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January 19, 2021

12922-0537

VIA HAND DELIVERY

Ms. Terri Lemoine Bordelon
Records Division
Louisiana Public Service Commission
Galvez Building, 12th Floor
602 North Fifth Street
Baton Rouge, LA 70802

2021 JAN 19 PM 2:26
LA PUBLIC SERVICE
COMMISSION

Re: LPSC Docket No. U-35807, Cleco Power LLC, ex parte. In re:
Application of Cleco Power LLC for: (1) Recovery in Rates of Certain
Storm Damage Costs Incurred as a result of Hurricanes Laura, Delta, and
Zeta; and (2) Expedited Treatment.

Dear Ms. Bordelon,

Enclosed for filing in the captioned docket are one original and three (3) copies of a
letter-filing to Brandon M. Frey, re-urging the Application of Cleco Power LLC in this
proceeding.

Please return one (1) date-stamped copy of the foregoing items to us. If you have any
questions, or require any additional information whatsoever, please do not hesitate to contact us.

With kind regards, I remain

Very truly yours,

Daniel T. Pancamo
Nathan G. Huntwork
Collin Buisson
Counsel for Cleco Power LLC

DTP/lls
Enclosures

cc: Docket U-35807 Service List
J. Robert Cleghorn (via email)
Christina McDowell (via email)

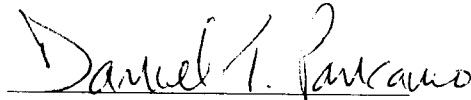
Ms. Terri Lemoine Bordelon

January 19, 2021

Page 2

CERTIFICATE OF SERVICE

I hereby certify that I have this 19th day of January, 2021, served copies of the referenced filing upon all known parties of this proceeding, by hand delivery, overnight delivery, or electronically by e-mail.

A handwritten signature in black ink, reading "Daniel T. Pancamo". The signature is written in a cursive style with a horizontal line underneath the name.

Daniel T. Pancamo
LA Bar Roll No. 19726



Phelps Dunbar LLP
Canal Place
365 Canal Street
Suite 2000
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504 566 1311

DANIEL T. PANCAMO
Counsel
504 584 0265
pancamod@phelps.com

12922-537

January 19, 2021

VIA HAND DELIVERY

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

2021 JAN 19 PM 2:27
LA PUBLIC SERVICE
COMMISSION

Re: Docket No. U-35807, Cleco Power LLC, ex parte. In re: Application of Cleco Power LLC for: (1) Recovery in Rates of Certain Storm Damage Costs Incurred as a result of Hurricanes Laura, Delta, and Zeta; and (2) Expedited Treatment.

Dear Mr. Frey,

Please allow this filing to serve as Cleco Power's request to re-urge the captioned Application of Cleco Power LLC ("Cleco Power"), which Application was originally filed December 4, 2020, and noticed in the December 11, 2020 *Bulletin*. Enclosed herewith is a date-stamped copy of the Application.

In connection with this filing, Cleco Power will be publishing public notice of the Application in the official journals of the State of Louisiana and the parishes in which Cleco Power provides service, in accordance with Article IV, Section 21(D)(1) of the Louisiana Constitution. When Cleco Power's Application was filed December 4, 2020 and noticed December 11, 2020, as described in the preceding paragraph, Cleco Power likewise had published such notices; however, three of the parish journals did not timely publish the notices within the constitutionally-prescribed period of 20 days after filing of the Application.

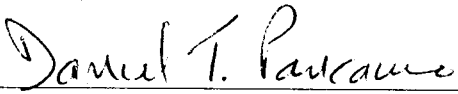
Cleco Power respectfully requests that the Application be re-noticed in the Commission's January 22, 2021 *Bulletin*, with a 15-day intervention period.

STAMPED
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DEPT. _____
DEPT. _____
DEPT. _____
DEPT. _____ DATE _____ DEPT. _____

Mr. Brandon M. Frey
January 19, 2021
Page 2

If you have any questions, or require any additional information whatsoever, please do not hesitate to contact us.

Respectfully submitted,

By: 

Daniel T. Pancamo
Nathan G. Huntwork
Collin Buisson

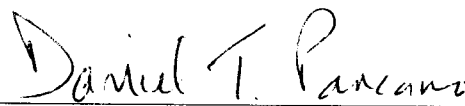
Counsel for Cleco Power LLC

DTP/lls
Enclosures

cc: Docket U-35807 Service List
J. Robert Cleghorn (via e-mail)
Christina McDowell (via e-mail)

CERTIFICATE OF SERVICE

I hereby certify that I have this 19th day of January, 2021, served copies of the foregoing filing upon all other known parties of this proceeding, by hand delivery, overnight delivery, or electronically by e-mail.



Daniel T. Pancamo
La. Bar Roll No. 19726



DANIEL T. PANCAMO
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New Orleans, LA 70130
504 566 1311

12922-0537

December 4, 2020

RECEIVED

DEC - 4 2020

LA Public Service Commission

VIA HAND DELIVERY

Mr. Brandon M. Frey
Executive Secretary
Louisiana Public Service Commission
602 N. 5th Street, 12th Floor
Galvez Building
Baton Rouge, Louisiana 70802

Re: Cleco Power LLC, ex parte. In re: Application of Cleco Power LLC for: (I) Recovery in Rates of Certain Storm Damage Costs Incurred as a Result of Hurricanes Laura, Delta, and Zeta; and (II) Expedited Treatment

Dear Mr. Frey:

Enclosed on behalf of Cleco Power LLC are one (1) original and three (3) copies of the captioned Application.

Further enclosed, in a sealed envelope marked "Confidential," are four (4) copies of Exhibit C to the captioned Application, which we have designated as confidential. We request that Exhibit C be filed under seal as trade secret, proprietary, or other confidential information and be kept confidential and exempt from public disclosure pursuant to Rule 12.1 of the Commission's Rules of Practices and Procedures.

Please return one (1) date-stamped copy of the Application and one (1) date-stamped copy of Exhibit C to us at the time of filing

We respectfully request that there be a 15-day intervention period following *Bulletin* publication for this proceeding.

Thank you for your understanding and consideration.

Respectfully submitted,

Daniel T. Pancamo

Enclosures
DTP/lls

cc: Nathan G. Huntwork (Phelps Dunbar, L.L.P.)
Collin Buisson (Phelps Dunbar, L.L.P.)

**BEFORE THE
LOUISIANA PUBLIC SERVICE
COMMISSION**

CLECO POWER LLC, EX PARTE.
IN RE: APPLICATION FOR:
(I) RECOVERY IN RATES OF CERTAIN
STORM DAMAGE COSTS INCURRED
AS A RESULT OF HURRICANES
LAURA, DELTA, AND ZETA; AND (II)
EXPEDITED TREATMENT

DOCKET NO. U-_____

RECEIVED

DEC - 4 2020

LA Public Service Commission

I. Introduction and Summary

For the reasons described in this Application, Cleco Power LLC (“Cleco Power” or the “Company”) is requesting authorization from the Louisiana Public Service Commission (“LPSC” or the “Commission”) to address recovery of certain storm damage costs that the Company incurred in 2020 following the landfalls of Hurricane Laura, Hurricane Delta, and Hurricane Zeta (collectively, the “Hurricanes”), in two separate but related proceedings.

