

EXHIBIT 4

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DIRECT TESTIMONY OF CHRISTINA C. MCDOWELL

LA Public Service Commission

ON BEHALF OF CLECO POWER LLC

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TO RULE 12.1 OF THE COMMISSION'S
RULES OF PRACTICE AND PROCEDURE**

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

EX PARTE: APPLICATION OF	)	
CLECO POWER LLC FOR	)	
AUTHORIZATION OF: (I) SITE	)	
SPECIFIC CONTRACT FOR LARGE	)	
LOAD CUSTOMER;	)	
(II) BRIDGE CAPACITY CONTRACT;	)	DOCKET NO. U-_____
(III) CONSTRUCTION OF NEW	)	
TRANSMISSION	)	
INTERCONNECTION;	)	
(IV) CONSTRUCTION OF NEW	)	
GENERATION; (V) ASSOCIATED	)	
WAIVERS; AND (VI) EXPEDITED	)	
TREATMENT.	)	

**DIRECT TESTIMONY
OF
CHRISTINA C. MCDOWELL
ON BEHALF OF
CLECO POWER LLC
JULY 1, 2026**

**CLECO POWER LLC
DIRECT TESTIMONY OF CHRISTINA C. MCDOWELL
LPSC DOCKET NO. U-_____**

EXHIBITS

EXHIBIT NO.	DESCRIPTION
Exhibit CCM-1	List of Prior Testimony
Exhibit CCM-2 (<u>HSPM</u>)	Estimated Revenue Requirement for the Company's Proposed New Generator

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I. INTRODUCTION AND BACKGROUND

Q1: PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A: My name is Christina C. McDowell. I am the Director – Regulatory Filings of Cleco Power LLC (“Cleco Power” or the “Company”). My business address is 2030 Donahue Ferry Road, Pineville, Louisiana, 71360.

Q2: PLEASE DESCRIBE YOUR JOB RESPONSIBILITIES.

A: I assist with the development of the electric rates applicable throughout Cleco Power’s service area and ensure that the electric rates applicable throughout Cleco Power’s service area are developed and implemented on a just and reasonable basis. In that capacity, I assist with the preparation of revenue requirements and avoided costs. I also coordinate and ensure the timely and accurate filing of certain periodic compliance filings at the Louisiana Public Service Commission (“LPSC” or the “Commission”).

Q3: PLEASE DESCRIBE YOUR PROFESSIONAL AND EDUCATIONAL HISTORY.

A: I received a Bachelor of Business Administration degree from Louisiana State University in Baton Rouge, Louisiana in 1997 with a concentration in accounting. In 1998, I accepted a position with Cleco Corporation as an internal auditor. Since then, I have served in various management positions throughout the accounting organization primarily supporting Cleco Power with roles in Back Office Energy Accounting, Financial Reporting, Asset Management, General Ledger, Accounts Payable, Accounts Receivable, and Financial System Support. In 2016, I accepted a position in the Regulatory Department and in 2018 I became Director – Regulatory Filings.

Q4: HAVE YOU PREVIOUSLY PRESENTED TESTIMONY IN A REGULATORY PROCEEDING?

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A: Yes. A listing of the proceedings in which I have provided testimony is attached hereto as Exhibit CCM-1.

Q5: WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A: My testimony supports the Company's application (the "Application") in this proceeding. The Application seeks, among other things, the approval of an Electric Service Agreement ("ESA") that is a Site Specific Contract and related agreements with Applied Digital Corporation (the "Customer"); approval to enter into a capacity agreement with Tenaska Frontier Partners, Ltd. (the "Capacity Agreement"); approval of or exemption for construction of transmission interconnection infrastructure to serve a new \$3.6 billion hyperscale data center to be developed by the Customer in Rapides Parish, Louisiana (the "Project");¹ and approval of the Company's construction of new generation infrastructure to serve Cleco Power's existing and future customer load. Specifically, my testimony covers: (1) the estimated revenue requirement and proposed ratemaking treatment for the cost of a new combined cycle gas turbine ("CCGT") generator necessary to reliably serve the Company's customers, including the new load represented by the Customer's data center; (2) the Company's "Revenue Deferral" proposal describing the treatment that Cleco Power is requesting, including how to manage the timing of the revenues received and the costs incurred in connection with the ESA and the implications that it will have for Cleco Power's proposed 2027 Formula Rate Plan;² and (3) the rate

¹ See <https://www.opportunitylouisiana.gov/news/central-louisiana-secures-3-6-billion-applied-digital-ai-factory-campus>.

