

J. KENNEDY AND ASSOCIATES, INC.

PRINCIPALS

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June 19, 2017

Hon. Eve Kahao Gonzalez
Executive Secretary
Louisiana Public Service Commission
602 North Fifth Street, 12th Fl.
Galvez Building
Baton Rouge, LA 70802

***In Re: Proposal to assist Staff in its review of Cleco Power, LLC's upcoming
Application for authorization of a new mortgage indenture.***

Dear Ms. Gonzalez:

J. Kennedy and Associates, Inc. ("Kennedy and Associates") is pleased to provide this proposal in response to Melanie Verzwylt's June 16, 2017 request to assist the Staff in the review of Cleco Power, LLC's ("Cleco") upcoming Application for authorization of a new mortgage indenture to replace its existing mortgage indenture of 1950. It is our understanding that Cleco intends to request that the Commission take action on the Application prior to an effective date of January 1, 2018, or as close to that date as reasonably possible. We will work closely with the in-house Legal, Utilities and Auditing Staff to conduct the review.

It is our understanding that the Commission's General Order dated March 18, 1994 ("General Order") requires that Cleco receive prior Commission authorization before entering into a new or revised mortgage indenture. While much of the General Order addresses changes in ownership or control due to business transactions such as sales, mergers, and acquisitions, it also requires Commission authorization before any of a utility's assets can be encumbered in whole or in part, as would be the case with debt issued subject to the terms of a mortgage indenture. The General Order requires that a new mortgage indenture be in the public interest. Among the factors the Commission will take into account is whether there will be net benefits to ratepayers and the extent and timing of those benefits to ratepayers.

The Commission's General Order dated October 16, 1996 also may apply to Cleco's request for entering into a new or revised mortgage indenture because the indenture may apply to future issuances of debt that could affect the cost and other terms of that debt. The General Order dated October 16, 1996 affirms the 1994 General Order, and similar to the 1994 General Order, requires that a new mortgage indenture be consistent with the public interest and the best interest of ratepayers.

Professional Qualifications

Kennedy and Associates is uniquely qualified to assist in this review due to our firm's expertise in utility financing and our involvement in numerous proceedings before the Commission and in other jurisdictions wherein we addressed financing issues. More specifically, we have assisted and continue to assist the Staff in Docket No. S-33218, a four-year proceeding regarding Cleco's blanket financing authorizations for new or replacement debt issues. In that proceeding, we assisted Staff in the review of numerous Cleco financings, including new issues of non-securitized debt and the refinancing of debt before maturity in order to attain more favorable interest rates.

In addition to our direct experience with the financing activities of Cleco, we have assisted the Staff in other proceedings since 1986. In Docket No. U-21453, we assisted Staff with the with the jurisdictional separation of Entergy Gulf States, Inc. into Entergy Gulf States Louisiana, LLC and Entergy Texas, Inc., including all matters related to financing. In Docket No. U-23327, we assisted Staff with the American Electric Power acquisition of Central and Southwest, Inc., including all matters related to financing. In Docket No. U-31351, we assisted Staff with the Southwestern Electric Power Company acquisition of Valley Electric Membership Corporation, including all matters related to financing.

Scope

We will work closely with the Commission Staff in analyzing Cleco's upcoming Application to determine if the new mortgage indenture is warranted, whether it is in the public interest, and whether customers would be adequately protected from any harm and timely receive any benefits. We will review the Company's Application, accompanying workpapers and the Company's financial data; draft and assist in the drafting of data requests; analyze data responses; participate in formal status conferences, pre-trial conferences, depositions, negotiations, and hearings as requested; draft and prepare a memorandum, report, and/or pre-filed testimony in support of the Staff's recommendations, together with exhibits supporting the memorandum, report, and/or pre-filed testimony; and assist in the drafting of applicable motions, exceptions, briefing sheets and orders of the Commission. In addition, we will participate in informal conference calls, meetings and conferences with the Commission and/or Commissioners, and the Staff as well as attend any Business and Executive Sessions that the Staff deems necessary. On behalf of Staff, we anticipate working with Cleco and any other parties to consensually resolve the issues in this proceeding. The scope of our work will continue through the conclusion of the docket through Commission vote, regardless of whether that vote is the result of a stipulated agreement or contested hearing recommendation.

Action Plan and Estimated Timeline

We will conduct our review of the Company's filing in accordance with the scope of work outlined above. We are prepared to commence our review as soon as we are retained by the Commission and Cleco files its Application or formally seeks any assistance in doing so from Staff.

Estimated Budget for Services and Expenses and Hourly Rates for Consulting Services

Kennedy and Associates will provide these services for a total budget not to exceed \$38,900, consisting of \$37,900 for consulting services and \$1,000 for expenses. Our hourly rates for consulting services on this project are provided on Attachment 1 to this proposal. We will not alter our budget or hourly rates on this project except by formal approval of the Commission.

Statement of No Conflicts of Interest

Kennedy and Associates has no known conflicts of interest.

Thank you for your consideration of Kennedy and Associates. We look forward to working with the Staff on this project.

Sincerely,



Lane Kollen,
Vice-President

LK:ji

Attachments:

ATTACHMENT 1

J. Kennedy and Associates, Inc. 2017 Hourly Fee Schedule Louisiana Public Service Commission

<u>Title</u>	<u>Name</u>	<u>Hourly Rate</u>
President	Stephen J. Baron	\$258
Vice President	Lane Kollen	\$258
Vice President	Philip Hayet	\$258
Director	Richard A. Baudino	\$247
Director	Brian R. Barber	\$247
Manager	Randy Futral	\$247
Senior Consultant	Ann Bruccoliere	\$185
Senior Consultant	Leah Justin Wellborn	\$185
Consultant	Brian Kollen	\$145
Analyst	Jessica Inman	\$110