The first proceeding, designated as “Phase I,” will initiate with the filing of this Application, and will address the recovery of certain storm damage costs in the interim between this filing and the conclusion of a “Phase II” proceeding. In Phase II, Cleco Power will seek: the recovery of the Company’s final storm damage costs; the establishment of a funded storm reserve; and securitization of the final storm damage costs and the funded storm reserve.

Cleco Power notes that the phased approach that the Company is proposing herein was successfully utilized for the recovery of storm restoration costs following Hurricanes Katrina and Rita; please refer to LPSC Docket No. U-29157.¹

In summary, this Phase I Application requests LPSC authorization to:

- (i) recover interim financing costs associated with expenditures that Cleco Power incurred to restore electric service in the Company’s service territory following the landfalls of the Hurricanes;
- (ii) defer to a regulatory asset (the “Regulatory Asset”) the depreciation associated with the capital costs that the Company incurred to restore service;

¹ LPSC Docket No. U-29157, Cleco Power LLC, ex parte. *In re: Application of Cleco Power LLC for recovery in rates of amortization of storm damage costs incurred as a result of Hurricanes Katrina and Rita.*

- (iii) maintain in the Regulatory Asset the balances of the operations and maintenance (“O&M”) expense that the Company incurred to restore service, at their full balances without any amortization;
- (iv) include in the Regulatory Asset, as a component of storm restoration costs, the lost contribution to fixed costs associated with the outages resulting from the Hurricanes;
- (v) defer to the Regulatory Asset the parish property taxes assessed against the Company’s capital assets associated with the restoration efforts for the Hurricanes; and
- (vi) apply the Company’s remaining funded storm reserve balance of approximately \$9.8 million against the portion of the distribution O&M expense included in the Regulatory Asset.

The impact of any one of the Hurricanes, in and of itself, would be significant; the impact of the Hurricanes, taken together, is unprecedented for Cleco Power. Cleco Power’s distribution system sustained substantial damage from the Hurricanes. The transmission system also sustained appreciable damage. Particularly in the context of the COVID-19 pandemic, the restoration efforts had substantial challenges, including: difficulty finding sufficient hotel rooms in the western area of the state, which required Cleco Power to rent trailers for sleeping quarters for personnel engaged in service restoration following Hurricanes Laura and Delta; work crews for other utilities entering Cleco Power’s staging areas for Hurricane Laura, for food and beds; and the need for twice the number of rooms and sleeping trailers as would have otherwise been required for the Hurricanes, due to the need to observe COVID-19 social distancing protocols. As described more fully below,

Cleco Power estimates that the retail jurisdictional portion of the storm restoration costs following the Hurricanes will be approximately \$202 million.

A. Hurricane Laura

On August 27, 2020, Hurricane Laura made landfall in southwest Louisiana as a Category 4 storm, causing catastrophic damage to portions of Cleco Power's service territory and causing peak power outages for 139,430 of Cleco Power's electric customers located primarily in central and southwest Louisiana. Service restoration efforts began August 27, 2020, and were completed September 28, 2020 (22 days). 3,208 third party contractor and mutual assistance team personnel were involved in vegetation clearing and distribution line repairs.

Cleco Power's current estimate of the total storm restoration costs (both capital cost and O&M expense) related to Hurricane Laura is approximately \$178 million. Cleco Power continues to work to restore the distribution and transmission systems to their prestorm condition. The damage to equipment from the storm required replacement, as well as repair, of existing assets. Approximately \$9.8 million of the O&M expense associated with the Hurricane Laura restoration efforts was offset against Cleco Power's existing storm damage reserve, and the remaining approximately \$57 million of O&M expense was recorded as a regulatory asset, as authorized by the LPSC pursuant to its Special Order No. 61-2020 (as described below).

B. Hurricane Delta

On October 9, 2020, Hurricane Delta made landfall in southwest Louisiana as a Category 2 storm, causing peak power outages for approximately 132,198 of Cleco Power's electric customers located primarily in central and south Louisiana. Service restoration efforts began October 9, 2020, and were completed October 15, 2020 (6 days). 2,400 third party contractor and mutual assistance team personnel were involved in vegetation clearing and distribution line repairs.

Cleco Power's current estimate of total storm restoration costs (both capital cost and O&M expense) related to Hurricane Delta is approximately \$51 million. Approximately \$19 million of the O&M expense associated with the Hurricane Delta restoration efforts was recorded as a regulatory asset, as authorized by the LPSC pursuant to its action taken at the November 13, 2020, Business and Executive ("B&E") Session, as described below.

C. Hurricane Zeta

On October 28, 2020, Hurricane Zeta made landfall in southeast Louisiana as a strong Category 2 storm, causing peak power outages for approximately 72,707 of Cleco Power's electric customers located primarily in southeast Louisiana. Service restoration efforts began October 28, 2020, and were completed October 31, 2020 (3 days). 595 third party contractor and mutual assistance team personnel were involved in vegetation clearing and distribution line repairs.

Cleco Power's current estimate of total storm restoration costs (both capital cost and O&M expense) related to Hurricane Zeta is approximately \$6 million. Approximately \$2 million of the O&M expense associated with the Hurricane Zeta restoration efforts was recorded as a regulatory asset, as authorized by the LPSC pursuant to its action taken at the November 13, 2020, B&E Session.

Cleco Power anticipates that it will continue receiving invoices for storm restoration costs through the remainder of 2020, and proposes that the Company's interim recovery be based on known and measurable changes (net of any federal or state reimbursements that the Company may receive, as described below), as of December 31, 2020.

D. The Commission's Special Order No. 61-2020 and Commission Action Taken at the November 13, 2020 B&E Session

At the September 16, 2020 B&E Session, the Commission authorized LPSC-jurisdictional utilities to establish, on an as-needed basis, a regulatory asset to track and defer expenses incurred to restore and maintain service after Hurricane Laura. The Commission thereafter issued Special Order No. 61-2020, issued October 16, 2020, a copy of which is attached hereto as **Exhibit A**. At the November 13, 2020 B&E Session, the Commission unanimously adopted a motion to issue an order superseding Special Order No. 61-2020, authorizing LPSC-jurisdictional utilities to establish, on an as-needed basis, a regulatory asset for expenses associated with Hurricanes Laura, Delta, and Zeta. The minutes of the November 13, 2020 B&E Session are attached hereto as **Exhibit B**; please refer to Ex. 11 therein. It should be noted that, under Special Order No. 61-2020 and the Commission's motion, the Commission expressly provides that the regulatory asset may be used for accounting purposes only, and the Commission does not guarantee future recovery. Accordingly, this Application is necessary for Cleco Power to obtain the interim rate relief requested herein.

