

***Henderson Ridge Consulting, Inc.***

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December 7, 2017

Louisiana Public Service Commission  
Kim Trosclair  
Office of the General Counsel  
602 North Fifth Street (Galvez Building)  
P.O. Box 91154  
Baton Rouge, Louisiana 70821-9154

**Re: RFP 17-18 – Docket No. I-34693**

***Cleco Power LLC, ex parte.***

***In re: Request to Initiate 2017 Integrated Resource Planning (“IRP”) Process Pursuant to General Order No. R-30021 (Corrected) dated April 20, 2012.***

Dear Kim:

Henderson Ridge Consulting is pleased to respond to the Louisiana Public Service Commission’s (“LPSC” or “the Commission”) November 17, 2017 Request For Proposals (“RFP”) for independent technical consultants to assist the Commission in the evaluation of the filings of Cleco Power, LLC (“Cleco” or “the Company”) pursuant to the Commission’s Integrated Resource Planning (“IRP”) Rules.<sup>1</sup> Consistent with the Commission’s Rules, the Company has submitted its request to initiate the IRP Planning Process. The Company’s request provides a Schedule of Events spanning 24 months along with a confidentiality agreement.

Henderson Ridge Consulting is very familiar with the IRP Planning Process undertaken by Cleco. Our firm was retained by the Commission to oversee the planning process for the 2015 IRP – the first IRP developed by the Company under the requirements of General Order No. R-30021. We are experienced with the assumptions and models used by Cleco to develop the most reliable and most cost-effective portfolio

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<sup>1</sup> “Integrated Resource Planning Rules for Electric Utilities in Louisiana”, Corrected General Order issued April 12, 2012 in LPSC Docket No. R-30021.

of resources, including supply-side resources, availability of renewable energy, demand side management programs, and distributed generation opportunities.

Our firm has also worked on other filings and applications submitted by Cleco. We were retained by the Commission in Docket No. U-32631 to evaluate whether Cleco's Application to transfer functional control of certain transmission assets to the Midcontinent Independent Transmission System Operator, Inc. ("MISO") Regional Transmission Organization ("RTO") was in the public interest. The Company's Application also sought the Commission's approval of an accounting order to defer the recovery of costs related to Cleco's transition into MISO. In Docket No. U-32839, we were engaged by the Commission to ensure that the implementation issues associated with Cleco joining MISO would be resolved to the satisfaction of all parties and result in a successful and on-time integration. Soon after, we examined Cleco's request to enter into a joint venture with an industrial to construct and operate a waste heat energy project. In addition to these engagements, the Commission directed our firm to review Cleco's transmission system construction plans and Smart Grid investment deployment. We also conducted an evaluation of Cleco's offer to enter into a long term power supply contract with a distribution cooperative under the Commission's Market Based Mechanism Order and the subsequent proceeding to certify that contract as being in the public interest.

### **Scope of Representation**

As the Commission's consultant, Henderson Ridge Consulting will assist the LPSC Staff in the evaluation and analysis of the filings that Cleco will submit as part of the Commission's IRP Planning Process. Our firm will review the documentation provided by the Company in support of its IRP, prepare discovery seeking additional information, and analyze the issues and concerns of all stakeholders intervening in the proceeding. We will participate in and moderate the stakeholder meetings that have been scheduled in accordance with the Schedule of Events. The Schedule of Events, consistent with the Commission's Rules, anticipates at least a 24-month engagement

period. We will prepare a final report that presents our findings, conclusions, and recommendations regarding the Company's IRP and the positions of interested parties. At the end of the engagement period, we will present our final report to the Commission at its Business & Executive Session.

**Proposed Work Plan of Henderson Ridge Consulting**

The work plan of Henderson Ridge Consulting will fully embrace the requirements of the IRP Planning Process as found in the Commission's Rules. We will strive to adhere to the timeline contemplated in the Schedule of Events and will remain flexible in order to accommodate any scheduling conflicts that may arise with the Commission Staff.

