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EXHIBIT 2

DIRECT TESTIMONY OF AUSTIN T. FINN

ON BEHALF OF CLECO POWER LLC

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AND PROPRIETARY INFORMATION PURSUANT
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

AUSTIN T. FINN

ON BEHALF OF

CLECO POWER LLC

JULY 1, 2026

CLECO POWER LLC
DIRECT TESTIMONY OF AUSTIN T. FINN
LPSC DOCKET NO. U-_____

EXHIBITS

EXHIBIT NO.	DESCRIPTION
ATF-1	Letter from Cleco Power to LPSC Executive Counsel
ATF-2	Letter from Louisiana Economic Development to Cleco Power
ATF-3 (HSPM)	Electric Service Agreement and Related Documents
ATF-4 (HSPM)	Forward Capacity Purchase Cost
ATF-5 (HSPM)	Comparative Rate Analysis
ATF-6 (HSPM)	Projected Sample Bill – Expected Billing Scenario
ATF-7 (HSPM)	Projected Sample Bill – Minimum Billing Scenario
ATF-8 (HSPM)	RIM Test Results
ATF-9 (HSPM)	Customer Affidavit

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I. INTRODUCTION AND BACKGROUND

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

A: My name is Austin Finn. I am the Director-Regulatory Strategy for 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 am primarily responsible for assisting with the filings in various Cleco Power proceedings before the Louisiana Public Service Commission (“LPSC or the “Commission”). I ensure cost of service studies adequately allocate costs principally on causation as it relates to the various customer classes and design rates and charges to collect the appropriate level of LPSC-authorized revenues on a just, reasonable, and not unduly discriminatory basis. I also commission and review various analytical studies necessary to support Cleco Power’s initiatives requiring LPSC review and authorization while providing strategic support and guidance to various groups within Cleco Power on regulatory matters.

Q3: PLEASE DESCRIBE YOUR PROFESSIONAL AND EDUCATIONAL HISTORY.

A: I hold a Bachelor of Science degree with a major in Wildlife Conservation and a Master of Business Administration degree from Louisiana Tech University. Prior to joining Cleco Power, I held positions within the Data and Pipeline Integrity group of CenterPoint Energy, Inc.’s interstate pipeline business, based out of Shreveport, Louisiana. In 2012, I accepted a position with Cleco Power as a planning analyst, an analytical and strategic role within the Regulatory Strategy and Planning organization. Since then, I have served in various leadership roles in the Regulatory Strategy and Planning group and the Cleco Corporate Finance group.

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Q4: HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE THE COMMISSION?

A: Yes. I provided testimony on behalf of Cleco Power in: (i) LPSC Docket No. U-36923, *In re: 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*; (ii) LPSC Docket No. U-34722, *In re: Complaint alleging violation of La. R.S. 45:123 and Commission General Order Dated October 6, 2005 (300-foot rule)*; (iii) LPSC Docket No. U-37479, *In re: (I) Authorization of Phase I of the Comprehensive Hardening Plan; (II) Related Rate Recovery; and (III) Expedited Treatment*; and (iv) most recently in the 2027 Rate Case.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");² and approval of the Company's construction of new generation infrastructure

¹ 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.

² See <https://www.opportunitylouisiana.gov/news/central-louisiana-secures-3-6-billion-applied-digital-ai-factory-campus>.

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1 to serve Cleco Power's existing and future customer load. The data center's primary tenant
2 will be [REDACTED] (the "Offtaker"), a subsidiary of [REDACTED] (the "Parent").

3 The purpose of my direct testimony is to provide an overview of the principal contractual
4 agreements executed in connection with Cleco Power's proposed electric service to the
5 Customer, and to explain how those agreements are structured to protect Cleco Power and
6 its existing retail customers. Company witness Vincent M. Sipowicz also discusses the
7 agreements in place between the Company, the Customer, and other parties that are
8 involved in the Project and how those agreements help protect both the Company's
9 customers and the Company. Company witness D. Andrew Owens addresses the various
10 Commission General Orders and rules that apply to the Application and the various
11 approvals, waivers, and exemptions the Company is seeking from the Commission.

