

TRANSCRIPT OF THE LOUISIANA PUBLIC SERVICE COMMISSION BUSINESS AND EXECUTIVE OPEN SESSION HELD ON MAY 13, 2026 IN BATON ROUGE, LOUISIANA. PRESENT WERE: CHAIRMAN ERIC SKRMETTA, VICE CHAIRMAN JEAN-PAUL COUSSAN, COMMISSIONER DAVANTE LEWIS, COMMISSIONER MIKE FRANCIS, AND COMMISSIONER FOSTER CAMPBELL.

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2 **BUSINESS AND EXECUTIVE OPEN SESSION HELD ON MAY 13, 2026**
3 **IN BATON ROUGE, LOUISIANA. PRESENT WERE: CHAIRMAN ERIC**
4 **SKRMETTA, VICE CHAIRMAN JEAN-PAUL COUSSAN,**
5 **COMMISSIONER DAVANTE LEWIS, COMMISSIONER MIKE**
6 **FRANCIS, AND COMMISSIONER FOSTER CAMPBELL.**

7 **CHAIRMAN ERIC SKRMETTA:** We're going to call the meeting order. And
8 before we begin, I'm going to let everybody know that Commissioner Campbell is
9 not well, and we're going to offer some support for him during the prayer and ask
10 for everybody to pray for him to get well soon and join us in June. So he won't be
11 with us today. And now, Commissioner Francis is going to offer the prayer and
12 Commissioner Coussan, the pledge.

13 **[COMMISSIONER MIKE FRANCIS LEADS IN PRAYER]**

14 **[VICE CHAIRMAN JEAN-PAUL COUSSAN IN THE PLEDGE]**

15 **CHAIRMAN SKRMETTA:** Everybody silence their phone, please. All right.
16 Good morning, everyone. Kathryn, what -- do we have anything on the agenda that
17 is deferred, referred, et cetera?

18 **MS. KATHRYN BOWMAN:** No, sir.

19 **CHAIRMAN SKRMETTA:** Okay. You want to go ahead and move forward with
20 announcements? Any announcements from any of the Commissioners? Okay.
21 Great. And we will move on to the agenda with -- read the Exhibit 2 for the in re,
22 please.

1 **MS. BOWMAN:** Yes, sir. So Exhibit Number 2 is Docket Number S-37813. This
2 is SLEMCO's request for a letter of non-opp to borrow funds, including mortgaging
3 assets associated with their construction workplans. Discussion and possible vote
4 on Staff's Report and Recommendation. On December 23, 2025, SLEMCO filed
5 the instant application seeking Commission approval pursuant to the General Order
6 of March 18, 1994, and the request was published in the Commission's Official
7 Bulletin with no interventions. Staff conducted the review of SLEMCO's
8 application and all supporting documentation, and the terms and conditions of the
9 credit agreement requires SLEMCO to maintain several financial conditions,
10 including maintaining specific range of certain leverage ratios. Staff utilized data
11 contained within SLEMCO's financial statements and RUS forms for the years
12 2020 through 2025 and computed SLEMCO's ratio coverage for each of those
13 dated test methods to the test company financial performance related to existing
14 debt obligations, which SLEMCO has met. Based on all the analysis conducted,
15 Staff concurs that the transaction's in the public interest and filed its report and
16 recommendation on April 1, 2026, indicating the same, subject to the
17 Commission's standard conditions associated with issuing a long non-opposition.
18 As such, Staff recommends that the Commission express its non-opposition to the
19 request and the conditions contained in Staff's Report and Recommendation filed
20 into the record on April 1, 2026.

21 **CHAIRMAN SKRMETTA:** Chair moves to accept Staff recommendation. Any
22 seconds?

23 **VICE CHAIRMAN COUSSAN:** Second.

1 **COMMISSIONER DAVANTE LEWIS:** Second.

2 **CHAIRMAN SKRMETTA:** Seconded by Commissioner Coussan. Any
3 opposition? [NONE HEARD] Hearing none, the matter is approved. Next item,
4 please.

5 **MS. BOWMAN:** Exhibit Number 3 is several dockets. It's Docket Numbers U-
6 36133, 36135, 36514, 36515, and 36516. This is DEMCO's, Jefferson Davis
7 Electric Cooperative's, Concordia's, Pointe Coupee's, and Southwest Electric
8 Membership Corporation's joint applications for approval of long-term power
9 supply agreements. It's a discussion and possible vote on a scope expansion for
10 United Professionals Company. At the Commission's April and September of 2020
11 B&Es, UPC was retained to assist in various -- the various applications for power
12 supply agreements. Each of those cooperatives' power supply agreements were
13 approved in 2022 or 2023, and required annual reports to be filed with the
14 Commission in order to conduct prudence reviews on whether the procurements
15 under the agreement upon the agreed upon contracts were being maintained
16 prudently. UPC has been reviewing those annual reviews under the originally
17 approved budgets; however, that -- such budgets were not contemplated to cover
18 those reviews. Based on Staff's solicitation, UPC submitted a proposed annual
19 budget increase of 47,500 in fees and 500 in expenses for a total budget of \$48,000
20 to review all five cooperatives' annual report filings. Staff recommends that the
21 Commission increase UPC's budget on an annual basis due to the scope expansion
22 for the additional 47,500 in fees and 500 in expenses, for a total not to exceed
23 budget of \$48,000.

1 **CHAIRMAN SKRMETTA:** Chair moves to accept the Staff recommendation.
2 Any seconds?
3 **COMMISSIONER LEWIS:** Second.
4 **CHAIRMAN SKRMETTA:** Seconded by Commissioner Lewis. Any opposition?
5 [NONE HEARD] Hearing none, the matter's approved. Next item, please.
6 **MS. BOWMAN:** Exhibit Number 4 is Docket Number U-37761. This is Baton
7 Rouge Water Works doing business as Baton Rouge Water Company's request for
8 an extension and modification of its formula rate plan. It's a discussion and possible
9 vote on an uncontested stipulated settlement. On October 21 of last year, Baton
10 Rouge Water filed this instant request, and was published in the Commission's
11 Official Bulletin with no interventions. Following review and discovery, Staff filed
12 its recommendation on March 13 of this year, and subsequently, Baton Rouge
13 Water and Staff executed a uncontested stipulated settlement, which was filed into
14 the record on March 27, 2026. As there's no unresolved issues, Staff recommends
15 that the Commission approve the joint stipulation filed into the record on March
16 27, 2026.
17 **CHAIRMAN SKRMETTA:** Chair moves to accept Staff recommendation. Any
18 seconds?
19 **VICE CHAIRMAN COUSSAN:** Second.
20 **CHAIRMAN SKRMETTA:** Seconded by Commissioner Coussan.
21 **VICE CHAIRMAN COUSSAN:** We need to turn the volume up in the back of
22 the room.

1 **CHAIRMAN SKRMETTA:** Can Staff arrange for the volume on the
2 microphones to be turned up for the back of the room, please? Matter's been moved
3 by the Chair, seconded by Commissioner Coussan. Any opposition? [NONE
4 HEARD] Hearing none, the matter's approved. Next item, please.

5 **MS. BOWMAN:** Exhibit Number 5 is Docket Number 37896, 37897, and 37898.
6 These are the Commission's notice of audit fuel adjustment clause filings for Cleco
7 Power, SWEPCO, and Entergy through the periods January of 2023 through --
8 excuse me, December of 2025. It's a discussion and possible vote to retain outside
9 consultant. After issuing an RFP, we received three qualifying bids. The first was
10 Drexel Hamilton of 67,500 in fees and 5,000 in expenses for a total budget not to
11 exceed 72,500. The second was from United Professionals Company of 175,000 in
12 fees and 8,000 in expenses, for a total budget not to exceed of 183,000. And the
13 third was London Economics of 191,340 in fees and \$5,334 in expenses, for a total
14 budget not to exceed of 196,674. Staff makes no recommendation as all three
15 bidders are qualified.

16 **CHAIRMAN SKRMETTA:** Chair moves to accept the bid of United
17 Professionals in this matter. Any seconds?

18 **COMMISSIONER LEWIS:** Second.

19 **CHAIRMAN SKRMETTA:** Seconded by Commissioner Lewis. Any opposition?
20 [NONE HEARD] Hearing none, the matter is approved. Next item, please.

21 **MS. BOWMAN:** Exhibit Number 6 is our reports, resolutions, and directives. We
22 have to ratifications this month. The first is a discussion and possible vote possible
23 vote to ratify interventions of the Commission's RTO-related or FERC

1 proceedings. It is in connection with the retention of Fishman Haygood and United
2 Professionals Company for MISO, SPP, and ERSC participation. And due to the
3 short deadlines allowed for these interventions, if advanced Commission approval
4 is not possible, the Executive Secretary own recommendation or its own
5 determination may authorize the initial interventions following ratification --
6 subjection to ratification. Staff recommends that the Commission ratify the actions
7 taken in 16 FERC dockets for monitoring purposes. Those dockets are 26-1820, 17-
8 405, 17-406, 26-56, 26-1915, 26-1935, 26-1946, 26-1962, 26-1972, 26-1980, 26-
9 1999, 26-2000, 26-2003, 26-2015, 26-58, and 26-2065.

10 **CHAIRMAN SKRMETTA:** Chair moves to ratify the actions for intervention.

11 Any seconds?

12 **COMMISSIONER LEWIS:** Second.

13 **CHAIRMAN SKRMETTA:** Seconded by Commissioner Lewis. Any opposition?

14 [NONE HEARD] Hearing none, the matter's approved. Next item.

15 **MS. BOWMAN:** So, still under Exhibit 6, there's a discussion and possible vote
16 to ratify a vote taken by the Chair acting as the Commission's representative on the
17 board of directors at the organization of MISO States. Staff followed the protocol
18 set forth in Special Order 17-2019 and consulted with the Vice Chair and the
19 Secretary prior to the vote. The Chair's vote was cast on April 17, 2026. The OMS
20 sought approval to file with the FERC comments that support MISO's filing in
21 FERC Docket Number 26-1915, and MISO seeks a change in its tariff language
22 that would allow co-located resources to share a single point of interconnection to
23 the transmission. Based on Staff's recommendation, the Commission voted in favor

1 of these OMS comments. Staff recommends that the Commission ratify Chairman
2 Skrmetta's vote taken on April 17, 2026.

3 **CHAIRMAN SKRMETTA:** The Chairman abstains in this vote. Any motions?

4 **COMMISSIONER FRANCIS:** I move.

5 **CHAIRMAN SKRMETTA:** Moved by Commissioner Francis. Any seconds?

6 **VICE CHAIRMAN COUSSAN:** Second.

7 **CHAIRMAN SKRMETTA:** Seconded by Commissioner Coussan. Any
8 opposition? [NONE HEARD] Hearing none, Skrmetta abstains in the vote. Next
9 item.

10 **MS. BOWMAN:** There's also a directive on Exhibit Number 6, and the directive
11 is to direct Staff to review and possibly modify the Commission's General Order
12 dated October 12, 2007 related to franchise fees. And this is at the request of the
13 Chair.

14 **SECRETARY BRANDON FREY:** And --

15 **CHAIRMAN SKRMETTA:** Go ahead.

16 **SECRETARY FREY:** If you want me -- so, just to put this little context. Chairman
17 Skrmetta and I have discussed this, and I know some of y'all have as well. Back in
18 '07, there was actually a series of general orders where the Commission outlined
19 the method in which electric utilities could recover the franchise fee assessments
20 from their customers. It was a modification. Prior to that time, they were included
21 in base rates in many instances. Obviously, we don't regulate the actual franchise
22 fees, whether it be levied by a parochial or municipal government, but we do have

1 jurisdiction over how those are recovered. And I believe there's some new activity
2 in that area, and it might be a good time to re-look at those orders, correct?