² LPSC Docket No. U-_____; *In Re: Application of Cleco Power, LLC for (1) Implementation of Changes in Rates to be Effective July 1, 2027; (2) New 2027 Formula Rate Plan; and (3) Expedited Treatment* (the "2027 Rate Case"). Cleco Power filed its 2027 Rate Case with the Commission on June 23, 2026, and anticipates that it will be noticed in the Commission's next Official Bulletin on July 2, 2026.

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1 treatment of certain costs in Cleco Power's Fuel Cost Adjustment Clause ("Schedule FA").
2 Other Company witnesses in this proceeding, including Richard Sharp and Robert
3 Breedlove, discuss the need for and attributes of the proposed new CCGT generator.
4 Company witness Christopher Thibodeaux discusses the new substation associated with
5 the proposed CCGT generator and its estimated costs. Cleco Power witness Austin Finn
6 discusses key provisions of the ESA and how the Company modeled the expected revenues
7 from the Customer and various incremental costs in several scenarios to evaluate potential
8 impacts on other Cleco Power retail customers.

9 **II. PROJECTED REVENUE REQUIREMENT**

10 **Q6: PLEASE DESCRIBE THE PROJECTED REVENUE REQUIREMENT THAT**
11 **CLECO POWER DEVELOPED.**

12 **A:** The projected revenue requirement that the Company has developed is for the proposed
13 new CCGT generator and transmission substation, which is discussed in detail in the direct
14 testimonies by Mr. Breedlove and Mr. Thibodeaux, respectively. Rather than using the
15 earliest realistic date to complete the project in 2032, I assume a more conservative
16 completion date of mid-2034. Other investments that Cleco Power has determined are
17 necessary to serve the Customer's load and other incremental costs associated with service
18 to the Customer include a transmission interconnection project that is described in the
19 Direct Testimony of Company witness Shannon Jenkins. As Mr. Finn and Company
20 witness Vincent Sipowicz discuss further, the Customer has agreed to make Contribution
21 in Aid of Construction ("CIAC") payments that will cover the cost to construct
22 transmission, distribution, interconnection and ancillary facilities ("T&D Facilities"). As
23 such, I have not prepared an estimated revenue requirement for the T&D Facilities that will

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1 be entirely funded by the Customer via CIAC payments. With respect to the proposed new
2 CCGT generator, the Company has prepared a Class 4 overnight estimate that is used to
3 develop the current total cost estimate that is discussed further by Mr. Breedlove. As Mr.
4 Breedlove explains, the proposed new CCGT generator project is in the early stage of
5 development and the Company will further refine its cost estimate and schedule as time
6 progresses and major agreements with suppliers are executed. Subject to Commission
7 approval of the Application, the Company is seeking authorization for the estimated first
8 year revenue requirement based on the current total estimate of construction cost for the
9 CCGT generator of [REDACTED], which includes contingency, escalation, and Allowance
10 for Funds Used During Construction ("AFUDC"). The estimated first year revenue
11 requirement will be updated upon completion of the Project when all prudently incurred
12 costs will be known. Company witness D. Andrew Owens addresses the specific requests
13 the Company is making including recovery of the CCGT generator's capital and on-going
14 costs when the facility comes online.

15 **Q7: PLEASE DESCRIBE THE INPUTS AND ASSUMPTIONS USED FOR**
16 **DEVELOPING THE REVENUE REQUIREMENT FOR THE PROPOSED NEW**
17 **GENERATOR.**

18 **A:** Cleco Power developed the estimated revenue requirement for the proposed new CCGT
19 generator using a standard methodology applicable to a capital investment. I have included
20 output from the revenue requirement modeling in Highly Sensitive Protected Material
21 ("HSPM") Exhibit CCM-2. Key inputs and assumptions include a proposed depreciable
22 life of thirty (30) years and the application of carrying costs consistent with those requested
23 in the Company's pending 2027 Rate Case proceeding. Specifically, the estimated revenue

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1 requirement reflects a weighted average cost of capital (“WACC”) based on the
2 Company’s pending request for a target return on equity (“ROE”) of 10.7 percent, a
3 weighted average long-term debt cost of 5.88 percent, and an assumed capital structure of
4 fifty-two percent (52%) equity and forty-eight percent (48%) long-term debt. In addition,
5 the revenue requirement includes projected ongoing plant-related costs, including capital-
6 related carrying costs, estimated operations and maintenance (“O&M”) expenses, and
7 applicable property taxes necessary to own, operate, and maintain the proposed new CCGT
8 generator on a sustained basis. The proposed new CCGT generator is expected to enter
9 service as early as 2032 although I would note that I developed my revenue requirement
10 based on a more conservative mid-2034 online date. As I noted above, the CCGT generator
11 has an expected life of 30 years.