12 The Company notified the Commission's Executive Counsel on April 30, 2026, of its intent
13 to file this Application; a copy of that letter is attached to my direct testimony as Exhibit
14 ATF-1. The Company has also obtained a letter from Louisiana Economic Development
15 ("LED") confirming the Customer's interest in developing its Project in Louisiana and
16 emphasizing the importance of power availability within five (5) years of the initial in-
17 service date of mid-2027; a copy of the letter from LED is attached to my direct testimony
18 as Exhibit ATF-2.

19 **Q6: OVER THE PAST 60 DAYS, HAVE THERE BEEN ANY DEVELOPMENTS THAT**
20 **WOULD CHANGE WHAT THE COMPANY COMMUNICATED IN ITS LETTER**
21 **OF INTENT TO FILE THIS APPLICATION?**

22 **A:** Yes. The Company has continued to evaluate and refine the development timeline for the
23 proposed combined cycle gas turbine ("CCGT") generator in response to evolving market

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1 conditions, including procurement constraints and supply chain dynamics that affect the
2 timing of new generation development. As a result, the previously contemplated
3 accelerated development timeline has shifted, and the generator's schedule is now aligned
4 with the Company's resource planning framework, as discussed by Company witness
5 Richard Leon Sharp. As demonstrated in the Company's Interim Integrated Resource Plan
6 filed September 5, 2025, in LPSC Docket No. I-37725 (the "Interim IRP"),³ the need for
7 additional dispatchable generation is driven by broader system requirements, including
8 projected load growth, the expected retirements of existing resources, and MISO reliability
9 standards, rather than any single customer-specific need. Additionally, as reflected in Mr.
10 Sharp's testimony, the Customer's timeline did not independently necessitate the
11 development of a new generator, but rather intersected with and reinforced the Company's
12 existing resource planning needs. Accordingly, while the CCGT generator's development
13 timeline has been refined and aligns with the Company's resource planning cycle, this
14 development does not diminish the underlying need and request for the resource in this
15 Application. This is discussed further by Company witness Robert Breedlove who
16 describes the need for the CCGT generator being driven by system-wide reliability
17 requirements and expected retirements of certain units within the Company's existing
18 generation fleet.

19 **Q7: PLEASE SUMMARIZE YOUR DIRECT TESTIMONY AS IT RELATES TO THE**
20 **BENEFITS CREATED FOR EXISTING CLECO POWER CUSTOMERS BY**
21 **SERVING THE PROJECT.**

³ Cleco Power's Interim IRP in LPSC Docket No. I-37725 has been consolidated into LPSC Docket No. I-37765.

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1 **A:** My direct testimony demonstrates that serving the Project not only avoids harm to the
2 Company's existing customers, but also affirmatively creates measurable financial benefits
3 for them. The ESA is structured so that, at a minimum, all costs directly attributable to the
4 Project are borne exclusively by the Customer. Specifically:

- 5 • The Customer will fund the cost of directly attributable transmission and distribution
6 facilities through Contribution in Aid of Construction ("CIAC") payments of [REDACTED]
7 [REDACTED]; will bear the full cost of incremental Zonal Resource
8 Credits ("ZRCs") purchased by the Company per the Capacity Agreement through a
9 Forward Capacity Purchase Adder; and will be subject to [REDACTED]

10 [REDACTED].
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]

- 19 • In the event of early termination of the ESA, the Customer is liable for an early
20 termination fee equal to the remaining net present value ("NPV") of service charges
21 through the end of the initial term, plus all outstanding forward capacity purchase
22 obligations. These obligations are backstopped by a Letter of Credit, a Direct

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1 Agreement with the Offtaker, and an unconditional Parent Guaranty from the Parent,
2 as discussed later in my direct testimony and the direct testimony of Mr. Sipowicz.

