

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

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December 13, 2016

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

***Re: Docket No. U-34303 – Application for Authorization to Amend a Contract for the Purchase of Capacity and Electric Power from Occidental Chemical Corporation’s Taft Facility.***

Dear Mr. Frey:

Henderson Ridge Consulting is pleased to respond to the Louisiana Public Service Commission’s (“LPSC” or “the Commission”) November 28, 2016 solicitation for bids from independent technical consultants to assist the Commission Staff in conducting a review of Entergy Louisiana, LLC’s (“ELL” or “Entergy”) application to amend a contract for the purchase of capacity and electric power from Occidental Chemical Corporation’s (“Oxy”) Taft Facility.

Henderson Ridge Consulting has extensive experience with the filings and applications of the Entergy operating companies, including ELL. We have just completed a two-phase audit of ELL’s Fuel Adjustment Clause (“FAC”) filings. In the course of that audit, we examined each of the Purchased Power Agreements (“PPAs”) that ELL had entered into with affiliates and third parties and was seeking recovery of through the FAC. Our experience also includes examining the terms and conditions of PPAs entered into by other electric utilities as well as the long-term Power Supply and Services Agreements that the electric distribution cooperatives have contracted for in recent years. In addition to these engagements on behalf of the Commission, we examined the Joint Application of ELL and EGSL that requested an increase in each of

the Companies' nuclear decommissioning revenue requirement. Our firm conducted audits of the Companies' storm restoration expenditures incurred as a result of the 2005 and 2008 hurricanes. We have performed all of the audits of the Companies' avoided cost calculations which began with the audit of the 2003 cost information. We have also conducted all of the audits of the Federal Environmental Adjustment Clause filings submitted by ELL and EGSL.

Henderson Ridge Consulting has developed a detailed work plan that ensures that the scope of services identified in the Commission's November 28, 2016 letter is fulfilled. The proposed work plan is designed to achieve the Commission's objectives for the review and will include:

- A determination of the extent to which the proposed agreement with Oxy complies with the Commission's 1983 General Order issued in Docket No. R-30517 and 2009 amendments which outline certification requirements for resource procurements.
- A determination of whether the proposed agreement should be exempt from the requirements in the Commission's General Order issued in Docket No. R-26172 Subdocket A, the Market-Based Mechanism General Order.
- A determination of the extent to which the proposed agreement complies with the requirements in the Commission's General Order issued in Docket No. R-28271-A Subdocket B, the Commission's Renewable Energy Pilot Program Implementation Plan Order.
- A determination of the extent to which the proposed agreement complies with the requirements in the Commission's Order No. U-28804-A which approved the original PPA between ELL and Oxy.
- A determination of the extent to which the proposed agreement complies with the Commission's Orders regarding Entergy's Formula Rate Plans.
- A determination of the extent to which the proposed agreement complies with the Commission's Orders regarding the Fuel Adjustment Clause recovery mechanism for Entergy.
- An assessment of the pricing structure of the contract including a comparison to other types of similar energy resources.

- A determination of whether the resources that are subject to this proceeding will provide reliable service at the lowest reasonable cost.

ELL is requesting a decision within the 120-day certification period set forth in the 1983 General Order. Although the timeframe to perform the necessary analysis is tight, we intend to submit our recommendation within the 120-day time frame if so directed by the Commission.

Henderson Ridge Consulting anticipates that the professional fees to conduct the review of the EGSL application for approval of the 20-Year contract with Oxy will total \$23,890.00 based upon an hourly rate of \$150 for William Barta and \$135 for Debbie Barta. Travel-related expenses are anticipated to be \$1,500.00 for a total budget of \$25,390.00.

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.

We appreciate the opportunity to respond to the request for bids from independent consultants and to continue our relationship with the Commission and its Staff.

Sincerely,

William Barta  
Principal