E. Summary of Costs

The following chart summarizes the estimated capital cost, O&M expense, lost contribution to fixed cost ("LCFC"), and accumulated deferred income taxes ("ADIT") that Cleco Power has incurred for restoration of electric service subsequent to the Hurricanes, minus the Company's remaining funded storm reserve:

	Capital Cost	O&M Expense	Total
Laura	\$111,932,250	\$66,531,336	\$178,463,586
Delta	\$31,301,980	\$19,257,239	\$50,559,219
Zeta	\$3,714,277	\$2,339,531	\$6,053,808
ADIT		(\$31,056,500)	(\$31,056,500)
Sub-TOTAL	\$146,948,507	\$57,071,606	\$204,020,113
Retail portion			\$199,696,430
LCFC			\$12,045,724
Less:			
Funded Reserve			(\$9,775,000)
Total Retail Portion of Storm Costs			\$201,967,155

Transmission-related costs are also regulated by the Federal Energy Regulatory Commission (“FERC”). The non-retail portion of the transmission cost is calculated through the MISO Attachment O formula, which is based on FERC Form 1 data. All transmission-related storm costs will be included in the FERC Form 1 for the twelve months ended December 31, 2020 and thereafter. The non-retail portion, approximately 35%, will be utilized to calculate Cleco Power’s non-MISO wholesale transmission rates. Cleco Power’s retail portion would be allocated 65% of the transmission-related costs.

Cleco Power hereby requests an interim amount of retail jurisdictional revenue relief associated with the recovery of the storm restoration costs from the Hurricanes, now estimated in the aggregate at approximately \$202 million. Without such relief, Cleco Power’s financial metrics likely will be adversely affected, and thus likely impose significant constraints upon operations as well as capital projects. Cleco Power requests that such revenue relief be granted in a phased approach.

As noted previously, Phase I would initiate with this filing, and would be based upon the Company's estimated storm restoration costs. Such costs would be subject to Commission verification in the requested Phase II of this proceeding.

Cleco Power anticipates making its Phase II filing in the first quarter of 2021. The Phase II filing will include a comprehensive and detailed description of the actual final costs of the storm restoration; a request for the establishment of a restricted storm reserve; and a request for the issuance by the Commission of a final rate order authorizing recovery, in Cleco Power's LPSC-jurisdictional rates, of the approved final storm restoration costs and the approved final storm reserve amount. The Phase II filing further will include a request for the securitization of those costs, and a request for the issuance by the Commission of a final irrevocable financing order covering the securitization of the approved final storm restoration costs and the approved final storm reserve amount.

In the remainder of this filing, Cleco Power discusses in more detail the impact of the requested revenue relief on Cleco Power's financial metrics; the methodology for the estimated costs of the restoration effort; the phased cost recovery approach; the potential use of securitization to recover the storm restoration costs, as well as the potential for other funding sources to recovery the storm restoration costs; and the impact upon Cleco Power's customers of this requested revenue relief.

II. Impact on Cleco Power's Financial Metrics; Cleco Power Capital Needs.

Cleco Power will have ongoing capital needs both for its ongoing operations and its obligation to provide reliable electric service, as well as capital projects that are necessary to ensure that Cleco Power is providing reliable service at the lowest reasonable cost. The \$202 million in estimated storm restoration costs for the Hurricanes is unprecedented in Cleco Power's history, far

outstripping the costs incurred to restore service following Hurricanes Katrina and Rita in 2005. In 2019, Cleco Power's pre-tax net income totaled approximately \$194 million, and cash provided by operating activities totaled \$352 million. Thus, the estimated \$202 million of storm costs incurred to restore service after the Hurricanes represent 104% of Cleco Power's 2019 pre-tax net income, and 57% of Cleco Power's 2019 annual cash generation.

It follows that after paying for storm restoration costs for the Hurricanes, Cleco Power will have significantly less cash available to fund its ongoing capital needs both for its ongoing operations and its obligation to provide reliable electric service, as well as other capital projects that are necessary to ensure that Cleco Power is providing reliable service at the lowest reasonable cost. The Company thus maintains that it is in the public interest for the Company's storm restoration costs for the Hurricanes to be recovered timely.

In Exhibit C, Cleco Power describes the credit metrics and financing assumptions for 2020-2022, with and without storm recovery. Indicated ranges represent benchmark ranges for companies in the "Significant" Financial Risk category as published by S&P Global Ratings, which is the category of Financial Risk assigned to Cleco Power under its current rating of BBB+. The core credit metrics are as follows:

- (1) FFO/Debt is calculated by dividing the cash provided by a company's operations (after payment of interest obligations) by outstanding debt.
- (2) Debt/EBITDA is calculated by dividing outstanding debt by earnings before interest, taxes, amortization and depreciation.

III. Storm Restoration Cost Recovery – Phase 1

A. Estimated Storm Restoration Costs

To continue to achieve the credit metrics necessary to maintain Cleco Power's investment grade rating, as discussed above, Cleco Power requests timely revenue recovery of the costs associated with the restoration of service caused by the Hurricanes. And, inasmuch as the costs associated with the Company's restoration efforts will continue to be accounted for over the next several months, Cleco Power requests that the initial storm restoration cost recovery factors be determined based on current estimated costs. Cleco Power has accrued approximately \$75 million, or 32% of the expected costs of these efforts, as of October 31, 2020. The majority of the costs are for third-party contractors and for mutual assistance teams that other utilities sent to Cleco Power's service territory to assist with the restoration efforts. In **Exhibit D**, Cleco Power details the various categories and current cost estimates for the restoration efforts associated with each of the Hurricanes. The exhibit reflects actual cash expenditures to date, as well as the estimated allocation between capital cost and O&M expense. The final allocation between capital cost and O&M expense will not be available until Cleco Power's field personnel complete an inventory of the facilities replaced in the various service territories. This inventory process began after the completion of the restoration efforts, and is expected to continue through the remainder of 2020 and into the first quarter of 2021.

B. Storm Restoration Cost Recovery

Based on current known expenditures, Cleco Power is requesting authorization from the Commission to collect \$18.9 million annually related to the return on the retail jurisdictional rate base amount of the storm restoration costs associated with the Hurricanes. As noted, Cleco Power is further requesting Commission authorization to defer to the Regulatory Asset the depreciation

associated with the capital costs that the Company incurred to restore service, until such time as the Company completes securitization of its storm restoration costs and the cost to fund the restricted storm reserve. Cleco Power requests such treatment in order to minimize the impact to the Company's customers, particularly in light of the hardships that the Company's customers are experiencing as a result of the COVID-19 pandemic. The storm restoration costs associated with the Hurricanes are substantially greater than the highest previous storm costs experienced by Cleco Power. By way of comparison, the storm restoration costs that Cleco Power incurred for Hurricanes Katrina and Rita were approximately \$160 million (and were offset by the approximately \$4.3 million in Cleco Power's then-current storm reserve).

The amount to be recovered through the storm restoration cost recovery factors would be allocated to Cleco Power's customer classes based on those classes' contributions to base rate revenues. Adjustment factors to be included in Cleco Power's billing system would be determined based on the costs allocated to each customer class, divided by the appropriate billing determinants. For those customer classes that incorporate a demand meter for billing purposes, the factors will be determined on a \$ per kW basis. All other customer classes would have their factors based on a \$ per kWh basis. Cleco Power is also requesting that residential rates use a first tier rate for all kWh up to 1,000 kWh per customer, with a second tier rate 20% higher than the rate in the first tier. Such factors would be determined on an annual basis. The calculation of these factors, using the twelve months ended June 30, 2019 residential kWh usage, is shown in **Exhibit F**.

C. Customer Impact

With the factors reflected in **Exhibit F**, a typical residential customer using 1,000 kWh would see his or her monthly bill increase approximately \$2.64 during 2021. This equates to about

a 3% increase over the most-recently filed rates for December 2020 monthly billings to the typical residential customer.