3 **CHAIRMAN SKRMETTA:** Correct. Yeah. And basically, the concept is, is that
4 we would reorient the 2008 action to where we would establish that all franchise
5 action by parishes are line itemed on the bills whether they be electric, gas, water,
6 whatever they're done, but also that they are established outside of the Commission
7 authorized rates. The Commission works very hard to keep the rates as low as they
8 can be, and so they should not be interpreted as a Commission rate increase. So
9 they should be line itemed as the particular parish action for their counsel and that
10 realistically it should be listed as a tax.

11 **SECRETARY FREY:** And we'll open up the docket here --

12 **CHAIRMAN SKRMETTA:** Right.

13 **SECRETARY FREY:** -- consistent with that directive and take comments, et
14 cetera, and look at those rules.

15 **CHAIRMAN SKRMETTA:** When can we have that back for a look? Think we
16 could get it back by June or we're looking at August?

17 **SECRETARY FREY:** No. It's going to be August, just because the next Bulletin
18 won't be until next Friday.

19 **CHAIRMAN SKRMETTA:** Okay.

20 **SECRETARY FREY:** So the intervention period won't run prior to the next to get
21 proposed rules. But we can -- knowing that we have a couple of weeks, we can
22 actual put proposed rules in the Bulletin and that kind of speeds up the process.

1 **CHAIRMAN SKRMETTA:** Yeah. The proposed rules are pretty simple and
2 clear.

3 **SECRETARY FREY:** Just -- essentially to adopt. There was -- prior to that
4 October '07 order, there was an order in '06 that essential did what we're talking
5 about, and the Commission backtracked a little bit from that --

6 **CHAIRMAN SKRMETTA:** Right.

7 **SECRETARY FREY:** -- with the '07 order essentially split the two. But, to your
8 point about the parochial, at that time, it was dealing more with municipal franchise
9 fees. The concept of parochial governments collecting them wasn't really a thing
10 then, so I might need to shore it up to make sure we cover those as well.

11 **CHAIRMAN SKRMETTA:** Right. Well, thank you. Any opposition to the
12 directive?

13 **COMMISSIONER LEWIS:** No, sir, Mr. Chairman. I just want to echo my
14 support of your directive. This has also been a conversation I've had with Staff and
15 particularly some challenges within my district. So, I wanted it to be very clear that
16 this a bipartisan push here at the Commission and that I am in full support of your
17 directive.

18 **CHAIRMAN SKRMETTA:** Thank you very much. It's in our 25 -- 250th year of
19 independence, no taxation without representation. So there we go. So the matter is
20 not opposed, it moves forward. Any -- next item, please.

21 **MS. BOWMAN:** Exhibit Number 7 is Docket Number U-37799. This is DEMCO,
22 Amite Solar, and Amite Energy Storage's joint application for certification of a

1 Battery Energy Storage Agreement and approval of the third amendment to the
2 Amite Solar Power Purchase Agreement between DEMCO and Amite Solar.
3 It's a discussion and possible vote on a joint application pursuant to Rule 57 at the
4 request of Vice Chairman Coussan. On November 25, 2026, DEMCO, Amite Solar,
5 and Amite Energy Storage filed this joint application for a Battery Energy Storage
6 System of 100 megawatts, four-hours, to be co-located at the site of the Amite Solar
7 facility, which is subject to a PPA between DEMCO and Amite Solar. In the
8 application, the applicants request an exemption from the Commission's MBM
9 General Order, stating that the project would avoid the cost of new transmission
10 investments, and would take advantage of MISO's surplus interconnection process,
11 and thus a conventional RFP could not yield competing proposals. After discovery,
12 Staff filed its direct testimony on March 6 of this year, and it noted its concerns
13 about the projected benefits, and that the joint application was not supported by an
14 all source RFP process. While Staff recommended that the project not be certified,
15 it also noted that the proposed system could provide certain benefits, namely that
16 the resource would provide reliability benefits in the Amite South load pocket, and
17 that the resource would add diversity to the region's resource mix. Staff takes --
18 Staff's direct testimony further noted that the Commission could determine that the
19 Amite storage system would be in the public interest subject to certain conditions
20 placed upon it. Staff takes no position as this -- Okay. Sorry. I guess it's the next
21 room?

22 **CHAIRMAN SKRMETTA:** We're getting a cross -- a cross signal?

23 **SECRETARY FREY:** Yeah. Hold on a second. [INAUDIBLE]

1 **CHAIRMAN SKRMETTA:** You mean next door is loud? What?

2 **SECRETARY FREY:** Next door is cutting over, yeah.

3 **CHAIRMAN SKRMETTA:** What? It's almost like they can hear us. There you

4 go. We'll start over again. Or just from the part where the noise started. Just from

5 the part where the noise started. Come on.

6 **MS. BOWMAN:** So, since this is pursuant to Rule 57, Staff takes no position as to

7 whether the matter should be considered pursuant to Rule 57 --

8 **CHAIRMAN SKRMETTA:** How come our microphone doesn't work that good?

9 **MS. BOWMAN:** I don't know.

10 **CHAIRMAN SKRMETTA:** I know right? Okay. I think they -- it's like -- it's

11 almost like the speakers are facing the wall.

12 **MS. BOWMAN:** Yeah.

13 **CHAIRMAN SKRMETTA:** All right. Well, speak louder, Kathryn.

14 **MS. BOWMAN:** Okay. So --

15 **CHAIRMAN SKRMETTA:** Just overcome.

16 **MS. BOWMAN:** Should the Commission decide to grant the joint applicant's

17 requested relief, Staff recommends that the Commission adopt the conditions

18 proposed in Staff's direct testimony filed on March 6, 2026.

19 **CHAIRMAN SKRMETTA:** Okay. Chair moves to bring the matter up under Rule

20 57 to get this started. Any seconds?

21 **COMMISSIONER LEWIS:** Second.

22 **CHAIRMAN SKRMETTA:** Seconded by Commissioner Lewis. Any opposition?

23 [NONE HEARD] Hearing none, so ordered. Any motions?

1 **VICE CHAIRMAN COUSSAN:** I make a motion to bring them up to the table.

2 **CHAIRMAN SKRMETTA:** Or will you put a motion on the floor for approval?

3 **VICE CHAIRMAN COUSSAN:** Well, we have a whole -- I mean, we have a
4 whole --

5 **MS. BOWMAN:** Yeah.

6 **VICE CHAIRMAN COUSSAN:** -- motion. Would you like to read the motion?

7 **MS. BOWMAN:** I can read the motion for you.

8 **CHAIRMAN SKRMETTA:** Sure.

9 **MS. BOWMAN:** So, this is Vice Chairman Coussan's motion. The record reflects
10 that the proposed project would provide tangible benefits, including reliability --
11 reliability support within a constrained load pocket, increased resource diversity,
12 and a meaningful speed-to-market advantage. The record also provides that this
13 project is relatively low-cost in comparison to other battery options, at least, in part,
14 to its shared interconnection with the Amite Solar farm. It is, however, stipulated
15 that DEMCO did not identify the Amite BESS resource through the Commission's
16 required open solicitation process, nor provide a true market test, and yet, the
17 proposed resource still provides value. As the Commission retains this authority to
18 waive requirements contained within its rules, and given the unique circumstances
19 presented here, I move that the Commission certify the Amite South Energy Storage
20 Agreement, which provides DEMCO with the capacity and energy for a 100-
21 megawatt, four-hour battery energy storage system, subject to the conditions
22 presented in Staff's direct testimony, and on DEMCO providing both pre- and post-
23 construction reporting to this Commission. This motion is not to be construed as a

1 relaxation of the Commission's orders pertaining to the certification of generation,
2 nor as precedent that future battery projects or other capacity resources may bypass
3 the Commission's competitive procurement requirements. To the contrary, the
4 Commission reaffirms that all requests for certification remain subject to the
5 Commission's established processes, including competitive solicitations where
6 required, and that any request to deviate from those processes must be expressly
7 sought and supported by a strong evidentiary showing.

8 **CHAIRMAN SKRMETTA:** Okay. We have a motion on the floor. That's
9 Commissioner Coussan's motion. Seconds?

10 **COMMISSIONER LEWIS:** Second.

11 **CHAIRMAN SKRMETTA:** Seconded by Commissioner Lewis. Okay. We have
12 that motion on the table. And Commissioner Coussan wants to hear from the
13 DEMCO folks. And when we're done with them, we're going to hear from Staff.

14 **VICE CHAIRMAN COUSSAN:** And their expert.

15 **CHAIRMAN SKRMETTA:** Oh, they got to an expert from DEMCO? That's
16 included in the DEMCO folks. They had some chairs up here already. Shorter lug.

17 **VICE CHAIRMAN COUSSAN:** I can bring him up to the table.

18 **CHAIRMAN SKRMETTA:** They can pass the microphones around as you need
19 to. And do these folks -- I know -- I know, Kara, you don't need a card, but the
20 other folks will need cards. Okay.

21 **MS. KARA KANTROW:** Okay. Will do.

22 **CHAIRMAN SKRMETTA:** All right. If you want to introduce yourselves. One
23 at a time, and then we'll get started.

1 **MS. KANTROW:** Sure. Good morning, Commissioners.

2 **CHAIRMAN SKRMETTA:** Use the microphone. Closer.

3 **MS. KANTROW:** Kara Kantrow on behalf of DEMCO.

4 **MR. TRAVIS STEWART:** Good morning, Commissioners. Travis Stewart of

5 Gable Associates on behalf of DEMCO.

6 **CHAIRMAN SKRMETTA:** Okay.

7 **MR. RANDY PIERCE:** Randy Pierce, CEO, general manager of DEMCO.

8 **MR. RONNIE DONALDSON:** Good morning, Commissioners. Ronnie

9 Donaldson. InterVision on behalf of DEMCO.

10 **MS. KANTROW:** Good morning, and thanks for this opportunity to discuss this

11 very --

12 **CHAIRMAN SKRMETTA:** You're going to have to keep that microphone close

13 to you when you go because --

14 **MS. KANTROW:** All right. Good morning --

15 **CHAIRMAN SKRMETTA:** -- folks in the back won't hear you.

16 **MS. KANTROW:** -- and thank you for this opportunity to discuss the very unique

17 project for DEMCO. I know that Mr. Pierce, the CEO of DEMCO, would like to

18 say something to start off the remarks.

19 **MR. PIERCE:** Yeah. I'd just like to make a statement for the record about the

20 project that we're considering here today. As DEMCO considered this project, we

21 looked at strengthening reliability and making smarter use of the infrastructure that

22 we already have. And our board of directors and management team decided that

23 this battery energy storage system at Amite site is a strong opportunity for DEMCO

1 and its members. Because it's paired with an existing solar facility and uses
2 available capacity on the current MISO interconnection, we can move forward
3 much faster than a typical project without restarting the full interconnection
4 process. Speed matters in this case because of capacity needs, but so does value.
5 The battery allows us to capture excess solar generation that would otherwise be
6 curtailed and dispatch it when our members need it most during peak demand or
7 system stress. It enhances grid reliability and stability, it improves efficiency, and
8 it positions DEMCO to better manage cost over time. What makes this even more
9 compelling is the location. The interconnection site is part of MISO South where
10 additional capacity is needed. So adding storage here delivers outsized reliability
11 benefits, not just for us, but for the broader grid. The added capacity also allows
12 DEMCO to better qualify its commitment to the MCO of this Commission. The
13 capacity resulting from the project ensures additional reliability for this purpose. In
14 short, and finally, this is a practical near-term way to add flexibility, resilience, and
15 value without the delays and uncertainty of building from scratch. We do
16 understand that we are going to be looking and are currently looking at many
17 options for the future for a full portfolio that will consider the needs over time, but
18 we feel like that, at this time, this is certainly something that we believe is in the
19 best interest of the members of DEMCO. Thank you.

