

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

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July 25, 2025

Kimberly N. O'Brien  
Kathryn H. Bowman  
Louisiana Public Service Commission  
Galvez Building (12<sup>th</sup> Floor)  
602 North Fifth Street  
P.O. Box 91154  
Baton Rouge, LA 70821-9154

**Re: RFP 25-08**

***In re: Outside Accounting Consultant for any jurisdictional electric utility's request for recovery of storm costs via a securitization financing transaction for the 2025 Hurricane Season.***

Dear Kimberly and Kathryn,

Henderson Ridge Consulting, Inc. is pleased to submit this proposal to assist the Staff of the Louisiana Public Service Commission ("LPSC" or "the Commission") in the event that the services of an outside accounting consultant are necessary for the review of an Application that may be filed by an electric utility seeking to enter into a securitization arrangement to finance the recovery of incurred storm costs. Henderson Ridge Consulting, Inc. has extensive experience with the storm restoration filings of Entergy, including detailed experience with the Financing Orders and Ancillary Orders that the Commission has approved to support the past securitization financing transactions. Our firm has been retained by the Commission to evaluate Entergy's applications for the recovery of the storm restoration costs incurred after the landfall of all the catastrophic hurricanes since 2005: Hurricanes Katrina and Rita (2005),<sup>1</sup> Hurricanes Ike and Gustav

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<sup>1</sup> LPSC Docket No. U-29203.

(2008),<sup>2</sup> Hurricane Isaac (2012),<sup>3</sup> Hurricanes Laura, Delta, Zeta and Winter Storm Uri (2020),<sup>4</sup> and Hurricane Ida (2021).<sup>5</sup> We were recently retained by the Commission to evaluate Entergy Louisiana, LLC's (ELL) Application to recover the storm restoration expenditures incurred after the landfall of Hurricane Francine.<sup>6</sup>

In addition to our extensive experience with the storm restoration Applications of ELL and the supplemental filings seeking Commission approval for the securitization of the system restoration costs, Henderson Ridge Consulting, Inc. conducts the semi-annual true-ups of the Financed Storm Costs Riders and the annual true-ups of the Storm Cost Offset Riders on behalf of the Louisiana Utilities Restoration Corporation. The series of true-ups requires detailed knowledge of the Financing Orders and Ancillary Orders approved by the Commission in each of the catastrophic storm damage proceedings as well as a command of the rate design, bond issuance costs, and the allocation among the Storm Recovery Groups.

This proposal submitted in response to the Commission's Request For Proposal No. 25-08 ("RFP") reflects the proven work plan that we have developed to address the examination of the storm restoration costs as well as the rate design and policy issues related to Entergy's prior five storm damage filings that were financed through securitization.<sup>7</sup> As a result of our past work in evaluating Entergy's hurricane cost recovery Applications and the supplemental securitization filings, we believe that we are particularly qualified to assist the Staff should an outside accounting consultant be needed to review the filing of an electric utility for the recovery of the storm damage costs incurred after a 2025 hurricane.

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<sup>2</sup> LPSC Docket No. U-30981.

<sup>3</sup> LPSC Docket No. U-32764.

<sup>4</sup> LPSC Docket No. U-35991.

<sup>5</sup> LPSC Docket No. U-36350.

<sup>6</sup> LPSC Docket No. U-37468.

Henderson Ridge Consulting proposes to assist the Commission Staff in the Scope of Work outlined in RFP No. 25-08 for a budget not to exceed \$136,400.00 for professional services and \$3,200.00 for travel-related expenses for a total budget of \$139,600.00. As stated in RFP No. 25-08, this proposed budget is applicable in the review of *any* request by an electric utility for cost recovery of storm costs through a securitization financing transaction during the 2025 Hurricane Season. The proposed budget does not provide for a full prudence review of the electric utility's application as the RFP allows the Applicant to submit an additional budget to conduct the full prudence review.

### **Scope of Representation**

The Scope of Representation identified in RFP No. 25-08 includes the very issues which our firm has addressed and the work tasks we have conducted in the prior five storm damage filings of ELL that led to securitized financing transactions. It should be noted that for a variety of reasons, the draft of the irrevocable Financing Order may not be complete at the time of filing. For instance, if the transmission level customers are expected to be allocated a share of the distribution related storm damages as in past filings, the functionalization of the storm damage costs among Generation, Transmission, and Distribution and other inputs (e.g., the coincident peak) that drive the allocation may not yet be known and have been estimated. It is also doubtful whether the carrying costs on the storm restoration expenditures, the bond issuance fees, and other costs will be finalized at the date of the draft filing.

RFP No. 25-08 does not mention the review of an Ancillary Order but such a review will be performed by our project team. The Ancillary Order accompanies the Financing Order as a supplemental application of the utility. The purpose of the Ancillary Order is to have Commission approval for a tariff that authorizes the electric

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<sup>7</sup> In LPSC Docket No. U-37468, ELL does not seek Commission authorization to securitize the Hurricane Francine related storm restoration costs for a number of reasons.

utility to implement ancillary adjustments for elements other than those relating to the financing transactions as sought in the Financing Application.

### **Period of Representation**

The Period of Representation stated in RFP No. 25-08 is estimated to be 8 months. Henderson Ridge Consulting, Inc. is fully aware of the time sensitivity surrounding the securitization of storm restoration costs and will be prepared to meet the Commission deadlines.