IV. Storm Restoration Cost Recovery – Phase II

A. Actual Storm Restoration Costs

Once Cleco Power has final costs for the storm restoration efforts associated with the Hurricanes, Cleco Power will file those costs, with appropriate supporting detail, with the Commission. After review and verification of these costs by the Commission, Cleco Power would finalize the revenue requirement for those costs, and the classification between capital cost and O&M expense. The determination of the levelized revenue requirement for recovery purposes would reflect the actual dollars collected through the Phase I storm restoration cost recovery surcharge factors, as noted above. This would determine the remaining amount to be recovered through such factors over the remaining term of the surcharge period.

Cleco Power is seeking any funds that may be available from the federal government to defray the storm restoration costs that the Company incurred as a result of the Hurricanes. At this point, Cleco Power cannot predict the likelihood that any reimbursement from the federal government will be forthcoming. If Cleco Power should be successful in obtaining federal funds to cover all or a portion of the storm restoration costs, such federal funds would be used to reduce the amount of storm damage costs to be recovered from Cleco Power's customers.

B. Securitization

Securitization is a financing technique that has been used previously in Louisiana to fund storm restoration costs, and has the potential to reduce the financing costs over the recovery period. In a securitization structure, Cleco Power would establish a separate special purpose affiliate that would issue storm recovery bonds in an amount to be requested by Cleco Power and authorized

by the Commission. This authorization process would also establish surcharge factors to be charged by Cleco Power to its customers in an amount sufficient to pay the interest and principal on these storm recovery bonds over the securitization period, which is anticipated to be between 10 and 15 years. Revenue requirements associated with a securitization structure would be based only on debt costs and, therefore, would be lower than traditional revenue requirements on capitalized costs included in rate base, which would include both debt costs as well as an allowed equity return component. Additionally, since the storm recovery bonds are collateralized by the customer revenue surcharge funds, ratings are generally AAA, and interest costs likely would be significantly lower than on Cleco Power's other bonds.

Securitization would require clearly protective regulatory language in the Commission's financing order in order for the storm recovery bonds to receive the AAA rating, including making the customer storm recovery surcharge nonbypassable and making the financing order irrevocable. The principal amount to be securitized would include the final approved storm restoration costs, the final approved storm reserve amount, and upfront/initial financing costs associated with the securitization. Cleco Power is in the process of reviewing potential mechanisms for the recovery of storm restoration costs under a securitization plan, and will be able to be more specific about the Company's securitization proposal in Phase II of this proceeding.

Cleco Power notes that it successfully utilized securitization to fund its storm restoration costs for Hurricanes Katrina and Rita; please refer to Commission Docket No. U-29157. The Louisiana Electric Utility Storm Recovery Securitization Act (La. R.S. 45:1226-1236) applies to any named tropical storm or hurricane that occurred during calendar year 2005 or that occurs

thereafter.² Accordingly, a securitization of the storm recovery costs associated with the Hurricanes would proceed under, and be governed by, this Act.

V. Conclusion and Request for Action

Therefore, Cleco Power, requests consideration and approval of this Application to:

- (i) recover interim financing costs associated with expenditures that Cleco Power incurred to restore electric service in the Company's service territory following the landfalls of Hurricane Laura, Hurricane Delta, and Hurricane Zeta (collectively, the "Hurricanes");
- (ii) defer to the Regulatory Asset the depreciation associated with the capital costs that the Company incurred to restore service;
- (iii) maintain in the Regulatory Asset the balances of the O&M expense that the Company incurred to restore service, at their full balances without any amortization;
- (iv) include in the Regulatory Asset, as a component of storm restoration costs, the lost contribution to fixed costs associated with the outages resulting from the Hurricanes;
- (v) defer to the Regulatory Asset the parish property taxes assessed against the Company's capital assets associated with the restoration efforts for the Hurricanes; and
- (vi) apply the Company's remaining funded storm reserve balance of approximately \$9.8 million against the portion of the distribution O&M expense included in the Regulatory Asset.

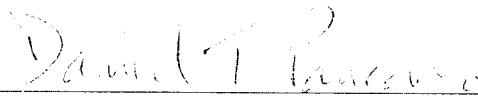
² See La. R.S. 45:1227(12).

These storm restoration costs have caused a substantial drain on the liquidity of Cleco Power, and without timely revenue relief, may adversely affect Cleco Power's operations and its ability to execute its capital intensive projects. The proposed phased approach for this proceeding provides timely relief to Cleco Power, protects its customers from over-recovery of approved costs, and allows the Commission time to fully review, verify, and take final action to authorize the recovery of the actual costs that were incurred in restoring electric service to Cleco Power's customers. This approach also allows for an effective process to provide for securitization of these storm restoration costs to fund these costs, if securitization is appropriate.

Cleco Power further requests expedited consideration of this Application.

Respectfully submitted,

CLECO POWER LLC



By: Its Attorneys
Daniel T. Pancamo (Bar Roll No. 19726)
Nathan G. Huntwork (Bar Roll No. 31789)
Collin Buisson (Bar Roll No. 38146)
Phelps Dunbar LLP
365 Canal Street, Suite 2000
New Orleans, Louisiana 70130-6534
Telephone: (504) 566-1311
Fax: (504) 568-9130
Email: pancamod@phelps.com
nathan.huntwork@phelps.com
collin.buission@phelps.com

ATTACHMENTS

- Exhibit A – Special Order 61-2020
- Exhibit B – Minutes of the Commission’s November 13, 2020 B&E Session
- Exhibit C – Credit Metrics and Financing Assumptions with and without Storm Damage Recovery
- Exhibit D – Storm Restoration Costs
- Exhibit E – Storm Restoration Cost Revenue Requirements
- Exhibit F – 2020 Monthly Customer Class Surcharge Factors for Storm Damage Recovery
- Exhibit G – Direct Testimony by Affidavit of J. Robert Cleghorn



LOUISIANA PUBLIC SERVICE COMMISSION

SPECIAL ORDER NO. 61-2020

LOUISIANA PUBLIC SERVICE COMMISSION EX PARTE

Undocketed, In re: Discussion and Possible Vote to Authorize Jurisdictional Electric Utilities to Establish, as Needed, a Regulatory Asset, for Accounting Purposes Only, for Costs Associated with Hurricane Laura.

(Decided at the Commission's Business and Executive Session held September 16, 2020.)

I. OVERVIEW

This matter was placed on the September 16, 2020 Business and Executive Session Agenda at the request of Chairman Francis. Chairman Francis' motion was read into the record as follows:

Hurricane Laura made landfall in Southwestern Louisiana on August 27, 2020 as a Category 4 storm with sustained winds of approximately 150 miles per hour with higher gusts. Hurricane Laura became the strongest hurricane to strike Louisiana in over 150 years resulting in unprecedented damage to the electrical grid of the LPSC-jurisdictional utilities. The hurricane destroyed more than 3,000 transmission towers and 12,000 distribution poles which resulted in a peak of over 614,000 customers losing electric service. As part of the extraordinary effort to promptly respond and restore service, Commission-jurisdictional utilities employed over 22,000 linemen and other assets from 29 other states to expedite restoration of service for Louisiana customers. In order to facilitate efforts to restore and maintain service after the extraordinary damage resulting from Hurricane Laura, I move to authorize Commission-jurisdictional utilities to establish, on an as needed basis, a regulatory asset to track and defer such expenses associated with Hurricane Laura. This regulatory asset may be used for accounting purposes only and does not guarantee future recovery. Any future recovery will be subject to Commission review, whether through a securitization docket or any other docket the Commission deems necessary. Further, any future recovery would be subject to any credits for dollars collected or paid/received by other entities.