- 3 • Under current billing conditions and the Customer's expected usage, incremental base
4 rate and rider revenues from the Customer are projected to total greater than \$2 billion
5 [REDACTED] over the 15-year term of the ESA. The projected revenues are a direct
6 offset to shared system costs that would otherwise be recovered entirely from existing
7 customers, thereby producing a measurable net financial benefit for existing Cleco
8 Power customers, while the Customer will fund the transmission and distribution
9 interconnection costs directly attributable to the Project through CIAC payments and
10 other contractual obligations, including the Capacity Agreement.

- 11 • Furthermore, as discussed in detail in Mr. Sharp's direct testimony, the Company's
12 long-term planning and related Interim IRP demonstrate a need for new generation
13 resources, regardless of the need to serve the Customer. The Project and the revenues
14 it will produce tremendously improve the economics for existing customers by
15 reducing the amount that other customers would pay for this critical investment in new
16 generation. In other words, absent the Customer taking electric service, the revenue
17 requirements associated with this necessary generation investment would have been
18 borne entirely by existing customers.

19 In support of the Application, other Company witnesses and I describe in detail the full
20 listing of requests included in the Company's Application.

21 **Q8: HOW IS YOUR DIRECT TESTIMONY ORGANIZED?**

22 **A:** My direct testimony is organized to first provide an overview of the Project and the related
23 agreements supporting Cleco Power's proposed service to the Customer, including the

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1 ESA, the Capacity Agreement, and the transmission and generation-related requests
2 addressed in the Application. I then explain the Company's evaluation of potential impacts
3 to existing customers, including the incremental costs and revenues considered in the
4 analyses and the resulting benefits. Finally, I address additional cost-sharing and
5 ratemaking benefits associated with serving the Customer, including the Customer's
6 contribution to existing rider revenue requirements, potential future base rate revenue
7 requirement increases, and the proposed CCGT generator revenue requirement.

8 **II. PROJECT OVERVIEW AND RELATED AGREEMENTS**

9 **Q9: PLEASE GENERALLY DESCRIBE THE PROJECT AND THE RELATED**
10 **AGREEMENTS AT ISSUE IN THE APPLICATION.**

11 **A:** As mentioned, Cleco Power is proposing to provide electric service to a new hyperscale
12 data center project that will be located in Rapides Parish, Louisiana, referred to as the
13 "Project" throughout my direct testimony. The Project is being developed by the Customer,
14 with ultimate load and colocation services tied to the Offtaker. The ESA and related
15 agreements became effective on April 17, 2026, and are subject to Commission
16 authorization due to certain features that render the ESA and related agreements as a "Site
17 Specific Contract," as discussed in detail later in my direct testimony and in the testimony
18 of Company witness D. Andrew Owens.

19 Under the ESA and related agreements, Cleco Power has agreed to provide long-term
20 electric service beginning in mid-2027 and ramping up to 430 MW, which is expected to
21 occur in 2028. Mr. Owens addresses applicable LPSC General Orders and the Company's
22 specific requests. To reliably supply the Customer, the Company is seeking an
23 acknowledgement from the Commission that it is exempt from the Transmission Siting

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1 Order⁴ related to customer-specific transmission, distribution, and substation facilities that
2 the Customer will pay for directly through CIAC payments to the Company. The Company
3 also seeks certification for the Capacity Agreement, along with exemptions and waivers of
4 certain Commission General Orders, which are discussed in detail by Mr. Owens.
5 Additionally, the Company requests certification for a new 756 MW CCGT generator. As
6 discussed further by Mr. Sharp and Mr. Breedlove in their respective direct testimonies, a
7 new generation resource is required for Cleco Power's long-term operations, independent
8 of the need to serve the Customer.