12 **Q8: HOW DOES CLECO POWER ACCOUNT FOR AFUDC?**

13 **A:** Consistent with the treatment of capital projects, in accordance with U.S. Generally
14 Accepted Accounting Principles (“GAAP”), Federal Energy Regulatory Commission
15 Uniform System of Accounts (“FERC USoA”), and LPSC-approved methodology, the
16 Company accrues AFUDC on capital project construction work in progress (“CWIP”) once
17 construction activities commence and through the active completion of the capital project.
18 Mr. Breedlove includes a high-level breakdown of the major costs for the proposed new
19 CCGT generator. Based on the range of costs for the proposed new CCGT generator
20 discussed by Mr. Breedlove, I calculated AFUDC for both ends of the range assuming a
21 more conservative in-service date of mid-2034. Mr. Breedlove discusses the range of total
22 estimated costs in his testimony, which include AFUDC.

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**Q9: HOW IS THE COMPANY GOING TO TREAT PREPAYMENTS FOR THE
RESERVATION OF LONG-LEAD-TIME EQUIPMENT?**

A: The Company's procurement of the CCGT generator is occurring in a highly constrained market environment, with longer expected lead times generally ranging from one to seven years. Given the limited availability of manufacturing capacity and the competitive process for securing production slots, substantial upfront payments or milestone-based progress payments are being required by manufacturers in order to obtain equipment on a timely basis. In accordance with standard utility accounting treatment, such payments will be recorded as prepaid deposits until related engineering and/or fabrication begins on the equipment, at which point the deposit will be classified as CWIP and AFUDC will be accrued accordingly.

Q10: WHAT IS THE NATURE OF THE UPFRONT PAYMENTS?

A: The upfront payments that I just discussed are queue-position (or "slotting") deposits paid to original equipment manufacturers ("OEM") to reserve a place in the manufacturing schedule for long-lead generation components, which include including the combustion turbine, heat recovery steam generator ("HRSG"), generator step-up transformers, and similar major equipment. Driven by unprecedented global demand for new generation capacity, OEM lead times for these components currently extend longer than normal from order placement to delivery, and securing a deposit-backed queue position has become a commercial prerequisite to obtaining delivery consistent with the Company's planned in-service date of the proposed new CCGT generator. These deposits are structured to guarantee the Company's place in the OEM's production sequence and are not consideration for design engineering or fabrication of the various components of the

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1 proposed new CCGT generator at the time of payment. Substantive engineering and
2 fabrication activity specific to the various components of the proposed new CCGT
3 generator (*e.g.*, issuance of a notice to proceed on detailed engineering, design freeze,
4 allocation of a fabrication slot to a Company-specific serial number, or milestone-billed
5 engineering hours charged to the Company's project) is not expected to commence until
6 approximately 3 to 4 years after the deposit is made. Consistent with the FERC USoA and
7 prudent accounting practice, the Company will record these amounts as a long-term deposit
8 asset during the queue-reservation period and transfers the balance to CWIP when
9 substantive engineering or fabrication of the Company's identified equipment commences,
10 at which point AFUDC will begin to accrue.

11 **Q11: HOW DID THE COMPANY ESTIMATE THE ONGOING O&M EXPENSE FOR**
12 **THE PROPOSED NEW CCGT GENERATOR?**

13 **A:** Mr. Breedlove discusses the Company's estimate for ongoing O&M expenses, which
14 includes personnel that will be stationed at the plant. He also notes that the Company plans
15 to enter into a long-term service agreement ("LTSA") with the turbine OEM for periodic
16 planned maintenance. Later in my testimony I discuss the Company's request for the
17 Commission to approve recovery of the LTSA costs in the Company's Schedule FA
18 consistent with prior Commission decisions.

19 **Q12: HOW DID THE COMPANY ESTIMATE THE PROPERTY TAX EXPENSE FOR**
20 **THE PROPOSED NEW CCGT?**

21 **A:** The Company applied the current property tax rate for Rapides Parish, Louisiana to the
22 estimated costs for the proposed new CCGT generator to determine an estimate of property
23 taxes. Cleco Power anticipates pursuing an abatement for the first 10 years of the facility's

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1 life under the Louisiana Industrial Ad Valorem Tax Exemption Program ("ITEP"), which
2 is reflected in the revenue requirement modeling.