II. COMMISSION JURISDICTION AND AUTHORITY

The jurisdiction of the Commission is set forth by the Louisiana Constitution Article IV, Section 21, which provides:

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.

III. CONCLUSION

This matter was considered at the September 16, 2020 Business and Executive Session. Chairman Francis' motion was seconded by Commissioner Skrmetta and unanimously adopted.

IT IS SO ORDERED.

This Order is effective immediately.

**BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA**

October 16, 2020

/S/ MIKE FRANCIS

DISTRICT IV

CHAIRMAN MIKE FRANCIS

/S/ CRAIG GREENE

DISTRICT II

VICE CHAIRMAN CRAIG GREENE

/S/ FOSTER L. CAMPBELL

DISTRICT V

COMMISSIONER FOSTER L. CAMPBELL

/S/ LAMBERT C. BOISSIERE, III

DISTRICT III

COMMISSIONER LAMBERT C. BOISSIERE, III

/S/ ERIC F. SKRMETTA

DISTRICT I

COMMISSIONER ERIC F. SKRMETTA



BRANDON M. FREY
SECRETARY

LOUISIANA PUBLIC SERVICE COMMISSION
MINUTES FROM NOVEMBER 13, 2020
OPEN SESSION



MINUTES OF THE NOVEMBER 13, 2020 OPEN SESSION OF THE LOUISIANA PUBLIC SERVICE COMMISSION HELD IN BATON ROUGE, LOUISIANA. PRESENT WERE CHAIRMAN MIKE FRANCIS, VICE CHAIRMAN CRAIG GREENE, COMMISSIONER FOSTER CAMPBELL, COMMISSIONER LAMBERT BOISSIERE, COMMISSIONER ERIC SKRMETTA AND EXECUTIVE SECRETARY BRANDON FREY.

Open Session of November 13, 2020, convening at 9:25 a.m., and adjourning at 10:34 a.m., the Galvez Building, 602 North 5th Street, Baton Rouge, Louisiana, with the above-named members of the Commission and Executive Secretary Brandon Frey.

Ex. 1	<p>Chairman Francis congratulated Commissioner Campbell on his recent re-election as Commissioner. Chairman Francis announced that Commissioner Skrmetta is in the December 3, 2020 election runoff.</p> <p>Commissioner Boissiere congratulated his Technical Assistant, Jared Reese on his recent marriage.</p> <p>Deputy General Counsel Melissa Frey introduced the Legal Division's new Administrative Assistant, Kathy Briggs.</p>
Ex. 2	<p>T-35575 – Louisiana Public Service Commission vs. Davis Elite Energy Services, LLC (Kilgore, Texas). In re: Alleged violation of La. R.S. 45:161 through 180.1, by operating Intrastate without LPSC authority to transport saltwater utilized in oil well exploration and production on three hundred twenty-four (324) counts; allegedly occurring on or about April 30, 2019 through May 31, 2019.</p> <p>In re: Discussion and possible vote pursuant to Rule 57 on Affidavit and Stipulation executed by the Carrier.</p> <p>On motion of Commissioner Skrmetta, seconded by Vice Chairman Greene, and unanimously adopted, the Commission voted to assert its original and primary jurisdiction and take the matter up pursuant to Rule 57.</p> <p>On motion of Commissioner Skrmetta, seconded by Vice Chairman Greene, and unanimously adopted, the Commission voted to accept the Affidavit and Stipulation executed on October 2, 2020.</p>
Ex. 3	<p>S-35631 – Dixie Electric Membership Corporation, ex parte. In re: Request for Letter of Non-Opposition to Loan with Federal Financing Bank and Related Mortgage.</p> <p>In re: Discussion and possible vote on Staff Report and Recommendation.</p> <p>On motion of Vice Chairman Greene, seconded by Commissioner Skrmetta, and unanimously adopted, the Commission voted to accept Staff's Report and Recommendation filed into the record on November 4, 2020 with one additional condition that within 15 days after the loan funds advanced for each loan drawdown, the Cooperative shall file into the record of this proceeding notice of the interest rate applicable to the loan drawdown and whether the interest rate applicable to the loan drawdown is fixed or variable.</p>
Ex. 4	<p>S-35710 – Beauregard Electric Cooperative, Inc., ex parte. In re: Petition for Approval of Letter of</p>

	<p>Non-Opposition to Borrow Funds from National Rural Utilities Cooperative Finance Corporation.</p> <p>In re: Discussion and possible vote on Staff Report and Recommendation.</p> <p>On motion of Vice Chairman Greene, seconded by Commissioner Skrmetta, and unanimously adopted, the Commission voted to accept Staff's Report and Recommendation filed into the record on November 4, 2020, with one additional condition that within 15 days after the loan funds advanced for each loan drawdown, the Cooperative shall file into the record of this proceeding notice of the interest rate applicable to the loan drawdown and whether the interest rate applicable to the loan drawdown is fixed or variable.</p>
Ex. 5	<p>U-35427 – Louisiana Public Service Commission, ex parte. In re: Notice of Audit of Energy Efficiency Rate Rider of Cleco Power LLC for the Energy Efficiency Quick Start Program for the Years Ending October 31, 2017 and October 31, 2018.</p> <p>In re: Discussion and possible vote on Joint Report and Draft Order.</p> <p>On motion of Commissioner Skrmetta, seconded by Vice Chairman Greene, and unanimously adopted, the Commission voted to adopt the proposed Draft Order filed into the record on October 21, 2020.</p>
Ex. 6	<p>X-35643 – Entergy Louisiana, LLC, ex parte. In re: Report on Assessment of the Economic Viability of Entergy Louisiana, LLC's Legacy Gas Generation.</p> <p>In re: Discussion and possible vote to hire Outside Consultant.</p> <p>On motion of Commissioner Skrmetta, seconded by Vice Chairman Greene, and unanimously adopted, the Commission voted to retain Davis Energy Advisors for a budget of up to \$25,400 in fees and zero in expenses for a total not to exceed budget of \$25,400.</p>
Ex. 7	<p>1) <u>Reports</u></p> <p>Staff status report on Robocalls.</p> <p>Executive Secretary Frey informed the Commission the federal protocol rules that were implemented are working, as he's noticed a huge reduction in the amount of spam calls he has received. He did note that spam texts seem to be taking over, which are not covered by the new rules. Executive Secretary Frey indicated, Staff Attorney Barlow Holley will research the scope of the rules and provide an update at a future B&E.</p> <p>Staff report regarding recipients of Paycheck Protection Program funding.</p> <p>Pursuant to Vice Chairman Greene's directive at the Commission's September 16, 2020 Business and Executive Session, Staff offered a report regarding certain regulated utilities' utilization of the Paycheck Protection Program ("PPP").</p> <p>The report was provided by Staff Auditor, Thomas Broady, who informed the Commission that all the companies who received PPP funds indicated they believe 100% of the funds received will be eligible for forgiveness through the SBA PPP. Staff stated that the time lines for forgiveness relative to each company vary, but there is a designated procedure for the lender to submit for loan forgiveness and for SBA to approve or deny. In response to Staff's inquiries, the companies indicated the funds were mostly used to pay for payroll expenses and employee benefit expenses such as insurance and pensions, which are expenses typically recovered from ratepayers through</p>

