

LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NUMBER U-35753

CLECO POWER, LLC AND SOUTHWESTERN ELECTRIC POWER COMPANY
EX PARTE

Docket No. U-35753, In re: Joint Application for: (I) Authorization to Close the Oxbow Mine; and (II) Authorization to Include and Defer Certain Accelerated Mine Closing Costs in Fuel and Related Ratemaking Treatments.

(Decided at the March 17, 2021 Business and Executive Session.)

ORDER

OVERVIEW

On October 6, 2020, Cleco Power LLC (“Cleco Power”), and Southwestern Electric Power Company (“SWEPCO” and collectively with Cleco Power, the “Applicants”) filed their Application with supporting testimony and exhibits, seeking Commission approval to close the Oxbow Mine (“Mine”) and defer certain accelerated Mine closing costs and related ratemaking treatments. Notice of this proceeding was published in the Official Bulletin of the Commission on October 16, 2020, after which the Alliance for Affordable Energy, Packaging Corporation of America, and Cabot Corporation (collectively the “Intervenors”) intervened.

The Applicants have entered into negotiations with the Staff and Intervenors regarding an Uncontested Joint Motion and Proposed Draft Order for the Commission’s consideration to establish a regulatory asset for accounting purposes, in order to defer each Applicant’s share of the lignite production costs of the Dolet Hills Lignite Company, LLC, that exceed the amount typically recovered by each Applicant for such costs, which costs would otherwise be collected on a monthly basis through each of the Applicants’ respective LPSC Fuel Adjustment Clauses (“FAC”).

This Commission, having reviewed and considered the Uncontested Joint Motion and Proposed Draft Order submitted by the Louisiana Public Service Commission Staff (“Staff”) and the Applicants, with the Intervenors not opposing, finds said Uncontested Joint Motion and Proposed Draft Order to be acceptable and in the public interest.

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 March 17, 2021 Business and Executive Session. On motion of Chairman Greene, seconded by Vice Chairman Skrmetta, and unanimously adopted, the Commission voted to assert its original and primary jurisdiction and take the matter up pursuant to Rule 57. On motion of Commissioner Campbell, seconded by Chairman Greene, and unanimously adopted, the Commission voted to accept the Proposed Draft Order filed into the record on March 15, 2021.

THEREFORE, IT IS ORDERED:

The Commission directs and authorizes Cleco Power LLC ("Cleco Power") and Southwestern Electric Power ("SWEPCO") each to establish a regulatory asset for their respective shares of the lignite production costs of the Dolet Hills Lignite Company, LLC, that would be billed as fuel through their respective FACs in accordance with Ordering Paragraph 5 of Order No. U-30975, issued September 30, 2009, ("Order U-30975") and that exceed \$150 per ton, further provided that the amount collected for 2021 by Cleco Power through its FAC shall not exceed \$60 million in total and that Cleco Power will not otherwise collect amounts in excess of \$60 million in 2021 unless specifically authorized by the Commission to do so and further provided that the amount collected for 2021 by SWEPCO through its FAC shall not exceed \$20 million in total and that SWEPCO will not otherwise collect amounts in excess of \$20 million in 2021 unless specifically authorized by the Commission to do so. Additionally, Cleco Power's and SWEPCO's reasonable incremental third party professional costs related to the closure of the mine may be booked into said regulatory assets. These regulatory assets may be used for accounting purposes only. This accounting order constitutes neither allowance nor disallowance of recovery through Cleco Power's and SWEPCO's FACs or otherwise of any portion of the regulatory assets authorized and directed to be created or of any amounts collected through the FACs related to costs allowed by Order U-30975. Only such costs, and related returns, if any, ultimately authorized by the Commission upon review in Docket No. U-35753 will be eligible for recovery in the amount and manner to be determined by the Commission. Characterization of costs in this accounting order are solely for the purpose of convenience and are not determinative of how the deferred costs shall be characterized or treated in rates by the LPSC through a final order. Cleco Power and

SWEPCO reserve the right, if liquidity or credit rating concerns require, separately to petition the Commission for an interim order authorizing interim collection of deferred costs, subject to potential refund based on the Commission's ultimate resolution in this proceeding of the amounts, if any, eligible for recovery. All parties reserve all rights to take any position on the merits of Docket No. U-35753 and on any subsequent potential petition for interim relief, including but not limited to the manner and amount, if any, of cost recovery of the regulatory assets.

This Order is effective immediately.

**BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
April 8, 2021**



A handwritten signature in blue ink, appearing to read "Brandon M. Frey".

**BRANDON M. FREY
SECRETARY**

/S/ CRAIG GREENE
DISTRICT II
CHAIRMAN CRAIG GREENE

/S/ ERIC F. SKRMETTA
DISTRICT I
VICE CHAIRMAN ERIC F. SKRMETTA

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

/S/ LAMBERT C. BOISSIERE, III
DISTRICT III
COMMISSIONER LAMBERT C. BOISSIERE, III

/S/ MIKE FRANCIS
DISTRICT IV
COMMISSIONER MIKE FRANCIS