3 **Q13: DOES THE COMPANY'S ESTIMATED REVENUE REQUIREMENT ADDRESS**
4 **DEFERRED INCOME TAXES?**

5 **A:** Yes. Consistent with the treatment of utility capital investments where an accelerated
6 depreciation schedule is used, the Company accounted for accumulated deferred income
7 taxes ("ADIT") and the effect ADIT has on rate base. Please see Exhibit CCM-2 (HSPM).

8 **III. DEFERRED REVENUE FRAMEWORK**

9 **Q14: HOW IS CLECO POWER REQUESTING TO ACCOUNT FOR THE**
10 **CUSTOMER'S REVENUES PRIOR TO COMPLETING CONSTRUCTION OF**
11 **THE PROPOSED CCGT GENERATOR?**

12 **A:** Because the Customer is expected to begin taking electric service in the second quarter of
13 2027 and ramp up to full operations in 2028, which is prior to the completion of
14 construction and the in-service date of the proposed new CCGT generator, the Company
15 will be receiving significant incremental base revenues without a commensurate increase
16 in costs or revenue requirements associated with the proposed new CCGT generator. Also,
17 as noted earlier and as discussed further by Mr. Finn and Mr. Sipowicz in their respective
18 Direct Testimonies, the Customer has agreed to make CIAC payments that will provide
19 100 percent of the funding necessary to complete the direct interconnection along with
20 related transmission upgrades necessary to serve the Project, which are discussed further
21 by Mr. Jenkins. Company witness Chris Thibodeaux addresses the potential transmission
22 costs that may be incurred to interconnect the proposed new CCGT generator and the
23 potential for upgrades necessary to receive network transmission service. In addition, as

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1 discussed further by Mr. Finn and Mr. Sipowicz, the Customer has committed to fully pay
2 for a forward capacity purchase pursuant to the Capacity Agreement.

3 Without appropriate regulatory treatment, the timing mismatch between the significant
4 revenues expected from the Customer and the recovery of the revenue requirement
5 associated with the proposed new CCGT generator with a conservative assumption of an
6 in-service date in mid-2034 could lead to earnings that do not accurately reflect Cleco
7 Power's ongoing cost of service and may temporarily exceed the target ROE that the
8 Company has requested in its pending 2027 Rate Case. This scenario could produce
9 unnecessary base rate volatility, particularly as the Company seeks to address both the need
10 for a new CCGT generator as discussed further by Mr. Sharp and Mr. Breedlove and the
11 impact of significant revenues from the Customer, without managing these issues
12 effectively and rationally.

13 To address this issue, Cleco Power proposes a balanced accounting treatment under which
14 an imputed annual deferral amount of [REDACTED] would be recognized as a regulatory
15 liability, while the remaining base rate revenues received from the Customer would be
16 reflected in the 2027 FRP earnings test proposed in Cleco Power's 2027 Rate Case. To the
17 extent the actual earned ROE exceeds the upper limit of the 2027 FRP deadband (currently
18 proposed at 11.0%), the associated earnings would be deferred into a regulatory liability
19 account. In the event that the actual earned ROE were to be below the lower deadband
20 (currently proposed at 10.4%), Cleco Power would reduce the amount of the deferral as
21 opposed to increasing rates through Rider FRP (as defined in the 2027 FRP). The [REDACTED]
22 [REDACTED] imputed deferral amount reasonably aligns with the estimated portion of the
23 revenue requirement of the proposed CCGT generator expected to be supported by the

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1 Customer when adjusted through base rates or the proposed Rider FRP. This deferral
2 mechanism would remain in effect until the new CCGT generator is placed in service. As
3 noted earlier, Mr. Finn addresses the terms of the ESA and the base and rider revenues that
4 the Company expects to receive once the Customer begins taking electric service in mid-
5 2027.

6 Once the CCGT generator is completed and placed into service, Cleco Power proposes to
7 return the regulatory liability, including a carrying charge at the average cost of debt, using
8 a step-down approach by returning [REDACTED]

9 [REDACTED]. This approach ensures that customers
10 directly benefit from the timing difference while allowing the Company to maintain a
11 reasonable opportunity to achieve its target ROE. While not identical, the deferral
12 treatment requested by the Company is also consistent with the treatment the Commission
13 approved in a recent proceeding involving a data center.³

14 **Q15: HOW WILL CUSTOMER REVENUES POTENTIALLY IMPACT EXISTING**
15 **CUSTOMERS?**

16 **A:** Revenues received from the Customer in excess of the deferral are expected to be included
17 in Cleco Power's 2027 FRP earnings test. Consistent with the proposed 2027 FRP design,
18 any revenues that are received would be treated as system revenues and would be used to
19 offset Cleco Power's overall revenue requirement. As I discussed above, any revenues
20 received that would result in the Company earning above the proposed 2027 FRP upper
21 deadband limit of 11.0% will be deferred. If the Company earnings fall below the lower

³ LPSC Order No. U-37425 issued August 29, 2025; see Exhibit A's **Section III. Ratemaking Treatments.**

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1 deadband of 10.4%, the deferral amount would be reduced from the amount I discussed
2 above as opposed to resetting Rider FRP.