	<p>tariffed rates. Staff did not recommend any specific action at this time; however, Staff intends to monitor the progression of the loan forgiveness process and keep the Commission informed of any necessary next steps. Staff anticipates that it will report back in six months with updated information.</p> <p>2) <u>Resolutions</u></p> <p>3) <u>Discussions</u></p> <p>4) <u>ERSC/OMS/SPP</u></p> <p>5) <u>Directives</u></p> <p><u>Directive to open an investigation of Guste Island Utility Company in response to customer complaints.</u></p> <p>At the request of Commissioner Skrmetta.</p> <p>Commissioner Skrmetta directed Staff to open an investigation of Guste Island Utility Company in response to customer complaints. Staff has authority to investigate, and take whatever action necessary to contract any necessary personnel to accomplish this task.</p> <p>There was no opposition.</p> <p><u>Directive to open a docket to establish rules consistent with Act. No. 42 of the 2020 Second Extraordinary Session.</u></p> <p>At the request of Chairman Francis.</p> <p>Chairman Francis directed Staff to take whatever action necessary, including the hiring of outside counsel and/or consultants if deemed necessary, to establish rules consistent with Act 42 of the 2020 Second Extraordinary Session, whether that be amending the Commission's current rules on disaster and response planning or establishing new rules to address cable and video service providers.</p> <p>There was no opposition.</p>
Ex. 8	<p>U-35049 – Cleco Power LLC, ex parte. In re: Formula Rate Plan – June 2018 Monitoring Report and Application for Authorization to Implement Rate Reductions Resulting from the Tax Cuts and Jobs Act of 2017 and Related Rate Changes and Refunds.</p> <p>In re: Discussion and possible vote on Unopposed Joint Motion for Consideration Pursuant to Rule 57 of Cleco Power's Application for Further Extension of TJCA Bill Credit.</p> <p>At the request of Commissioner Skrmetta.</p> <p>On motion of Commissioner Skrmetta, seconded by Vice Chairman Greene, and unanimously adopted, the Commission voted to assert its original and primary jurisdiction and take the matter up pursuant to Rule 57.</p> <p>On motion of Commissioner Skrmetta, seconded by Vice Chairman Greene, and unanimously adopted, the Commission voted to accept Staff Recommendation on the Unopposed Joint Motion of Cleco Power's Application for Further Extension of TJCA Bill Credit filed into the record on</p>

	November 4, 2020.
Ex. 9	<p>U-35173 – Louisiana Public Service Commission, ex parte. In Re: Audit of Fuel Adjustment Clause Filings for Southwestern Electric Power Company for the period of January 2016 through December 2018.</p> <p>In re: Discussion and possible vote on Joint Report and Draft Order.</p> <p>At the request of Commissioner Campbell.</p> <p>DEFERRED</p>
Ex. 10	<p>U-35762 – Entergy Louisiana, LLC, ex parte. In re: Application for Approval of Ratemaking Adjustment for Interim Hurricane Laura Financing.</p> <p>In re: Discussion and possible vote on Unopposed Joint Motion for Expedited Approval Pursuant to Rule 57 of Ratemaking Adjustment for Interim Hurricane Recovery Financing.</p> <p>At the request of Chairman Francis.</p> <p>On motion of Chairman Francis, seconded by Vice Chairman Greene, and unanimously adopted, the Commission voted to assert its original and primary jurisdiction and take the matter up pursuant to Rule 57.</p> <p>On motion of Commissioner Skrmetta, seconded by Vice Chairman Greene, and unanimously adopted, the Commission voted to accept Staff Recommendation on the Unopposed Joint Motion filed into the record on November 9, 2020.</p>
Ex. 11	<p>Undocketed – Discussion and possible vote to authorize jurisdictional utilities to establish a regulatory asset, as needed and for account accounting purposes only, for expenses associated with Hurricanes Laura, Delta, and Zeta.</p> <p>At the request of Chairman Francis.</p> <p>On motion of Chairman Francis, seconded by Commissioner Skrmetta, and unanimously adopted, the Commission voted to issue an Order superseding Special Order 61-2020 authorizing jurisdictional utilities to establish, on an as needed basis, a regulatory asset, for expenses associated with Hurricanes Laura, Delta, and Zeta. The expenses from each storm should be tracked for accounting purposes only and any future recovery is not guaranteed. Any future recovery will be subject to Commission review, whether through a securitization docket or any other docket the Commission deems necessary. Further, any future recovery would be subject to any credits for dollars collected or paid/received by other entities.</p>
Ex. 12	<p>Undocketed – Directive to Staff to open a rulemaking, or request comments in the existing “Water and Wastewater Best Practices” rulemaking regarding billing and disconnection practices of water and wastewater providers.</p> <p>At the request of Commissioner Boissiere.</p> <p>Commissioner Boissiere directed Staff to take whatever action necessary to open a rulemaking, or request comments in the existing “Water and Wastewater Best Practices” rulemaking, regarding billing and disconnection practices of water and wastewater providers.</p>

	There was no opposition.
Ex. 13	<p>Undocketed – Update from Staff on an analysis of regulated utilities offering unregulated repair services to customers.</p> <p>At the request of Commissioner Campbell.</p> <p>At the June B&E, Commissioner Campbell directed Staff to conduct an analysis of regulated utilities offering unregulated repair services to customers. Specifically, an analysis of the costs versus benefits, including any revenue received by the utility and how such revenue is utilized. Commissioner Campbell further indicated that he wanted this matter considered at the December B&E.</p>
Ex. 14	<p>Undocketed – LPSC, ex parte. In re: Discussion and possible vote to adopt a Resolution directed to Louisiana's Congressional Delegation requesting expansion of the Stafford Act to cover storm – related costs incurred by all Commission jurisdictional electric utilities.</p> <p>At the request of Commissioner Skrmetta.</p> <p>On motion of Commissioner Skrmetta, seconded by Chairman Francis, and unanimously adopted, the Commission voted to adopt a Resolution directed to the Louisiana Congressional Delegation to consider expansion of the Stafford Act to cover storm-related costs incurred by all Commission jurisdictional electric utilities.</p>

On motion of Commissioner Skrmetta, seconded by Vice Chairman Greene and unanimously adopted, the Commission voted to adjourn.

MEETING ADJOURNED

The next Business and Executive Session will be held on Wednesday, December 16, 2020, at 9:00 a.m. at the Galvez Building in Baton Rouge, Louisiana.

