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June 11, 2021

12922-0508

VIA HAND DELIVERY

Ms. Terri Lemoine Bordelon
Records Division
Louisiana Public Service Commission
Galvez Building, 12th Floor
602 North Fifth Street
Baton Rouge, LA 70802

Re: LPSC Docket No. U-35299, Cleco Power LLC, ex parte. In re: Application for
(1) Implementation of Changes in Rates to be Effective July 1, 2020 and (2)
Extension of Existing Formula Rate Plan.

Dear Ms. Bordelon,

Enclosed for filing in the captioned docket are one (1) original and three (3) copies of an Unopposed Joint Motion for Consideration by the Commission Pursuant to Rule 57 and Approval of the Uncontested Proposed Stipulated Settlement and Proposed Second Amended and Restated Formula Rate Plan of Cleco Power LLC.

Please return one (1) date stamped copy of the filing to us. If you have any questions, or require any additional information whatsoever, please do not hesitate to contact us.

With kind regards, I remain

Very truly yours,

Daniel T. Pancamo
Counsel for Cleco Power LLC

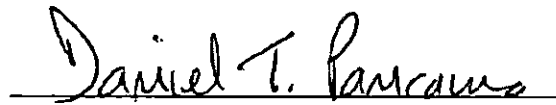
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Enclosures

cc: Docket U-35299 Service List
Nathan G. Huntwork
Collin Buisson

Ms. Terri Lemoine Bordelon
June 11, 2021
Page 2

CERTIFICATE OF SERVICE

I hereby certify that I have this 11th day of June, 2021, served copies of the foregoing upon all known parties to this proceeding by electronic mail, hand delivery, overnight courier, or United States mail, postage prepaid.


Daniel T. Pancamo
La. Bar Roll No. 19726

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION
CLECO POWER LLC, EX PARTE
DOCKET NO. U-35299

2021 JUN 11 PM 2:29
LA PUBLIC SERVICE
COMMISSION

*In re: Application for (1) Implementation of Changes in Rates to be Effective July 1, 2020 and
(2) Extension of Existing Formula Rate Plan.*

**UNOPPOSED JOINT MOTION FOR CONSIDERATION BY THE COMMISSION
PURSUANT TO RULE 57 AND APPROVAL OF THE UNCONTESTED PROPOSED
STIPULATED SETTLEMENT AND PROPOSED SECOND AMENDED AND
RESTATED FORMULA RATE PLAN OF CLECO POWER LLC**

NOW COME Cleco Power LLC ("Cleco Power") and the Louisiana Public Service Commission ("LPSC" or the "Commission") Staff ("Staff"), pursuant to Rule 57 of the Commission's Rules of Practices and Procedures, and respectfully submit this Joint Motion requesting that the Commission assert its original and primary jurisdiction and consider, at its June 16, 2021, Business & Executive Session ("B&E"), the Uncontested Proposed Stipulated Settlement and Proposed Second Amended and Restated Formula Rate Plan of Cleco Power LLC, as agreed to, or not opposed by, the Parties to this proceeding. This motion is unopposed. In support of this motion, the LPSC Staff and Cleco Power represent as follows:

1.

Cleco Power filed its Application in the captioned proceeding on June 28, 2019, and the Application was noticed in the Commission's July 12, 2019 *Bulletin*. Timely interventions were filed by Packaging Corporation of America, International Paper Company, Cabot Corporation, and the Alliance for Affordable Energy (collectively, the "Intervenors") (collectively, Cleco Power, the LPSC Staff, and the Intervenors are the "Parties"). In connection with the June 28, 2019 filing of the Application, Cleco Power caused public notices of the Application to be published in the

official state journal and in the official parish journal of each parish in which Cleco Power provides retail electric service within 20 days after the filing of the Application, pursuant to Louisiana Constitution Article IV, Section 21(D)(1).

2.

In connection with certain conditions filed into the record of this proceeding on August 18, 2020, which were attached to an Unopposed Motion to Suspend Procedural Schedule filed by Cleco Power (which motion was granted on August 18, 2020), and the subsequent filing of additional direct testimony by Cleco Power on December 11, 2020, Cleco Power subsequently re-urged the Application on January 19, 2021, and the re-urged Application was re-noticed in the Commission's January 22, 2021 *Bulletin*. In connection with the January 19, 2019 filing of the re-urged Application, Cleco Power caused public notices of the re-urged Application to be published in the official state journal and in the official parish journal of each parish in which Cleco Power provides retail electric service within 20 days after the filing of the re-urged Application, pursuant to Louisiana Constitution Article IV, Section 21(D)(1).

3.

Cleco Power filed the Application in accordance with the requirements of LPSC Order No. U-33434-A, issued April 7, 2016, Attachment A, Regulatory Commitment No. 4, which provides in pertinent part: "Notwithstanding anything to the contrary in Order No. U-32779, Cleco Power shall file a full rate case in June 2019, and shall not request any increase in base rates prior to June 2019, with any change in rates to be implemented in 2020."

4.

In the Application, Cleco Power requested authorization from the Commission for a change in Cleco Power's base rates. Cleco Power further requested Commission authorization of an

extension of Cleco Power's existing Amended and Restated Formula Rate Plan, which was authorized by the Commission in Order No. U-32779, issued June 27, 2014.¹

5.

Subsequent to the filing of Cleco Power's Application, the Commission Staff and the Intervenor conducted extensive and thorough discovery, both formal and informal. The Parties further have conducted extensive discussions and negotiations regarding Cleco Power's Application.

6.

The Parties have achieved consensus regarding the issues presented by Cleco Power's Application. Please see the fully-executed Uncontested Proposed Stipulated Settlement (the "Settlement") (including its exhibits) attached hereto as Attachment "A" in globo, which resolves all of the issues in this proceeding. In connection with the Settlement, the Parties have negotiated and agreed upon the terms and provisions of Cleco Power's proposed Second Amended and Restated Formula Rate Plan, which is attached to the Settlement. All Parties have either executed the Settlement, or have indicated their non-opposition to the Settlement. The Commission Staff and Cleco Power agree that this Settlement is in the public interest and should be authorized, subject to the terms and conditions therein.

7.

The Affidavit of Mr. J. Robert Cleghorn on behalf of Cleco Power, evidencing Cleco Power's agreement with the terms and conditions of the Settlement, is submitted herewith as Attachment "B". The Affidavit of Mr. R. Lane Sisung on behalf of the Commission Staff,

¹ Cleco Power's original Formula Rate Plan was first authorized by the Commission in Order No. U-30689, issued October 28, 2010.

evidencing Commission Staff's agreement with the terms and conditions of the Settlement, is submitted herewith as Attachment "C".

8.

Cleco Power and the LPSC Staff seek Commission consideration of the Settlement at the June 16, 2021 B&E because the Settlement and the Proposed Second Amended and Restated Formula Rate Plan, if approved by the Commission, would represent a compromise between Cleco Power, Staff and Intervenors; avoid further litigation; and, provide rates that are just, reasonable, not unduly discriminatory, and in the public interest.

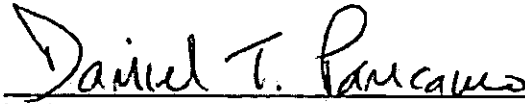
9.

Given that all issues have been amicably resolved among the Parties and the Settlement is uncontested, Cleco Power and Staff assert that there is good cause for the Commission to exercise its original and primary jurisdiction and consider the Settlement pursuant to Rule 57. As the Settlement is uncontested, none of the Parties will be prejudiced. The Movants have fulfilled the requirements of Rule 6 of the Commission's Rules of Practice and Procedure regarding uncontested stipulated settlements through the filing of this joint motion, the Settlement, and Affidavits from Cleco Power and Staff in support thereof.

10.

WHEREFORE, for the reasons set forth above, Cleco Power and Staff respectfully request that the Commission assert its original and primary jurisdiction pursuant to Rule 57 of the Commission's Rules of Practice and Procedure; consider this Joint Motion at its June 16, 2021, B&E; and find that the Settlement and the Second Amended and Restated Formula Rate Plan are in the public interest, and issue an order approving the same in this docket.

.. Respectfully submitted,



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and

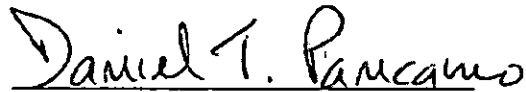


Paul L. Zimmering (La. Bar No. 13798)
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New Orleans, LA 70112
Telephone: (504) 581-3200

Counsel for LPSC Staff

CERTIFICATE OF SERVICE

I hereby certify that I have on this 11th day of June, 2021, served copies of the foregoing upon all known parties to this proceeding by electronic mail, hand delivery, overnight courier, or U.S. Mail, properly addressed and postage prepaid.



Daniel T. Pancamo
La. Bar Roll No. 19726

**ATTACHMENT “A”
FOLLOWS THIS PAGE**

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

DOCKET NO. U-35299

**CLECO POWER LLC
EX PARTE**

*In re: Application for Implementation of Changes in Rates to be Effective
July 1, 2020 and Extension of Existing Formula Rate Plan.*

UNCONTESTED PROPOSED STIPULATED SETTLEMENT

This Uncontested Proposed Stipulated Settlement ("Settlement") is entered into between Cleco Power LLC ("Cleco Power" or the "Company") and the Louisiana Public Service Commission Staff ("Commission Staff"), and is either supported or not opposed by Packaging Corporation of America, International Paper Company, Cabot Corporation, and the Alliance for Affordable Energy (collectively, the "Intervenors"), in connection with Cleco Power's *Application for: (1) Implementation of Changes in Rates to be Effective July 1, 2020; and (2) Extension of Existing Formula Rate Plan* (the "Application"). Cleco Power, the Commission Staff, and the Intervenors are sometimes referred to herein collectively as the "Parties."

I. BACKGROUND AND PROCEDURAL HISTORY

Cleco Power filed the Application on June 28, 2019, and the Application was noticed in the Louisiana Public Service Commission's ("LPSC" or the "Commission") July 12, 2019 *Bulletin*. Timely interventions were filed by each of the Intervenors. In connection with the June 28, 2019 filing of the Application, Cleco Power caused public notices of the Application to be published in the official state journal and in the official parish journal of each parish in which Cleco Power provides electric service within 20 days after the filing of the Application, pursuant to Louisiana Constitution Article IV, Section 21(D)(1).

Cleco Power subsequently re-urged the Application on January 19, 2021, and the re-urged Application was re-noticed in the Commission's January 22, 2021 *Bulletin*. In connection with the January 19, 2019 filing of the re-urged Application, Cleco Power caused public notices of the re-urged Application to be published in the official state journal and in the official parish journal of each parish in which Cleco Power provides electric service within 20 days after the filing of the re-urged Application, pursuant to Louisiana Constitution Article IV, Section 21(D)(1).

Cleco Power filed the Application in accordance with the requirements of LPSC Order No. U-33434-A, issued April 7, 2016, Attachment A, Regulatory Commitment No. 4, which provides in pertinent part:

“Notwithstanding anything to the contrary in Order No. U-32779, Cleco Power shall file a full rate case in June 2019, and shall not request any increase in base rates prior to June 2019, with any change in rates to be implemented in 2020.”

In the Application, Cleco Power has requested authorization from the Commission for a change in the Company's base rates. Cleco Power has further requested Commission authorization of an extension of the Company's existing Amended and Restated Formula Rate Plan, which was authorized by the Commission in Order No. U-32779, issued June 27, 2014.¹

Subsequent to the filing of Cleco Power's Application, the Commission Staff and the Intervenors thereafter conducted extensive and thorough discovery, both formal and informal. The Parties further have conducted extensive discussions and negotiations regarding the Company's Application.

¹ Cleco Power's original Formula Rate Plan was first authorized by the Commission in Order No. U-30689, issued October 28, 2010.

The Parties have achieved consensus regarding the issues presented by Cleco Power's Application. Accordingly, subject to the terms and conditions specified in this Settlement, and to the reservation of rights by the Commission Staff, the Intervenor, and Cleco Power, as described below, this Settlement resolves all of the issues in this proceeding. The Commission Staff and Cleco Power agree that this Settlement is in the public interest and should be authorized, subject to the terms and conditions hereof. The Commission Staff, Cleco Power, and the Intervenor accordingly agree as follows:

II. SETTLEMENT

A. REVENUE REQUIREMENTS

1. Retail Revenues Amount.

Effective as of July 1, 2021, for the twelve-month period ending ("TME") June 30, 2022, Cleco Power may have rates set that provide an opportunity to collect retail revenues in the amount of \$624 million. This amount represents an approximately \$49 million increase in the Company's retail revenues for TME June 30, 2019, which were approximately \$575 million. The retail revenues for TME June 30, 2019 were adjusted for known and measurable changes (referred to as "attrition adjustments") to yield the \$624 million of retail revenues that Cleco Power will begin collecting as of July 1, 2021.