9 The ESA establishes a 15-year initial term, during which the Customer is obligated to take
10 and pay for electric service at defined minimum demand thresholds. The ESA would be a
11 "Site Specific Contract," as defined in the Electric Utility Tariff Filings Order⁵ (the "Tariff
12 Filings Order") as an agreement "to provide service to a single Customer at a rate other
13 than a rate contained in an approved Rate Schedule and/or Rate Rider."⁶ As further outlined
14 in my direct testimony and in the direct testimony provided by Mr. Owens, the Company
15 provides sufficient evidence necessary for the Commission to determine that the ESA at
16 issue in this proceeding is necessary and serves the public interest.

17 **Q10: WHAT ARE THE PRIMARY AGREEMENTS ADDRESSED IN YOUR DIRECT**
18 **TESTIMONY?**

19 **A:** The primary agreements addressed in my direct testimony are:

⁴ LPSC General Order 09-10-2024 (R-36199) (September 10, 2024) in Docket No. R-36199; *In re: Review and Possible Modification of the Commission's General Order dated October 10, 2013 Governing Transmission Certification and General Siting* (the "Transmission Siting Order").

⁵ LPSC General Order 7/1/2019 in Docket No. R-34738; *In re: Proceeding to Establish Rules Regarding Electric Utility Tariff Filings and Related Review, Including Site Specific Rate Filings*.

⁶ *Id.* at p. 11.

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- 1 1. The ESA between Cleco Power and the Customer;
- 2 2. The Direct Agreement among Cleco Power, the Customer, and the Offtaker;
- 3 3. The Assignment and Amendment of the ESA among Cleco Power, the Customer, and
- 4 the Offtaker; and
- 5 4. The Parent Guaranty.

6 These agreements were executed contemporaneously and are designed to operate together
7 as a single, integrated contractual framework. I have attached the ESA and related
8 documents as Highly Sensitive Protected Materials (“HSPM”) Exhibit ATF-3. Mr.
9 Sipowicz also discusses these agreements in detail in his direct testimony.

10 **Q11: WHAT IS THE ESA?**

11 **A:** The ESA is a long-term contract under which Cleco Power agrees to provide electric
12 service to the Project, and the Customer agrees to take and pay for that service under
13 defined terms and conditions, subject to Commission authorization because, as I discuss
14 later, the ESA provides for a change from the LPSC-approved Large Power Service
15 (“LPS”) rate schedule, as well as for a 15-year term. Fundamentally, the ESA and related
16 agreements establish the service characteristics, contract demand levels, credit support,
17 termination provisions, and cost-recovery mechanisms that would apply to the Project.

18 **Q12: WHAT IS THE SIZE OF SERVICE AND TERM SET FORTH IN THE ESA?**

19 **A:** The ESA establishes service beginning in mid-2027, ramping to 430 MW in 2028, which
20 will make the Project the largest single load ever served by Cleco Power. The ESA has an
21 initial term of 15 years following the in-service date, with automatic three-year renewal
22 terms thereafter, assuming Commission approval, which Mr. Owens discusses further in
23 his direct testimony.

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Q13: WHAT INFRASTRUCTURE INVESTMENTS ARE NECESSARY TO SERVE THE PROJECT?

A: To serve the Project, the Company is proposing to: (1) construct and operate significant transmission, distribution, substation, and related facilities, which will be paid for by the Customer via CIAC payments; and (2) enter into the Capacity Agreement, which, similar to the aforementioned facilities, the cost of which will be paid for entirely by the Customer.

Q14: HOW DO THE ESA AND RELATED AGREEMENTS ENSURE THAT EXISTING CLECO POWER CUSTOMERS ARE PROTECTED FROM THE COSTS OF THOSE INVESTMENTS?