20 **MS. KANTROW:** And I think it might be helpful for Mr. Stewart to give a little
21 background and, you know, educate a little bit on the system.

22 **MR. STEWART:** Certainly. Good morning, Commissioners. So, as Mr. Pierce has
23 stated, this is a needed resource in a load pocket. A load pocket that just a little over

1 a year ago had suffered a significant reliability event. Any incremental capacity and
2 energy inside the load pocket will go towards ensuring that the load pocket is
3 reliable and can withstand disturbances not -- that are just not only local, but
4 impactful from the broader grid. Now, one of the unique characteristics about this
5 project is that it uses existing infrastructure. It can bring additional capacity and
6 energy online within 18 months. If we were to look at alternative projects in the
7 marketplace, the timeline for development is 5 years to 10 years depending how
8 mature those other projects are. DEMCO has a unique opportunity to, again, use an
9 expedited study pathway and the existing infrastructure. So we're moving quicker
10 without exposing ratepayers at DEMCO to any additional infrastructure expansion
11 costs. The other component of this system is that it is a low-cost system. When we
12 looked at this facility compared to the rest of the marketplace right now, it is
13 substantially cheaper than any other new resource you will find in a marketplace,
14 especially of a similar or comparable technology. Now, we also look at the relative
15 impact to the DEMCO ratepayers. The impact is such that their rates will not be
16 affected. And in certain cases, they will be reduced, because of the flexibility and
17 attributes this battery storage brings. It is able to: 1) Protect DEMCO ratepayers
18 from other broader market issues that are driving up the cost of electricity; and then
19 2) Allow for that membership to capture the benefits of incremental injections and
20 participations in the market.

21 **VICE CHAIRMAN COUSSAN:** I have some questions.

22 **CHAIRMAN SKRMETTA:** Does this gentleman need to talk, or?

23 **MS. KANTROW:** He's ready for any questions you may have.

1 **CHAIRMAN SKRMETTA:** Oh, he's got -- I don't even know what he does.

2 **MS. KANTROW:** Both Mr. Stewart and Mr. Donaldson were our outside
3 consultants on this matter. Mr. Donaldson is with InterVision --

4 **CHAIRMAN SKRMETTA:** So they do the same thing?

5 **MS. KANTROW:** And Stewart is with Gable. No, Mr. Donaldson has been with
6 DEMCO for a bit and helps with, you know, rate consulting and looking at our --
7 helps with our MCO filings. Mr. Stewart, while around the Commission and has
8 helped us in the past really kind of narrowed and drilled down on the battery piece,
9 and that's why -- that's where his expertise is.

10 **CHAIRMAN SKRMETTA:** Okay. Okay. Commissioners Coussan, you had a
11 question?

12 **VICE CHAIRMAN COUSSAN:** So, can you drill into the impacts on the rates to
13 customers a little bit more and the studies -- any studies that y'all had performed?

14 **MR. STEWART:** So for some of this, I'll also ask Mr. Donaldson to comment.
15 But on a -- and thank you for the question, Commissioner. When we look at this
16 project, it's a little -- it's around \$10.96 per kW in the -- in terms of the cost. When
17 you look at anything else in the marketplace, it is substantially, substantially higher.
18 When you're looking at -- so one of the areas in my rebuttal testimony that we look
19 at is, what are other technologies -- on the national level, what are they -- what are
20 you kind of -- what are you looking? At a minimum, you're looking at around
21 \$1,300 per kW for an installed combustion turbine. So it is a significantly higher
22 cost. And just -- there are certain costs for this facility that are smaller, but then
23 when you start looking at other technologies, again, across the country, you're

1 looking at almost a billion dollars to build larger gas facilities. And so, whereas the
2 cost isn't nearly that high, so we're looking at a combination of just cost to build
3 the asset versus other potential technologies.

4 **MS. KANTROW:** [INAUDIBLE] for DEMCO.

5 **MR. STEWART:** And that's a great point, Kara. So we have -- we have a smaller
6 need, right? We're not -- when we look at the transient shortages that are projected
7 out into the future here, it's a -- around 100 megawatts, a little less. This storage
8 project is at 100 megawatts. We're right sizing the development with the need. And
9 I think that's an important issue here in this environment because if you have big
10 load, you have to have big generation. If you have a smaller load need, you have to
11 have smaller generation. We don't want ratepayers wearing any of that stranded
12 asset risk that's associated with over building.

13 **VICE CHAIRMAN COUSSAN:** Thank you.

14 **COMMISSIONER FRANCIS:** That's a --

15 **CHAIRMAN SKRMETTA:** Commissioner Francis.

16 **COMMISSIONER FRANCIS:** You said 18 months, you'd have it on line in 18
17 months?

18 **MR. STEWART:** Yes, sir.

19 **COMMISSIONER FRANCIS:** And the cost, I understand is \$200 million; is that
20 true?

21 **MS. KANTROW:** Some of that information is confidential, but you are -- you're
22 accurate.

1 **COMMISSIONER FRANCIS:** Oh, okay. So, no, I'm just -- I'm not saying it cost
2 200. I'm just asking you a question. I heard rumors, you know? Because they're
3 always getting on me, you know? By the way, I'm not an attorney, so I'm not -- but
4 -- so. Okay. So we don't know that it's 200 million, you know? Now -- now one of
5 the things that concerned me was looking at -- it says required open solicitation that
6 we didn't do, and true market tests that we didn't do. If you don't know what it
7 cost, how can you test a market to compare if it's a -- if it's -- when you're spending
8 money? We didn't do the market test. Let me ask Randy this, because I'm for local
9 government, okay? With your board, and your board unanimously supports this.
10 Does the board know that you didn't do the required open solicitation part?

11 **MR. PIERCE:** Yes.

12 **COMMISSIONER FRANCIS:** Does the board know that?

13 **MR. PIERCE:** Absolutely.

14 **COMMISSIONER FRANCIS:** Okay. Does the board know that there was no true
15 market test to that? The board knows that?

16 **MR. PIERCE:** They do.

17 **COMMISSIONER FRANCIS:** Okay. All right.

18 **MR. PIERCE:** And it was because of the timing of the issue. We're very aware of
19 what the market would tell us. Even though we didn't do a formal RFP process, the
20 Commission allows for exceptions in the order for that, and that's how we
21 approached this because of the opportunity.

1 **COMMISSIONER FRANCIS:** All right. Now, let me ask Mr. Secretary over
2 there, Brandon Frey. It's our responsibility to use our funds wisely. How can we
3 approve a project when we don't know what it cost? I mean, just --

4 **SECRETARY FREY:** Well, I think the costs are in there, they're just confidential
5 data. So our consultants would have seen the cost. I think you have access to that,
6 we just can't say the amount on the record.

7 **COMMISSIONER FRANCIS:** Okay. All right.

8 **CHAIRMAN SKRMETTA:** Can you say an amount that's close to it?

9 **SECRETARY FREY:** Those amounts may have been mentioned.

10 **CHAIRMAN SKRMETTA:** Okay. I see. I was just checking.

11 **COMMISSIONER FRANCIS:** I mean, that's just one question I have. If, let's just
12 say theoretically it's 200 million, I mean, and we didn't compare any other source
13 of electricity other than just the batteries and -- okay.

14 **MR. PIERCE:** Not through a formal process. But we are aware of what that
15 resource would cost if we have to go get it otherwise.

16 **COMMISSIONER FRANCIS:** Well, I think one thing, if we know we've got a
17 load pocket, and we're solving that and we can get it -- get power in 18 months,
18 how much -- how long would it take to get a combined cycle of turbines going in
19 that area?

20 **MR. STEWART:** Yeah. It --

21 **COMMISSIONER FRANCIS:** How much time you think?

22 **MR. STEWART:** In this market, you're looking at 7 to 10 years. We have a project
23 -- if we were to think of a CCGT, or a combined cycle generator, in this location,

1 there has been no development work that has started. You would have to go through
2 a process of securing site control, permitting. There would have to also be an
3 additional process to ensure that there would be gas delivery. The next piece would
4 be a five-year study period to evaluate connecting the resource to the larger electric
5 transmission grid.

6 **COMMISSIONER FRANCIS:** Well, are you aware that Commissioner Coussan
7 has created the Lightning process where it won't take that long? How long would
8 it take, Commissioner Coussan, you think?

9 **VICE CHAIRMAN COUSSAN:** Thank you. And it's a shorter process, but that
10 doesn't include the site location that he's referring to. That's just our regulatory
11 approval once the application has been made for the generation side of it. So, I do
12 agree, the Lightning Speed would speed up our process, but what he's referring to
13 is the much longer and the local governance, the state and federal application
14 process, and land and site location would take a longer period than that.

15 **COMMISSIONER FRANCIS:** Now, Randy, what -- was the board -- they were
16 aware of this time factor?

17 **MR. PIERCE:** Definitely.

18 **COMMISSIONER FRANCIS:** Was that part of the considering of the --

19 **MR. PIERCE:** That was the driving factor, plus the fact that we knew because of
20 Amite Solar that the site that we have, that we could get this done quickly. And I
21 want to reiterate, this is not a be-all end-all solution. It's a very small piece. This
22 100 megawatts would be 14% or so of our load. So that the solar facilities together
23 still represent well under 30% of our load. And we understand that it's not a be-all

1 end-all answer. That's not how we're presenting it. We're presenting it as a piece
2 of an overall solution that helps us solve a short-term problem of why we continue
3 to look like all the other co-ops. Frankly, I can be familiar -- I'm familiar with the
4 co-ops, not so much what the IOUs are doing. But we're all looking at solutions.
5 We're looking at different partnerships, ways that we can work together. And we'll
6 bringing those to you, but this was a short-term solution for a short-term challenge
7 that we have from a capacity standpoint. And the board understood that. And with
8 knowledge of the market that we have, and the price of this facility, we felt very
9 strongly and still do, the board does, that unanimously that this was easily in the
10 best interest of the DEMCO members.

11 **COMMISSIONER FRANCIS:** Okay. I just -- I wonder what intervenors would
12 complain about, you know, not having any open --

13 **MR. PIERCE:** Well, we didn't have any.

14 **MS. KANTROW:** We didn't have any.

15 **COMMISSIONER FRANCIS:** Huh?

16 **MS. KANTROW:** We did not have any intervenors.

17 **MR. PIERCE:** There are no intervenors.

18 **COMMISSIONER FRANCIS:** Really? We can work -- do our job without
19 intervenors?

20 **MR. PIERCE:** There's no intervenors in this situation.

21 **COMMISSIONER FRANCIS:** Okay. Not yet. Okay. All right. Okay,
22 Commissioner.

23 **CHAIRMAN SKRMETTA:** Commissioner Lewis?

