

Henderson Ridge Consulting, Inc.

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June 1, 2018

Louisiana Public Service Commission
Melanie Verzwuyvelt
Staff Attorney
P.O. Box 91154
Baton Rouge, Louisiana 70821-9154

Re: Docket No. X-TBD

Audit of Environmental Adjustment Clause Filings for Cleco Power LLC for the period of January 2016 through December 2017.

Dear Melanie,

Henderson Ridge Consulting is pleased to respond to your May 22, 2018 solicitation letter that requests the services of an independent technical consultant to assist the Staff in reviewing all issues related to the Louisiana Public Service Commission's ("LPSC" or "the Commission") audit of the Federal Environmental Adjustment Clause ("FEAC") filings of Cleco Power LLC ("Cleco" or "the Company"). The audit period will cover the Company's FEAC filings for the months of January, 2016 through December, 2017. The audit will be conducted pursuant to the requirements of General Order No. R-29380 Subdocket A, dated July 21, 2009 (the "Federal Environmental Adjustment Clause Order" or "FEAC Order").

Henderson Ridge Consulting has conducted prior FEAC audits of the Entergy operating companies that were authorized by the Commission. We are very familiar with reviewing the reasonableness and prudence of environmental compliance costs that may be claimed by LPSC-jurisdictional electric utilities. In addition, our firm has conducted numerous Fuel Adjustment Clause and Purchased Gas Adjustment audits on behalf of the Commission.

The Commission's FEAC General Order became effective on July 21, 2009 and that order will provide guidance for the audit. The areas of examination that we will pursue

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in the review and analysis of the Company's FEAC filings include: (A) whether the costs passed through the FEAC during the review period were reasonable and prudent; (B) whether the costs were appropriate and eligible for recovery under the FEAC mechanism consistent with the Commission's General Order dated July 21, 2009; (C) whether the costs passed through the FEAC produced just and reasonable rates; and (D) whether the costs passed through the FEAC were necessary for the provision of electric service.

We anticipate that the audit of the Company's FEAC filings for the 24 month review period will require professional services totaling \$26,550.00 based upon an hourly rate of \$135 for Debbie Barta and \$150 for William Barta. Travel-related expenses are anticipated to be \$900.00 for a total budget of \$27,450.00.

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.

Henderson Ridge Consulting appreciates the opportunity to respond to your solicitation letter and to continue our relationship with the Commission and Staff.

Sincerely,

William Barta
Principal