2. Base Revenues; Rider IICR Revenues

The rates set to allow Cleco Power the opportunity to begin collecting \$624 million of retail revenues as of July 1, 2021 take into account and include approximately \$616.8 million of base revenues to be collected predominantly based on customer demand and energy charges. The rates set to allow Cleco Power the opportunity to begin collecting

\$624 million of retail revenues as of July 1, 2021 further take into account and include approximately \$7.2 million of net revenues that will be collected through the Infrastructure and Incremental Cost Recovery rider ("Rider IICR") of Cleco Power's Second Amended and Restated Formula Rate Plan, (as described more fully below), for TME June 30, 2022.

Base Revenues (Rate Schedules/Contracts)	\$616.8 million
Rider IICR (TME 6/30/2022)	\$ 7.2 million
	<hr/>
Retail Revenues for TME 6/30/2022	\$624.0 million

3. Deferred Revenue Collection.

- (a) Cleco Power may have rates set to have the opportunity to collect the deferred revenue associated with the Company's Coughlin pipeline project (please refer to LPSC Docket No. U-34342). The amount of the deferral is estimated to be \$1.9 million per year and will be collected annually over four (4) years.
- (b) Cleco Power may have rates set to have the opportunity to collect the deferred revenue associated with the Company's St. Mary Clean Energy Center project (please refer to LPSC Docket No. U-33593). The amount of the deferral is estimated to be \$3.4 million per year and will be collected annually over four (4) years.
- (c) For the avoidance of doubt, the recovery of the deferred revenue associated with the Coughlin pipeline project and the St. Mary Clean Energy Center project is taken into account and included in the \$624 million of retail revenues that Cleco Power will begin charging as of July 1, 2021. Any unamortized balance of deferred revenues associated with the Coughlin pipeline project and the St. Mary

Clean Energy Center project shall be included for recovery in either base rates or in Cleco Power's next formula rate plan extension, in connection with Cleco Power's next rate filing.

4. Recovery of Costs.

All references to the recovery of costs in this Settlement refer to prudently-incurred costs only.

B. FORMULA RATE PLAN; RIDER IICR; TCJA BILL CREDIT

1. Second Amended and Restated Formula Plan.

- (a) There shall be an extension of Cleco Power's current Amended and Restated Formula Plan ("FRP"). Attached hereto and made a part hereof as Exhibit A is the proposed Second Amended and Restated FRP, to be effective July 1, 2021. A redlined version of the Second Amended and Restated FRP, marked to show the changes to Cleco Power's current Amended and Restated FRP, is attached hereto and made a part hereof as Exhibit B.
- (b) The Second Amended and Restated FRP shall include the following general metrics:
 - (i) Base Revenue Rates remain the same for the term of the FRP regardless of earnings reported in the annual review. Base Revenue Rates will not be increased if the Company earns below the target ROE (as hereinafter defined). Base Revenue Rates will not be decreased if the Company earns above the target ROE; however, if the Company does earn above the

target ROE, it may be required to provide customers with a one-time refund as provided for herein below.

- (ii) Rider IICR Rates may be annually adjusted pursuant to the specific provisions of Rider IICR.
- (iii) A target return on equity ("ROE") of 9.50%.
- (iv) Earnings in excess of a 9.50% ROE and less than or equal to a 10.00% ROE shall not result in refunds by Cleco Power.
- (v) 60% of earnings in excess of a 10.00% ROE and less than or equal to a 10.50% ROE shall be refunded to customers, and 40% of such earnings shall be retained by Cleco Power. Any earnings in excess of a 10.50% ROE shall be refunded 100% to customers.
- (vi) For FRP ratemaking purposes, Cleco Power's capital structure shall be fixed at 52% equity and 48% debt.

2. Rider IICR.

- (a) The retail jurisdictional revenue requirements associated with the following items are eligible for recovery under Rider IICR, offset by the credits described in this section, and all subject to annual true-up:
 - (i) Certain MISO Administrative costs, charges, and credits (currently estimated at \$4.3 million annually) as described in Order No. U-32839, issued December 13, 2013.
 - (ii) Louisiana State Corporate Franchise Tax (currently estimated at \$1.8 million annually), as described in Docket No. U-32779.

- (iii) Production operations and maintenance deferral, as described in Paragraph a.6 of the settlement authorized by LPSC Order No. U-30689, issued October 28, 2010 (currently estimated to be \$3.7 million for the twelve months ending June 30, 2022). The threshold for the deferral shall be \$34.9 million, with a cap on the cumulative deferral balance of \$25.0 million. A carrying charge at the weighted average cost of capital ("WACC"), grossed up for taxes on the production operations and maintenance deferral, shall be accrued.
- (iv) Beginning in July 2022, and annually thereafter, the property taxes paid for the Madison 3 generating unit for the immediately preceding calendar year. A carrying charge at WACC, grossed up for taxes, will be included on the regulatory asset balance due to the delay in collection, calculated starting the month immediately following payment. Please refer to Exhibit C (WACC calculation), attached hereto and made a part hereof.
- (v) Transmission right-of-way clearing expenses (currently estimated to be \$1.3 million for TME June 30, 2022). If Cleco Power does not spend the entire amount specified in a Rider IICR filing for transmission right-of-way clearing expense on vegetation management during each year that the Second Amended and Restated FRP is in effect, then there shall be a credit to IICR for the shortfall in the next subsequent Rider IICR filing.
- (vi) Distribution right-of-way clearing expenses (currently estimated to be \$11.2 million for TME June 30, 2022). These expenses will be allocated to all customers, except for those customers taking delivery at a

transmission voltage level. If Cleco Power does not spend the entire amount specified in a Rider IICR filing for distribution right-of-way clearing expense on vegetation management during each year that the Second Amended and Restated FRP is in effect, then there shall be a credit to IICR for the shortfall in the next subsequent Rider IICR filing allocated in the same manner as the charges are included in this subsection (vi).

- (vii) MISO Northlake transmission expense (currently estimated to be \$13.1 million net for TME June 30, 2022) of which an estimated \$5.7 million is for one past year of under collection and will be removed in the next IICR. *See Order No. U-34447, Attachment "1," Exhibit "A" (Second Amended Implementation Agreement — Northlake).*
- (viii) Cleco Power will exclude the full amount of the EDIT (as hereinafter defined) liability balance from rate base, and instead provide customers with an equivalent benefit until such time as the EDIT liability reaches zero. For the period of the Rider IICR, the equivalent benefit will be provided through an excess deferred income taxes ("EDIT") make-whole credit (the "EDIT Make-Whole Credit") estimated at \$23.805 million for the twelve months ended June 30, 2022; \$18.037 million for the twelve months ended June 30 2023; and \$16.125 million for the twelve months ended June 30, 2024.
- (ix) A credit shall be applied against the Rider IICR revenue requirements for a Strategic Alignment and Real-Time Transformation ("START") project make-whole credit (the "START Make-Whole Credit") for the billing to

Cleco Cajun LLC of its share of START Project costs (currently estimated to be \$4.4 million for TME June 30, 2022).

- (x) The revenue requirements, both deferred and current, associated with the Bayou Vista to Segura transmission project (currently estimated to be \$19.4 million for TME June 30, 2023, which includes deferred revenue for any portion of the project placed in service before July 1, 2022). Phase I of the project is expected to be completed in August 2021, and is estimated to cost \$72 million. Phase II of the project is expected to be completed in December 2021, and is estimated to cost \$57 million. In the month following the in-service date of each phase of the project, the Company shall be permitted to begin to accrue a regulatory asset reflecting the estimated revenue requirement including interest at its WACC until its next Monitoring Report filing. The accruals shall be subject to true-up in the Monitoring Report review and the project shall be subject to a prudence analysis. Cleco Power will true-up the appropriate amount based on the actual completion dates and final costs of the two portions of the project.
- (xi) Beginning with the first IICR filing after the project to relocate certain transmission lines at Slidell Municipal Airport, pursuant to LPSC Special Order No. 50-2019, issued July 26, 2019 is in service, Cleco Power may include the annual revenue requirement for the project, as well as a one-year amortization of the deferred revenue requirement.

(xii) The following future matters before the Commission including:

- a. The cost of projects required and ultimately approved after July 1, 2020, pursuant to Docket No. R-28271 Subdocket B.
- b. The cost of incremental transmission projects approved by the LPSC for inclusion in the IICR.
- c. The cost of other projects that may be subsequently approved by the Commission for recovery under the IICR component of this FRP.

(b) Monitoring Reports.

Cleco Power shall file annual earnings monitoring reports ("Monitoring Reports") on or before October 31, 2022, October 31, 2023, and October 31, 2024, covering TME June 30, 2022, TME June 30, 2023, and TME June 30, 2024, respectively, in accordance with the provisions of the Second Amended and Restated FRP.

(c) IICR True-Up

Unless there is a final order in the March 2023 rate proceeding extending the FRP (including provisions for a Rider IICR) or an interim Rider IICR has been approved by the Commission pursuant to Section II(E)(1) below, no IICR rate adjustments shall be implemented on July 1, 2024, however, the Company shall file with its October 2024 Monitoring Report an IICR True-Up report that shall compare the amounts included in the prior filed IICR for the Period July 1, 2023 through June 30, 2024 to the actual collections for that period. To the extent there is an over- or under- collection, such amount shall be refunded or collected

through a rate adjustment to be made at the conclusion of the period of time allowed for review of the monitoring report.

3. TCJA Bill Credit.

(a) All retail customers shall receive bill credits resulting from the U.S. Tax Cuts and Jobs Act of 2017² (the “TCJA”), which shall be subject to the following provisions. The Unprotected EDIT bill credit and the Protected EDIT bill credit are sometimes referred to herein collectively as the “TCJA Bill Credit”.

(i) Amounts associated with the retail portion of Unprotected EDIT as a result of the TCJA will be credited to all customers as a proportion of each customer class’s base revenue paid in the immediately preceding year. The retail portion of the Unprotected EDIT shall be credited over a period of three (3) years culminating on June 30, 2024. The target retail portion of the Unprotected EDIT shall be \$30.76 million for the twelve-month period ending June 30, 2022, and extending for two additional years until June 30, 2024. The entirety of the Unprotected EDIT credit shall cease after June 30, 2024, except for any true-up. The actual amount of the credit associated with the Unprotected EDIT balances returned to customers through June 30, 2024 shall be true-up, and any difference will be added to or credited to customer bills in August 2024, or as otherwise directed by the Commission.

(ii) Amounts associated with the retail portion of Protected EDIT as a result of the TCJA will be credited to all customers as a proportion of each

² Pub. L. 115, 131 Stat. 2054. The TCJA became effective January 1, 2018.

customer class's base revenue and billing determinants for the period in which the amount is to be credited on the customers' bills. The retail portion of the Protected EDIT shall be credited as calculated under the Average Rate Assumption Method ("ARAM") and such credits shall continue until the full amount of the Protected EDIT has been returned to customers.

- (iii) The portion of the bill credit allocated to Residential customers shall utilize two tiers: The first tier will be for kWh usage less than or equal to 1,000 kWh on a monthly basis, with the second tier for all kWh usage above 1,000 kWh on a monthly basis. The portion of the bill credit for the first tier (approximately 62.2% of residential usage) shall be 20% higher than the portion of the bill credit for the second tier (approximately 37.8% of the total residential usage).

