

Henderson Ridge Consulting, Inc.

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February 13, 2017

Louisiana Public Service Commission
Brandon Frey/Kathleen Richardson
Executive Counsel
602 North Fifth Street (Galvez Building)
P.O. Box 91154
Baton Rouge, Louisiana 70821-9154

**Re: Cleco Power, LLC Docket No. U-34342
In re: Request for Recovery Through its Fuel Adjustment Clause Costs
Associated with New Natural Gas Supply.**

Dear Kathleen and Brandon:

Henderson Ridge Consulting is pleased to respond to the Louisiana Public Service Commission's ("LPSC" or "the Commission") February 6, 2017 Solicitation seeking independent technical consultants to assist the Commission Staff in the evaluation of Cleco Power, LLC's ("Cleco" or "the Company") request to recover the costs associated with a new natural gas supply line through its Fuel Adjustment Clause ("FAC").

Henderson Ridge Consulting is very experienced with the eligible (and ineligible) costs that the LPSC-jurisdictional utilities seek to recover through the FAC. Our firm has completed the most recent audit of Entergy Louisiana, LLC's FAC filings for the years of 2005 through 2009. We are currently auditing the monthly FAC filings of Southwestern Electric Power Company on behalf of the Commission. Our firm has also conducted Purchased Gas Adjustment audits on behalf of the Commission as well Environmental Adjustment Clause audits.

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Scope of Representation

In support of the request to recover the costs of a new natural gas supply pipeline through its FAC, Cleco did not submit extensive documentation. We also anticipate intervention with strong opposition to the proposed cost recovery. Thus, Henderson Ridge Consulting has developed a detailed work plan that ensures that the scope of services identified in the Commission's Solicitation is met and that a thorough evaluation of the application is conducted. The proposed work plan is designed to achieve the Commission's objectives for the evaluation including:

- A determination if the Commission's FAC General Order in Docket No. 21497 clearly allows the utility to recover the costs associated with a new natural gas supply pipeline through the FAC.
- Whether there are prior exceptions to the FAC General Order that allow the costs associated with a new natural gas supply pipeline to be recovered through the utility's FAC.
- An assessment of the proposed investment in the new natural gas supply pipeline.
- Analysis of alternative ratemaking treatment for recovery of the costs associated with the new natural gas supply pipeline (i.e. recovery through base rates under the terms of the Company's Formula Rate Plan).
- An evaluation of the Company's proposed rate design and whether such rate design results fair and equitable rates.
- Submit discovery to Cleco and review responses.
- Prepare prefiled testimony on behalf of the Staff of the LPSC.
- Stand cross examination at Commission hearings.
- Assist Staff counsel in the drafting of motions, briefs, and orders.
- Provide general support services to Staff throughout the engagement.

Period of Representation

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We estimate that the time period necessary to complete the evaluation of Cleco's request is three to six months.

Experience of Henderson Ridge Consulting

The extensive experience of Henderson Ridge Consulting with FAC recovery of a utility's costs and our familiarity with Cleco Power, LLC makes the firm particularly well-suited to conduct the evaluation of the Company's filing. Our firm's auditing experience not only includes Fuel Adjustment Clause audits but Purchased Gas Adjustment audits, Environmental Adjustment Clause audits, compliance audits, affiliate transaction audits, avoided cost audits, management audits, and single-issue audits.

Henderson Ridge Consulting has performed a number of engagements on behalf of the Commission that have evaluated the applications of Cleco Power, LLC. We have completed the monitoring of the Company's development of its 2015 Integrated Resource Plan (i.e. Docket No. I-33015) and its request to enter into a joint venture with an industrial customer for a renewable energy generation project (i.e. Docket No. U-33593). Prior to those engagements, we evaluated the Company's request to join the Midcontinent Independent System Operator Regional Transmission Organization and developed an integration plan as a requirement of membership.

Mr. Barta is a Certified Public Accountant and is experienced in analyzing the operations and books and records of utility companies. This experience covers (1) appropriate accounting standards and practices for utilities, (2) appropriate ratemaking adjustments to the utility's accounting records, (3) appropriate allocations of costs to base rates and fuel charges, (4) recoverable expenses for ratemaking purposes, and (5) utility taxation issues. A firm resume that provides additional insight into our experience has been attached to our proposal.

Henderson Ridge Consulting is experienced in analyzing the operations and the books and records of electric utilities, local gas distribution companies,

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telecommunications carriers, and water and sewer companies 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.

Estimate of Cost

Henderson Ridge Consulting anticipates that the evaluation of Cleco Power, LLC's request to recover the costs associated with a new natural gas supply pipeline through its FAC will require a total of \$37,200.00 in professional fees based upon an hourly rate of \$150 for William Barta. Travel-related expenses are anticipated to be \$1,500.00 for a total budget of \$38,700.00.

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