1 **COMMISSIONER LEWIS:** Thank you, Mr. Chairman. First, Randy, it's good to
2 see you. And I must say, LinkedIn constantly reminds me that your job is open --
3 **MR. PIERCE:** Yes.
4 **COMMISSIONER LEWIS:** -- every time I log in. So --
5 **MR. PIERCE:** Well, technically it's not open. That's disturbing. But --
6 **COMMISSIONER LEWIS:** Yeah. Every time I open it, it reminds me that there's
7 a --
8 **MR. PIERCE:** It's sort of -- it will be open. It is -- well, open until they find
9 somebody, but --
10 **COMMISSIONER LEWIS:** Well, luckily LinkedIn will not recommend me,
11 because I'm not applying, but --
12 **MR. PIERCE:** Well, we would be happy to have you apply, I will tell you.
13 **COMMISSIONER LEWIS:** Thank you. It would be a pay raise, I bet. Mr.
14 Stewart, to you, I know we've talked and you briefly mentioned this, but can you
15 explain the difference of a surplus interconnection rather than just an
16 interconnection process and why this timeline in that matter is in some of the
17 discussion that Commissioner Francis was having around the MBM Order?
18 **MR. STEWART:** Yes. And thanks for the question, Commissioner Lewis. And
19 Commissioner Francis, I think this does go back to the timeline question that you
20 had raised. The unique element of the Amite BESS facility is that it is using existing
21 infrastructure. So there is the existing Amite Solar facility, and the Mid-continent
22 Independent System Operator, or MISO, has a process to allow for new resources
23 to use underutilized interconnection service. So Amite Solar doesn't operate at

1 night, when the sun's not. So during those periods when that facility isn't operating,
2 MISO allows for an expedited study process, which is called surplus
3 interconnection. This is a core component of the application and allows for all of
4 the MISO-facing studies, in terms of connecting BESS facility to the transmission
5 system, to be completed within about 1 year to maybe 15 months, depending on
6 how many delays they have. Now, if we were to compare that to a new facility, a
7 brand-new site, we're not using any existing infrastructure, MISO has a separate
8 connection process called the definitive planning phase. That definitive planning
9 phase -- the timeline is much longer. It's a bigger study, there's hundreds of projects,
10 hundreds of gigawatts of generation seeking connection. And it takes -- these days,
11 it takes about five years due to how many projects and how many delays they see
12 in that process in moving through the study process. So, under surplus for this BESS
13 unit, the studies will be complete in about one year. And then the construction
14 period is about 18 months. At the same time, if you were to pursue a brand-new
15 project, different location, more megawatts, just the study process is five years. And
16 then once you have those study results and it's completed, you can then begin
17 construction of the facility. So when you start stacking those up together, it looks
18 like it's probably closer to about eight years in total if we go through a new resource
19 as compared to about 18 months for -- to connect the Amite BESS facility.

20 **COMMISSIONER LEWIS:** Okay. Thank you. And looking through your MCO
21 compliance report for DEMCO, you were just slightly short in one season in the --
22 in last year; am I correct about that?

1 **MR. PIERCE:** Yes. These guys can talk about the seasons, but this project was to
2 help fulfill that need.

3 **COMMISSIONER LEWIS:** And it would -- and you put that in kind of your
4 summary report of how you would comply --

5 **MR. PIERCE:** Yes.

6 **COMMISSIONER LEWIS:** -- with MCO that this additional capacity would be
7 able to solve and make you fully compliant the MCO as it's instructed.

8 **MS. KANTROW:** With the two -- 2025 report, there was actually two seasons,
9 and it was a marginal --

10 **COMMISSIONER LEWIS:** Oh, it was two seasons.

11 **MS. KANTROW:** -- below that 30%. And then in that compliance report that came
12 out later, we had indicated to Staff that we had already filed this and it was noted
13 in there that that was a step towards compliance, and therefore, DEMCO was in
14 compliant -- compliance with the MCO.

15 **COMMISSIONER LEWIS:** Okay.

16 **MS. KANTROW:** In 2025.

17 **COMMISSIONER LEWIS:** Thank you. Mr. Stewart, I was looking through your
18 testimony and your rebuttal testimony, and there's a economic report that you were
19 discussing about looking at the exposure of gas prices right now. Just simply and
20 how this additional resource could protect ratepayers from just that for this very
21 short-term -- short need that you have. Can you expound upon what you were
22 indicating in your testimony there?

1 **MR. STEWART:** Yes. Thank you, Commissioner. If I'm recalling the correct
2 section, one of our ways of evaluating the economics of this facility was to compare
3 this facility to what DEMCO would otherwise be exposed to in the marketplace.
4 Now, when we're looking at how energy prices are set at the wholesale level, the
5 primary driver is gas prices. As gas prices escalate, the price of electricity escalates.
6 Installing a new storage resource that provides capacity, energy, and ancillary
7 services protects DEMCO's ratepayers from having to go out into the market and
8 be exposed to those incremental higher costs that can escalate really, really
9 significantly as system conditions get tighter and as gas prices escalate.

10 **COMMISSIONER LEWIS:** Okay. Thank you. And lastly, I will say, I do share
11 some of the concerns that Commissioner Francis has around our market-based
12 mechanisms. I think I've been pretty clear up here that I would like to see that order,
13 but I know that order does allow for exceptions. And so, I'm curious to hear
14 DEMCO's explanation of the exceptions to the MBM Order that would bring you
15 to the certification process of approval and how you see that as a justified of not
16 following through the requirements as listed in our general orders.

17 **MS. KANTROW:** No. I mean, thoughtfully the Commission included --

18 **CHAIRMAN SKRMETTA:** Would you please put the microphone closer?

19 **MS. KANTROW:** Yup. Got it. Thoughtfully, the Commission included exception
20 language, because it recognized that not every prudent infrastructure opportunity
21 would fit neatly into conventional procurement framework. Within the MBM
22 Order, it does allow for exceptions to be filed, and DEMCO file under that

1 exception, and that an RFP would not be -- essentially, would not be meaningful in
2 this situation. And, Travis, if you want to elaborate on that, feel free.

3 **MR. STEWART:** Certainly. And I apologize, Commission, because oftentimes I
4 tend to go very much into the details of some of the processes that we see at the
5 wholesale level in terms of connecting the facilities. When we look at the surplus
6 connection process that the Amite BESS facility is using, the only entity that can
7 allow for a surplus connection is the existing resource, which is Amite Solar. So
8 the owner and operator of Amite Solar can allow for the Amite BESS facility to
9 connect at that point of interconnection. No other party has rights to the
10 interconnection aside from Amite Solar. So there is a -- if there was -- and I don't
11 mean to speak out of turn, but if there was to be an RFP in this situation, it would
12 be very exclusive simply due to the limitation of the rights at the point of
13 interconnection.

14 **VICE CHAIRMAN COUSSAN:** Can I ask you a quick question? I think the
15 question goes to the language relative to the exception to the MBM Order and
16 whether or not you complied in your application with the exception, which required
17 sworn testimony attesting to certain criteria. And is it your position that that sworn
18 testimony was provided or why was it not provided? And, you know, that's -- that
19 I think is the root of the question.

20 **MS. KANTROW:** Okay. Yeah. The exception allows for an alternate procedure if
21 it is found that regular RFP competitive process would not be in the public interest.
22 And part of that is -- you're correct, you're right, putting in sworn testimony, which
23 we did. We had from our expert consultants as well as DEMCO representatives

1 talking about this project and why it's so unique and why it fits within those
2 exceptions, I recognize Staff and DEMCO might differ a little bit on whether or not
3 those exceptions were met. I think part of it also is in the MBM Order on the
4 following page with a list of exceptions talks about lowest reasonable cost. And I
5 think it's careful to look at that language. It talks about doing this with the objective
6 of the lowest reasonable cost, and I can assure you, and I think Mr. Pierce would
7 confirm that that is what DEMCO did here.

8 **COMMISSIONER LEWIS:** Thank you for that. And I think the final question I
9 have that I did overlook, Mr. Stewart, that you could maybe answer. Because I
10 know talked about the -- how other generation assets operate in the market. Can
11 you expand how does this battery that is being proposed here in the certification,
12 how would that play in the market looking at price volatility and various factors?

13 **MR. STEWART:** So I can't -- I think one of limitations of the items that I can
14 comment on. I can't exactly predict exactly how the battery is going to operate. But
15 one of the thing -- unique elements of the battery resource is that it can move very
16 quickly in response to a dispatch signal from MISO. And because of that capability,
17 it is able to participate in the capacity market and provide these needed capacity
18 benefits to DEMCO. It can maintain a state of charge, and then sell the energy when
19 it is needed. Not just in the middle of the day, not when we have enough energy,
20 but it can store that energy and inject it onto the grid during periods of need. That
21 reliability attribute is significant. The other element here is that the battery can also
22 participate in what is referred to as ancillary services. The grid has a request that
23 certain units ramp up and down very quickly as load and generation all come online.

1 These products are called regulation ramp. These are expensive products in the
2 marketplace. If you're providing it at home, you're protecting yourself from that
3 broader exposure to the marketplace as well.

4 **COMMISSIONER LEWIS:** Thank you. Thank you for your answers. Thank you,
5 Mr. Chairman.

6 **CHAIRMAN SKRMETTA:** Okay. Great. Sounds like this battery is the cure to
7 everything. Unfortunately, I don't think so. My questions here are not going to be
8 linear, because this -- all over the place with notes everywhere. So, I'm just going
9 to kind of go through it. The last thing you talked about is talking about using the
10 battery to market. And the batteries are not generators, they are distributors of
11 power, right? You're going to take power off of the solar facility at certain times
12 when you're not going to be putting it into service of the co-op, correct?

13 **MR. STEWART:** Commissioner, from my perspective, the Federal Energy
14 Regulatory Commission and also MISO --

15 **CHAIRMAN SKRMETTA:** This is not a difficult question.

16 **MR. STEWART:** They classify battery storage resources as generation in a sense.

17 **CHAIRMAN SKRMETTA:** Yeah. It's not a generator. So, if it's not generating
18 power, it's absorbing power from your solar facility, correct?

19 **MR. STEWART:** My understanding is that this facility is that it will have the
20 ability to withdraw megawatts from the grid to support charging --

21 **CHAIRMAN SKRMETTA:** Right.

22 **MR. STEWART:** -- and also withdraw megawatts from the solar facility.

23 **CHAIRMAN SKRMETTA:** Right.

1 **MR. STEWART:** But, I couch that a little bit against I have not seen the finalized
2 site plans.

3 **CHAIRMAN SKRMETTA:** Right. But it doesn't generate power, it takes it from
4 the resources, holds it, and then distributes it, correct?

5 **COMMISSIONER FRANCIS:** Sure.

6 **MR. STEWART:** It stores power for later injection onto the grid.

7 **CHAIRMAN SKRMETTA:** And it distributes the power where it goes, right?

8 **MR. STEWART:** I'm sorry, Commissioner. When you say distributes the power
9 --

10 **CHAIRMAN SKRMETTA:** Well, I'm sorry, I'll provide you with a dictionary
11 later. So let's talk about that, because the concept that Ms. Kantrow came in was
12 saying that when we are having these load pocket issues, because this started out
13 very vibrant about a load pocket. So load pockets are about providing power to the
14 DEMCO members, right? What you've been talking about for the last couple of
15 minutes was how you could play the market by distributing power into the
16 marketplace, which may not be directly to the DEMCO members, but might be
17 there for actually making money that could eventually be offset to the DEMCO
18 members. But it's not about power security, it's about financial security; is that
19 accurate?

20 **MR. STEWART:** I don't think that's accurate, Commissioner.

21 **CHAIRMAN SKRMETTA:** Then why is it not accurate?

1 **MR. STEWART:** The nature of my statements here focus on the broad range of
2 the capability of the asset. The underlying need for this asset is a reliability need.
3 Now, in terms of the load pocket management issue --

4 **CHAIRMAN SKRMETTA:** Well, wait a second. So -- wait. Don't go into some
5 protracted issue. So, you said that this battery would be able to distribute power
6 into the marketplace, correct?

7 **MR. STEWART:** Commissioner, one of my statements was that the generator --
8 the battery storage resource is classified as a generator by MISO and FERC, and
9 can inject power and sell it onto the grid.

10 **CHAIRMAN SKRMETTA:** Sell it into the market. Not the grid. Let's speak
11 specific about the MISO market. So it's going to be selling it into the market,
12 correct?

13 **MR. STEWART:** Commissioner, so, there are two ways where really generators
14 can interact with at the marketplace. You can submit and offer if you'd like --

15 **CHAIRMAN SKRMETTA:** I understand how the market works, but this is not a
16 difficult question. I'll ask Ms. Kantrow if you want to be legal. This is about --

17 **MR. STEWART:** Well, you can also setup a bilateral transaction --

18 **CHAIRMAN SKRMETTA:** Yeah, yeah.