A: As I noted earlier, Mr. Sipowicz discusses these protections in more detail. To summarize, the ESA and related agreements assign all financial responsibility for the Project-specific infrastructure and capacity costs associated with the Capacity Agreement to the Customer, not to existing Cleco Power customers. Key protections include:

1. Customer-funded CIAC payments for transmission and distribution facilities;
2. Direct recovery of forward capacity costs incurred by the Company under the Capacity Agreement;
3. The Customer's responsibility for termination and cost penalties if the Project is cancelled or terminated early;
4. Revenue from the Customer during the ESA's term resulting in significant benefits for existing Cleco Power customers;

5. _____
_____ ; and

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1 [REDACTED]
2 [REDACTED]
3 As a result, Cleco Power's customers will be protected from subsidizing Project-specific
4 investments and costs. As I discuss later in my direct testimony, the Company's existing
5 customers are also expected to receive substantial economic benefits directly attributable
6 to the Project.

7 **Q15: ARE THERE ANY ESA PROVISIONS THAT ADDRESS AND PROTECT SYSTEM**
8 **RELIABILITY?**

9 **A:** Yes, the ESA contains provisions governing: (1) maximum demand and ramp rates; (2)
10 load forecasting and operational coordination; (3) penalties and termination rights for
11 excessive demand or operational behavior that may impact reliability; and (4) compliance
12 with the Midcontinent Independent System Operator, Inc. ("MISO"), the North American
13 Electric Reliability Corporation ("NERC"), and Cleco Power operational requirements.
14 Company witness Christopher Thibodeaux discusses these local reliability and MISO-
15 related issues in more detail in his direct testimony. Collectively, these provisions help
16 ensure that the Project's operations will not compromise reliability for existing Cleco
17 Power customers or the surrounding transmission network used by other load serving
18 entities.

19 **Q16: WHY WAS A DIRECT AGREEMENT NECESSARY?**

20 **A:** Given the size of the load and the magnitude of the investment, the Company required
21 additional contractual protections beyond the ESA itself. The Direct Agreement discussed
22 in detail by Mr. Sipowicz provides enhanced credit protection and payment assurances
23 from, and step-in rights for, the Offtaker.

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Q17: HOW DOES THE DIRECT AGREEMENT HELP PROTECT CLECO POWER AND ITS CUSTOMERS?

A: The Direct Agreement helps protect Cleco Power and its other customers in several important ways:

1. It obligates the Offtaker to cure payment defaults or assume payment responsibility if the Customer fails to meet its obligations under the ESA.
2. It establishes defined trigger events under which Cleco Power may require immediate payment of covered obligations.
3. It provides for the automatic assignment of the ESA from the Customer to the Offtaker upon specified default or bankruptcy-related events.
4. It prevents the Project parties from taking actions that could otherwise circumvent or impair Cleco Power's contractual rights.

Together, these provisions materially reduce Cleco Power's counterparty credit risk and, as such, help protect the Company's other customers from potential adverse consequences.

Q18: WHAT IS THE PRIMARY PURPOSE OF THE ASSIGNMENT AND AMENDMENT OF THE ESA?

A: The Assignment and Amendment of the ESA establishes in advance the conditions and mechanics under which the ESA may be assigned from the Customer to the Offtaker, which as noted above is the tenant of the data center. This agreement ensures that, if the Customer is no longer capable of performing, Cleco Power retains a fully enforceable ESA with the entity controlling the Project load, without regulatory, operational, or financial gaps. Simply stated, the Offtaker immediately "steps into" the existing ESA in accordance with the Assignment and Amendment Agreement of the ESA.

Q19: WHAT ROLE DOES THE PARENT GUARANTY PLAY?

A: As discussed further by Mr. Sipowicz, the Parent Guaranty is a critical component of the overall credit structure. It provides Cleco Power with an unconditional and irrevocable guarantee of payment for the Offtaker's obligations under the ESA or any replacement agreement following assignment. It is a "springing" guaranty that becomes effective automatically upon the Offtaker stepping into the ESA as described above.

Q20: WHAT IS THE SIGNIFICANCE OF THE PARENT GUARANTY FROM A CUSTOMER PROTECTION PERSPECTIVE?