EXHIBIT C

**Credit Metrics and Financing Assumptions
with and without Storm Damage Recovery**

**REDACTED TO OMIT COMPETITIVELY
SENSITIVE, TRADE SECRET, PROPRIETARY,
AND OTHER CONFIDENTIAL INFORMATION
PURSUANT TO RULE 12.1 OF THE COMMISSION'S
RULES OF PRACTICES AND PROCEDURES**

CLECO POWER LLC
Hurricane Restoration Costs
(Estimates as of Oct 31, 2020)

LPSC Docket No. U-_____
Exhibit D
Page 1 of 4

Line No.	<u>Total Est. Cost</u>	<u>Laura Distribution</u>	<u>Laura Transmission</u>	<u>Laura Total</u>	
1	Material Split % between Dist / Trans				
2	Material	\$10,000,000	\$1,017,207	\$11,017,207	
3	Lineman / ROW Contractors	100,689,101	7,615,338	\$108,304,439	
4	Internal Labor	8,000,000	850,965	\$8,850,965	
5	Base Logistics / Lodging / Food	35,889,101	2,190,793	\$38,079,894	
6	Transmission		356,000	\$356,000	
7	Fuel	5,200,000	570,000	\$5,770,000	
8	Safety / Environmental	3,400,000		\$3,400,000	
9	Other	2,600,000	85,082	\$2,685,082	
10	Total Cost	\$165,778,202	\$12,685,384	\$178,463,586	
11	Total cost split between Cap / O&M				
12	Material Capital (Dist 64) (Trans 49)	\$6,373,000	\$503,721	\$6,876,721	
	Material O&M (Dist 36) (Trans 51)	\$3,627,000	\$513,486	\$4,140,486	
13	Remainder of charges to allocate	155,778,202	11,668,177	167,446,379	
14	Capital	99,277,448	5,778,081	105,055,529	
15	O&M	56,500,754	5,890,096	62,390,850	
16	Total	\$155,778,202	\$11,668,177	\$167,446,379	
17	Total Capital	\$105,650,448	\$6,281,802	\$111,932,250	62.72%
18	Total O&M	60,127,754	6,403,582	66,531,336	37.28%
19	Total Cost	\$165,778,202	\$12,685,384	\$178,463,586	
20	O&M	\$60,127,754	\$6,403,582	\$66,531,336	
21	Less reserve at 12/31/05	9,774,924		9,774,924	
22	Net Expense (Reg. Asset)	\$50,352,830	\$6,403,582	\$56,756,412	

CLECO POWER LLC
Hurricane Restoration Costs
(Estimates as of Oct 31, 2020)

LPSC Docket No. U-_____
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Line No.	<u>Total Est. Cost</u>	DELTA Distribution	DELTA Transmission	DELTA Total	
1	Material Split % between Dist / Trans				
2	Material	\$1,300,000	\$26,533	\$1,326,533	
3	Lineman / ROW Contractors	29,747,228	1,013,407	\$30,760,635	
4	Internal Labor	2,400,000	153,566	\$2,553,566	
5	Base Logistics / Lodging / Food	11,847,228	62,081	\$11,909,309	
6	Fuel	1,400,000		\$1,400,000	
7	Safety / Environmental	1,200,000		\$1,200,000	
8	Other	1,400,000	9,176	\$1,409,176	
9	Total Cost	\$49,294,456	\$1,264,763	\$50,559,219	
10	Total cost split between Cap / O&M				
11	Material Capital (Dis 64%)	\$825,500	\$0	\$825,500	
	Material O&M (36%)	\$474,500		\$474,500	
12	Remainder of charges to allocate (64/36)	47,994,456	1,264,763	49,259,219	
13	Capital	30,476,480	0	30,476,480	
14	O&M	17,517,976	1,264,763	18,782,739	
15	Total	\$47,994,456	\$1,264,763	\$49,259,219	
16	Total Capital	\$31,301,980	\$0	\$31,301,980	61.91%
17	Total O&M	17,992,476	1,264,763	19,257,239	38.09%
18	Total Cost	\$49,294,456	\$1,264,763	\$50,559,219	
19	O&M	\$17,992,476	\$1,264,763	\$19,257,239	
20	Less reserve at 12/31/05	0	0	0	
21	Net Expense (Reg. Asset)	\$17,992,476	\$1,264,763	\$19,257,239	

CLECO POWER LLC
Hurricane Restoration Costs
(Estimates as of Oct 31, 2020)

LPSC Docket No. U-_____
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Line No.	Total Est. Cost	ZETA Distribution	ZETA Transmission	ZETA Total	
1	Material Split % between Dist / Trans				
2	Material	\$222,674		\$222,674	
3	Lineman / ROW Contractors	3,725,810	145,000	\$3,870,810	
4	Internal Labor	536,803		\$536,803	
5	Base Logistics / Lodging / Food	1,013,961		\$1,013,961	
6	Fuel	226,650		\$226,650	
7	Safety / Environmental	59,645		\$59,645	
8	Other	123,266		\$123,266	
9	Total Cost	\$5,908,808	\$145,000	\$6,053,808	
10	Total cost split between Cap / O&M				
11	Material Capital (63%)	\$139,973	\$0	\$139,973	
12	Material O&M (37%)	\$82,701		\$82,701	
13	Remainder of charges to allocate (63/37)	5,686,134	145,000	5,831,134	
14	Capital	3,574,304	0	3,574,304	
15	O&M	2,111,830	145,000	2,256,830	
16	Total	\$5,686,134	\$145,000	\$5,831,134	
17	Total Capital	\$3,714,277	\$0	\$3,714,277	61.35%
18	Total O&M	2,194,531	145,000	2,339,531	38.65%
19	Total Cost	\$5,908,808	\$145,000	\$6,053,808	
20	O&M	\$2,194,531	\$145,000	\$2,339,531	
21	Less reserve at 12/31/05	0	0	0	
22	Net Expense (Reg. Asset)	\$2,194,531	\$145,000	\$2,339,531	

CLECO POWER LLC
Hurricane Restoration Costs
(Estimates as of Oct 31, 2020)

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Line No.	Total Est. Cost	ALL 3 Storms Distribution	ALL 3 Storms Transmission	ALL 3 Storms Total	
1	Material Split % between Dist / Trans				
2	Material	\$11,522,674	\$1,043,740	\$12,566,414	
3	Lineman / ROW Contractors	\$134,162,139	\$8,773,745	\$142,935,883	
4	Internal Labor	\$10,936,803	\$1,004,531	\$11,941,334	
5	Base Logistics / Lodging / Food	\$48,750,290	\$2,252,874	\$51,003,163	
6	Transmission		\$356,000	\$356,000	
7	Fuel	\$6,826,650	\$570,000	\$7,396,650	
8	Safety / Environmental	\$4,659,645	\$0	\$4,659,645	
9	Other	\$4,123,266	\$94,258	\$4,217,524	
10	Total Cost	\$220,981,466	\$14,095,147	\$235,076,613	
0					
11	Total cost split between Cap / O&M				
12	Material Capital	\$7,338,473	\$503,721	\$7,842,194	
	Material O&M	\$4,184,201	\$513,486.09	\$4,697,687	
13	Remainder of charges to allocate	209,458,792	13,077,940	222,536,732	
14	Capital	133,328,232	5,778,081	139,106,313	
15	O&M	76,130,561	7,299,859	83,430,419	
16	Total	\$209,458,792	\$13,077,940	\$222,536,732	
				0	
17	Total Capital	\$140,666,704	\$6,281,802	\$146,948,507	62.51%
18	Total O&M	80,314,762	7,813,345	88,128,106	37.49%
19	Total Cost	\$220,981,466	\$14,095,147	\$235,076,613	
20	O&M	\$80,314,762	\$7,813,345	\$88,128,106	
21	Less reserve at 12/31/05	9,774,924	0	9,774,924	
22	Net Expense (Reg. Asset)	\$70,539,838	\$7,813,345	\$78,353,182	