- (b) The sum of the amounts described in subsections (i) and (ii) immediately above shall be credited as a separate line on customer bills captioned as "Tax Cuts and Jobs Act Credit". The application of the TCJA Bill Credit as provided herein shall constitute compliance with the requirements of LPSC General Order No. 2-7-2019 in Docket No. R-34754.³

C. RETAIL JURISDICTIONAL RATE SCHEDULES AND RIDERS REVENUE ALLOCATION (OTHER THAN RIDER IICR)

Retail jurisdictional base revenues of \$616.8 million collected through standard rate

³ Docket No. R-34754, Louisiana Public Service Commission, ex parte. *In re: Consideration of appropriate manner to flow through to ratepayers the benefits of the reduction in corporate income taxes as a result of the Tax Cuts and Jobs Act, treatment of the regulatory liability ordered by the Commission to be recorded by utilities pursuant to the Commission's Special Order No. 13-2018 and related matters.*

schedules and/or riders and site-specific contracts (other than Rider IICR), as negotiated and agreed to by the Commission Staff and Cleco Power, and agreed to or not opposed by the Intervenors, were allocated among Cleco Power's customer classes. The total \$616.8 million of retail jurisdictional base revenues was allocated proportionately to each rate class based on that class' contribution to base revenues for TME June 30, 2019. The allocated base revenues established herein are described in Table 1, immediately below.

Residential	\$ 295,707
General Service Non-Demand	\$ 33,780
General Service Secondary Demand	\$ 162,056
General Service Primary Demand	\$ 56,307
Municipal General Service	\$ 7,254
Lighting	\$ 13,172
Large Power Service	\$ 30,160
Miscellaneous	\$ 18,374
	<hr/>
	\$ 616,810
	<hr/>

D. RATE DESIGN

Cleco Power has designed rates and will file rate schedules to recover the base revenues identified for each customer rate class described in Section C, immediately above. A set of Cleco Power's new rate schedules is attached hereto and made a part hereof as Exhibit D. A redlined set of Cleco Power's new rate schedules, marked to show the changes against Cleco Power's current rate schedules, is attached hereto and made a part hereof as Exhibit E. Cleco Power's rate design include the following material changes to the Residential Service rate schedule, which have been negotiated and agreed to by the Commission Staff and Cleco Power, and agreed to or not opposed by the Intervenors:

1. Rate tiers for usage in winter months have been eliminated, and all energy billed during winter months (November – April) shall be billed at the same rate as the summer rates, first tier.
2. Rate tiers for usage in summer months have been expanded to three tiers, with break points at 1,001 kWh and 1,501 kWh, with the energy rates in each of those tiers approximately 20% higher than the immediately preceding tier.

E. OTHER STIPULATION TERMS

1. Next Rate Filing. Cleco Power shall submit its next rate filing (other than its annual FRP Monitoring Reports filed pursuant to Section B.2.b above) by March 31, 2023, for rates to be effective July 1, 2024. Such filing may be either a full rate case that includes a request to extend Cleco Power's Second Amended and Restated FRP (which may be subject to potential modifications, as appropriate), or may be simply a request for an extension of Cleco Power's Second Amended and Restated FRP (which may be subject to potential modifications, as appropriate). If, after June 1, 2024, the progress of the rate filing is such that it is unlikely that new rates will be in effect as of July 1, 2024, Cleco Power may file an interim Rider IICR and adjust the TCJA Bill Credit to comply with the ARAM method. That filing must be approved by the Commission to become effective. Any rates specified in the interim Rider IICR filing shall be trued-up to the new rates authorized in the rate filing described in this subsection.
2. Arrearage Management Plan. The Parties shall engage in a collaborative process to present and discuss proposals for an Arrearage Management Plan ("AMP"), including an implementation plan and timeline. If the Parties do not reach agreement on an AMP proposal within 45 days after issuance of an LPSC order approving this Settlement, then

any of the Parties may, within 60 days after issuance of an LPSC order approving this Settlement, file an individual AMP proposal for consideration by the Commission.

3. Regulatory Assets. No new regulatory assets may be created or booked by Cleco Power unless authorized by a vote of the Commission. In the event of extraordinary circumstances in which Cleco Power asserts that immediate booking of a regulatory asset is needed, it may request such interim authority from the Commission Executive Secretary, and if approved may begin such booking immediately on an interim basis, for accounting purposes only. At the next available B&E Session, the Commission shall determine whether the Company is authorized to continue to record the regulatory asset and under what conditions.
4. Rate Design. The lost contribution to fixed cost ("LCFC") adjustment within the energy efficiency rider shall be set to zero upon the effective date of the next energy efficiency rate filing. Further, Cleco Power shall prepare an educational statement to Residential customers explaining the new block rate tiers. This educational statement shall be reviewed by Commission Staff prior to distribution.

III. GENERAL PROVISIONS

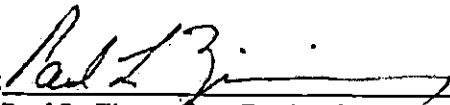
A. The Commission order issued in this proceeding shall be effective immediately upon its date of issuance.

B. Unless specifically stated herein, this Settlement shall have no precedential effect in any future proceedings, and shall be without prejudice to the right of any party to take any position in future proceedings, or appeals therefrom.

C. The parties believe that the Settlement as a whole should be approved by the Commission and that it is in the public interest.

D. This Stipulated Settlement will be effective upon approval by the Louisiana Public Service Commission. The parties agree to request the approval of this Uncontested Proposed Stipulated Settlement Agreement by the Commission at the June 2021 Business & Executive Meeting.

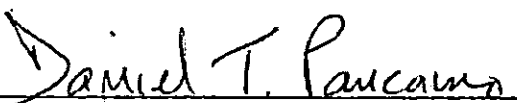
This Settlement is made and entered into effective as of the 10th day of June, 2021.

By: 
Paul L. Zimmering (La. Bar No. 13798)
Noel J. Darce (La. Bar No. 01813)
Stone Pigman Walther Wittmann L.L.C.
909 Poydras Street, Suite 3150
New Orleans, LA 70112
Telephone: (504) 581-3200

and

Lauren Temento Evans (La. Bar No. 35576)
Staff Attorney
Louisiana Public Service Commission
602 N. Fifth Street
Galvez Building, 12th Floor
Baton Rouge, LA 70802
Telephone: (225) 342-9888

Date: 06/10/21
REPRESENTING THE LOUISIANA PUBLIC
SERVICE COMMISSION STAFF

By: 
Nathan G. Huntwork (Bar Roll No. 31789)
Daniel T. Pancamo (Bar Roll No. 19726)
Collin Buisson (Bar Roll No. 38146)

Date: 06/10/2021
REPRESENTING CLECO POWER LLC

**THE PARTIES LISTED BELOW EITHER SUPPORT OR EXPRESS NO OPPOSITION
TO THIS UNCONTESTED PROPOSED STIPULATED SETTLEMENT:**

By: C. R. Tournillon
Carrie R. Tournillon (Bar Roll No. 30093)

Date: 6-10-21
REPRESENTING:
PACKAGING CORPORATION OF AMERICA
NO OPPOSITION

By: C. R. Tournillon
Carrie R. Tournillon (Bar Roll No. 30093)

Date: 6-10-21
REPRESENTING:
INTERNATIONAL PAPER COMPANY
NO OPPOSITION

By: _____
Jamie H. Watts (Bar Roll No. 28262)

Date: _____
REPRESENTING:
CABOT CORPORATION

By: _____
Logan Atkinson-Burke

Date: _____
REPRESENTING:
THE ALLIANCE FOR AFFORDABLE ENERGY

**THE PARTIES LISTED BELOW EITHER SUPPORT OR EXPRESS NO OPPOSITION
TO THIS UNCONTESTED PROPOSED STIPULATED SETTLEMENT:**

By: _____
Carrie R. Tournillon (Bar Roll No. 30093)

Date: _____
REPRESENTING:
PACKAGING CORPORATION OF AMERICA
NO OPPOSITION

By: _____
Carrie R. Tournillon (Bar Roll No. 30093)

Date: _____
REPRESENTING:
INTERNATIONAL PAPER COMPANY
NO OPPOSITION

By: J. Watts
Jamie H. Watts (Bar Roll No. 28262)

Date: June 10, 2021
REPRESENTING:
CABOT CORPORATION

By: _____
Logan Atkinson-Burke

Date: _____
REPRESENTING:
THE ALLIANCE FOR AFFORDABLE ENERGY

**THE PARTIES LISTED BELOW EITHER SUPPORT OR EXPRESS NO OPPOSITION
TO THIS UNCONTESTED PROPOSED STIPULATED SETTLEMENT:**

By: _____
Carrie R. Tournillon (Bar Roll No. 30093)

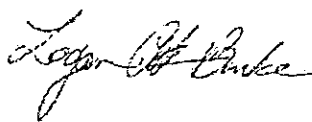
Date: _____
**REPRESENTING:
PACKAGING CORPORATION OF AMERICA
NO OPPOSITION**

By: _____
Carrie R. Tournillon (Bar Roll No. 30093)

Date: _____
**REPRESENTING:
INTERNATIONAL PAPER COMPANY
NO OPPOSITION**

By: _____
Jamie H. Watts (Bar Roll No. 28262)

Date: _____
**REPRESENTING:
CABOT CORPORATION**

By: 
Logan Atkinson-Burke

Date: June 10, 2021
**REPRESENTING:
THE ALLIANCE FOR AFFORDABLE ENERGY
NO OPPOSITION**

**CLECO POWER LLC
SECOND AMENDED AND RESTATED
FORMULA RATE PLAN
EFFECTIVE JULY 1, 2021**



1. GENERAL

This Second Amended and Restated Formula Rate Plan ("FRP") replaces and supersedes Cleco Power LLC's ("Cleco Power" or the "Company") Amended and Restated Formula Rate Plan effective July 1, 2014, as authorized in the Louisiana Public Service Commission's ("LPSC" or the "Commission") Order No. U-32779, issued June 27, 2014. This FRP defines the procedures by which the Commission shall determine the level of refunds that may be due to customers of Cleco Power pursuant to the filing of annual Monitoring Reports (see Section 3 below), and it also provides for the recovery of infrastructure and incremental costs and the associated revenue requirements for certain items as outlined in Section 4 below, through the filing of a rate rider ("Rider IICR"), which filing shall be made not later than July 1 of 2022 and 2023. This FRP shall apply to all electric service subject to the jurisdiction of the LPSC. All references in this FRP to the recovery of costs are intended to refer to the recovery of prudently-incurred costs.

2. GENERAL DESCRIPTION OF THE CLECO POWER FORMULA RATE PLAN

2.1 This FRP includes the following general metrics:

- a. Base revenue rates remain the same for the term of the FRP regardless of earnings reported in the annual review. Base revenue rates will not be increased if the Company earns below the target ROE (as hereinafter defined). Base revenue rates will not be decreased if the Company earns above the target ROE. However, if the Company does earn above the target ROE, it may be required to provide customers with a one-time refund as provided for herein below.
- b. Rider IICR may be annually adjusted pursuant to the specific provisions of Rider IICR.
- c. A target return on equity ("ROE") of 9.50%.
- d. In the event that actual earnings in the Evaluation Period (as defined in Section 3.1 below), pursuant to the modifications described below, exceed the LPSC Jurisdictional Refund Threshold (as defined in Section 3.2 below) of 10.00% and are less than or equal to 10.50%, then sixty percent (60%) of those earnings above 10.00% shall be refunded to customers. Cleco Power

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shall retain the remaining forty percent (40%) of those earnings. Any earnings in excess of 10.50% shall be refunded 100% to customers.

- e. For FRP ratemaking purposes, Cleco Power will have a capital structure of 52.00% equity and 48.00% debt.

3. ANNUAL PROCEDURE FOR DETERMINATION OF REFUNDS

3.1 GENERAL

The annual Monitoring Report (as defined in Section 3.6.A below) review shall utilize an Evaluation Period based on the year beginning July 1 and ending June 30. The calculation is a three step process:

- a. Establish the LPSC Jurisdictional Refund Threshold
- b. Calculate LPSC Jurisdictional Regulated Income
- c. Determine if LPSC Jurisdictional Regulated Income exceeds the LPSC Jurisdictional Refund Threshold

3.2 ESTABLISHING THE LPSC JURISDICTIONAL REFUND THRESHOLD

The LPSC Jurisdictional Refund Threshold is calculated as follows:

Equity Portion of LPSC Jurisdictional Rate Base x 10.00%

3.3 MINIMUM FILING REQUIREMENTS

Cleco Power shall prepare each annual Monitoring Report using book amounts as adjusted based on: the results of the Company's most recently completed base rate proceeding; and subsequent settlements and/or Commission orders resulting from the annual FRP Monitoring Report reviews.

