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JAN 18 2022

LA Public Service Commission

U-36254

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SINCE 1912

January 18, 2022

Mr. Brandon M. Frey  
Executive Secretary  
Louisiana Public Service Commission  
12<sup>th</sup> Floor, Galvez Building  
602 N. Fifth Street  
Baton Rouge, LA 70802

Via Hand-Delivery

Re: Dixie Electric Membership Corporation's Application for Interim and  
Final Emergency Rate Relief

Dear Secretary Frey:

Enclosed for filing are an original and two copies of Dixie Electric Membership Corporation's Application for Interim and Final Emergency Rate Relief. Also enclosed is a third copy that I request be file-stamped and returned to me.

DEMCO respectfully requests that notice of the enclosed Application be published in the next Official Bulletin of the Commission with a fifteen (15) day notice period during which interested parties may intervene and/or protest.

Certain portions of the supporting testimony contain confidential information and are being filed under seal pursuant to Rule 12.1. Both public and confidential copies of this testimony are included.

With kind regards, I am

Very truly yours,

Thomas D. Gildersleeve

TDG:mab  
Enclosures

cc: Kathryn Bowman, Executive Counsel (via email)  
Melissa Frey, Deputy General Counsel (via email)  
Randy Pierce, DEMCO General Manager and CEO (via email)

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**JAN 18 2022**

**BEFORE THE  
LOUISIANA PUBLIC SERVICE COMMISSION**

**LA Public Service Commission**

**DOCKET NO. \_\_\_\_\_**

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*In re: Dixie Electric Membership Corporation's Application for Interim and  
Final Emergency Rate Relief*

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**DIXIE ELECTRIC MEMBERSHIP CORPORATION'S  
APPLICATION FOR INTERIM AND FINAL EMERGENCY RATE RELIEF**

**NOW BEFORE THE COMMISSION** comes Dixie Electric Membership Corporation (hereafter "**DEMCO**"), a Louisiana nonprofit electric cooperative organized and existing under the laws of the State of Louisiana and domiciled in East Baton Rouge Parish, Louisiana.

1.

DEMCO was incorporated on August 8, 1938, and provides electricity to approximately 113,000 meters in the seven parishes of Ascension, East Baton Rouge, East Feliciana, Livingston, St. Helena, West Feliciana, and Tangipahoa.

2.

The Louisiana Public Service Commission (hereafter referred to as the "Commission" or "LPSC") exercises exclusive jurisdiction over the rates and services of regulated utilities, including DEMCO, pursuant to Article IV, Section 21 of the Louisiana Constitution.

3.

DEMCO's electrical distribution system has suffered heavy damage from hurricanes and other storms, most recently with Hurricane Ida but dating back to Hurricane Katrina. As explained in detail in the sworn testimony attached in support of this Application, in 2022 DEMCO will experience numerous extraordinary expenses associated with the costs of repairing the damage to

its system caused by these hurricanes and other storms. The cumulative effect of multiple extraordinary expenses arising from these storms makes them particularly difficult to bear without the rate relief sought in this Application. Details regarding the nature of these extraordinary expenses are provided and explained in the testimonies of DEMCO's General Manager and CEO, Randall C. Pierce, attached hereto as **Exhibit A**, and DEMCO's Vice President, Finance, Peggy A. Maranan, attached hereto as **Exhibit B**.

4.

At the same time DEMCO will experience extraordinary expenses in 2022 associated with hurricanes and other storms, it will also incur extraordinary expenses due to the COVID pandemic. Material scarcity, supply chain issues, and labor shortages have caused extraordinary increases in costs to DEMCO on several fronts. The global microchip shortage has already adversely impacted DEMCO's operations and will do so further in 2022 by inhibiting DEMCO's ability to acquire and install smart meters that would allow the automatic transmission of data used to generate member's monthly bills. This will cause DEMCO to experience extraordinary labor cost due to having to hire contractors to read the meters manually. This is but one example of the extraordinary expenses DEMCO will incur in 2022. DEMCO will incur significant extraordinary expenses in 2022 due to increased costs of right-of-way clearing. Details regarding the specific nature of the extraordinary expenses DEMCO will incur in 2022 due to the COVID pandemic are provided and explained in the supporting testimonies of Mr. Pierce and Ms. Maranan, attached hereto.

5.

DEMCO's rates are set by a Commission-approved Formula Rate Plan (hereinafter referred to as the "FRP") in Docket No. U-35359. The Commission's December 29, 2020 Order in Docket No. U-35359 allows DEMCO to seek recovery of extraordinary expenses outside of its annual

FRP filing. The need to do so in this instance is particularly acute. Due to the timing of DEMCO's FRP filings, the extraordinary expenses that will be incurred by DEMCO in 2022 would not be addressed until DEMCO's 2023 FRP filing in May of 2023 and would be recovered by DEMCO no sooner than January 1, 2024. As explained in the attached testimonies of Mr. Pierce and Ms. Maranan, if emergency rate relief allowing DEMCO to recover the extraordinary expenses it will incur in 2022 is not granted, these extraordinary expenses will reduce DEMCO's times interest earned ratio (TIER) below the 1.25 required by DEMCO's loan covenants and cause DEMCO to breach its loan covenants. This could adversely affect DEMCO's ability to borrow the money it needs to operate, cause the interest rates to be higher on the money it is allowed to borrow, and potentially lead to even more drastic actions by its lenders.

6.

DEMCO will incur extraordinary expenses of approximately \$8,200,000.00, which translates to an additional revenue requirement of \$11,500,000.00, in 2022 associated with storm restoration and the COVID pandemic. DEMCO seeks to recover these expenses with a rider allowing it to charge members an additional 6.24 mills per kWh of electricity used for the 10-month period beginning March 1, 2022 and ending on December 31, 2022.

7.

DEMCO is seeking rate relief on an interim basis because by the time the Commission is able to fully evaluate DEMCO's Application, DEMCO would not be able to recover a sufficient amount to comply with its debt covenants. DEMCO is prepared to post a bond to guarantee that any money ultimately determined by the Commission as not recoverable after a full and complete review of this Application is returned by DEMCO to its members.

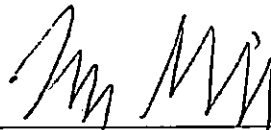
8.

This application for interim and final emergency rate relief is in the public interest, necessary to preserve the financial integrity of the Cooperative, and will ensure that adequate electric service is continued for DEMCO's ratepayers/members. Furthermore, the emergency rate relief requested cannot be postponed; it is needed immediately. No other alternatives exist to meet the Cooperative's need but for the instant requested rate relief. The justification, as well as the specific details surrounding the interim and final emergency rate relief requested, are fully detailed in sworn testimonies of Randall C. Pierce and Peggy A. Maranan attached hereto.

**WHEREFORE**, Dixie Electric Membership Corporation prays that this Commission approve this Application for Interim and Final Emergency Rate Relief. DEMCO respectfully requests that this request be published in the Official Bulletin, and interested parties be given fifteen (15) days to file any notice of intervention and/or protest.

Respectfully submitted,

**TAYLOR, PORTER, BROOKS & PHILLIPS,  
L.L.P.**



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***Attorneys for Dixie Electric Membership Corporation***