19 **MR. STEWART:** -- where the megawatts provide a physical swap. And I don't --
20 yeah, I don't know if there's going to be always that situation, but --

21 **CHAIRMAN SKRMETTA:** Yeah. Yeah. I didn't say it's always that way. We're
22 looking at it as possibly two ways that this can function. It can function to serve the
23 needs of the members when they're short of power, or it can function to sell power

1 into the marketplace. It's the only two ways I can see that this can function. Do you
2 have a different way it functions than those two ways?

3 **MR. STEWART:** I think overall, Commissioner, the asset will be operated in a
4 way to serve the needs of the membership. And some of those needs may be met
5 by taking advantage of higher market pricing.

6 **CHAIRMAN SKRMETTA:** So, again, I don't want to go around the perimeter of
7 the bowl, okay? I want to talk about the direct center of this. So you're either going
8 to sell power into the marketplace with it, correct? Or you're going to provide power
9 during load pocket issues directly to the members of the co-op.

10 **MR. STEWART:** Commissioner, the options for operating the asset, again, you
11 can -- you can reserve the power on the battery storage system to ensure that it is
12 available during these emergency events, and that it can support the load pocket.
13 During periods of -- where there's not necessarily that quality of reliability risk, it
14 may be in DEMCO's best interest to support the broader market by monetizing
15 those megawatts.

16 **CHAIRMAN SKRMETTA:** Okay. Right. I'm going to ask the -- I'm going to treat
17 you as a hostile witness, as we say in the parlance. I'm going to ask you the same
18 question over and over again until you give me a simple answer that the general
19 folks is. You just added a third element of what the battery will do. It'll stand in
20 reserve, to distribute to the market, and distribute power as necessary. And it's a
21 simple question. Are there other factors that this battery can provide other than
22 those three things?

1 **MR. STEWART:** And I think this also goes back to the statement I made to
2 Commissioner Lewis where the idea that the resource maintains a high stated
3 charge to support local reliability is embedded in the capacity value, the asset. So
4 the [INAUDIBLE] product --

5 **CHAIRMAN SKRMETTA:** So -- so let's talk about that for a second. Hold on,
6 because we're going to break this down. So it provides security to the members,
7 correct?

8 **MR. STEWART:** I'm sorry, Commissioner, when you say --

9 **CHAIRMAN SKRMETTA:** It provides energy security to the members of the co-
10 op, correct?

11 **MR. STEWART:** Energy security. If that means reliability, correct,
12 Commissioner.

13 **CHAIRMAN SKRMETTA:** Yes, it's what it means. So it provides reliability to
14 the members of the co-op, correct?

15 **MR. STEWART:** Correct.

16 **CHAIRMAN SKRMETTA:** Okay. How does it provide reliability to the
17 members of the co-op? Let's take -- start there. Because that's not part of selling to
18 the marketplace. Let's talk about how it provides reliability to the members of the
19 co-op.

20 **MR. STEWART:** By maintaining the necessary reliability attributes, such as the
21 ability to inject power as needed --

22 **CHAIRMAN SKRMETTA:** Stop right there. How long will the battery be able
23 to just charge into the power grid?

1 **MR. STEWART:** If it is given -- well, so it depends on what the dispatch signal
2 is. So if it is given a full dispatch signal for 100 megawatts --
3 **CHAIRMAN SKRMETTA:** Yes.
4 **MR. STEWART:** It would maintain that 100 megawatts for a period of four hours.
5 **CHAIRMAN SKRMETTA:** Okay. I think that's what we --
6 **MR. STEWART:** If the dispatch signal is less --
7 **CHAIRMAN SKRMETTA:** I think that's kind of what we have to look at is --
8 you have to look at full demand. Because dispatch -- well really -- when we're
9 looking at a load pocket demand, it's usual because of failure of other systems,
10 which will require 100% discharge. So let's talk about -- so it's a four-hour
11 discharge period, right? At 100%?
12 **MR. STEWART:** At 100%, correct.
13 **CHAIRMAN SKRMETTA:** Okay. And we're looking at 100-megawatt plus or
14 minus value to the battery, correct?
15 **MR. STEWART:** Correct.
16 **CHAIRMAN SKRMETTA:** Okay. All right. Okay. Who owns the actual solar
17 facility in Amite?
18 **MR. STEWART:** My understanding is that NextEra Energy.
19 **CHAIRMAN SKRMETTA:** So it's NextEra Energy? So the storage of electricity
20 for the resale of it, who benefits the most by the ability to take that electricity and
21 store it for future sale of that power? Is it the membership or is it NextEra has the
22 greater value proposition in that equation?
23 **MR. STEWART:** The membership.

1 **CHAIRMAN SKRMETTA:** So it's no value to NextEra then to be able to utilize
2 their facility for storing power and selling it when they can't -- when they can't have
3 that power?

4 **MR. STEWART:** No. Commissioner, I think this begins to get a little bit into some
5 of the terms of the PPA and some of the nature of that.

6 **CHAIRMAN SKRMETTA:** I'm not going in any details. I'm just saying is -- is
7 you have to say is, is the value of this battery belongs to the membership or is this
8 value of this battery belong to NextEra? Because the next question -- and I'll even
9 give you the next question is, you've said that this will have no rate impact, correct?

10 **MR. STEWART:** My view on the rate impact is neutral.

11 **CHAIRMAN SKRMETTA:** Neutral rate impact. And we know that this cost a lot
12 of beans. And we won't talk about how many millions of beans or hundreds of
13 millions of beans, but I can tell you that those beans require a recovery. And you're
14 required -- you're not recovering them from the members, right? The members
15 don't have to pay for this. Because if the members had to pay for it, their rates
16 would go up. So, somebody's paying for this thing, because nobody buys anybody
17 a jar full of beans, device that cost money, and then doesn't say, you've got to pay
18 for it, but now you don't have to pay for it. So, somebody's rates are going to up
19 when, all of a sudden, the message is going to be, well, we spent a jar full of beans
20 on this. Now we got to come to you for a rate increase to recover this big jar of
21 hundreds of millions of dollars worth of beans, right? So you can't tell me that
22 something that costs something doesn't cost something. Because the old expression
23 about somebody squirting cider in my ear takes place, right? Because that's where

1 the problem in this is. You can't say that it has no rate impact and you can't then
2 tell me that it's going to produce 100 megawatts of power at X dollars for the
3 device, but nobody's got to pay for it. So if nobody's got to pay for it, it's an asset -
4 - it's certainly a viable asset for NextEra. It would certainly seem like an
5 experimental device because you bypassed the process that the Commission has
6 setup to make a determination on this. And so, St. Tubby of Leblanc used to say,
7 there ain't no ratepayer money in R&D, right? And this seems like a very
8 experiment aspect for the Commission. So I don't have a problem paying for the
9 ratepayers get. So I'm going to ask you a couple of peripheral questions, which you
10 may not have the answer to. I think Ms. Kantrow knows the answer to it, and maybe
11 Randy may know. you're familiar with the New Orleans power plant, right? I think
12 you're a man who studies these things in Louisiana. The new New Orleans power
13 plant.

14 **MR. STEWART:** I'm not familiar with the details of the New Orleans power plant,
15 Commissioner.

16 **CHAIRMAN SKRMETTA:** Okay. Well, I'm going to tell you about the details
17 of the New Orleans power plant for a couple of things. it was built in 2020, right?
18 And New Orleans went from the 862 megawatts and they went down to a new gas
19 plant. That's reciprocal engine gas plant of 127 megawatts I believe. I'm not going
20 to bother Entergy with this, but I read about it. And in 2020, it cost approximately
21 220, 240 jars of beans we'll call, right? Which is surprisingly equitable to the cost
22 of a battery, right? And so, for the same amount of power, which can run 24 hours
23 a day, 7 days a week, and not 4 hours on a discharge moment. And I'll just keep

1 going with this line of thought. So, you've got a device for the same amount of
2 power that can run 24 hours a day irregardless of discussion of gas pricing, right?
3 That can stabilize a load pocket completely more than a four-hour discharge that
4 can serve that area, which I believe there's plenty of room at the NextEra facility in
5 Amite on that footprint for the building of such a device. And it does not take 7 to
6 10 years to get a 120-megawatt natural gas plant built, or approved, or any of those
7 things you were talking about. I think that is a statement of largely -- misleading
8 the discussion. Because what we're seeing now is these devices being put into place
9 for 1,000 megawatt units at 3 years. So we're in that cycle, okay. So I do believe
10 that this is an advantage to NextEra, because they've got so many hours a day they
11 can run their solar facility, which is fine. And then they want -- but it would seem
12 to me that during the day when the solar facility is there, the best value to the
13 DEMCO folks would be to use that power during the day and utilize it, right?
14 Because that would be the cheapest source of energy to the DEMCO person -- the
15 DEMCO members is to take the value of that proposition that they got then without
16 the need of storage. Because you would admit, and this isn't a question, that there's
17 a cost of putting it into the battery, and there's a cost of taking it out of the battery
18 that's in addition to the cost of the electricity. We heard a company come here two
19 or three months ago that was presented about battery storage. And they talked about
20 it costing about on an average of, I think, 14.7 cents per kilowatt to do battery
21 storage in addition to the cost of electricity, right? That's an increased price. That's
22 not no impact on the ratepayers, right? So, you know, you're looking at instead of
23 something costing 8 cents, it might cost, you know, 24 cents. It might be in that

1 larger dollar value in the cycle. Even if you got the power cheaper, you're still --
2 even if you got it for 2 cents, you'd still be in the 16, 18 cents range per price of
3 electricity. So I don't see how you deliver power at no additional charge when you
4 put something that costs that amount of money into the system. So -- and we talk
5 about gas volatility, right? And you talk about the market. Well, we've have seen
6 the market go up, we've seen the market go down. Those long-term market analyses
7 will show you market stability, right? There is depth of what you're talking about
8 making this look more like market play than it looks for stability and service to the
9 members, right? And where they could get better advantage of the solar facility
10 during the day taking all the power instead of storing it, and then using it into the
11 market -- they're going to use it in the market more than they're going to use it in
12 load pocket. Because the load pocket element was, I think, one -- two events in a
13 number of seven or eight years. So we're not having that. There are other times
14 when we're getting MaxGen notices where we're asking for more power and that
15 you can play market there. But it's not about the general value of the device itself
16 that can provide value to the members at that time to provide that power. So the
17 other issue, and I don't know if this is going to be a question for you, because I've
18 gone through a lot of this, I -- would you agree that it would be a better value to the
19 consumers of DEMCO -- I guess Randy, you know, if you could get something that
20 costs a little bit more, let's say it costs 30% more, but -- and it took a -- where he's
21 talking about -- I don't know if he's overlapping it to 8 months plus 15 months, or
22 he's saying it's 18 months including the 15 months. But let's say it's total. Let's
23 say it's 18 months versus 30 months, or 35 months. Would it be a better value for

1 your members to have a gas plant at 120 megawatts than it would be to have a solar
2 facility battery for the purposes of load stabilization and load pocket service?

3 **MR. PIERCE:** I don't know that it would be a better option based on the current
4 need and the timeframe that we have -- that we face right now relative to the
5 obligation for capacity, but I do know that those are solutions that we're looking at
6 and very interested in.

7 **CHAIRMAN SKRMETTA:** Okay. Well, then that's fair.

8 **MR. PIERCE:** But for this particular step, we feel like this is a step toward what
9 we really need.

10 **CHAIRMAN SKRMETTA:** Right. Well, and I think that's fine, Randy. Other
11 than the fact that I don't understand, and I think reasonably so, how something that
12 can cost so much money, not cost you anything? And that's the problem.