Such adjustments include, but are not limited to,

- a. the removal of accrued rate refund amounts;
- b. mark-to-market gains and losses shown on the income statement;

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- c. the removal of incentive compensation for officers at the vice-president level and above, executives of Cleco Corporate Holdings LLC, and its Board of Directors;
- d. the removal of construction work in progress from rate base and the removal of AFUDC income from regulated income;
- e. Prepaid Pension shall only be included in rate base to the extent that cumulative pension contributions to a pension trust funded by shareholders exceed cumulative pension expense;
- f. A regulatory asset shall be allowed for the McKinsey Affordability Study with annual amortization in the amount of \$1.378 million to be amortized over 10 years;
- g. The inclusion of AFUDC equity and debt gross-up in rate base;
- h. the removal of amounts associated with the modernization project at the Cleco corporate campus;
- i. adjustments for FAS 106 related to post retirement employee benefits other than pensions;
- j. the production operations and maintenance tracker;
- k. use of the current statutory federal and state combined tax rate (currently 26.0781%); and
- l. interest synchronization, and amounts of revenues and expenses related to this FRP recovered under Section 4 below.

The Company shall prepare schedules for regulated income showing revenue and expenses by the Federal Energy Regulatory Commission ("FERC") Uniform System of Accounts' detail and rate base on a 13-month average by the FERC detail on a total Company basis.

The Company also shall provide its cost of capital calculated on an end of Evaluation Period basis, except that the Revolving Credit Agreement and any other short term debt shall be the 12-month average balance. The capital structure shall be fixed at 52.00% equity and 48.00% debt for purposes of fixing rates and calculating refunds pursuant to this FRP for the term of this FRP.

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Cleco Power shall submit its next full rate case filing by March 31, 2023, for rates to be effective July 1, 2024. Such filing may include a request to extend this FRP (which may be subject to potential modifications, as appropriate).

If, after June 1, 2024, the progress of the rate case is such that it is unlikely that new rates will be in effect as of July 1, 2024, Cleco Power may file an interim Rider IICR. That interim IICR shall become effective only upon approval by the Commission.

The TCJA Bill Credit (as hereinafter defined) shall remain effective as provided in Section 5.A and Section 5.B hereof.

3.4 DETERMINATION OF LPSC JURISDICTIONAL REGULATED INCOME

The Company shall prepare annually a Cost of Service study to allocate expenses and rate base to the LPSC Retail jurisdiction using the 12-month coincident peak demand ("12-CP") methodology for production and transmission allocators.

Cleco Power shall impute a certain level of base revenue (subject to escalation, as described in this paragraph) in preparing its annual Cost of Service study in an amount consistent with the terms of its site-specific contracts approved by the Commission ("Imputation Amount"). The annual Imputation Amount shall increase over time in accordance with pass-through revenue under this FRP. Specifically, the Imputation Amount will increase by the amount of flow through revenue assigned to any applicable site-specific customer having an Imputation Amount provision pursuant to the Commission's approval of the site-specific agreement.

Site-specific customers shall be assigned a share of any approved pass-through revenue increases under the FRP, with any such share being proportional to the site-specific customer's share of total retail base revenue. This will be recovered as a component of Rider IICR, rather than changing the contract rates.

Cleco Power shall retain up to the Imputation Amount each year (as escalated pursuant to this paragraph) received under any applicable site-specific contracts containing an Imputation Amount provision. All base revenue received by Cleco Power above the Imputation Amount (as escalated) in a year shall be credited to other retail ratepayers as a credit to the fuel adjustment charge, except for customers on discounted site-specific contracts. Cleco Power will accumulate these credits and provide them to ratepayers during one or more of the four summer months, or as directed by the Commission.

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3.5 DETERMINATION OF LPSC JURISDICTIONAL REFUND AMOUNT

In the event that actual earnings in the Evaluation Period, pursuant to the modifications described above, exceed the LPSC Jurisdictional Refund Threshold of 10.00% and are less than or equal to 10.50%, then sixty percent (60%) of those earnings between 10.00% and 10.50% shall be returned to customers. The Company shall retain the remaining forty percent (40%) of those earnings. Any earnings in excess of 10.50% shall be returned 100% to customers.

Should any computed refund be equal to or less than \$500 thousand, the entirety of that refund shall be allocated solely to Residential customers.

When any refund, as determined under the provisions of this 3.5, shall exceed \$500 thousand, the entire refund will be allocated to each applicable rate class based on that class' base revenue as a percentage of total base revenues eligible for refund. Base revenues eligible for refund shall exclude base revenues from all customers that receive discounts under site-specific contracts, and those customers shall not participate in any refund issued pursuant to this Section 3.5.

Any refunds resulting from this review shall be credited as a separate line item on the customers' bills.

3.6 FILING AND REVIEW PROCESS TIMELINE

3.6.A FILING DATE

Cleco Power shall file annual earnings monitoring reports (each a "Monitoring Report") on or before October 31, 2022, October 31, 2023, and October 31, 2024. Each Monitoring Report will be docketed separately, utilizing the twelve-month Evaluation Periods ending June 30 in each of those years. In the event that Cleco Power files an interim Rider IICR beginning July 1, 2024 pursuant to the provisions of Section 3.3 and Section 8 hereof, Cleco Power shall file a corresponding Monitoring Report on or before October 31, 2025 (and annually thereafter on or before October 31) which must be approved by the Commission to become effective.

The Monitoring Report shall be filed with the Commission as a public document, subject to the appropriate confidentiality provisions of Section 12.1 of the LPSC's Rules of Practice and Procedure.

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3.6.B REVIEW PERIOD

The Commission Staff ("Staff") and all Intervenor ("Intervenor") in the prior year base rate or FRP proceeding shall receive a copy of each Monitoring Report at the time it is filed with the Commission. While an Intervenor in prior Monitoring Report reviews shall not be precluded from participation in future reviews, each Intervenor will be required to file a new intervention in the proceeding associated with each annual FRP filing. The Staff, the Intervenor, and the Company shall be referred to hereinafter collectively as the "Parties," and shall receive copies of all filings and pleadings in FRP-related proceedings. At the time each such Monitoring Report is filed, the Company shall provide all of the Parties with complete workpapers and supporting documentation for the Monitoring Report, subject to the execution of a Company-provided confidentiality agreement. The Parties may request clarifications and additional supporting data. Within ninety (90) days after the date that Cleco Power has made the Monitoring Report filing, the Staff, and any Intervenor that desires to raise issues, shall submit a list of issues identified to date on which the Staff or an Intervenor disagree with the proposed treatment of an issue, require further discovery, or still have questions.

The Commission Staff and the Intervenor will endeavor to complete their reviews of the Company's Monitoring Report filing within six months after the date that Cleco Power has made Monitoring Report filing ("Review Period"). Discovery by Staff and Intervenor shall be permitted throughout this Review Period. At the conclusion of the Review Period, the Staff, and any Intervenor who desires to raise issues, shall prepare a Report reflecting the results of its analysis and its recommendations regarding: a) whether refunds are due; b) the level of those refunds; c) whether incremental costs recovery pursuant to Section 4 should be authorized; d) the level of any incremental cost recovery; and e) any other errors or issues presented by the Company's Monitoring Report filing. Except as set forth below, if an Intervenor does not raise an issue in its Report ("Intervenor Report"), the Intervenor shall be precluded from raising that issue in any proceedings related to that particular Monitoring Report before the assigned Administrative Law Judge, the Commission, or on appeal. An Intervenor may address before an Administrative Law Judge, before the Commission, or on appeal an issue raised in the Report of the Staff ("Staff Report") or the Report of another Intervenor, whether or not it was raised in the Intervenor Report, and Staff may address before the assigned Administrative Law Judge, before the Commission, or on appeal an issue raised in the Report of an Intervenor, whether or not it was raised in the Staff Report.

Thirty (30) days after the submission of the Staff Report and any Intervenor Report, the Staff shall issue a Final Report that includes all unresolved issues. On or before

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thirty (30) days following the issuance of the Staff's Final Report, any Intervenor or the Company may file a Protest to the Staff's Report. If the Staff Final Report includes unresolved issues or if a Protest is filed by the due date, the unresolved issues and the Protest will be assigned to an Administrative Law Judge.

If no Protest is filed by the due date, and there are no unresolved issues identified in the Staff Final Report, the Staff Final Report shall be submitted to the Commission for its ruling at the next Business and Executive session following expiration of the protest period. At that time the Commission will consider all recommendations contained in the Staff Report regarding refunds and/or incremental cost recovery pursuant to Section 4 of this FRP. Staff Reports that do not recommend a refund or disallowance of an incremental cost recovery and that are not protested will not require a vote by the Commission. To the extent that refunds are not made commencing with the first billing cycle of each July following each annual FRP filing, interest shall accrue, at the legal customer deposit rate then in effect, on any amount ultimately ordered to be refunded by the Commission. Such refunds shall be made at the time specified by the Commission.

4. INFRASTRUCTURE AND INCREMENTAL COST RECOVERY

The 2022 and 2023 Monitoring Report filing will include a detailed report of the Rider IICR adjustments implemented in July of 2022 and 2023 respectively. Rider IICR is only allowed to include recovery of certain costs not utilized for setting base rates in this proceeding as specified below. These incremental revenue requirements will be allocated between LPSC retail and non-retail jurisdictions using the 12-CP methodology for production and transmission allocations. Except as provided for in Section 4.3(6), LPSC retail amounts will be allocated to each applicable rate class based on that class's base revenue as a percentage of total base revenues for the FRP Evaluation Period being reviewed.

Such prudently incurred costs will be aggregated (including both cost increases or decreases, as more fully discussed in the following Sections 4.1 through 4.4) and recovered as one single line item on customers' bills identified as "Infrastructure and Incremental Costs Recovery." The costs recoverable through Rider IICR are subject to change only once per year, at the beginning of the July billing cycle. Costs or credits to customers otherwise approved for recovery under this provision commencing after July 1 shall be accrued by the Company for future treatment in the following Rider IICR or the Rider IICR True Up (as provided for in 4.4 below). If costs or credits eligible for inclusion in the Rider IICR pursuant to this provision cease to be incurred after July 1 of each year, those amounts in rates shall be recorded as a regulatory liability or regulatory asset to be flowed back to ratepayers

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or the Company commencing the subsequent July 1 plus carrying costs computed at the Company's weighted average cost of capital ("WACC").

The Rider IICR and Rider IICR True UP shall be reviewed with the Monitoring Report and to the extent that amounts should not have been recovered they shall be refunded to customers with carrying costs calculated at the Company's WACC. Similarly, Cleco Power may recover amounts that should have been recovered through the IICR but which were not recovered, with carrying costs calculated at the Company's WACC.

4.1 PURCHASED POWER CAPACITY COSTS AND REVENUES

Cleco Power shall defer any increase or decrease in capacity costs incurred (i) under purchased power agreements certificated by the Commission and commencing subsequent to the effective date of this FRP, and (ii) under net capacity purchases made in the Midcontinent Independent System Operator, Inc. ("MISO") capacity auctions made subsequent to the effective date of this FRP. Cleco Power shall have the opportunity to recover in Rider IICR, from LPSC customers, their jurisdictional portion of the prudently-incurred costs through June of each successive year this FRP is in effect. The balance of the deferral, as of each June 30 beginning with June 30, 2022, shall be jurisdictionally allocated based upon the average of the twelve monthly coincident peak demands for the twelve months ended June 30. The revenue collected, the amortization of the regulatory asset or liability, and the regulatory asset or liability shall be included in the Rider IICR filings. The retail jurisdictional portion of off-system capacity sales revenues, if any, shall be dealt with in one of two ways: (1) revenues derived from obtaining additional retail and/or wholesale load shall be reflected in the normal FRP excess earning mechanism; or (2) revenues derived from sales into MISO's annual capacity auction or from short-term sales into the bilateral wholesale market shall be a 100% credit to the Cleco Power retail fuel adjustment clause. "Off-system" refers to loads that are not assigned responsibility for system capacity costs under the 12-CP jurisdictional allocation method. The LPSC retail amounts of these sales revenues will be allocated to each applicable rate class based on that class' base revenue as a percentage of the total base revenues for the Evaluation Period being reviewed, via credits to monthly fuel filings coinciding with the term the capacity sale is in effect.