A: As Mr. Sipowicz discusses further, the Parent Guaranty significantly strengthens the protection of Cleco Power's other customers by backstopping payment obligations with a large, investment-grade corporate guarantor, allowing the Company to pursue payment directly from the guarantor should the Customer fail to cure any financial obligations that have been triggered. The Parent Guaranty substantially reduces the risk that Cleco Power's other customers would bear the burden of costs in the event of early termination of the ESA. These safeguards are being implemented under the ESA to ensure that costs are not unfairly transferred to other customers and are structured to reasonably mitigate risks associated with ESA termination for financial or other reasons.

III. EVALUATION OF POTENTIAL IMPACTS TO EXISTING CLECO

POWER RETAIL CUSTOMERS

Q21: PLEASE GENERALLY EXPLAIN THE COMPANY'S APPROACH TO DETERMINING WHETHER THE PROJECT WILL IMPACT EXISTING CLECO POWER CUSTOMERS.

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1 **A:** The Company approached this Project in the same manner as any other economic
2 development opportunity involving electric service to a new customer, consistent with
3 Paragraph 5 of the Company's Standard Terms and Conditions for Electric Service ("Rate
4 Schedule STC"), which addresses Extensions of and Additions to Existing Facilities as
5 follows:

6 *"For Customers with anticipated load of more than 300 kVA, the Company*
7 *will perform an economic analysis for each Customer to determine the*
8 *additional investment justified by the Customer's anticipated continuing*
9 *annual revenue (exclusive of all allocable fuel).*

10 *In the event the cost to provide service exceeds these amounts, the*
11 *Company may require, as a condition of service, that the Customer*
12 *contribute toward such cost or guarantee payment of bills for service in*
13 *sufficient amount and for a sufficient length of time to justify the additional*
14 *cost. "*⁷
15 *cost. "*⁷

16 Simply put, under its current LPSC-approved policy, Cleco Power must identify any costs
17 necessary to provide service to customers with expected demand greater than 300 kVA and
18 compare those costs to the anticipated non-fuel revenues from those customers, ensuring
19 that near-term incremental revenues are sufficient to cover incremental costs. If the
20 anticipated non-fuel revenues under the ESA are insufficient, the customer will be required
21 to make a CIAC payment or enter into another arrangement with the Company, such as a
22 higher minimum bill. Ultimately, the goal of the Company's line extension policy is to
23 ensure that existing Cleco Power customers do not bear an unfair burden when the
24 Company provides service to a new customer. In this instance, the Customer has agreed to
25 cover 100% of the transmission and distribution infrastructure costs via CIAC payments,
26 subject to income tax gross-up, which is discussed in Ms. McDowell's direct testimony.

⁷ Rate Schedule STC at pp. 38.1-38.2.

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**Q22: PLEASE DESCRIBE THE ECONOMIC ANALYSES PERFORMED BY THE
COMPANY TO DETERMINE WHETHER ANY POTENTIAL ADVERSE
IMPACTS MIGHT OCCUR THAT WOULD AFFECT OTHER CUSTOMERS.**

A: The economic analyses Cleco Power performed to evaluate the Customer's expected annual revenues relative to the Company's anticipated incremental costs necessary to reliably serve the Customer is commonly referred to in the industry as a Ratepayer Impact Measure test ("RIM Test"), which is defined within the Tariff Filings Order.⁸ The RIM Test measures whether the NPV of the incremental revenues generated by serving a new customer is sufficient to cover the incremental costs of serving that customer, and the result of this measurement will be presented throughout my direct testimony in the form of a metric called a "RIM Test Ratio." A favorable RIM Test Ratio, meaning a RIM Test Ratio greater than or equal to 1.0, indicates that the new customer's revenues meet or exceed the incremental costs attributable to serving that customer, such that existing customers are not subsidizing the new customer. An unfavorable RIM Test Ratio (*i.e.*, less than 1.0) indicates the opposite, meaning that the incremental costs of serving the new customer exceed the expected revenues from that customer, thereby shifting a portion of those costs to existing customers through higher rates.