13 **MR. PIERCE:** Well, I think the rate impact, you know, when we talk about beans,
14 the beans are going to have to be spent. So to get that capacity, you're going to have
15 to spend the beans.

16 **CHAIRMAN SKRMETTA:** But how does it not impact your rate -- how does it
17 not impact your rates?

18 **MS. KANTROW:** It offsets.

19 **MR. PIERCE:** It's an offset, as I understand. I'm going to let the smarter guys
20 answer it. But if I got to spend X number of beans --

21 **CHAIRMAN SKRMETTA:** I know when people tell me something on sale, and
22 they're going to save me a ton of money that that's not how you save money.

23 **MR. PIERCE:** Yes.

1 **CHAIRMAN SKRMETTA:** So I want to understand -- I want to understand with
2 implicit, specific facts. And look, I'm going to call the Staff up here, too, to talk
3 about this. But I want to understand how something that costs that magnitude of
4 money being put into place, you're going to be the obligor in this, correct? You
5 have the obligation, right? How that's not going to eventually, at some point in this
6 contract, which I'm sure it's not one page long, how it's not going to raise DEMCO
7 members' rates?

8 **MR. STEWART:** Commissioner -- go ahead, please.

9 **CHAIRMAN SKRMETTA:** You can go ahead and answer.

10 **MR. DONALDSON:** Yeah. I think just going back to the MCO, we saw a shortage,
11 an incremental shortage in a short period of time. We have been seeing market
12 quotes over the past 18 months, 2 years, have been significantly higher than this
13 price that we're seeing now. And the only thing that we had -- our options were to
14 rely on excess in the market, keep playing the market every one to two years, which,
15 the whole theory on the MCO is to not do that. So then your -- if there's no excess
16 --

17 **CHAIRMAN SKRMETTA:** Right.

18 **MR. DONALDSON:** -you're paying -- you're going to pay an extreme amount of
19 [INAUDIBLE]. And then we've looked at other market quotes that were
20 significantly higher --

21 **CHAIRMAN SKRMETTA:** Well, let me ask you -- let me ask you a question,
22 because I want to keep my mind on this track. It's not you, I'm sure you're solid as
23 a rock, that -- so what you're thinking is, is that you would have this device, and

1 would absorb electricity during the day, you would do market play, and have the
2 market play offset the cost of the device to the members over time? That it would
3 pay for the device and it would not impact the members? Is that kind of what you're
4 looking at to make money through the marketplace?

5 **MR. DONALDSON:** No. I would -- you're going to get the capacity anyway.
6 You're going to have to buy the capacity from somewhere. If you're going and get
7 excess and just do a simple capacity deal for ZRCs, you're not getting anything else
8 on top of that.

9 **CHAIRMAN SKRMETTA:** But I mean, Randy, you were talking about offset,
10 somehow, something's got to pay for this thing, right? So if it's going to be paid
11 for by you participating in the market and trying to sell power at higher prices and
12 then just get it off of the NextEra system when you're not using it instead of let
13 your members take greater advantage of the low cost of power and playing in the
14 market game, which I have real problems with, when you should be focused on
15 taking care of your members versus how to pay for a battery, right? I don't
16 understand the concept of the co-ops engaging in market play when you're a
17 member -- what -- are you a member of 1803?

18 **MS. KANTROW:** No.

19 **CHAIRMAN SKRMETTA:** No. You're a member of the other group, or you're
20 independent?

21 **MS. KANTROW:** We're independent.

22 **CHAIRMAN SKRMETTA:** Independent. Okay. So you're independent of this,
23 but you could sell to other co-ops, right?

1 **MS. KANTROW:** MISO. I want to clarify, right? So this ESA is a fixed price
2 structure, and I think what Ronnie and the testimony, as well as Travis' will show
3 is the price that's in there, which is confidential, it might have been mentioned.

4 **CHAIRMAN SKRMETTA:** Yeah, I --

5 **MS. KANTROW:** -- is cheaper though than what they otherwise would have to
6 go. So I think when Randy's talking about the offset, there's a benefit there.

7 **CHAIRMAN SKRMETTA:** Yeah.

8 **MS. KANTROW:** I don't want to lose the fact of that because I think that the
9 [INAUDIBLE]

10 **CHAIRMAN SKRMETTA:** I'm not losing the fact of anything, Kara. If you're
11 paying that much money for a 4-hour device for 100 megawatts, and you could pay
12 30% more for a device that runs 24-hours a day and provides true grid stability and
13 allows you to play in the market all you want. Then you're talking about that. And
14 the other aspect, and I'd like to discuss this with one of the other Commissioners,
15 is how does that allow you to engage with other co-ops for the potential of building
16 into a larger gas facility and sharing the value of greater generation for distributing
17 power? Because we know we have other co-ops coming to us now talking about
18 trying to get generation --

19 **MR. PIERCE:** Absolutely.

20 **CHAIRMAN SKRMETTA:** -- trying to find stuff and this -- the problem that I'm
21 seeing is that other co-ops are talking about, oh, we want to do this plan, we want
22 to do this plan, but we need more power, so we're going to go to the market. The
23 problem I've already said that, and I've said it a lot of times is, you can't just go to

1 the market. Because eventually, you go to the market, and they run out of whatever
2 you had in the market --

3 **MR. PIERCE:** Right.

4 **CHAIRMAN SKRMETTA:** -- whether it's strawberries, whatever you want to
5 call it. They just run out of it. So you got to have generation.

6 **MR. PIERCE:** Yeah. We understand. And we --

7 **CHAIRMAN SKRMETTA:** And you can't have a battery for a four-hour
8 discharge as the element to stabilize the market because -- to me it's a tinker toy
9 aspect to that, right?

10 **MR. PIERCE:** I understand. And that's why it's a small step.

11 **CHAIRMAN SKRMETTA:** Right. And --

12 **MR. PIERCE:** It's in our view.

13 **CHAIRMAN SKRMETTA:** And, look, I'm -- look, if somebody wants to play,
14 you know, science and engage in experimentation, that's great. I just don't want
15 them to do it on ratepayer money, right? And so I see this value as a significant
16 value to NextEra. I do. Because it makes sense to me that if somebody's going to
17 have a turbine facility for wind turbines, or if they're going to have solar facilities,
18 that they should engage in this on their own nickel, and they should store power,
19 and they should discharge it to their advantage. I just don't want to see that burden
20 put on my citizens because it would seem to me is, the value to you is being
21 disrupted when you can get cheaper solar for your members. But not only are you
22 not getting that cheaper momentary power, you're going to be paying for the device
23 that's impeding you from getting that cheaper power at that moment. So that's kind

1 of the way that I'm looking at this. Let me finish up so we go ahead and bring the
2 Staff up in a second. I'm just double checking my chicken scratch here.

3 **MS. KANTROW:** If we could, we want to comment on some of that, if we may.

4 **CHAIRMAN SKRMETTA:** Well, I think we've had enough on the back and forth
5 on this, Kara. So let's hang on one second. I really think that kind of limits my
6 questions y'all, because I do think that I've fully expressed to you my general
7 concerns and, you know, with trying to honor the elements of the -- what is it? The
8 non-disclosure agreement? What do you -- is that how it was designed as a non-
9 disclosure agreement on the price of this thing?

10 **MS. BOWMAN:** Just a confidentiality agreement. But, yes, sir.

11 **CHAIRMAN SKRMETTA:** I'll just pop -- I just want you to know, none of us
12 signed it. So they signed it. So that's why I always feel hesitant in reserving to
13 myself is, you know, if I didn't sign it, it's not my problem, right? So, but I will try
14 to honor it and tell you that it is significant. And I think largely it's not your
15 problem, it's somebody else's problem, and I think you're being handed a bag of
16 rocks. And I believe that your money would be well better spent either working
17 yourself like a 120-megawatt power plant, which are not a 7-year proposition, or if
18 you wanted to go bigger and do something with the other co-ops to join them.
19 We've talked about this many times before, Randy, about the value for the co-ops
20 to build generation. And we've worked that out with Kindle, and with 1803, and
21 we've talked about other folks about building power. But this kind of thing gives
22 me the willies. And so I'm going to just go ahead and ask the -- I'm going to ask
23 the Staff to come up now and trade out seats with y'all. So, I appreciate your

1 comments and -- is it just Lane and that's it? Okay. Well, I'm going to ask y'all --
2 thank y'all for your comments.

3 **MR. PIERCE:** Thank you.

4 **CHAIRMAN SKRMETTA:** Appreciate it.

5 **MR. STEWART:** Thank you, Commissioners.

6 **CHAIRMAN SKRMETTA:** You can get the padded chairs if you want, so. You
7 can leave the other ones. You don't have to take them back. We'll get it. We'll take
8 care of it. Thank you. All right. Just say who you are for the record.

9 **MR. LANE SISUNG:** Lane Sisung. United Professional Company, consultant to
10 the Commission Staff.

11 **MR. JONATHAN BOURG:** Jonathan Bourg --

12 **MS. BOWMAN:** John, yeah.

13 **CHAIRMAN SKRMETTA:** You got to push the button. There you go.

14 **MR. BOURG:** Jonathan Bourg. United Professionals Company on behalf of Staff.

15 **CHAIRMAN SKRMETTA:** Why don't you give a general report and then just
16 take questions from the Commissioners on where -- you've heard the commentary,
17 and we'll kind of go from there.

18 **MR. BOURG:** Sure. I think I could probably start with where we ended there,
19 Commissioner, and without getting into any confidentiality. My understanding, and
20 as I laid out in testimony, is that what this deal is is that DEMCO customers will
21 pay the beans, as we call them, right? They have a payment every month to the
22 counterparty, and in exchange for that they get all the benefits of the resource
23 [INAUDIBLE] to DEMCO customers. That's how it's structured. That's how I

1 understand it as outlined in my testimony. And if NextEra or DEMCO need to
2 correct that, they can.

3 **CHAIRMAN SKRMETTA:** Does that cost them anything?

4 **MR. BOURG:** It costs them the contract price. They have to pay monthly to the
5 counterparty for all the benefits that that -- for the resource and all the benefits --
6 and -- well, the costs are what they pay, and then they get all of the capacity energy
7 benefit.

8 **CHAIRMAN SKRMETTA:** Is that an energy -- so it's not a rate increase, but it's
9 a line item cost?

10 **MR. BOURG:** That's where I do disagree. I don't see -- and that's laid out in my
11 testimony. There is a statement in the application that this would not increase rates.
12 I disagree with that in my testimony. The statement is based on the fact that there
13 will be a benefit that exceeds the cost that they pay monthly. I think that overstates
14 the benefits greatly. So, I think there is a cost. There are benefits, and I laid those
15 out in my testimony. Those net out, ultimately, to a cost for DEMCO's members.

16 **CHAIRMAN SKRMETTA:** Okay. Can you anticipate what those costs are?

17 **MR. BOURG:** Yes. I mean -- and that's where we get into the comparison, if you'd
18 like to. I mean -- I can get into -- I can't get into the exact cost that they pay. I think
19 it was said earlier, I don't disagree with the number that was said --

20 **CHAIRMAN SKRMETTA:** Well, hang on a second. Hang on a second. I
21 understand we have certain issues that we cannot discuss associative with the non-
22 disclosure agreement or confidentiality, but when we get to this type of discussion
23 about the comparative elements of what the proponents are versus the Staff telling

1 us about the differential in cost, the differential is not covered by the non-disclosure
2 is it? The difference between the two prices, is that covered? Because we have to
3 understand that there is a difference in what that is.

4 **COMMISSIONER FRANCIS:** Bingo.

5 **MR. BOURG:** I could perhaps try it, generally.

