

ADDENDUM

- 1. Exhibit A – Testimony (pre-filed) of Katherine H. Domingue**
- 2. Exhibit B – Calculation of Line Item Charges**
- 3. Exhibit C – LPSC Residential Rate Comparisons – July 2021**
- 4. Exhibit D – LPSC Special Order No. 73-2020**

ADDITIONAL EXHIBITS FOR INFORMATIONAL PURPOSES

- 5. Exhibit E – General Ledger Accounting Entries for Regulatory Assets**
- 6. Exhibit F – Hurricane Laura and Delta Outage Reports**
- 7. Exhibit G – SLEMCO Board Resolution to Establish Regulatory Assets for Potential Rate Recovery**

DIRECT TESTIMONY

of

KATHERINE DOMINGUE

on behalf of

SOUTHWEST LOUISIANA ELECTRIC MEMBERSHIP CORPORATION

AUGUST 10, 2021

**DIRECT TESTIMONY OF KATHERINE DOMINGUE
ON BEHALF OF
SOUTHWEST LOUISIANA ELECTRIC MEMBERSHIP CORPORATION**

1 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION AT
2 SOUTHWEST LOUISIANA ELECTRIC MEMBERSHIP CORPORATION (SLEMCO).

3 A. Katherine H. Domingue, 2727 SE Evangeline Thruway, Lafayette, Louisiana 70508. My
4 position is Chief Financial Officer (CFO) and Assistant General Manager.
5

6 Q. HOW LONG HAVE YOU HELD THE POSITION OF CHIEF FINANCIAL OFFICER AND
7 ASSISTANT GENERAL MANAGER AT SLEMCO?

8 A. I have been employed by SLEMCO for 23 years and was promoted to Chief Financial
9 Officer of SLEMCO in April of 2013 and was added the Assistant General Manager title in
10 August of 2018.
11

12 Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL EXPERIENCE.

13 A. I received a Bachelor of Science degree with a major in Finance (1995) and a Master's
14 degree in Business Administration (1998) both from the University of Louisiana Lafayette.
15 I have also completed several accounting and cost analysis programs through
16 correspondence study at Louisiana State University while employed at SLEMCO. I have
17 been employed by SLEMCO since 1998.
18

19 Q. PLEASE STATE THE PURPOSE OF YOUR TESTIMONY.

1 A. The purpose of my testimony is to propose a 24-month rider for the recovery of
2 unreimbursed expenses associated with Hurricanes Laura and Delta that impacted the
3 SLEMCO service territory in 2020.

4
5 Q. IN WHAT PARISHES DOES SLEMCO PROVIDE UTILITY SERVICES?

6 A. The parishes of Acadia, Avoyelles, Cameron, Evangeline, Iberia, Lafayette, St. Martin, St.
7 Landry, and Vermilion

8
9 Q. HOW WERE THOSE PARISHES AFFECTED BY THE STORMS OF 2020 –
10 HURRICANES LAURA AND DELTA?

11 A. SLEMCO's system was significantly affected by these two major storm events in most of
12 the parishes it serves. Although both storms made landfall in southwest Louisiana, the
13 impact of both storms was felt all the way to our eastern most areas of our service territory.
14 SLEMCO had peak outages during Hurricane Laura of 76,882 customers and peak
15 outages during Hurricane Delta of 106,831 customers. The estimated restoration cost of
16 Hurricane Laura is \$9.6 million and the estimated restoration cost of Hurricane Delta is
17 \$16.9 million.

18
19 Q. HAS SLEMCO RECOVERED ALL COSTS OF DAMAGE SUSTAINED AS A RESULT OF
20 THE 2020 HURRICANES?

21 A. As of this filing, SLEMCO has not recovered any costs from Hurricanes Laura and Delta.

22
23 Q. WHAT IS THE ACTUAL COST OF THE DAMAGE RESULTING FROM HURRICANES
24 LAURA AND DELTA TO DATE?

1 A. Actual costs to date for Hurricane Laura are \$8.2 million and actual costs for Hurricane
2 Delta are \$16.9 million.

3
4 Q. IS THERE DAMAGE REPAIR WORK REMAINING FROM HURRICANES LAURA AND
5 DELTA? IF SO, CAN YOU PROVIDE AN ESTIMATE FOR THE COSTS THEREOF?

6 A. SLEMCO estimates that there is \$1.4 million remaining in repair estimates for Hurricanes
7 Laura and Delta primarily to rebuild a line for the Pecan Island area in Vermilion parish.

8
9 Q. DOES SLEMCO EXPECT TO RECEIVE ANY REIMBURSEMENTS OF COSTS AS A
10 RESULT OF HURRICANES LAURA AND DELTA FROM FEMA? IF SO, HOW MUCH?

