provided on RUS Form 7.

Depreciation Expense	Dist Plant	Ratio
\$2,985,427	\$89,461,317	0.0334

2. Distribution O&M rate is the actual distribution O&M expense divided by the year end investment in distribution plant as provided on RUS Form 7.

Dist O&M	Dist Plant	Ratio
\$4,107,155	\$89,461,317	0.0459

3. Admin & General expenses are divided by the year end investment in distribution plant.

A&G Expense	Dist Plant	Ratio
\$1,515,304	\$89,461,317	0.0169

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4. Return is based on Actual Debet and Interest for the Test Year and Return on Equity based on TIER of 2.00. (Margins equal Interest Costs)

<u>Capital Structure</u>		<u>Percent</u>
Debt	\$21,398,372	38.10%
Equity (Excludes GTCC)	\$34,762,161	61.90%
	\$56,160,533	100.00%
<u>Interest and Equity Computations</u>		
Interest on LTD Using Interest Costs for 2019		\$872,023
Margins would be equal to interest for 2.00 TIER		\$872,023
		\$1,744,046
<u>Return on Capital</u>		<u>Composite</u>
Return on Debt	4.08%	1.55%
Return on Equity	2.51%	1.55%
		3.11%

**C. Customer Charge Adder**

1. Incremental Costs Associated with Prepay	\$	225.00
2. Annual Fixed Charge Rate from A. above		12.73%
3. Annual Costs for Distribution Lines	\$	28.64
4. Divide by 12 for Monthly Rate	\$	2.39
5. Plus Monthly Communication Fees	\$	1.30
6. Monthly Customer Cost/Charge	\$	3.69