6 **SECRETARY BRANDON FREY:** Yeah. I'll let Jonathan give a shot. And I was
7 going to say, Justin, I don't know if you could weigh in having read the NDA. I
8 haven't signed it, but.

9 **CHAIRMAN SKRMETTA:** That makes six of us.

10 **MR. JUSTIN BELLO:** Or more.

11 **CHAIRMAN SKRMETTA:** Give it a shot.

12 **MR. BOURG:** Okay. I will try this generally. I think this -- certainly, it doesn't go
13 as far as the number that was said earlier. So the comparison that was made -- so as
14 we frame this, as we looked at it, there was an application seeking a resource as in
15 the public interest. And when you look at that one of the standards you have is, is
16 it the lowest reasonable cost? We don't have an RFP here. That would be one way
17 to meet that standard. So we have to look to other evidence. DEMCO themselves
18 presented a comparison to the cost of new entry CONE, which is based on the cost
19 of a combustion turbine. In my testimony, I -- and they -- in my mind, compared
20 apples and oranges in doing so. A gross number against a net number that includes
21 the benefits. So you can't compare just the costs of the CT to a battery that has
22 benefits in it. You have to compare cost to cost and net to net. And when I do that,
23 my analysis shows that based on CONE, the cost of new entry, their calculation,

1 DEMCO's calculation of CONE, the battery on a cost basis is 40% more, and on a
2 net basis is 40% more. That's compared to the cost of new entry. And I think it's
3 been well debated across the country that the cost of new entry -- what it represents
4 and what it might not in the current market.

5 **CHAIRMAN SKRMETTA:** Would -- I mean, to solve that problem, couldn't
6 NextEra take 60% of the cost of this and offset it? I mean, wouldn't that be a
7 solution?

8 **MR. BOURG:** If the battery cost 60% less for customers, then they would cost the
9 same.

10 **CHAIRMAN SKRMETTA:** It would still cost the same?

11 **MR. BOURG:** Then they would cost the same. Yeah.

12 **CHAIRMAN SKRMETTA:** Okay.

13 **MR. BOURG:** If the battery was 60% of its cost, right, they would be the same as
14 CONE.

15 **CHAIRMAN SKRMETTA:** Right.

16 **MR. BOURG:** Yes.

17 **MR. SISUNG:** And I think what's in -- from our perspective, and if you look at
18 what our testimony was, it's that they didn't do the MBM. So CONE is a industry
19 number that's thrown out there, cost of new entry. The RTOs use it. A lot of people
20 use it as a benchmark for markets and for other purposes. What the RFP does and
21 the MBM does is, all the questions that have been debated up here, how long will
22 it take, how much will it cost, what benefits will it provide? That's what the MBM
23 provides and that's why Staff was unable to be able to sit up here today and tell you

1 it's the lowest reasonable cost. We can't tell you that because we didn't get
2 responses to an MBM, and because based on the evidence we saw that, you know,
3 it didn't meet the lowest reasonable cost standard. But just as consistent as I've told
4 everyone, batteries have benefits. This is in a load pocket. If you're going to do a
5 battery, the less interconnection cost is a huge benefit, and this would be the battery
6 that you would most likely want to do just because of the process and how it is. We
7 just can't sit up here and tell you it's the lowest reasonable cost.

8 **CHAIRMAN SKRMETTA:** So is there a mitigative solution to really
9 understanding the cost value proposition of this thing? Is there a going back to the
10 drawing board opportunity on this?

11 **MR. SISUNG:** So, well, I mean, I think for, you know, it's the speed. I think, you
12 know, they're talking 18 months versus whether it's 3, 5, 7 years. Once again, the
13 MBM would tell you that answer. But I think their concern is in them trying to get
14 capacity on board as quickly as they can. Their answer to that would be, no, there's
15 -- it's not the right thing to go back to the drawing board, but could they go back to
16 the drawing board? Yes. But they would give up that speed.

17 **CHAIRMAN SKRMETTA:** Well, what's the differential in the speed? I mean,
18 like give me a one -- option A, option B?

19 **MR. SISUNG:** Yes. Yeah. I mean, the MBM processes can be lengthy. And so
20 there have been -- this Commission has granted exemptions before because of a
21 need. The MBM process can last up to a year just to put out the RFP, get the
22 responses, grade them, make your selection, negotiate with the end user, and then,
23 you know, and then finally get to the Commission to make a certification order

1 which could take another eight months even, you know, under the Lightning Round,
2 although this isn't technically typed at large load, but even if you just used that. So
3 it could be a two-year process just to get from MBM to the end of the process.

4 **CHAIRMAN SKRMETTA:** So, realistically, they could still achieve their goal,
5 but it would be a -- even if they started one way or the other, the question is, who's
6 going to end up owing it, who's going to end up paying for it, and who's going to
7 be responsible for what proportion of it? But they could still start the project if they
8 really thought that the project was a necessary component, whether it's NextEra
9 doing it or DEMCO. It's just a question -- not so much DEMCO, but NextEra could
10 start with it and DEMCO could go through the process to make a determination of
11 the right MCO process to determine what the real value is if they could come
12 through that process.

13 **MR. SISUNG:** I mean, I -- I don't want to use word hypothetically, is that the right
14 word? I mean, is it possible?

15 **CHAIRMAN SKRMETTA:** Yeah.

16 **MR. SISUNG:** Yes. But, I mean, the -- it's just not the way that the industry works.
17 You're -- I mean, they're going to need the offtake agreement to be able to have
18 the security to finance the battery. They need to know that there is an offtaker,
19 generally, before they build a battery, unless they just want to do it as a wholesale
20 participant on their own.

21 **CHAIRMAN SKRMETTA:** Well, they could do it as a wholesale participant and
22 then with the long-term goal to have DEMCO take it, right?

23 **MR. SISUNG:** That would be --

1 **CHAIRMAN SKRMETTA:** I mean, it would be a proof of concept number one
2 take place, and then it would be the opportunity for DEMCO to buy it up on that
3 basis.

4 **MR. SISUNG:** That is an option within their decision tree.

5 **CHAIRMAN SKRMETTA:** Okay. All right. Any questions from the
6 Commissioners?

7 **VICE CHAIRMAN COUSSAN:** I have a question.

8 **CHAIRMAN SKRMETTA:** Commissioner Coussan.

9 **VICE CHAIRMAN COUSSAN:** Will the two of you be involved with the pre-
10 and post-construction reporting?

11 **MR. BOURG:** Yes.

12 **MR. SISUNG:** Yes.

13 **VICE CHAIRMAN COUSSAN:** And what type of information is that going to
14 provide to you relative to, you know, future analysis of battery projects?

15 **MR. BOURG:** Yeah, sure. So, you know, we went a lot through the cost and
16 everything, and my testimony, I will say Lane covered it, but I do believe that the
17 battery can provide benefits. And so the reporting would be to get at that.
18 Especially, since this is the first type of this resource in the area. If the benefits are
19 truly as great as paying for the resource, we want to know about that and quickly,
20 right? So how is it participating in the ancillary service market? How is it
21 participating in the energy market? Is it there when you need it, right? If it was
22 participating in those markets, that general information, as much as they can
23 provide.

1 **VICE CHAIRMAN COUSSAN:** And I know we didn't use the word pilot, you
2 know, as we're discussing this but, you know, in some ways this could be framed
3 as a pilot; is that accurate?

4 **MR. BOURG:** Based on all of that information, it'll be the first type of that
5 information that we have for the resource in this state. So, yes.

6 **VICE CHAIRMAN COUSSAN:** Are you aware of future just discussions about
7 other battery projects from other utilities across the state?

8 **MR. BOURG:** Yes.

9 **VICE CHAIRMAN COUSSAN:** And I think we've made it abundantly clear in
10 my motion, and from the Staff's testimony that we're not waiving any future
11 requirements of any of our orders, correct?

12 **MR. BOURG:** It's my understanding.

13 **MR. SISUNG:** Yes, correct.

14 **VICE CHAIRMAN COUSSAN:** Okay. And we all agreed upon that because we
15 don't want to waive any requirements because every situation is going to be unique
16 so to speak, and we want to make sure that we maintain our rights, you know, to
17 enforce those obligations. What is the -- what is the recourse of the PSC when
18 there's a violation of MCO? Is it a violation -- can you kind of tell me what --

19 **MR. SISUNG:** The MCO Order was kind of drafted in a way that it gives the
20 Commission the discretion to look at the cause of the violation and to assess a
21 penalty up to two times CONE --

22 **MR. BOURG:** Yes.

1 **MR. SISUNG:** -- up to two times CONE. And the -- if that penalty was assessed,
2 it's up to the discretion of the Commission on how that money would be allocated
3 to the parties who actually supported that capacity shortage across the other utilities
4 and their ratepayers.

5 **MR. BOURG:** And one other thing, I mean, in between that is an attempt to get
6 with the utility and actually plan, right? To have a process there surely.

7 **VICE CHAIRMAN COUSSAN:** So they just testified here in front of us, but is it
8 also a part of the application that this is as a result of them preparing for future
9 MCO issues?

10 **MR. SISUNG:** So I'm going to answer, yes, but caveat that with the -- that's a little
11 aggravation for me. Yes is the answer.

12 **VICE CHAIRMAN COUSSAN:** Okay. That's a good answer.

13 **MR. SISUNG:** The MCO was put there because they have the obligation to reliably
14 serve in the first place. The MCO is just a check on it. So it -- they need to do it to
15 get the capacity they need.

16 **VICE CHAIRMAN COUSSAN:** Okay. Was this one of the utilities that was
17 impacted by load shed or blackout issues?

18 **MR. SISUNG:** No. That was Entergy and Cleco on the May 25 event.

19 **VICE CHAIRMAN COUSSAN:** Was it in the same region?

20 **MR. SISUNG:** Yes. Yes.

21 **CHAIRMAN SKRMETTA:** Southeast Louisiana, but it was not affected. It was
22 all east of that.

23 **VICE CHAIRMAN COUSSAN:** Thank you for the geography lesson.

1 **CHAIRMAN SKRMETTA:** That's okay.

2 **VICE CHAIRMAN COUSSAN:** So what your testimony is, is that it could be a
3 self-serving type of, you know, they do have the obligation under the MCO, but
4 they should be doing that otherwise. And so -- but this is part of that plan.

5 **MR. SISUNG:** I mean, we're --

6 **VICE CHAIRMAN COUSSAN:** That is accurate to say that this is part of their
7 plan to satisfy MCO?

8 **MR. SISUNG:** And I can confirm that. I mean, it goes back to even before they
9 filed the application. We had a call with them when we were going through their
10 MCO filing, and they informed us that they had planned to meet that shortage in
11 the short-term, to get there quickly, they were going to be filing a battery
12 application. So, I would absolutely say that, from the get-go, this has been their
13 plan to meet that short-term capacity shortfall.

14 **VICE CHAIRMAN COUSSAN:** Were you involved with the Kindle project, 750-
15 megawatt project at all?

16 **MR. SISUNG:** No.

17 **VICE CHAIRMAN COUSSAN:** No. How about you?

18 **MR. BOURG:** Well, we -- well, we reviewed one of the contracts off of it.

19 **VICE CHAIRMAN COUSSAN:** Do you recall of the top of your head just from
20 reading about it, how long that project took from the acquisition of land through
21 the ribbon cutting that we attended?

22 **MR. BOURG:** No. But I probably wouldn't disagree.