CLECO POWER LLC
HURRICANES LAURA, DELTA, AND ZETA
Revenue Requirement - Return ON

LPSC Docket No. U-
Exhibit E
Page 1 of 1

ASSUMPTIONS:	<u>100% Cost</u>	<u>Retail</u>	<u>Retail Portion</u>	<u>Retail Amort/Dep</u>	
1 Capital Portion-Transmission	\$ 6,282	85%	\$ 5,340	Plt n Serv	\$ 178 30 years
2 Capital Portion-Distribution	\$ 140,667	99%	\$ 139,260	Plt n Serv	\$ 4,642 30 years
3 O&M-Transmission	\$ 7,813	85%	\$ 6,641	Reg Asset	\$ 221 30 years
4 O&M-Distribution	\$ 80,315	99%	\$ 79,512	Reg Asset	\$ 2,650 30 years
5 Funded Storm Reserve	\$ (9,775)	100%	\$ (9,775)	Reg Asset	\$ (326) 30 years
6 LCFC	\$ 12,046	100%	\$ 12,046	Reg Asset	\$ 402 30 years
7 ADIT	\$ (31,561)		\$ (31,056)		\$ (1,052) 30 years
8 Total Storm Cost	\$ 205,787		\$ 201,967		

Rate Base:	Return ON
9 Plant in service	\$ 144,600
10 Regulatory Asset (30 Yr)	\$ 88,424
11 ADIT	\$ (31,056)
12 Rate Base	<u>\$ 201,967</u>

	<u>Ratio</u>	<u>Cost</u>	<u>WACC</u>	<u>Tax</u>	<u>Tax Gross- up</u>	<u>Revenue Requirement</u>
13 Debt	49.00%	5.02%	2.46%		2.46%	\$ 4,968
14 Equity	51.00%	10.00%	5.10%	26.08%	6.90%	\$ 13,934
15 Total			<u>7.56%</u>		<u>9.36%</u>	<u>\$ 18,902</u>

16 Cost per 1,000 kWh \$2.64

Cleco Power LLC
Storm Restoration Recovery
Class Allocation & Surcharge Factors
Based on 2019 Rate Stabilization Plan Filing

Line No.	Description	Total	Residential	General Service			Large Power Service	Lighting
				Non Demand	Secondary	Primary		
1	Transmission Related	\$ 11,980,750						
2	Distribution Related	\$ 189,986,405						
3	Total Storm Damage	\$ 201,967,155						
4	Base Rate Rev. (\$000)	\$ 565,041	\$ 287,904	\$ 33,162	\$ 150,506	\$ 40,837	\$ 33,616	\$ 12,212
		100.0%	51.0%	5.9%	26.6%	7.2%	5.9%	2.2%
5	Storm Damage Recovery							
6	Transmission Related	\$ 1,121,275	\$ 571,321	\$ 65,807	\$ 298,666	\$ 81,038	\$ 66,707	\$ 24,233
7	Distribution Related	\$ 17,780,777	\$ 9,632,886	\$ 1,109,546	\$ 5,035,721	\$ 1,366,358	\$ -	\$ 408,583
8	Total Storm Damage	\$ 18,902,052	\$ 10,204,207	\$ 1,175,353	\$ 5,334,387	\$ 1,447,396	\$ 66,707	\$ 432,816
9	Applicable Billing Determinants							
10	MWh Sales @ Meter		3,591,737	334,108	2,199,297	981,878	1,037,582	86,691
11	kW Demand @ Meter				8,026,969.67	2,255,155	1,316,750	
12	Surcharge Recovery Factors for 2021							
13	Per kWh basis	\$	0.002841	\$ 0.003518	\$ 0.664558	\$ 0.641817	\$ 0.002453	\$ 0.004993
14	Per kW basis						\$ 0.050660	

Rate Calculation
Breakpoint @ 1,000 kWh
> 1,000 kWh rate 20% higher than <= 1,000 kWh rate

	2019 Monitoring		
	Report kWhs	Prelim Rate	Storm Revenue
15 Annual Residential kWh <= 1,000 kwh per customer	2,197,355,124	\$ 0.002636	\$ 5,792,949
16 Annual Residential kWh > 1,000 kwh per customer	1,394,381,756	\$ 0.003164	\$ 4,411,258
	<u>3,591,736,880</u>		<u>\$ 10,204,207</u>

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

CLECO POWER LLC, EX PARTE.)
IN RE: APPLICATION FOR:)
(I) RECOVERY IN RATES OF CERTAIN)
STORM DAMAGE COSTS INCURRED AS)
A RESULT OF HURRICANES LAURA,)
DELTA, AND ZETA; AND (II) EXPEDITED)
TREATMENT)
)
)
)
)
)

DOCKET NO. U-_____

DIRECT TESTIMONY BY AFFIDAVIT

OF

J. ROBERT CLEGHORN

ON BEHALF OF

CLECO POWER LLC

DECEMBER 3, 2020

DIRECT TESTIMONY BY AFFIDAVIT OF J. ROBERT CLEGHORN

STATE OF LOUISIANA

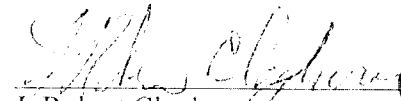
PARISH OF RAPIDES

NOW BEFORE ME, the undersigned authority, personally came and appeared **J. Robert Cleghorn**, who after being duly sworn by me, did depose and say:

- A. I am a person of the full age of majority and am competent to make this affidavit.
- B. I am employed by Cleco Power LLC ("Cleco Power") as Vice President – Regulatory Strategy. I am primarily responsible for developing the electric rates applicable throughout Cleco Power's service area and ensuring that the electric rates applicable throughout Cleco Power's service area are developed and implemented on a just, reasonable, and not unduly discriminatory basis. In that capacity, I oversee the preparation of revenue requirements and cost of service and rate design studies, as well as Cleco Power's load research and sales statistics processes that support those activities. I also coordinate and ensure the timely and accurate filing of certain periodic compliance filings at the Louisiana Public Service Commission ("LPSC" or "Commission"), including Cleco Power's monthly Environmental Adjustment Clause ("EAC") and Fuel Adjustment Clause ("FAC") factors and the annual cost of service, in accordance with Cleco Power's Formula Rate Plan ("FRP"), as approved by the Commission in Order No. U-32779, issued June 27, 2014. I also supervise Cleco Power's integrated resource planning function. More specifically, I was involved in the preparation of the *Application of Cleco Power LLC for: (I) Recovery in Rates of Certain Storm Damage Costs Incurred as a Result of Hurricanes Laura, Delta, and Zeta; and (II) Expedited Treatment* (the "Application"). Capitalized terms used but not defined in my Direct Testimony shall have the meaning specified in the Application.

C. The Application, including without limitation all statements, exhibits, and requests of Cleco Power therein, are hereby incorporated into my Direct Testimony by reference, and adopted by me as part of my Direct Testimony.

E. This concludes my Direct Testimony, at this time.


J. Robert Cleghorn
Vice President – Regulatory Strategy
Cleco Power LLC
2030 Donahue Ferry Road
Pineville, Louisiana 71360

SWORN TO AND SUBSCRIBED
BEFORE ME THIS 3rd DAY
OF DECEMBER, 2020.


NOTARY PUBLIC



My commission expires: at death