3 By increasing revenues without a corresponding near-term increase to the Company's
4 investments and, consequently, rate base, the amounts that are deferred will ultimately
5 reduce the revenue requirement for the proposed new CCGT generator recovered through
6 Rider FRP, based on the Company's most recent business plan and assuming the 2027 FRP
7 – or a similar successor framework – will be in place when the proposed new CCGT
8 generator enters service. As a result, customers will experience lower FRP adjustments in
9 the near-term than would otherwise occur during the construction period of the CCGT
10 generator.

11 Accordingly, the revenues the Company receives and defers will directly benefit existing
12 customers by partially offsetting the recovery of the capital investment associated with
13 construction of the CCGT generator and the corresponding revenue requirement. The total
14 deferred amount that I have estimated at approximately [REDACTED], which includes a
15 carrying charge at the Company's prevailing cost of debt, will be used to offset future
16 revenue requirements of the CCGT generator as it is amortized over the [REDACTED] the
17 CCGT generator is in service.

18 **Q16: WILL THE DEFERRED CUSTOMER REVENUES BE RECORDED AS**
19 **REVENUE?**

20 **A:** No. The deferred Customer revenues (*i.e.*, the deferred portion of the payments that the
21 Customer will make under the ESA) do not qualify for recognition as revenue during the
22 service period prior to the CCGT generator in-service date under GAAP. If the
23 Commission approves Cleco Power's proposed deferral of the imputed amount of [REDACTED]

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1 [REDACTED] and any earnings above the upper ROE deadband (currently proposed at 11%), such
2 deferred revenues would be eligible to be recorded as a regulatory liability. Financial
3 Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 980-
4 405-25-1 states the following:

5 *"A regulator can provide current rates intended to recover costs that are*
6 *expected to be incurred in the future with the understanding that if those*
7 *costs are not incurred future rates will be reduced by corresponding*
8 *amounts. If current rates are intended to recover such costs and the*
9 *regulator requires the entity to remain accountable for any amounts*
10 *charged pursuant to such rates and not yet expended for the intended*
11 *purpose, the entity shall not recognize as revenues amounts charged*
12 *pursuant to such rates. The usual mechanism used by regulators for this*
13 *purpose is to require the regulated entity to record the anticipated cost as*
14 *a liability in its regulatory accounting records. Those amounts shall be*
15 *recognized as liabilities and taken to income only when the associated costs*
16 *are incurred."*

17 As described above, Cleco Power would not recognize the amounts received as revenues
18 until the CCGT generator is placed in service. Accordingly, under ASC 980, Cleco Power
19 would record such payments as a regulatory liability and not as revenue until the CCGT
20 enters service. Cleco Power plans to record the regulatory liability in FERC USoA
21 Account 254 (Other Regulatory Liability).

22 **Q17: SHOULD CLECO POWER INCLUDE ANY CARRYING COSTS ON THE**
23 **DEFERRED REVENUE DEFERRAL BALANCE?**

24 **A:** Yes. Cleco Power proposes applying a carrying charge to the deferred revenue at the
25 Company's prevailing average cost of debt (approximately 5.88%, as filed in Cleco
26 Power's pending 2027 Rate Case). The deferred revenues will be provided pursuant to the
27 Customer's ESA and the Company's proposed treatment is intended to help mitigate the
28 initial rate impact at the time when the CCGT generator is placed into service. As Mr.

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1 Sipowicz explains, the data center revenues will support cash flow during the construction
2 period, will reduce the need for incremental debt issuance, and will help maintain Cleco
3 Power's creditworthiness during a period of significant capital investment.

4 **Q18: DOES CLECO POWER PROPOSE TO INCLUDE THE DEFERRED REVENUE**
5 **REGULATORY LIABILITY IN RATE BASE?**

6 **A:** No. Cleco Power proposes to exclude the regulatory liability from rate base. The
7 regulatory liability includes both the deferred revenues and the associated carrying charge.
8 Including it in rate base would be inconsistent with sound ratemaking principles.