1 **VICE CHAIRMAN COUSSAN:** I was there at the ribbon cutting. And the reason
2 why I wasn't there at the beginning was because it was 10 years prior, and I was
3 doing something a lot different. Ten years for that big project, and he can write a
4 dissertation on it I'm sure. But, you know, when you talked about land acquisition
5 and from conception, you know, we're not just talking about its property is ready,
6 we have the permits, we have everything that we need, and then you start
7 construction. Anything -- anytime that we're dealing with any of these major
8 generation projects, there's a start at a meeting -- a board meeting, and then there's
9 a completion when it comes online. That's not the three-year deal that we're talking
10 about when the construction workers show up on-site and take three years to build
11 it. There was two to three years of all sorts of other procedures taking place before
12 that. So this pie in the sky that we're going to just snap our fingers and get other
13 generation in the mix that quickly, I think, you know, I think that's notable. And
14 the testimony is, is that we're going to save probably half the time, it sounds like,
15 regardless of if we're considering the land acquisition or just from the construction
16 period itself. Okay. That's it. Thank you.

17 **CHAIRMAN SKRMETTA:** Great. Just a quick question for you.

18 **COMMISSIONER FRANCIS:** Commissioner.

19 **CHAIRMAN SKRMETTA:** Sorry, Commissioner, let me just do this and I'll get
20 right to you. First off, just so you're aware, I think that facility up there is 3,000
21 acres for the solar facility. I think it's close to 3,000 or something like that. They
22 got plenty land, so. I wasn't worried about their land or their transmission
23 interconnect or even -- and I know the pipeline people say, we will build a pipeline

1 100 miles long to serve power plants. So I wasn't worried about land or anything.
2 I think the interesting element of their availability of interconnect. They have the
3 land and they're a major utility company of the southeastern United States and have
4 the ability to build all the power plants they want. So I never was nervous about
5 that. I want to talk about the MCO for a second. You were talking about fines under
6 the MCO, right? So question number one is, did anybody violate the MCO?

7 **MR. SISUNG:** No. Our report for the first-year filing is that everyone met the
8 requirements of the MCO.

9 **CHAIRMAN SKRMETTA:** Okay. Now, but I am -- just as a hypothetical under
10 it, just for educational purposes. So if they violated the MCO, who would have been
11 indicated in this sort of discussion whether it be DEMCO as the recipient of the
12 contract or NextEra as the primary or protagonist in this, who would have been the
13 one violating the MCO? Would it have been DEMCO?

14 **MR. SISUNG:** It's -- yes. It's the jurisdictional utilities.

15 **CHAIRMAN SKRMETTA:** Jurisdictional. So the problem with something like
16 that is -- and you look under the CONE, right? And then you do the math. The
17 problem is when we have co-ops, you're fining -- the concept under those types of
18 fines under MCO is more for investor-own utility because you could fine the
19 shareholders. Well, it's tough to fine members when you're fining people because
20 you're just heaping misery upon disaster, right? So is there an element that we
21 should be looking at under the MCO for a modification on how we deal with co-
22 ops in this type of thing?

1 **MR. SISUNG:** Well, I don't know what that solution would be. And I will say that
2 the purpose of the -- when you think about the monetary penalties associated with
3 the MCO, it's the fact that for our system reliability, everyone who met the MCO
4 is carrying the capacity burden for Louisiana. Those who didn't meet the MCO,
5 have not held up their end of the bargain. So it's a -- so my point is, to answer your
6 question, it's not necessarily a penalty to the members of DEMCO, it's them paying
7 their fair share of maintaining the reliability of the system.

8 **CHAIRMAN SKRMETTA:** And capacity burden can be contractual, right? It's
9 not necessarily by generation -- holding of generation?

10 **MR. SISUNG:** Correct.

11 **CHAIRMAN SKRMETTA:** So it can be contractual or generation? Okay. Any
12 other questions?

13 **COMMISSIONER FRANCIS:** Yeah. I got --

14 **CHAIRMAN SKRMETTA:** Go ahead, Commissioner Francis.

15 **COMMISSIONER FRANCIS:** You know, several months back we had an
16 outage, a load shed in New Orleans, in the North Shore. Would this battery have
17 prevented that if it were in place?

18 **MR. SISUNG:** That is hard to say with certainty. I think that it would have been
19 an asset to the MISO South region that it could have been ramped quickly and
20 perhaps relieved the constraint. But I would have to do the research to understand
21 how the power flows worked and whether it would've actually -- because it was
22 one constraint --

23 **COMMISSIONER FRANCIS:** [INAUDIBLE]

1 **MR. SISUNG:** -- that caused the whole load shed. Whether this battery located at
2 that solar farm's dispatch would have been able to relieve that constraint, I don't
3 know.

4 **COMMISSIONER FRANCIS:** Well, I know it's been said that it would. I just
5 want to -- I'm not sure that's a good selling point for it. All right. The next thing,
6 true market tests. We're going to have some more battery challenges coming up to
7 make decisions on, and why do we need to do true market tests? Why is that in our
8 rules?

9 **MR. SISUNG:** Yeah. I mean, the, you know, just to give you a framework of how
10 it came about is, the MBM Order was just recently amended in 2024, I believe
11 maybe 2025, to make sure that all the RFPs that were put out are all resource RFPs.
12 And so, to answer your questions, because we want to -- if a utility needs capacity
13 and energy, we want them to go out and test a CCGT --

14 **COMMISSIONER FRANCIS:** Okay.

15 **MR. SISUNG:** -- versus a CT, versus a solar farm, versus a battery, and we'll get
16 all of those costs, all of those timeframes, and compare it.

17 **COMMISSIONER FRANCIS:** All right. That's the right answer. Okay. Thank
18 you. All right.

19 **CHAIRMAN SKRMETTA:** Yes, sir.

20 **COMMISSIONER LEWIS:** Thank you, Mr. Chairman. Lane and Jonathan, real
21 quickly, because I know we've been talking about the market test and the RFP from
22 the MBM Order, and I'm kind of going back through your testimony, and correct
23 me if I'm wrong. Even though you could not say that it was the lowest cost resource

1 that based off the interconnection with Amite Solar facility eliminating the large
2 need for interconnection and dealing with the interconnection queue that this
3 would, probably in your estimation, be one of the better battery opportunities that
4 we potentially could see. Is that a -- am I summarizing that at least you can say
5 correctly?

6 **MR. BOURG:** Yeah. Based on all the other comparables we have in the record,
7 it's low-cost battery.

8 **COMMISSIONER LEWIS:** And so that is -- to my understanding that's what
9 DEMCO is relying on as the reason of the exception of the MBM Order, is that
10 based off of this evidence that they have showcased and demonstrated, based off
11 the interconnection -- surplus interconnection as one portion, that that is what
12 makes it an option that we should certify?

13 **MR. BOURG:** That -- yeah. That is a fact. It is a low-cost battery.

14 **COMMISSIONER LEWIS:** Okay.

15 **MR. BOURG:** And that all we were evaluating is it the lowest cost overall option,
16 right?

17 **COMMISSIONER LEWIS:** Right. Thank you.

18 **CHAIRMAN SKRMETTA:** Any other comments? [NONE HEARD] Okay. We
19 have a motion on the floor by Commissioner Coussan, seconded by Commissioner
20 Lewis. I'm going to oppose. So we ask for a roll call vote.

21 **MS. BOWMAN:** So, Commissioner Lewis?

22 **COMMISSIONER LEWIS:** Yes.

23 **MS. BOWMAN:** Commissioner Coussan?

1 **VICE CHAIRMAN COUSSAN:** Yes.

2 **MS. BOWMAN:** Commissioner Francis?

3 **COMMISSIONER FRANCIS:** Yes.

4 **MS. BOWMAN:** And Chair?

5 **CHAIRMAN SKRMETTA:** No. Motion passes. Next item.

6 **MS. BOWMAN:** The next item is Exhibit 8. It's a docket to be determined which

7 will be the joint application of Cleco Power and Cleco Partners for authorization of

8 change of ownership and control of Cleco Power. It's a discussion and possible

9 vote to expand the scope of United Professionals Company under Docket Number

10 U-33434, and this was at the request of Commissioner Francis. In October 2014,

11 Cleco sought Commission approval for a change in ownership, which was

12 ultimately approved in April 2016 and memorialized in Order Number U-33434-

13 A. United Professionals was retained to assist Staff in reviewing and analyzing that

14 acquisition and has budget remaining from this retention. On April 27 of this year,

15 Cleco Power, Stonepeak, and Bernhard Capital Partners announced an agreement

16 for Stonepeak and Bernhard to acquire Cleco Group. Based on conversations

17 between Staff and Cleco, the application is expected to be filed either later this

18 month and/or early June. Given UPC's knowledge of the first Cleco acquisition,

19 the expected timeframe for the upcoming request to change ownership and that

20 UPC has budget remaining from this retention, Staff sought confirmation from UPC

21 of its willingness to continue assisting Staff, which UPC confirmed. Giving the

22 outstanding budget, Staff recommends that the Commission expand UPC's scope

23 of services under Docket Number U-33434 to include the upcoming acquisition

1 application by Cleco Power. Further, Staff recommends that UPC be allowed to
2 update its hourly rates under this retention to reflect its current discounted hourly
3 rates, and should the upcoming acquisition exceed the remaining budget, UPC is
4 allowed to seek a budget increase at that time.

5 **CHAIRMAN SKRMETTA:** Any motions? Chair moves to accept staff
6 recommendation. Any seconds?

7 **COMMISSIONER LEWIS:** Second.

8 **CHAIRMAN SKRMETTA:** Seconded by Commissioner Lewis. Any opposition?

9 [NONE HEARD] Hearing none, so ordered. Next item, please.

10 **MS. BOWMAN:** Next item is Exhibit 9. This is Civil Docket Number C-777927.

11 This is a civil suit in Division 34 of the 19th JDC. It's Rosefield Fourchon Operating
12 versus Louisiana Public Service Commission. It's a discussion and possible
13 Executive Session to discuss litigation strategy pursuant to Revised Statute 42:17.
14 So, we will entertain a motion to enter.

15 **CHAIRMAN SKRMETTA:** This is our final agenda item?

16 **MS. BOWMAN:** Yes, sir.

17 **CHAIRMAN SKRMETTA:** Okay. So any of y'all want to hang around after you
18 can, but in the meantime, you need to leave the room. Move to go into Executive
19 Session.

20 **COMMISSIONER LEWIS:** Second.

21 **CHAIRMAN SKRMETTA:** Seconded by Commissioner Lewis. Any opposition?

22 [NONE HEARD] Hearing none, we're going to take a 10-minute break.

23 **[OFF THE RECORD]**

1 **[BACK ON THE RECORD]**

2 **CHAIRMAN SKRMETTA:** Chair moves to come out of Executive Session. Any
3 seconds?

4 **COMMISSIONER LEWIS:** Second.

5 **CHAIRMAN SKRMETTA:** Seconded by Commissioner Lewis. Any opposition?

6 **[NONE HEARD]** Hearing none, we are back in session. Chair moves to adjourn.

7 **VICE CHAIRMAN COUSSAN:** Second.

8 **CHAIRMAN SKRMETTA:** Seconded by Commissioner Coussan. Any
9 opposition? **[NONE HEARD]** We are adjourned.

10

11 **(WHEREUPON THE MEETING WAS ADJOURNED)**

12

1 I certify that the foregoing pages 1 through 62 are true and correct to the best
2 of my knowledge of the Open Session of the Business and Executive Meeting
3 held on May 13, 2026 in Baton Rouge, Louisiana.

4 *****

5 **Rough Draft prepared by:**

6 Keyanna Freeman **May 13, 2026**
7 **Key-anna Freeman,** **Date**
8 **Court Reporter**

9 Alicia Carter-Thomas **May 27, 2026**
10 **Alicia Carter-Thomas,** **Date**
11 **Court Reporter**

12 *****

13 **Proofed by:**

14 Alicia Carter-Thomas **May 27, 2026**
15 **Alicia Carter-Thomas,** **Date**
16 **Court Reporter**

17 **Finalized by:**

18 Keyanna Freeman **May 28, 2026**
19 **Key-anna Freeman,** **Date**
20 **Court Reporter**