4.2 ENVIRONMENTAL COSTS

To the extent that any such costs have already been approved by the Commission those costs shall continue to be collected in the manner authorized. If, during the term of this FRP, a change in laws occurs related to environmental issues or environmental compliance that increases the costs to Cleco Power, the recovery of

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those costs may be requested by the Company outside of the sharing mechanism of this FRP. Nothing in this provision shall constitute pre-approval of the recovery of such increased costs in whole or in part, or determination by the Commission that such costs are prudent or that the Company's elected strategy for environmental compliance is reasonable, prudent, and in the public interest.

4.3 ADDITIONAL IICR COSTS ELIGIBLE FOR RECOVERY UNDER RIDER IICR

The Jurisdictional Retail revenue requirements associated with the following items are eligible for recovery under Rider IICR:

1. MISO Administrative costs, charges, and credits (currently estimated at \$4.3 million annually) as authorized by Order No. U-32839, issued December 13, 2013.
2. Louisiana State Corporate Franchise Tax (currently estimated at \$1.8 million annually), as described in Docket No. U-32779.
3. Production operations and maintenance deferral, as described in Paragraph a.6 of the settlement authorized by LPSC Order No. U-30689, issued October 28, 2010 (currently estimated to be \$3.7 million for the twelve months ending June 30, 2022). The threshold for the deferral shall be \$34.9 million, with a cap on the cumulative deferral balance of \$25.0 million. A carrying charge computed at the Company's WACC, grossed up for taxes on the production operations and maintenance deferral, shall be accrued.
4. Beginning in July 2022, property taxes for the Madison 3 generating unit (currently estimated to be \$11.6 million for the twelve months ending June 30, 2023). Due to the expiration of the property tax exemption for the Madison 3 generating unit in 2021, and the uncertainty regarding the estimate of future property taxes, Cleco Power has excluded this item from base rates and has included it in Rider IICR, subject to an annual true-up mechanism. A carrying charge computed at the Company's WACC, grossed up for taxes, will be included on the regulatory asset balance due to the eighteen-month delay in collection.
5. Transmission right-of-way clearing expenses (currently estimated to be \$1.3 million for the twelve months ending June 30, 2022). These expenses will be subject to an annual true-up mechanism, and will be paid by all customers.

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6. Distribution right-of-way clearing expenses (currently estimated to be \$11.2 million for the twelve months ended June 30, 2022). These expenses will be subject to an annual true-up mechanism, and will be paid by all customers, except for those customers taking delivery at a transmission voltage level.
7. MISO Northlake transmission expense (currently estimated to be \$13.1 million net for the twelve months ending June 30, 2022 of which an estimated \$5.7 million is attributable to one past year of under collection and will be removed in the next IICR). The MISO transmission costs that are billed to Cleco Power fluctuate, and as such will be subject to an annual true-up mechanism.
8. Cleco Power will exclude the full amount of the EDIT liability balance from rate base, and instead provide customers with an equivalent benefit until such time as the EDIT liability reaches zero. For the period of this Rider IICR, the equivalent benefit will be provide through an Excess deferred income taxes ("EDIT") make-whole credit (the "EDIT Make-Whole Credit") estimated at \$23.805 million for the twelve months ended June 30, 2022; \$18.037 million for the twelve months ended June 30 2023; and \$16.125 million for the twelve months ended June 30, 2024.
9. Strategic Alignment and Real-Time Transformation ("START") project make-whole credit (the "START Make-Whole Credit") for the billing to Cleco Cajun LLC of its share of START Project costs (currently estimated to be \$4.4 million for the twelve months ending June 30, 2022).
10. The revenue requirements, both deferred and current, associated with the Bayou Vista to Segura transmission project (currently estimated to be \$19.4 million for the twelve months ending June 30, 2023, which includes deferred revenue for any portion of the project placed in service before July 1, 2022). Phase I of the project is expected to be completed in August 2021, and is estimated to cost \$72 million. Phase II of the project is expected to be completed in December 2021, and is estimated to cost \$57 million. In the month following the in-service date of each phase of the project, the Company shall be permitted to begin to accrue a regulatory asset reflecting the estimated revenue requirement including interest at its WACC until its next Monitoring Report filing. The accruals shall be subject to true-up in the Monitoring Report review and the project shall be subject to a prudence analysis. Cleco Power will true-up the appropriate amount based on the actual completion dates and final costs of the two portions of the project.

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11. Beginning with the first IICR filing after the project to relocate certain transmission lines at the Slidell Municipal Airport, pursuant to LPSC Special Order No. 50-2019, issued July 26, 2019 is in service, Cleco Power may include the annual revenue requirement for the project, as well as a one-year amortization of the deferred revenue requirement.
12. The following future matters before the Commission including:
 - a. Projects required and ultimately approved after July 1, 2020, pursuant to Docket No. R-28271 Subdocket B.
 - b. Incremental transmission projects approved by the LPSC for inclusion in the IICR.
 - c. The revenue requirement of other projects that may be subsequently approved by the Commission for recovery under the IICR component of this FRP.

The jurisdictional revenue requirement shall be calculated utilizing the target ROE of 9.50%.

4.4 IICR TRUE UP

Unless there is a final order in the March 2023 rate proceeding extending the FRP (including provisions for a Rider IICR) or an interim Rider IICR has been approved by the Commission pursuant to Section 3.3 above, no IICR rate adjustments shall be implemented on July 1, 2024; however, the Company shall file with its October 2024 Monitoring Report an IICR True-Up report that shall compare the amounts included in the prior filed IICR for the period July 1, 2023 through June 30, 2024 to the actual collections for that period. To the extent there is an over- or under-collection, such amount shall be refunded or collected through a rate adjustment to be made at the conclusion of the period of time allowed for review of the Monitoring Report.

5. TCJA BILL CREDITS

Bill credits resulting from the U.S. Tax Cuts and Jobs Act of 2017¹ (the "TCJA") shall be subject to the following provisions. The Unprotected EDIT bill credit and the Protected EDIT bill credit are sometimes referred to herein collectively as the "TCJA Bill Credit".

¹ Pub. L. 115, 131 Stat. 2054. The TCJA became effective January 1, 2018.

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- A. Amounts associated with the retail portion of Unprotected EDIT as a result of the TCJA will be credited to all customers as a proportion of each customer class's base revenue paid in the immediately preceding year. The retail portion of the Unprotected EDIT shall be credited over a period of three (3) years culminating on June 30, 2024. The target retail portion of the Unprotected EDIT shall be \$30.76 million for the twelve-month period ending June 30, 2022, and extending for two additional years until June 30, 2024. The entirety of the Unprotected EDIT credit shall cease after June 30, 2024, except for any true-up. The actual amount of the credit associated with the Unprotected EDIT balances returned to customers through June 30, 2024 shall be trued-up, and any difference will be added to or credited to customer bills in August 2024, or as otherwise directed by the Commission.
- B. Amounts associated with the retail portion of Protected EDIT as a result of the TCJA will be credited to all customers as a proportion of each customer class's base revenue and billing determinants for the period in which the amount is to be credited on the customers' bills. The retail portion of the Protected EDIT shall be credited as calculated under the Average Rate Assumption Method ("ARAM") and such credits shall continue until the full amount of the Protected EDIT has been returned to customers.
- C. The portion of the bill credit allocated to Residential customers shall utilize two tiers: The first tier will be for kWh usage less than or equal to 1,000 kWh on a monthly basis, with the second tier for all kWh usage above 1,000 kWh on a monthly basis. The portion of the bill credit for the first tier (approximately 62.2% of residential usage) shall be 20% higher than the portion of the bill credit for the second tier (approximately 37.8% of the total residential usage).
- D. The sum of the amounts described in A and B above shall be credited as a separate line on customer bills captioned as "Tax Cuts and Jobs Act Credit".

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6. SPECIAL RATE FILINGS

The Company is experiencing a dynamic business environment and increasing competition. Experimental, developmental, and alternative rate schedules may be appropriate tools for the Company to use to address these conditions. Therefore, nothing in this FRP shall be interpreted as preventing the Company from proposing to the Commission revisions to existing rate schedules or implementation of new rate schedules, as may be appropriate. Any such rate changes shall be filed with the Commission and considered in accordance with the Commission's rules, regulations, and procedures.

7. FORCE MAJEURE; EXTRAORDINARY CHANGES

In addition to the rights of the Company under this FRP or as provided by law, to make a filing for the pass-through to its customers of costs outside the provisions of this FRP, if (i) any event or events beyond the reasonable control of the Company, including natural disaster, damage or unforeseeable loss of generating, transmission, or distribution capacity, or (ii) changes in regulation ordered by a regulatory body or other entity with appropriate jurisdiction, or (iii) orders or acts of civil or military authority, or (iv) extraordinary increases or decreases in load should, as a result of any of the foregoing events, cause increased or decreased costs to the Company or result in a deficiency or increase in revenues to the Company that has a net effect on Cleco Power's earned ROE exceeding \$10 million annually and which is not readily capable of being addressed in a timely manner under this FRP, the Company or any interested party may file for rate or other relief outside the provisions of this FRP or the Commission may initiate a proceeding on its own motion. Such request shall be considered by the Commission in accordance with the Commission's rules, regulations and procedures and applicable law governing such filings.

8. EFFECTIVE DATE AND TERM

This FRP shall continue in effect until changed by order of the Commission. Unless this FRP is extended by authorization of the Commission, and except as may be required by the IICR True Up, the rates resulting from the October 31, 2024 Monitoring Report filing shall continue in effect until such time as they are superseded pursuant to a final Commission order. The Company shall file a base rate proceeding on or before March 31, 2023, which may include a request to extend this FRP (which may be subject to potential modifications, as appropriate). In the event that the Commission has not issued its order regarding such base rate proceeding by June 30, 2024, Cleco Power may file a Rider IICR covering the period July 1, 2024 through June 30, 2025 (and in such event, Cleco Power shall

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file a corresponding Monitoring Report no later than October 31, 2025), and annually thereafter until such time as the rate case filed by March 31, 2023 (as described in Section 3.3) results in revised rates effective on customer bills. The interim Rider IICR shall become effective only upon approval by the Commission. Any rates specified in the interim Rider IICR filing shall be trued-up to the new rates authorized in the rate filing described in this subsection.



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1. GENERAL

This Second Amended and Restated Formula Rate Plan ("FRP") replaces and supersedes Cleco Power LLC's ("Cleco Power" or the "Company") Amended and Restated Formula Rate Plan, effective July 1, 2014, as authorized in the Louisiana Public Service Commission's ("LPSC" or the "Commission") Order No. U-30689-32779, issued October 28, 2010-June 27, 2014. This FRP defines the procedures by which the Commission shall determine the level of refunds that may be due to customers of Cleco Power pursuant to the filing of annual monitoring reports (See Monitoring Reports (see Section 23 below), and it also provides for the recovery of infrastructure and incremental costs and/or the associated revenue requirements for a limited number of certain items as outlined in Section 3 below-4 below, through the filing of a rate rider ("Rider IICR"), which filing shall be made not later than July 1 of 2022 and 2023. This FRP shall apply to all electric service subject to the jurisdiction of the LPSC and shall be implemented by means of a Rider FRP. All references in this FRP to the recovery of costs are intended to refer to the recovery of prudently-incurred costs.

2. GENERAL DESCRIPTION OF THE CLECO POWER FORMULA RATE PLAN

2.1 This FRP includes the following general metrics:

- a. Base revenue rates remain the same for the term of the FRP regardless of earnings reported in the annual review. Base revenue rates will not be increased if the Company earns below the target ROE (as hereinafter defined). Base revenue rates will not be decreased if the Company earns above the target ROE. However, if the Company does earn above the target ROE, it may be required to provide customers with a one-time refund as provided for herein below.
- b. Rider IICR may be annually adjusted pursuant to the specific provisions of Rider IICR.
- c. A target return on equity ("ROE") of 9.50%.

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- d. In the event that actual earnings in the Evaluation Period (as defined in Section 3.1 below) pursuant to the modifications described below exceed the LPSC Jurisdictional Refund Threshold (as defined in Section 3.2 below) of 10.00% and are less than or equal to 10.50%, then sixty percent (60%) of those earnings above 10.00% shall be refunded to customers. Cleco Power shall retain the remaining forty percent (40%) of those earnings. Any earnings in excess of 10.50% shall be refunded 100% to customers.
- e. For FRP ratemaking purposes, Cleco Power will have a capital structure of 52.00% equity and 48.00% debt.