11 A. SLEMCO has filed claims with FEMA for both Hurricanes Laura and Delta. We expect to
12 be reimbursed approximately \$8.6 million for Hurricane Laura and approximately \$12.7
13 million for Hurricane Delta.

14
15 Q. IS THERE A SHORTFALL BETWEEN THE DAMAGES SUSTAINED AND THE AMOUNT
16 RECOVERED FROM FEMA? IF SO, HOW MUCH?

17 A. SLEMCO expects a shortfall of approximately \$5.2 million.

18
19 Q. WHAT IS THE TOTAL AMOUNT SLEMCO SEEKS TO RECOVER FROM ITS
20 RATEPAYERS IN CONNECTION WITH THE 2020 STORMS?

21 A. SLEMCO seeks to recover approximately \$5.9 million, which includes the FEMA
22 unreimbursed costs of the storms in addition to carrying costs associated with financing
23 the expenditures. See Exhibit C attached.

1 Q. HOW DOES SLEMCO PROPOSE RECOVERING THIS AMOUNT?

2 A. SLEMCO is proposing that the full \$5.9 million, which includes carrying costs, be included
3 as a line item on SLEMCO customer bills for the next 24 months.

4

5 Q. HOW LONG WILL THE LINE ITEM BE INCLUDED ON SLEMCO CUSTOMER BILLS?

6 A. 24 months.

7

8 Q. WHAT DOES SLEMCO ESTIMATE THE AVERAGE COST PER RESIDENTIAL
9 CUSTOMER TO BE DURING THE RECOVERY PERIOD?

10 A. SLEMCO estimates that the average residential customer will pay \$1.70 per month or
11 1.226 mills per kWh.

12

13 Q. HOW DID YOU ARRIVE AT THIS ESTIMATE?

14 A. SLEMCO's average actual kilowatt hour sales for 2019 and 2020 was 2,420,838,324.
15 Assuming similar sales for 2021 and 2022 (and portions of 2023), the cost to be recovered
16 per month per kilowatt hour over the next 24 month period will be \$.001226 (1.226 mills)
17 per kilowatt hour. This results in an average cost to the residential customers of \$1.70 per
18 month. The line item (1.226 mills or approximately \$1.70 per month) will be charged to
19 the customers on a kilowatt hour basis until the regulatory assets have been completely
20 recovered in an estimated 24 months. See Exhibit C attached.

21

22 Q. HOW DO SLEMCO RESIDENTIAL RATES COMPARE TO THAT OF OTHER UTILITY
23 PROVIDERS IN THE STATE AND HOW DOES THIS LINE ITEM RECOVERY AFFECT
24 THAT COMPARISON?

1 A. Even with this modest increase for 24 months, SLEMCO will still offer some of the lowest
2 rates in the State. See attached Exhibit D from the LPSC comparing utility rates.

3
4 Q. WHAT STEPS, IF ANY, HAS SLEMCO TAKEN TO ACCUMULATE AND TRACK THE
5 COSTS INCURRED IN CONNECTION WITH HURRICANES LAURA AND DELTA?

6 A. By Special Order No. 73-2020 (see Exhibit E), the Louisiana Public Service Commission
7 previously approved establishment of regulatory assets for jurisdictional utilities for
8 accumulation of the costs incurred in connection with Hurricanes Laura and Delta. These
9 assets were approved to track and defer expenses associated with Hurricanes Laura and
10 Delta to facilitate utilities' efforts to restore and maintain service. Accordingly, the
11 mechanisms for accounting for these regulatory assets has already been put in place.
12 See Exhibit F attached.

13
14 Q. WHAT STEPS OR MEASURES IS SLEMCO WILLING TO TAKE IN ORDER TO INSURE
15 AN ACCURATE AND DULY AUTHORIZED RECOVERY?

16 A. SLEMCO proposes a transparent reporting system that will allow the Commission to
17 carefully monitor and track the effect of the line item charge and the recovery of the
18 pending FEMA reimbursements. SLEMCO proposes to file with the Commission every six
19 months a report detailing the revenues collected through the line item, the actual costs
20 incurred in rebuilding the line for the Pecan Island area, the carrying costs associated with
21 financing hurricane repairs, the amount of any applicable FEMA reimbursements received,
22 and the current balance of the regulatory assets.

23 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

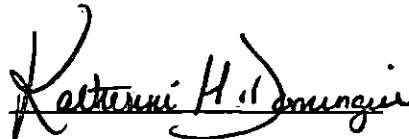
24 A Yes, it does.