### **Proposed Work Plan of Henderson Ridge Consulting**

The focus of our efforts will be an evaluation of the application of the electric utility. The level of detail provided by the electric utility will likely depend upon how quickly the utility submits its filing after the storm restoration effort has been completed. For instance, the classification of the storm restoration costs may not have been finalized between Operations & Maintenance Expenses and Capital Expenditures. Likewise, the functionalization of the storm damage costs among Generation, Transmission, and Distribution may be estimated. Our work plan is designed to examine and resolve the principal issues outlined below:

- Review the direct testimony and supporting documentation submitted by the utility.
- Prepare discovery and review the utility responses to the data requests.
- Participate in informal meetings with Staff and the utility as necessary.
- Prepare prefiled testimony and/or a report in support of our findings and recommendations.
- Attend the Business and Executive Session to support the Staff findings and recommendations.

- Review the reasonableness of the classification of the storm restoration expenditures between Operations & Maintenance Expenses and Capital Expenditures as compared to prior storm damage proceedings.
- Review the estimate of the functionalization of the storm restoration costs between Generation, Transmission, and Distribution.
- Assess the request for the recovery of carrying charges and the accuracy of the calculation of carrying charges.
- Review the estimate of bond issuance fees and other costs to be incurred as part of the securitization filing.
- Review the draft Financing Order to ensure it complies with the requirements of Act 293 that authorizes the financing of storm restoration costs through securitization.
- Confirm the accuracy of the estimated Periodic Payment Requirement and Periodic Billing Requirement that are central to the Financed Storm Cost charge that will be collected from the utility's customers.
- Evaluate the utility's proposed allocation of the system restoration charges to the Storm Recovery Groups.
- Ensure that the terms of the draft Financing Order appropriately provide for deposits and withdrawals to be made from the general subaccount, the Debt Service Reserve Subaccount, and the excess fund account.
- Review the reasonableness of the utility's request that the proceeds from the securitization financing include contributions towards a storm reserve should such a request be made.
- An analysis of the cost recovery methodology proposed by the utility to determine whether it is in the best interests of ratepayers.
- Review the terms of the Ancillary Order that is separate from the Financing Order.

- Assess the reasonableness of the income tax effects that are to be included in the Ancillary Order.
- Ensure that the Ancillary Order addresses the adjustment that may be necessary should the actual bond issuance costs differ from the estimated bond issuance costs.
- Assess the reasonableness of other external costs that may be collected through the terms of the Ancillary Order.
- Any additional issues that the Staff and/or Henderson Ridge Consulting identify as needing to be investigated and addressed during the examination.

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

Henderson Ridge Consulting is particularly well-qualified to serve as the Commission's outside accounting consultant on behalf of Staff in the evaluation of the possible application of a LPSC-jurisdictional electric utility seeking approval to enter into a securitization arrangement to finance its storm restoration expenditures. As mentioned, our firm has extensive experience with the prior storm restoration filings submitted by ELL after the 2005, 2008, 2012, the 2020 hurricanes as well as Winter Storm Uri and Hurricane Ida in 2021. All of these storm damage proceedings resulted in Commission approval granting ELL the authority to finance the storm restoration costs through securitization. We have also been retained by the Commission to evaluate ELL's Application seeking recovery of the Hurricane Francine related storm damage costs although that request does not seek Commission approval for the securitization of the storm restoration costs.

Henderson Ridge's experience includes extensive work in analyzing the operations, books, and records of utility companies and providing expert testimony on all aspects of utility regulation and ratemaking. We are able to fulfill each of the Minimum Requirements listed in Section IV of the RFP. Importantly, we are well-experienced with the Financing Orders and Ancillary Orders that provide the framework for the securitized

financing and the terms of the Acts that the utility may choose for the securitization of its storm restoration costs.

Henderson Ridge Consulting has an experienced and well-qualified team to conduct the review of the application that an electric utility may submit for the recovery of storm restoration costs through a securitized financing transaction. Mr. Barta, a CPA, will lead the project team and manage the engagement. The following personnel will be assigned to the project:

William Barta	\$250/hour
Debbie Barta	\$250/hour
Lauren Coppola	\$200/hour
Brooke Beckert	\$200/hour

Lauren Coppola and Brooke Beckert will serve as subcontractors to Henderson Ridge Consulting and both have rendered services in the past in support of the firm's engagements, including the filing of expert testimony.<sup>8</sup> A firm resume has been attached to our response to the proposal which provides further background on our firm's experience and qualifications and individual team member resumes can be made available upon request.

### **Estimate of Cost**

Henderson Ridge Consulting proposes to assist the Commission Staff as an outside accounting consultant for a budget not to exceed \$136,400.00 for professional services and \$3,200.00 for travel-related expenses for a total budget of \$139,600.00. All travel-related expenses will be billed at cost in accordance with the State of Louisiana's Travel Policies and Procedures.

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<sup>8</sup> See the Direct Testimony of M. Brooke Beckert in Docket No. U-35991 and Docket No. U-36222.

**Conflict of Interest**

Please note that Henderson Ridge Consulting, Inc. does not have any business relationships with any LPSC-jurisdictional electric utility, nor has it ever had such a relationship. Thus, the firm has no conflict of interest that could impair or restrict its ability to provide assistance and objective advice to the Commission Staff.

If you have any questions, please do not hesitate to call. We look forward to continuing our relationship of working with the Commission Staff.

Sincerely,

William J. Barta  
President