3. 2-ANNUAL PROCEDURE FOR DETERMINATION OF REFUNDS

3.1 2-1-GENERAL

The annual Monitoring Report (as defined in Section 3.6.A below) review shall utilize an Evaluation Period based on the year beginning July 1 and ending June 30. The calculation is a three step process:

- a. Establish the LPSC Jurisdictional Refund Threshold
- b. Calculate LPSC Jurisdictional Regulated Income
- c. Determine if LPSC Jurisdictional Regulated Income exceeds the LPSC Jurisdictional Refund Threshold

3.2 2-2-ESTABLISHING THE LPSC JURISDICTIONAL REFUND THRESHOLD

The LPSC Jurisdictional Refund Threshold is calculated as follows:

Equity Portion of LPSC Jurisdictional Rate Base x ~~10.90~~10.00%

3.3 2-3-MINIMUM FILING REQUIREMENTS

Cleco Power shall prepare ~~an earnings monitoring report~~ each annual Monitoring Report using book amounts as adjusted based on: ~~the results of its~~ the Company's most recently completed base rate proceeding; and subsequent settlements and/or

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Commission orders resulting from the annual FRP ~~monitoring report~~ Monitoring Report reviews.

Such adjustments include, but are not limited to,

- a. the removal of accrued rate refund amounts;
- b. mark-to-market gains and losses shown on the income statement; ~~Hurricanes Katrina and Rita related storm amounts;~~
- c. ~~the removal of~~ incentive compensation for officers at the vice-president level and above, executives of Cleco Corporation Corporate Holdings LLC, and its Board of Directors; ~~amounts associated with the Teche Electric Cooperative acquisition; and;~~
- d. the removal of construction work in progress from rate base and the removal of AFUDC income from regulated income;
- e. Prepaid Pension shall only be included in rate base to the extent that cumulative pension contributions to a pension trust funded by shareholders exceed cumulative pension expense;
- f. A regulatory asset shall be allowed for the McKinsey Affordability Study with annual amortization in the amount of \$1.378 million to be amortized over 10 years;
- g. The inclusion of AFUDC equity and debt gross-up in rate base;
- h. ~~the removal of~~ amounts associated with the modernization project at the Cleco corporate campus. ~~Also included shall be;~~
- i. adjustments for FAS 106 related to post retirement employee benefits other than pensions;
- j. the production operations and maintenance tracker;
- k. use of the current statutory federal and state combined tax rate (currently 38.4774%) ~~less ITC amortization for income taxes as outlined in Docket No. U-30689, 26.0781%); and~~

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1. interest synchronization, and amounts of revenues and expenses related to this FRP recovered under Section ~~34~~ below.

The Company shall prepare schedules for regulated income showing revenue and expenses by the Federal Energy Regulatory Commission ("FERC") Uniform System of Accounts' detail and rate base on a 13-month average by the FERC detail on a total Company basis.

The Company also shall provide its cost of capital calculated on an end of ~~evaluation period~~ Evaluation Period basis, except that the Revolving Credit Agreement and any other short term debt shall be the 12 ~~-~~month average balance. The capital structure shall be fixed at ~~51 percent~~ 52.00% equity, ~~49 percent and 48.00%~~ debt for purposes of fixing rates and calculating refunds pursuant to this FRP for the term of this FRP.

Cleco Power shall submit ~~its next full rate case filing by June 30, 2017, which March 31, 2023, for rates to be effective July 1, 2024.~~ Such filing may include a request to extend ~~the~~ this FRP (which may be subject to potential modifications, as appropriate).

If, after June 1, 2024, the progress of the rate case is such that it is unlikely that new rates will be in effect as of July 1, 2024, Cleco Power may file an interim Rider IICR. That interim IICR shall become effective only upon approval by the Commission.

The TCJA Bill Credit (as hereinafter defined) shall remain effective as provided in Section 5.A and Section 5.B hereof.

**3.4 ~~2.4~~ — DETERMINATION OF LPSC JURISDICTIONAL
REGULATED INCOME**

The Company shall prepare annually a Cost of Service study to allocate expenses and rate base to the ~~Louisiana~~ LPSC Retail jurisdiction using the 12 ~~-~~month coincident peak demand ("12-CP") methodology for production and transmission allocators.

Cleco Power shall impute a certain level of base revenue (subject to escalation, as described in this paragraph) in preparing its annual Cost of Service study in an amount consistent with the terms of its site-specific contracts approved by the Commission ("Imputation Amount"). The annual Imputation Amount shall

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increase over time in accordance with pass-through revenue under ~~the~~this FRP. Specifically, the Imputation Amount will increase by the amount of flow through revenue assigned to any applicable site-specific customer having an Imputation Amount provision pursuant to the Commission's approval of the site-specific agreement.

Site-specific customers shall be assigned a share of any approved pass-through revenue increases under the FRP, with any such share being proportional to the site-specific customer's share of total retail base revenue. This will be recovered ~~through a separate FRP surcharge as a component of Rider IICR,~~ rather than changing the contract rates.

Cleco Power shall retain up to the Imputation Amount each year (as escalated pursuant to this paragraph) received under any applicable site-specific contracts containing an Imputation Amount provision. All base revenue received by Cleco Power above the Imputation Amount (as escalated) in a year shall be credited to other retail ratepayers as a credit to the fuel adjustment charge, except for customers on discounted site ~~_~~specific contracts. Cleco Power will accumulate these credits and provide them to ratepayers during one or more of the four summer months, or as directed by the Commission.

3.5 ~~2.5~~—DETERMINATION OF LPSC JURISDICTIONAL REFUND AMOUNT

In the event that actual earnings in the Evaluation Period, pursuant to the modifications described above, exceed the LPSC Jurisdictional Refund Threshold of ~~10.90~~10.00% and are less than or equal to ~~11.75~~10.50%, then sixty percent (60%) of those earnings ~~above 10.90~~between 10.00% and 10.50% shall be returned to customers. The Company shall retain the remaining forty percent (40%) of those earnings. Any earnings in excess of ~~11.75~~10.50% shall be returned 100% to customers.

A refund shall not be required, unless it changes the actual ROE for the Evaluation Period by more than 0.05% (5 basis points). Should any computed refund be equal to or less than \$500 thousand, the entirety of that refund shall be allocated solely to Residential customers.

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~~2.6~~ — REFUND ALLOCATION

~~The~~When any refund, as determined under the provisions of ~~Section 2.5 above,~~
~~shall this 3.5, shall exceed \$500 thousand, the entire refund will~~ be allocated to
each applicable rate class based on that class' base revenue as a percentage of total
base revenues eligible for refund. Base revenues eligible for refund shall exclude
base revenues from all customers that receive discounts under site-specific
contracts, ~~and those customers shall not participate in any refund issued pursuant~~
~~to this Section 3.5.~~

Any refunds resulting from this review shall be credited as a separate line item on
the customers' bills.

3.6 ~~2.7~~ FILING AND REVIEW PROCESS TIMELINE

3.6.A ~~2.7.A~~ FILING DATE

Cleco Power shall file annual earnings monitoring reports ~~on or before October 31~~
~~of years 2015, 2016, and 2017 (each a "Monitoring Report") for the twelve-month~~
~~periods on or before October 31, 2022, October 31, 2023, and October 31, 2024.~~
~~Each Monitoring Report will be docketed separately, utilizing the twelve-month~~
~~Evaluation Periods ending June 30 in each of those years. In the event that Cleco~~
~~Power files an interim Rider ICR beginning July 1, 2024 pursuant to the~~
~~provisions of Section 3.3 and Section 8 hereof, Cleco Power shall file a~~
~~corresponding Monitoring Report on or before October 31, 2025 (and annually~~
~~thereafter on or before October 31) which must be approved by the Commission~~
~~to become effective.~~

The Monitoring Report shall be filed with the Commission as a public document,
subject to the appropriate confidentiality provisions of Section 12.1 of the LPSC's
Rules of Practice and Procedure.

3.6.B ~~2.7.B~~ REVIEW PERIOD

The Commission Staff ("Staff") and all Intervenors ("Intervenors") in the prior
year base rate or FRP proceeding shall receive a copy of each Monitoring Report
at the time it is filed with the Commission. While an Intervenor in prior
Monitoring Report reviews shall not be precluded from participation in future
reviews, ~~Intervenors each Intervenor~~ will be required to file a new intervention in
the proceeding associated with each annual FRP filing. ~~(The Staff, Intervenors the~~

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Intervenors, and the Company shall be referred to hereinafter, collectively as the "Parties," and shall receive copies of all filings and pleadings in FRP-related proceedings.) At the time each such Monitoring Report is filed, the Company shall provide all of the Parties with complete workpapers and supporting documentation for the Monitoring Report, subject to the execution of a Company-provided confidentiality agreement. The Parties may request ~~clarification~~clarifications and additional supporting data. ~~Sixty~~Within ninety (90) days after the date ~~of~~that Cleco Power has made the Monitoring Report filing, the Staff, and any Intervenor that desires to raise issues, shall submit a list of issues identified to date on which the Staff ~~and/or Intervenors~~an Intervenor disagree with the proposed treatment of an issue, require further discovery, or still have questions.

The Commission Staff and the Intervenors will endeavor to complete their reviews of the Company's Monitoring Report filing within six months ~~following the filing date~~after the date that Cleco Power has made Monitoring Report filing ("Review Period"). Discovery by Staff and Intervenors shall be permitted throughout this ~~six-month review~~Review Period. At the conclusion of the ~~review period~~Review Period, the Staff, and any Intervenor who desires to raise issues, shall prepare a Report reflecting the results of its analysis and its recommendations regarding: a) whether refunds are due; b) the level of those refunds; c) whether incremental costs recovery pursuant to Section 34 should be authorized; d) the level of any incremental cost recovery; and e) any other errors or issues presented by the Company's Monitoring Report filing. Except as set forth below, if an Intervenor does not raise an issue in its Report ("Intervenor Report") ~~it is~~, the Intervenor shall be precluded from raising that issue in any proceedings related to that particular Monitoring Report before ~~an~~the assigned Administrative Law Judge, the Commission, or on appeal. An Intervenor may address before an Administrative Law Judge, before the Commission, or on appeal an issue raised in the Report of the Staff ("Staff Report") or the Report of another Intervenor, whether or not it was raised in the Intervenor Report, and Staff may address before ~~an~~the assigned Administrative Law Judge, before the Commission, or on appeal an issue raised in the Report of an Intervenor, whether or not it was raised in the Staff Report.

Thirty ~~(30)~~thirty (30) days after the submission of the Staff Report and any Intervenor Report, the Staff shall issue a Final Report that includes all unresolved issues. On or before ~~thirty (30)~~thirty (30) days following the issuance of the Staff's Final Report, any Intervenor or the Company may file a Protest to the Staff's Report. If the Staff

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Final Report includes unresolved issues or if a Protest is filed by the due date, the unresolved issues and the Protest will be assigned to an Administrative Law Judge.

If no Protest is filed by the due date, and there are no unresolved issues identified in the Staff Final Report, the Staff Final Report shall be submitted to the Commission for its ruling at the next Business and Executive session following expiration of the protest period. At that time the Commission will consider all recommendations contained in the Staff Report regarding refunds and/or incremental cost recovery pursuant to Section 34 of this FRP. Staff reports Reports that do not recommend a refund or disallowance of an incremental cost recovery and that are not protested will not require a vote by the Commission. To the extent that refunds are not made commencing with the first billing cycle of each July following each annual FRP filing, interest shall accrue, at the legal customer deposit rate then in effect, on any amount ultimately ordered to be refunded by the Commission. Such refunds shall be made at the time specified by the Commission.

4. 3-INFRASTRUCTURE AND INCREMENTAL COST RECOVERY

EachThe 2022 and 2023 Monitoring Report filing will include updates to Rider FRP for a detailed report of the Rider IICR adjustments implemented in July of 2022 and 2023 respectively. Rider IICR is only allowed to include recovery of certain costs not utilized for setting base rates in this proceeding as specified below. These incremental revenue requirements will be allocated between LPSC retail and non-retail jurisdictions using the 12-CP methodology for production and transmission allocations. Except as provided for in Section 4.3(6), LPSC retail amounts will be allocated to each applicable rate class based on that class' s base revenue as a percentage of total base revenues for the FRP periodEvaluation Period being reviewed.