The major services to be rendered by our firm include:

- Review the data assumptions that are used in the Company's IRP and examine the documentation in support of those assumptions;
- Review the IRP related studies that Cleco has performed and prepare formal discovery and review the Company's responses regarding those studies;
- Request additional studies be conducted applying Staff (and intervenor) recommended inputs and assumptions;
- Seek written comments from all stakeholders and review those comments;
- Assist in publishing the Draft IRP report;
- Participate in and moderate two Stakeholder Meetings to (1) initially address the data assumptions and studies performed in support of the draft IRP and (2) subsequently address the draft IRP;
- Initiate a second cycle of comments from all stakeholders regarding the draft IRP;
- Prepare and issue comments on behalf of Staff regarding the draft IRP;
- Review the final IRP published by Cleco and identify the disputed issues and evaluate the merits of alternative recommendations;
- Prepare and submit recommendations on behalf of Staff to the Commission, including whether or not a proceeding is necessary for the resolution of any disputed issues;

- Present Staff's recommendations to the Commission at its Business and Executive Session;
- Assist Staff counsel in the drafting of motions, briefs, and orders; and
- Provide general support services to Staff throughout the engagement.

### **Experience of Henderson Ridge Consulting**

Henderson Ridge Consulting has been retained by the Louisiana Public Service Commission for over twenty years to assist Staff in numerous dockets covering the myriad requests, issues, and audits of utilities under its jurisdiction. These engagements have involved investor-owned electric utilities and those organized as cooperatives, telecommunications service providers, gas local distribution companies, and water and wastewater utilities.

Our work on behalf of the Commission has included performing technical analyses and evaluations of all types of filings submitted by LPSC-jurisdictional electric utilities, telecommunications service providers, and water and wastewater utilities. As previously noted, Henderson Ridge Consulting was retained by the Commission to oversee the first IRP Planning Process undertaken by Cleco pursuant to General Order No. R-30021. We are very experienced with each scheduled Event required under the IRP Planning Process and understand the competing interests of the participating stakeholders. The Cleco 2015 IRP reflects a balancing of interests, including those of the Company, industrial energy users, the renewable industry and its supporters, and Staff's interest in protecting the interests of Louisiana ratepayers.

In addition to overseeing the development of the Cleco 2015 IRP, we have conducted the public interest determination of Cleco's Application to join MISO as well as the evaluation of the Company's Implementation filing in the join-MISO proceeding. We have also evaluated Valley Electric Membership Corporation's application under the Market Based Mechanism Order and the subsequent certification proceeding of the Cooperative's long-term power supply contract with Cleco. In another project, we

reviewed the breadth of Smart Grid activities and programs implemented by Louisiana electric service providers, including Cleco. As part of that project, we reviewed the Smart Grid initiatives planned by Cleco as well as its transmission system and operations. We have also evaluated the transmission construction plans of the Entergy operating companies and the transmission investments made by those companies during the last ten years in the course of conducting the most recent Fuel Adjustment Clause audit of Entergy Louisiana, LLC.

A firm resume providing further background on our team's qualifications has been attached to our proposal.

### **Minimum Requirements**

Henderson Ridge Consulting is experienced in analyzing the operations and the books and records of electric utilities, gas local distribution companies, telecommunications service providers, and water and wastewater utilities under the jurisdiction of the Louisiana Public Service Commission. This experience has been applied for the purpose of setting just and reasonable rates in the recovery of costs from ratepayers as well as public interest determinations in response to the filings of regulated utilities.

As discussed in the Experience section of our proposal, Henderson Ridge Consulting is very familiar with the operations of Cleco. Henderson Ridge Consulting has reviewed the list of minimum requirements identified in Section IV of the Commission's RFP. Our firm is experienced with each of the Minimum Requirements and can readily satisfy this group of professional standards that the Commission expects of its expert consultants, including our experience with MISO tariffs, rules, and planning processes.

### **Estimate of Cost**

Henderson Ridge Consulting anticipates that the review and analysis of Cleco's Application will require a total of 520 hours. The professional fees for the project are estimated at \$73,425.00 based upon hourly rates for our staff of professionals that range from \$135 per hour to \$150 per hour. Travel-related expenses are anticipated to be \$3,600.00 for a total budget of \$77,025.00.

**Conflict of Interest**

Henderson Ridge Consulting has no current assignments, or any prior assignments, that could pose any conflicts of interest, or the appearance of such conflicts, including, but not limited to, any work performed on behalf of the Louisiana Public Service Commission.

I appreciate the opportunity to respond to the RFP and to continue our relationship with the Commission and its Staff.

Sincerely,

William Barta  
Principal