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION
DOCKET NO. U-TBD

IN RE: Southwest Louisiana Electric Membership Corporation,
Application for Recovery in Rates of Storm Damage Costs
Incurred as a Result of Hurricanes Laura and Delta

AFFIDAVIT OF WITNESS

I, Katherine H. Domingue, being duly sworn, depose
that the Direct Testimony in the
above referenced matter on behalf of
Southwest Louisiana Electric Membership Corporation,
is true and correct to the best of my knowledge, information and belief.



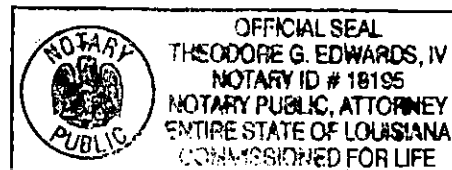
Katherine H. Domingue

Subscribed and sworn before

me this 10 day of
August, 2021.



My Commission expires



SLEMICO

Hurricanes Laura and Delta - Summary of Expenses

Hurricane Laura:

Parish	FAL	FAE	Misc/Meals/Lodging	Contract Labor	Rented Equipment	Material	Totals
Acadia	\$177,968	\$55,567	\$69,046	\$1,223,267	\$0	\$133,474	\$1,659,323
Evangeline	6,879	2,580	1,968	130,024	0	9,222	150,673
Lafayette	338,530	57,545	393,100	1,613,827	15,477	88,035	2,506,514
St. Landry	99,514	41,074	32,995	192,456	0	31,173	397,211
St. Martin	41,578	22,308	11,559	80,516	0	42,943	198,905
Vermilion	332,142	118,331	134,632	2,546,405	44,114	160,260	3,335,884
Pecan Island*	20,000	0	0	1,107,500	0	233,441	1,360,941
TOTALS	\$1,016,612	\$297,404	\$643,299	\$6,893,995	\$59,591	\$698,548	\$9,609,450

*Re-build of line in the Pecan Island area of Vermilion parish - estimated based on awarded contract.

Total Cost of Hurricane Laura
 Estimated FEMA 90%
 Regulatory Asset Remaining

\$9,609,450
 8,648,505
\$960,945

Hurricane Delta:

Parish	FAL	FAE	Misc/Meals/Lodging	Contract Labor	Rented Equipment	Material	Totals
Acadia	\$262,706	\$90,139	\$158,467	\$3,260,945		\$175,652	\$3,947,910
Evangeline	9,243	4,998	0	18,814		1,056	34,110
Lafayette	618,081	135,108	1,050,396	5,418,610	22,077	223,803	7,468,074
St. Landry	210,521	87,213	61,291	762,154		109,499	1,230,678
St. Martin	134,312	70,584	33,977	722,316		62,735	1,023,924
Vermilion	315,939	108,427	204,663	2,345,566		202,225	3,176,819
TOTALS	\$1,550,802	\$496,469	\$1,508,795	\$12,528,404	\$22,077	\$774,970	\$16,881,517

Total Cost of Hurricane Delta
 Estimated FEMA 75%
 Regulatory Asset Remaining

\$16,881,517
 12,661,138
\$4,220,379

Carrying Costs:

Carrying costs based on a weighted long-term cost of debt on - see attached for details:

- 1. The accumulated costs of the storms prior to any FEMA payments
- 2. The unreimbursed storm costs over the term of a line item (24 mos.)

Regulatory Asset-Carrying Costs	\$755,208
TOTAL REGULATORY ASSET:	\$5,936,532

Estimated Line Item Calculations Using Total Above:

2020 kWh Sales:	2,386,761,461
2019 kWh Sales:	2,454,915,187
Average kWh Sales:	2,420,838,324

Period to recover regulatory asset	24 months
Rate per kWh	\$0.001226
Average cost per month per residential customer	\$1.70

SLEMCO**Calculation of Carrying Cost to Include in Regulatory Asset
Hurricanes Laura and Delta****Weighted Long Term Cost of Debt:**

	LTD Avg. Balance	Interest Expense	Weighted Cost
12/31/19	\$161,115,575	\$6,203,680	3.85%
12/31/20	\$172,592,247	\$6,144,438	3.56%

Calculation of Carrying Cost Amounts:

	WO Totals - Laura	WO Totals - Delta	Carrying Cost Laura	Carrying Cost Delta
Aug-20	\$1,144,184.00	\$0.00	\$3,671.36	\$0.00
Sep-20	4,655,186.25	0.00	14,937.15	0.00
Oct-20	5,835,134.00	7,412,964.62	18,723.26	23,786.06
Nov-20	6,137,758.67	12,070,221.82	19,694.29	38,729.85
Dec-20	6,255,116.47	15,632,531.12	18,557.31	46,377.67
Jan-21	6,279,557.95	15,799,552.99	18,629.82	46,873.18
Feb-21	6,293,907.22	16,192,504.51	18,672.39	48,038.97
Mar-21	6,313,263.60	15,820,623.73	18,729.82	46,935.69
Apr-21	6,315,520.60	15,869,811.64	18,736.51	47,081.62
May-21	6,467,177.36	16,092,406.29	19,186.44	47,742.00
Jun-21	6,467,162.70	16,092,334.15	19,186.40	47,741.79
Future*	646,716.27	4,023,083.54	1,918.64	11,935.45
			\$190,643.39	\$405,242.29

*Assuming FEMA payment is made in the future and future carrying costs are only on amounts left unpaid by FEMA.

\$595,885.68

Calculation of Carrying Cost Amounts:

Assuming 1/24th of the balance in the WO's is paid off monthly thru the line item

	WO Totals - Laura	WO Totals - Delta	Carrying Cost Laura	Carrying Cost Delta
1	\$619,769.76	\$3,855,455.06	\$1,838.70	\$11,438.14
2	592,823.25	3,687,826.58	1,758.75	10,940.83
3	565,876.74	3,520,198.10	1,678.81	10,443.52
4	538,930.23	3,352,569.61	1,598.87	9,946.21
5	511,983.71	3,184,941.13	1,518.92	9,448.90
6	485,037.20	3,017,312.65	1,438.98	8,951.59
7	458,090.69	2,849,684.17	1,359.04	8,454.27
8	431,144.18	2,682,055.69	1,279.09	7,956.96
9	404,197.67	2,514,427.21	1,199.15	7,459.65
10	377,251.16	2,346,798.73	1,119.21	6,962.34
11	350,304.65	2,179,170.25	1,039.26	6,465.03
12	323,358.14	2,011,541.77	959.32	5,967.72
13	296,411.62	1,843,913.29	879.38	5,470.41
14	269,465.11	1,676,284.81	799.43	4,973.10
15	242,518.60	1,508,656.33	719.49	4,475.79
16	215,572.09	1,341,027.85	639.55	3,978.48
17	188,625.58	1,173,399.37	559.60	3,481.17
18	161,679.07	1,005,770.88	479.66	2,983.86
19	134,732.56	838,142.40	399.72	2,486.55
20	107,786.05	670,513.92	319.77	1,989.24
21	80,839.53	502,885.44	239.83	1,491.93
22	53,893.02	335,256.96	159.89	994.62
23	26,946.51	167,628.48	79.94	497.31
24	0.00	0.00	0.00	0.00
			\$22,064.36	\$137,257.64

\$159,322.00

GRAND TOTAL OF CARRYING COSTS

\$755,207.68

Cow Island Distribution (WO# 202101016)

REA FORM 278 REV 10-73		U.S. DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE T A B U L A T I O N O F B I D S		Form Approved OMB No. 40-22466	PROJECT DESIGNATION LOUISIANA-9-LAFAYETTE	
TO: UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL ELECTRIFICATION ADMINISTRATION, WASHINGTON, D.C. 20250 INSTRUCTIONS: Submit two (2) executed copies of this tabulation together with certified copies of resolution of board reference to award. CERTIFIED CHECKS AND BIDDERS BONDS MUST BE RETAINED BY THE BORROWER.		AMOUNT OF ALTERNATE BID BY NUMBER			TYPE BUILDING	
BIDDER'S NAME AND ADDRESS	BASE BID	AMOUNT OF ALTERNATE BID BY NUMBER				REMARKS
		+	1	2	5	
		PLUS				
		MINUS				
Axis Power 48 Bayou Brandt Beaumont, TX 7706	\$1,755,985.89	+				
Echo Powerline P.O. Box 539 Bunkie, LA 71322	\$1,526,207.55	-				
IRBY Construction Company P.O. Box 180819 Richland, MS 39218-0819	No Bid	+				
Linetec Services P.O. Box 13650 Alexandria, LA 71315-3650	(\$1,107,499.88)	-				
	Add SLEMCO labor and materials to above contract cost for the rebuild of the line from Cow Island to Pecan Island in Vermilion parish.	+				Low Bidder
		-				
		+				
		-				
		+				
		-				

This is to certify that at 9:00 o'clock, PM CENTRAL DAYLIGHT-Standard time on March 17, 2021, the bids tabulated herein were publicly opened, read, checked, and above totals are correct as to additions and extension, and the bids were accompanied by acceptable certified checks or bidder's bonds. Any irregularities in bids received are noted above.

March 17, 2021 By JIM LAQUE
DATE ENGINEER OR ARCHITECT