Such prudently incurred costs will be aggregated (including both cost increases or decreases, as more fully discussed in the following Sections 3-14.1 through 3-64.4) and recovered as one single line item on customers' bills identified as "Infrastructure and Incremental Costs Recovery." The costs recoverable under this provision through Rider IICR are subject to change only once per year, at the beginning of the July billing cycle. Costs or credits to customers otherwise approved for recovery under this provision commencing after July 1 shall be accrued by the Company for future recovery treatment in the following Rider IICR or the Rider IICR True Up (as provided for in 4.4 below). If costs or credits

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eligible for ~~recovery~~ inclusion in the Rider IICR pursuant to this provision cease to be incurred after July 1 of each year, those amounts in rates shall be recorded as a regulatory liability or regulatory asset to be flowed back to ratepayers or the Company commencing the subsequent July 1, ~~1~~ plus carrying costs computed at the Company's weighted average cost of capital ("WACC").

The Rider IICR and Rider IICR True UP shall be reviewed with the Monitoring Report and to the extent that amounts should not have been recovered they shall be refunded to customers with carrying costs calculated at the Company's WACC. Similarly, Cleco Power may recover amounts that should have been recovered through the IICR but which were not recovered, with carrying costs calculated at the Company's WACC.

4.1 ~~3.1~~ PURCHASED POWER CAPACITY COSTS AND REVENUES

Cleco Power shall defer any increase or decrease in capacity costs incurred (i) under purchased power agreements certificated by the Commission and commencing subsequent to the effective date of this FRP, and (ii) under net capacity purchases made in the Midcontinent Independent System Operator, Inc. ("MISO") capacity auctions made subsequent to the effective date of this FRP. Cleco Power shall have the opportunity to recover in the ~~FRP~~ Rider IICR, from LPSC customers, their jurisdictional portion of the prudently-incurred costs through June of each successive year ~~the~~ this FRP is in effect. The balance of the deferral, as of each June 30 beginning with June 30, 2014-~~2022~~, shall be jurisdictionally allocated based upon the average of the twelve monthly coincident peak demands for the twelve months ended June 30. The revenue collected, the amortization of the regulatory asset or liability, and the regulatory asset or liability shall be included in the ~~FRP~~ Rider IICR filings. The retail jurisdictional portion of off-system capacity sales revenues, if any, shall be dealt with in one of two ways: (1) revenues derived from obtaining additional retail and/or wholesale load shall be reflected in the normal FRP excess earning mechanism; or (2) revenues derived from sales into MISO's annual capacity auction or from short-term sales into the bilateral wholesale market shall be a 100% credit to the Cleco Power retail fuel adjustment clause. "Off-system" refers to loads that are not assigned responsibility for system capacity costs under the 12-CP jurisdictional allocation method. The LPSC retail amounts of these sales revenues will be allocated to each applicable rate class based on that class' base revenue as a percentage of the total base revenues for the ~~FRP period~~ Evaluation Period being reviewed, via credits to monthly fuel filings coinciding with the term the capacity sale is in effect.

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4.2 ~~3.2~~-ENVIRONMENTAL COSTS

To the extent that any such costs have already been approved by the Commission those costs shall continue to be collected in the manner authorized. If, during the term of this FRP, a change in laws occurs related to environmental issues or environmental compliance that increases the costs to Cleco Power, the recovery of those costs may be requested by the Company outside of the sharing mechanism of ~~the~~this FRP. Nothing in this provision shall constitute pre-approval of the recovery of such increased costs in whole or in part, or determination by the Commission that such costs are prudent or that the Company's elected strategy for environmental compliance is reasonable, prudent, and in the public interest.

4.3 ~~3.3~~-PRE-APPROVED ADDITIONAL IICR COSTS ELIGIBLE FOR RECOVERY UNDER RIDER ~~FRP~~IICR

The Jurisdictional Retail revenue requirements associated with the following items are eligible for recovery under Rider IICR:

1. MISO Administrative costs, charges, and credits (currently estimated at \$4.3 million annually) as authorized by Order No. U-32839, issued December 13, 2013.
2. Louisiana State Corporate Franchise Tax (currently estimated at \$1.8 million annually), as described in Docket No. U-32779.
3. Production operations and maintenance deferral, as described in Paragraph a.6 of the settlement authorized by LPSC Order No. U-30689, issued October 28, 2010 (currently estimated to be \$3.7 million for the twelve months ending June 30, 2022). The threshold for the deferral shall be \$34.9 million, with a cap on the cumulative deferral balance of \$25.0 million. A carrying charge computed at the Company's WACC, grossed up for taxes on the production operations and maintenance deferral, shall be accrued.
4. Beginning in July 2022, property taxes for the Madison 3 generating unit (currently estimated to be \$11.6 million for the twelve months ending June 30, 2023). Due to the expiration of the property tax exemption for the Madison 3 generating unit in 2021, and the uncertainty regarding the estimate of future property taxes, Cleco Power has excluded this item from base rates and has included it in Rider IICR, subject to an annual true-up.

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mechanism. A carrying charge computed at the Company's WACC, grossed up for taxes, will be included on the regulatory asset balance due to the eighteen-month delay in collection.

5. Transmission right-of-way clearing expenses (currently estimated to be \$1.3 million for the twelve months ending June 30, 2022). These expenses will be subject to an annual true-up mechanism, and will be paid by all customers.
6. Distribution right-of-way clearing expenses (currently estimated to be \$11.2 million for the twelve months ended June 30, 2022). These expenses will be subject to an annual true-up mechanism, and will be paid by all customers, except for those customers taking delivery at a transmission voltage level.
7. MISO Northlake transmission expense (currently estimated to be \$13.1 million net for the twelve months ending June 30, 2022 of which an estimated \$5.7 million is attributable to one past year of under collection and will be removed in the next ICR). The MISO transmission costs that are billed to Cleco Power fluctuate, and as such will be subject to an annual true-up mechanism.
8. Cleco Power will exclude the full amount of the EDIT liability balance from rate base, and instead provide customers with an equivalent benefit until such time as the EDIT liability reaches zero. For the period of this Rider ICR, the equivalent benefit will be provide through an Excess deferred income taxes ("EDIT") make-whole credit (the "EDIT Make-Whole Credit") estimated at \$23.805 million for the twelve months ended June 30, 2022; \$18.037 million for the twelve months ended June 30 2023; and \$16.125 million for the twelve months ended June 30, 2024.
9. Strategic Alignment and Real-Time Transformation ("START") project make-whole credit (the "START Make-Whole Credit") for the billing to Cleco Cajun LLC of its share of START Project costs (currently estimated to be \$4.4 million for the twelve months ending June 30, 2022).
10. The revenue requirements, both deferred and current, associated with the Bayou Vista to Segura transmission project (currently estimated to be \$19.4 million for the twelve months ending June 30, 2023, which includes

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deferred revenue for any portion of the project placed in service before July 1, 2022). Phase I of the project is expected to be completed in August 2021, and is estimated to cost \$72 million. Phase II of the project is expected to be completed in December 2021, and is estimated to cost \$57 million. In the month following the in-service date of each phase of the project, the Company shall be permitted to begin to accrue a regulatory asset reflecting the estimated revenue requirement including interest at its WACC until its next Monitoring Report filing. The accruals shall be subject to true-up in the Monitoring Report review and the project shall be subject to a prudence analysis. Cleco Power will true-up the appropriate amount based on the actual completion dates and final costs of the two portions of the project.

11. Beginning with the first ICR filing after the project to relocate certain transmission lines at the Slidell Municipal Airport, pursuant to LPSC Special Order No. 50-2019, issued July 26, 2019 is in service, Cleco Power may include the annual revenue requirement for the project, as well as a one-year amortization of the deferred revenue requirement.
12. The following future matters before the Commission including:
- a. ~~Toledo Bend Capacity costs (jurisdictionally allocated on demand and collected annually)~~
 - b. ~~MISO transition costs (jurisdictionally allocated on energy and collected over four years)~~
 - c. ~~MISO administrative charges, including letter of credit fees (jurisdictionally allocated on energy and collected annually)~~
 - d. ~~State corporate franchise taxes (jurisdictionally allocated on revenue and collected annually)~~
 - e. ~~Previously approved LPSC jurisdictional renewable projects (jurisdictionally allocated entirely to retail and collected annually over the project life)~~
 - f. ~~Excess surcredits and interest paid relative to previous credits related to uncertain tax positions (jurisdictionally allocated entirely to retail and collected over 4 years)~~

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- ~~g. Incremental (third party) costs, such as consultant's fees and attorneys' fees, associated with LPSC Docket No. U-32779 (jurisdictionally allocated entirely to retail and collected over 3 years)~~
- ~~h. Incremental fuel audit costs (jurisdictionally allocated entirely to retail and collected over 3 years)~~
- ~~i. Costs of the biomass fuel study (jurisdictionally allocated entirely to retail and collected over 3 years)~~
- ~~j. The retail jurisdictional portion of excess production operations and maintenance expense (collection of any amount deferred in the prior calendar year over the following three year regulatory years beginning in July)~~
- ~~k. Any base rate costs as may ultimately be approved as eligible for recovery by the Commission related to environmental upgrades required for compliance with the EPA's federal mandates under the Mercury and Air Toxics Standards Rule (the "MATS Rule") in Docket No. U-32507~~
- a. 1. Future capital projects, including future renewables projectsProjects required and ultimately approved after July 1, 2014, 2020, pursuant to Docket No. R-28271 Subdocket B, and,
- b. Incremental transmission projects approved by the LPSC for inclusion in the IICR.
- c. The revenue requirement of other projects that may be subsequently approved by the Commission for recovery under this mechanism in another docketthe IICR component of this FRP.

The jurisdictional revenue requirement shall be calculated utilizing the target ROE of ~~10.009~~5.50%.

4.4 IICR TRUE UP

Unless there is a final order in the March 2023 rate proceeding extending the FRP (including provisions for a Rider IICR) or an interim Rider IICR has been approved by the Commission pursuant to Section 3.3 above, no IICR rate adjustments shall be implemented on July 1, 2024; however, the Company shall

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file with its October 2024 Monitoring Report an IICR True-Up report that shall compare the amounts included in the prior filed IICR for the period July 1, 2023 through June 30, 2024 to the actual collections for that period. To the extent there is an over- or under- collection, such amount shall be refunded or collected through a rate adjustment to be made at the conclusion of the period of time allowed for review of the Monitoring Report.

5. TCJA BILL CREDITS

Bill credits resulting from the U.S. Tax Cuts and Jobs Act of 2017¹ (the "TCJA") shall be subject to the following provisions. The Unprotected EDIT bill credit and the Protected EDIT bill credit are sometimes referred to herein collectively as the "TCJA Bill Credit".

- A. Amounts associated with the retail portion of Unprotected EDIT as a result of the TCJA will be credited to all customers as a proportion of each customer class's base revenue paid in the immediately preceding year. The retail portion of the Unprotected EDIT shall be credited over a period of three (3) years culminating on June 30, 2024. The target retail portion of the Unprotected EDIT shall be \$30.76 million for the twelve-month period ending June 30, 2022, and extending for two additional years until June 30, 2024. The entirety of the Unprotected EDIT credit shall cease after June 30, 2024, except for any true-up. The actual amount of the credit associated with the Unprotected EDIT balances returned to customers through June 30, 2024 shall be true-up, and any difference will be added to or credited to customer bills in August 2024, or as otherwise directed by the Commission.
- B. Amounts associated with the retail portion of Protected EDIT as a result of the TCJA will be credited to all customers as a proportion of each customer class's base revenue and billing determinants for the period in which the amount is to be credited on the customers' bills. The retail portion of the Protected EDIT shall be credited as calculated under the Average Rate Assumption Method ("ARAM") and such credits shall continue until the full amount of the Protected EDIT has been returned to customers.

¹ Pub. L. 115, 131 Stat. 2054. The TCJA became effective January 1, 2018.

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- C. The portion of the bill credit allocated to Residential customers shall utilize two tiers: The first tier will be for kWh usage less than or equal to 1,000 kWh on a monthly basis, with the second tier for all kWh usage above 1,000 kWh on a monthly basis. The portion of the bill credit for the first tier (approximately 62.2% of residential usage) shall be 20% higher than the portion of the bill credit for the second tier (approximately 37.8% of the total residential usage).
- D. The sum of the amounts described in A and B above shall be credited as a separate line on customer bills captioned as "Tax Cuts and Jobs Act Credit".