9 The proposed new CCGT generator will be the single largest capital investment in Cleco
10 Power's history and will significantly increase the Company's rate base once the unit is
11 placed in service. The deferred revenues provided by the Customer will be flowed back to
12 customers on an equitable basis at the time in which customers will begin to see the costs
13 of the CCGT generator reflected in rates. Returning the deferred revenues over time will
14 help smooth the rate impact of the proposed new CCGT generator while maintaining
15 regulatory consistency.

16 Absent the Customer and its associated load and energy usage, as discussed further in Mr.
17 Sharp's direct testimony, Cleco Power would still be required to construct the CCGT
18 generator and Cleco Power would likely need to seek customer-funded pre-commercial
19 operations date rate support or surcharges to preserve credit metrics during construction,
20 similar to mechanisms previously approved by the Commission for other major generation
21 projects, such as what occurred during the Company's construction of the Madison 3 unit.
22 In contrast, the proposed treatment allows Cleco Power to rely on Customer-provided
23 deferred revenues rather than imposing additional costs on existing customers.

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1 Accordingly, excluding the deferred revenues regulatory liability from rate base is
2 reasonable, consistent with cost-causation principles, and aligned with the Commission's
3 historical approach to protecting customers while ensuring utility financial stability.

4 **Q19: WHY IS CLECO POWER REQUESTING THE RETURN OF THE DEFERRED**
5 **REVENUES OVER [REDACTED] AFTER THE CCGT GENERATOR IS**
6 **PLACED INTO SERVICE?**

7 **A:** Cleco Power proposes to retain the deferred revenues during construction of the CCGT
8 generator to avoid or delay issuing additional debt and to support credit quality during this
9 capital-intensive period. Once the CCGT generator is completed and placed into service,
10 Cleco Power will begin recovering the full revenue requirement associated with the new
11 CCGT generator through base rates via its proposed Additional Capacity Cost Recovery
12 ("ACCR") mechanism included in the proposed 2027 FRP – or a successor mechanism
13 should something else be in place when the CCGT generator is placed into service.

14 Given the size of the CCGT generator investment, the transition to in-service recovery will
15 result in a significant increase to the Company's revenue requirement. To mitigate the
16 resulting rate impact on customers, Cleco Power proposes to amortize and return the
17 accumulated deferred revenue balance over [REDACTED]

18 [REDACTED].

19 This approach will allow the benefits of the deferred revenues associated with the ESA to
20 be flowed back to customers on an equitable basis, coinciding with a period of time in
21 which customers will begin to see the costs of the CCGT generator reflected in rates.
22 Returning the deferred revenues over time will help smooth the rate impact associated with
23 the CCGT generator in-service transition while maintaining regulatory consistency.

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Cleco Power's proposal ensures that the deferred revenues are used first to support financial stability during construction of the proposed CCGT generator and will then be flowed back to customers in a measured manner once the CCGT generator is operational and serving load, consistent with the Commission's objectives of maintaining rate stability, fairness, and long-term system reliability.

Q20: HOW DOES THE COMPANY PROPOSE TO RETURN THE DEFERRAL BALANCE TO CUSTOMERS AFTER THE CCGT ENTERS SERVICE?

A: Cleco Power proposes to return the deferral balance to customers [REDACTED], including a carrying charge. The balance would be credited on customer bills, with [REDACTED]

IV. TRANSMISSION AND DISTRIBUTION CIAC PAYMENTS

Q21: PLEASE DESCRIBE THE COST RESPONSIBILITY AND RATEMAKING TREATMENT ASSOCIATED WITH THE T&D FACILITIES REQUIRED TO SERVE THE CUSTOMER.

A: As discussed by Mr. Finn and Mr. Sipowicz, the Customer will provide cash payments to Cleco Power for T&D Facilities needed to directly interconnect the data center based on Cleco Power's projected costs to engineer, procure, construct, own, commission, and operate the facilities required to serve the Customer.

Because the T&D Facilities are being constructed solely to interconnect and reliably serve this specific Customer, Cleco Power will treat the Customer's payments as CIAC and will exclude the associated investment and CIAC from rate base. As a result, Cleco Power's other customers will not bear any costs, carrying charges, depreciation, or return associated with these Customer-specific facilities.

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1 This proposed ratemaking treatment is consistent with long-standing Commission
2 precedent and cost-causation principles, ensuring that the costs of facilities required
3 exclusively for an individual customer are borne entirely by that customer and do not
4 adversely impact other customers.