3.4 — EXCEPTIONAL CHANGES

~~It is recognized that from time to time Cleco Power may experience increases or decreases in costs that have a continuing impact and that occur as a result of actions, events, or circumstances beyond the control of the Company. Should Cleco Power experience such an exceptional cost increase or decrease having a net annual effect on its earned ROE exceeding 80 basis points, the effect of those costs shall be eligible for consideration as a separate recognition under the Rider FRP through a special addition or reduction to rates if the change reduces the earned ROE below 10.00% or increases the earned ROE above 10.90%, with no presumption that such request is or is not just and reasonable. The amount of the addition or deduction shall be equal to the lesser of the cost change or the amount necessary to return Cleco Power's return on equity to 10.00% if additional revenue is required, or to 10.90% if revenue requirements decrease. Such exceptional cost changes shall be collected or returned to customers as ordered by the Commission. The amount of any exceptional cost change shall be subject to review annually.~~

~~Cleco Power also may experience from time to time significant reductions or increases in its retail base revenue due to changes in retail customer load. In the event that Cleco experiences losses or increases in base revenue during any annual monitoring period from wood product manufacturing and paper manufacturing customer(s) that have an impact exceeding \$7.0 million in annual base revenue, Cleco Power may file an application with the Commission to adjust its Rider FRP revenue recovery, with no presumption that such request is or is not just and reasonable. Such request of that revenue shall be eligible for Commission consideration as a separate recognition under the Rider FRP through a special~~

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~~addition or reduction to rates if the change reduces the earned ROE below 10.00% or increases the earned ROE above 10.90%. The amount of the special addition or reduction to revenue shall be equal to the lesser of the revenue loss or the amount necessary to return Cleco Power's return on equity to 10.00% if revenues decrease or 10.90% if revenues increase or as otherwise determined by the Commission. The amount of the annual revenue change from wood product manufacturing and paper manufacturing customer(s) shall be reviewed annually and the special addition or reduction to rates shall be discontinued when the loss no longer exceeds \$7.0 million in annual base revenue.~~

~~Wood product manufacturing and paper manufacturing customers are as defined under the North American Industrial Classification System (NAIC). This includes NAIC codes series beginning with 321 or 322.~~

6. 3.5 SPECIAL RATE FILINGS

The Company is experiencing a dynamic business environment and increasing competition. Experimental, developmental, and alternative rate schedules may be appropriate tools for the Company to use to address these conditions. Therefore, nothing in this FRP shall be interpreted as preventing the Company from proposing to the Commission revisions to existing rate schedules or implementation of new rate schedules, as may be appropriate. Any such rate changes shall be filed with the Commission and considered in accordance with the Commission's rules, regulations, and procedures.

7. 3.6 FORCE MAJEURE: EXTRAORDINARY CHANGES

In addition to the rights of the Company under this FRP or as provided by law, to make a filing for the pass-through to its customers of costs outside the provisions of this FRP, if (i) any event or events beyond the reasonable control of the Company, including Natural Disaster~~natural disaster~~, damage or unforeseeable loss of generating, transmission, or distribution capacity, or (ii) changes in regulation ordered by a regulatory body or other entity with appropriate jurisdiction, and/or (iii) orders or acts of civil or military authority, or (iv) extraordinary increases or decreases in load should, as a result of any of the foregoing events, cause increased or decreased costs to the Company or result in a deficiency or increase in revenues to the Company that has a net effect on Cleco Power's earned ROE exceeding 80 basis points~~\$10 million annually~~ and which is not readily capable of being addressed in a timely manner under this FRP, the Company or any interested party may file for rate or other relief outside the

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provisions of this FRP or the Commission may initiate a proceeding on its own motion. Such request shall be considered by the Commission in accordance with the Commission's rules, regulations and procedures and applicable law governing such filings.

8. 4-EFFECTIVE DATE AND TERM

This FRP shall continue in effect until changed by order of the Commission. Unless this FRP is extended by authorization of the Commission, the Rate Adjustments and except as may be required by the IICR True Up, the rates resulting from the October 31, 2017-2024 Monitoring Report filing shall continue in effect until such time as they are superseded pursuant to a final Commission order. The Company shall file a base rate proceeding on or before June 30, 2017, March 31, 2023, which may include a request to extend the Amended and Restated this FRP (which may be subject to potential modifications, as appropriate). In the event that the Commission has not issued its order regarding such base rate proceeding by June 30, 2024, Cleco Power may file a Rider IICR covering the period July 1, 2024 through June 30, 2025 (and in such event, Cleco Power shall file a corresponding Monitoring Report no later than October 31, 2025), and annually thereafter until such time as the rate case filed by March 31, 2023 (as described in Section 3.3) results in revised rates effective on customer bills. The interim Rider IICR shall become effective only upon approval by the Commission. Any rates specified in the interim Rider IICR filing shall be trued-up to the new rates authorized in the rate filing described in this subsection.

Document comparison by Workshare 9.5 on Thursday, June 10, 2021 2:10:27 PM

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Document 2 ID	interwovenSite://PDADMSCL/PD/33861204/3
Description	#33861204v3<PD> - Cleco Draft Second Amended and Restated FRP
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<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
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Format change	
Moved-deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Moved to	4
Style change	0
Format changed	0
Total changes	379

CLECO POWER LLC
CARRYING CHARGE ON MADISON 3 AD VALOREM TAX
Exhibit C
(\$ In millions)

	A	B	C	D	E	F	G	H	I	J	K
	Expected Ad Valorem tax payments for Madison 3 (December 31)	LPSC Retail % (2020 Net Production plant allocator)	LPSC Retail Portion	Collection of ad valorem tax payments in IICR rider	Regulatory Asset balance for Madison Ad Valorem taxes	Monthly weighted average cost of capital, grossed up for taxes	Monthly Carrying charge based on reg asset balance	Annual rate year (12 ME June) carrying charge	Collection of preceding annual carrying charge in IICR rider	Total Collection including carrying charge in IICR rider	Annual collection of ad valorem tax payments & carrying charge
1 Jan-22	14.5	80.3%	11.6		11.6	0.74%	0.09				
2 Feb-22					11.6	0.74%	0.09				
3 Mar-22					11.6	0.74%	0.09				
4 Apr-22					11.6	0.74%	0.09				
5 May-22					11.6	0.74%	0.09				
6 Jun-22					11.6	0.74%	0.09	0.5			
7 Jul-22					10.7	0.74%	0.08				
8 Aug-22				(1.0)	9.7	0.74%	0.07		(0.04)	(1.01)	
9 Sep-22				(1.0)	8.7	0.74%	0.06		(0.04)	(1.01)	
10 Oct-22				(1.0)	7.8	0.74%	0.06		(0.04)	(1.01)	
11 Nov-22				(1.0)	6.8	0.74%	0.05		(0.04)	(1.01)	
12 Dec-22				(1.0)	5.8	0.74%	0.04		(0.04)	(1.01)	
13 Jan-23	14.5	80.3%	11.6	(1.0)	16.5	0.74%	0.12		(0.04)	(1.01)	
14 Feb-23				(1.0)	15.5	0.74%	0.12		(0.04)	(1.01)	
15 Mar-23				(1.0)	14.5	0.74%	0.11		(0.04)	(1.01)	
16 Apr-23				(1.0)	13.6	0.74%	0.10		(0.04)	(1.01)	
17 May-23				(1.0)	12.6	0.74%	0.09	1.0	(0.04)	(1.01)	(12.2)
18 Jun-23				(1.0)	11.6	0.74%	0.09		(0.04)	(1.01)	
19 Jul-23				(1.0)	10.7	0.74%	0.08		(0.08)	(1.05)	
20 Aug-23				(1.0)	9.7	0.74%	0.07		(0.08)	(1.05)	
21 Sep-23				(1.0)	8.7	0.74%	0.06		(0.08)	(1.05)	
22 Oct-23				(1.0)	7.8	0.74%	0.06		(0.08)	(1.05)	
23 Nov-23				(1.0)	6.8	0.74%	0.05		(0.08)	(1.05)	
24 Dec-23				(1.0)	5.8	0.74%	0.04		(0.08)	(1.05)	
25 Jan-24	14.5	80.3%	11.6	(1.0)	16.5	0.74%	0.12		(0.08)	(1.05)	
26 Feb-24				(1.0)	15.5	0.74%	0.12		(0.08)	(1.05)	
27 Mar-24				(1.0)	14.5	0.74%	0.11		(0.08)	(1.05)	
28 Apr-24				(1.0)	13.6	0.74%	0.10		(0.08)	(1.05)	
29 May-24				(1.0)	12.6	0.74%	0.09	1.0	(0.08)	(1.05)	(12.6)
30 Jun-24				(1.0)	11.6	0.74%	0.09		(0.08)	(1.05)	

Capital Structure from settlement					Annual		Monthly	
	% of Capital	Cost of Money	WACC	Tax Gross up	Tax WACC	Months	Tax WACC	Months
Debt	49.00%	5.01%	2.45%		2.45%	12	0.20%	12
Equity	51.00%	8.35%	4.77%	1.88%	8.45%	12	0.54%	12
Total	100.00%		7.22%	1.88%	8.90%	12	0.74%	12
Tax Rate				26.0781%				





Last Revised: 07/01/2021

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INDEX OF ELECTRIC RATE SCHEDULES AND RIDERS

<u>Schedule/Rider</u>	<u>Description</u>	<u>Page No.</u>	<u>Last Revised</u>
RS	Residential Electric Service	1.1	07/01/2021
GS	General Service	2.1	07/01/2021
OLS	Unmetered and Outdoor Lighting Service	3.1	07/01/2021
LED/LEP	LED/LEP Street Lighting Service	4.1	07/01/2021
SCS	School and Church Electric Service	5.1	07/01/2021
MGS	Municipal General Electric Service	6.1	07/01/2021
LPS	Large Power Service	7.1	07/01/2021
CO	Cogenerated Energy Purchases - Facilities of 100 kW or Less	8.1	04/01/2021
QFSS	Qualifying Facilities Standby Service	9.1	07/01/2021
QFEP	Qualifying Facility Energy Purchases- Facilities of Greater than 100 kW	10.1	02/12/2010
CPS	Compression & Pumping Service	11.1	07/01/2021
TP	TOUCH Program (Experimental Pilot)	12.1	07/01/2021
TE	Temporary Electric Service	13.1	02/12/2010
LAF	Electric Service-Lighted Athletic Fields	14.1	07/01/2021
TRS	Three-Phase Residential Service	15.1	02/12/2010
IDS	Incremental Employment and Economic Development Service	16.1	01/01/2021
LED	Long-Term Economic Development Service	17.1	01/01/2021
LPCP	Large Power Compression & Pumping Service	18.1	01/01/2021
IS	Crop Irrigation Service	19.1	07/01/2021
L	Line Extension for Outdoor Lighting Service(Closed to New Business)	20.1	02/12/2010
PM	Experimental Residential Load Management Rider	21.1	02/12/2010
DG	Optional Residential/Small Commercial Distributed Generation Service	22.1	03/01/2021
CDG	Optional Community Distributed Generation Service	23.1	03/01/2021
RL	Residential Street Lighting (Closed to New Business)	24.1	07/01/2021
RSSL	Residential Subdivision Street Lighting	25.1	02/12/2010
S	Seasonal Electric Service	26.1	02/12/2010
FA	Fuel Cost Adjustment - Retail Electric	27.1	02/12/2010
EA	Environmental Cost Adjustment - Retail Electric	28.1	02/12/2010
CARE	Cleco Alternative Rate for Electricity Rider	29.1	01/01/2021
IICR	Infrastructure and Incremental Costs Recovery Rider	30.1	07/01/2021
EE	Energy Efficiency Rider	31.1	03/01/2021
EEPE	Energy Efficiency Rider - Public Entity	32.1	03/01/2021
RLB	Residential Levelized Billing	33.1	05/01/2019
CLB	Commercial Levelized Billing	34.1	05/01/2019
EER	Energy Emergency Deferred Billing	35.1	02/12/2010
MS	Schedule of Charges for Miscellaneous Service	36.1	02/12/2010
SRCA	Interim Storm Restoration Charge Adjustment	37.1	06/01/2021
STC	Standard Terms and Conditions for Electric Service	38.1	02/12/2010