5 **Q22: HOW WOULD COSTS PREVIOUSLY PAID BY THE CUSTOMER FOR THE T&D**
6 **FACILITIES BE TREATED IF THE COMMISSION SUBSEQUENTLY**
7 **DETERMINES THAT SOME OR ALL OF THE T&D FACILITIES PROVIDE A**
8 **GENERAL SYSTEM BENEFIT?**

9 **A:** If the LPSC determines, following appropriate review, that the T&D Facilities, or any
10 portion thereof, provide a general system benefit and that the associated costs previously
11 paid by the Customer as CIAC were prudently incurred and should be included in Cleco
12 Power's rate base or otherwise allocated to all customers, Cleco Power would comply with
13 such a determination.

14 Specifically, upon a Commission decision, Cleco Power would refund to the Customer the
15 applicable amounts previously received for the T&D Facilities that would instead be
16 reclassified as general system investment. Any such refund and corresponding ratemaking
17 treatment would be implemented in accordance with the Commission's order and
18 consistent with standard cost-of-service and regulatory accounting principles.

19 **Q23: PLEASE EXPLAIN HOW INCOME TAXES ASSOCIATED WITH CIAC ARE**
20 **TREATED UNDER THE ESA.**

21 **A:** Consistent with long-standing Commission treatment of CIAC, any income taxes incurred
22 by Cleco Power as a direct result of receiving customer-specific CIAC or other customer
23 payments are assigned to the benefiting customer, not to other retail customers. If the

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1 CIAC or related payments are treated as taxable income under applicable tax law, the
2 customer is required to reimburse Cleco Power for the actual income tax obligation caused
3 by those customer-funded contributions.

4 **Q24: DOES THE TAX GROSS-UP RESULT IN CLECO POWER EARNING A PROFIT**
5 **ON CIAC?**

6 **A:** No. The tax gross-up mechanism is not a revenue or profit element. It is limited strictly
7 to reimbursement of income taxes owed by Cleco Power that are directly attributable to the
8 customer's CIAC or other payments. Cleco Power does not retain any excess amounts and
9 does not earn a return on the tax gross-up.

10 **Q25: HOW IS THE TAX GROSS-UP DETERMINED?**

11 **A:** The tax gross-up is calculated using the applicable combined federal and Louisiana income
12 tax rates in effect at the time the taxable event occurs. The calculation reflects only the
13 incremental tax caused by the customer's payment and is net of all applicable deductions,
14 credits, offsets, or exclusions attributable to the investment in question, consistent with
15 regulated accounting practices.

16 **Q26: HOW ARE THE TAX GROSS-UP AMOUNTS GOING TO BE BILLED TO THE**
17 **CUSTOMER AND SUPPORTED?**

18 **A:** Any tax gross-up is separately identified, documented, and invoiced in accordance with the
19 terms of the ESA. Cleco Power will provide supporting documentation to the Customer
20 sufficient to demonstrate that the amount reflects only the actual, incremental income taxes
21 caused by the Customer's payment, consistent with Commission expectations for
22 transparency and auditability.

V. FUEL ADJUSTMENT CLAUSE

Q27: PLEASE EXPLAIN HOW DELIVERED ENERGY COSTS ASSOCIATED WITH THE CUSTOMER WILL BE CALCULATED AND HOW ANY EXCESS COSTS WILL BE TREATED FOR RATEMAKING PURPOSES.

A: Mr. Finn in his Direct Testimony discuss the ESA and a provision of the agreement that requires the Customer to pay any positive difference in wholesale power costs that result from serving the Customer's load. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Those excess costs will instead be charged directly to the Customer as a separate line item on the Customer's bill.

Specifically, the excess costs will be excluded from the calculations that support Schedule FA through Line 21 A, thereby ensuring that Cleco Power's other retail customers are fully insulated from any increase in wholesale power costs resulting from service to the Customer. This approach is consistent with cost-causation principles and ensures that costs uniquely driven by the Customer are borne solely by the Customer and not by other customers.

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**Q28: WILL SERVICE TO THE CUSTOMER INCREASE VOLATILITY RISK IN
CLECO POWER'S FUEL AND PURCHASED POWER COSTS FOR OTHER
CUSTOMERS?**

A: No. [REDACTED]

**Q29: WHO BEARS THE RISK OF MISO MARKET COST VARIABILITY
ASSOCIATED WITH SERVING THE CUSTOMER?**

A: [REDACTED]

**Q30: WHAT IS CLECO POWER'S PROPOSAL REGARDING COLLECTION OF
LTSA EXPENSES?**

A: The volume and timing of these expenses will be directly influenced by the amount of energy produced by the proposed CCGT generator. Therefore, Cleco Power requests an exception, pursuant to Section IV. M. of the General Order in Docket No. U-21497, dated November 6, 1997, in order for these expenses to be collected through Cleco Power's Schedule FA, ensuring there is neither over-collection nor under-collection of the actual

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1 expense incurred, in lieu of collection of these expenses through base rates. Mr. Owens
2 addresses this request in more detail in his testimony.

3 **Q31: DOES THIS CONCLUDE YOUR TESTIMONY?**

4 **A:** Yes, at this time.

STATE OF LOUISIANA

PARISH OF RAPIDES

AFFIDAVIT

BE IT KNOWN, that before me, the undersigned Notary Public, duly commissioned and qualified for the state and parish/county aforesaid, personally came and appeared:

CHRISTINA C. MCDOWELL

("Affiant"), who after being duly sworn did depose and say:

1. Affiant has prepared Direct Testimony on behalf of Cleco Power LLC in support of the Application of Cleco Power LLC for Authorization of: (I) Site Specific Contract for Large Load Customer; (II) Bridge Capacity Contract; (III) Construction of New Transmission Interconnection; (IV) Construction of New Generation; (V) Associated Waivers; and (VI) Expedited Treatment.

2. To the best of Affiant's knowledge, information, and belief, Affiant's Direct Testimony is true, accurate, and complete in all material respects as of the date of this Affidavit.

Christina C. McDowell

Christina C. McDowell
Cleco Power LLC
2030 Donahue Ferry Road
Pineville, LA 71360

SWORN TO AND SUBSCRIBED
BEFORE ME, NOTARY PUBLIC,
THIS 29th DAY OF JUNE 2026.

Catrina L. Ivey
NOTARY PUBLIC

BAR ROLL/NOTARY ID NO.: 5123

MY COMMISSION EXPIRES: at death

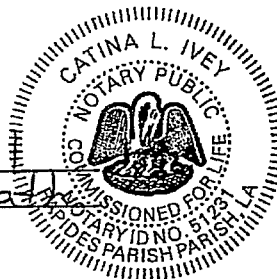


EXHIBIT CCM-1

LIST OF PRIOR TESTIMONY

CHRISTINA C. MCDOWELL
PARTICIPATION IN REGULATORY PROCEEDINGS

1. LPSC U-37213 – In re: Application of Cleco Power LLC for: (1) a financing order authorizing the securitization financing of certain costs related to the Dolet Hills Power Station and associated mines; (2) establishment of an energy transition reserve; and (3) expedited treatment.
2. LPSC U-36923- In re: Cleco Power LLC, ex parte: Application of Cleco Power LLC for (1) Implementation of Changes in Rates to be Effective July 1, 2024; and (2) Extension of Existing Formula Rate Plan.
3. LPSC U-35049 – In re: Formula Rate Plan – June 2018 Monitoring Report and Application for Authorization to Implement Rate Reductions Resulting from the Tax Cuts and Jobs Act of 2017 and Related Rate Changes and Refunds.
4. LPSC U-35299 – In re: Application of Cleco Power LLC for (1) implementation of Changes in Rates to be Effective July 1, 2020, and (2) Extension of Existing Formula Rate Plan (the “2019 Rate Case”).
5. LPSC U-35544 – In re: Prudence Determination for St. Mary Clean Energy Center.
6. LPSC U-35687 – In re: Annual Cost of Service and Formula Rate Plan annual earnings monitoring report, for year ended June 30, 2017.
7. LPSC U-35806 – In re: Request for Recovery of Lost Revenues to LPSC Special Orders Nos. 22-2020, 28-2020, and 43-2020, and request for accounting order.

8. LPSC U-35807 – In re: Application of Cleco Power LLC for Recovery in Rates of Certain Storm Damage Costs Incurred as a result of Hurricanes Laura, Delta, Zeta, Ida, and 2021 Winter Storms.
9. LPSC U-37479 – In re: Application of Cleco Power LLC for Authorization of Phase I of the Comprehensive Hardening Plan and related rate recovery.
10. LPSC U-XXXXXX – In re: Application of Cleco Power LLC for: (1) Implementation of Changes in Rates to be Effective July 1, 2027 and (2) New 2027 Formula Rate Plan.

EXHIBIT CCM-2

ESTIMATED ANNUAL REVENUE REQUIREMENT FOR THE COMPANY'S
PROPOSED NEW GENERATOR

REDACTED TO OMIT CONFIDENTIAL,
COMPETITIVELY SENSITIVE, TRADE SECRET,
AND PROPRIETARY INFORMATION PURSUANT
TO RULE 12.1 OF THE COMMISSION'S
RULES OF PRACTICE AND PROCEDURE