**Q23: DOES THE COMMISSION REQUIRE A RIM TEST WHEN EVALUATING AN
ESA FOR A NEW CUSTOMER?**

A: No. The Company is not required to conduct a RIM Test under normal circumstances. However, in this particular case, Cleco Power must perform a RIM Test to serve the

⁸ See Tariff Filings Order, at Section 601(C)(3).

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1 Customer because the ESA contains several provisions that differ from the standard,
2 applicable, LPSC-approved rate schedule that the Customer will take service under.

3 [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED] According to the Tariff Filings Order, any deviation from
7 an LPSC-approved tariff (here, the LPS rate schedule) will result in a "Site Specific
8 Contract," and the Commission's consideration and approval of a Site Specific Contract
9 requires the following supporting documentation:

- 10 • A valid public interest basis;
- 11 • A Comparative Rate Analysis;
- 12 • A RIM Test;
- 13 • Support for Public Interest Determination; and
- 14 • A Customer Affidavit.

15 A critical component of the public interest determination is demonstrating that existing
16 customers will not be adversely impacted and, when possible, how existing customers may
17 benefit from the proposed Site Specific Contract. A RIM Test provides the analytical
18 framework for making that demonstration in a quantifiable, transparent, and Commission-
19 accepted manner.

20 **IV. INCREMENTAL COSTS**

21 **Q24: PLEASE DESCRIBE THE INCREMENTAL COSTS CONSIDERED IN CLECO**
22 **POWER'S RIM TEST FOR THE PROJECT.**

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1 **A:** Throughout the engagement between Cleco Power and the Customer concerning the
2 provision of electric service, the Company assessed the Customer's needs and carefully
3 formed a plan of requirements that would reasonably fulfill those needs in a safe, reliable,
4 and economic manner. The Company determined transmission and distribution
5 investments necessary to directly interconnect the Customer and provide electric service.
6 The Company also thoroughly scrutinized potential system impacts to optimize the near-
7 and longer-term solution for service. Please see the direct testimony of Company witness
8 Shannon Jenkins for additional details regarding the direct interconnection project and the
9 associated costs and timeline. Company witness Christopher Thibodeaux discusses
10 transmission issues more broadly and the Company's various efforts regarding
11 transmission planning. Mr. Sharp discusses the Company's Interim IRP and the need for
12 near-term capacity and longer-term generation investment, while Mr. Breedlove addresses
13 the Company's aging generation fleet and the need for the proposed CCGT generator.
14 Cleco Power's RIM Test includes the incremental costs directly tied to serving the Project;
15 *i.e.*, costs which would not exist without this Customer. These costs fall into four
16 categories: (1) capacity procurement from Tenaska (*i.e.*, the Capacity Agreement), (2)
17 transmission and distribution infrastructure, (3) the potential for higher fuel cost rates, and
18 (4) potential capacity costs after the term of the Capacity Agreement ends but while the
19 ESA is still in effect. These incremental costs are included in the RIM Test and compared
20 to expected revenues, and this analysis will be referred to as the "Base RIM Test"
21 throughout my direct testimony. I will also cover an alternate scenario that considers the
22 RIM Test outcome in a situation where the Customer takes no power for the entire duration
23 of the ESA's initial term ("Minimum Bill RIM Test").

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Q25: WHAT CAPACITY-RELATED COSTS WERE INCLUDED IN THE BASE RIM TEST?

A: The first incremental cost component included in the Base RIM Test is the entire cost of the Tenaska forward capacity purchase under the Capacity Agreement, which has a 10-year term. The cost modeled is Cleco Power's contractual obligation to procure ZRCs from Tenaska to help meet the resource adequacy requirements associated with serving the Customer's peak load. The maximum total forecasted cost of the forward capacity purchase is approximately [REDACTED] over the first 10 years of the initial ESA term (commencing June 1, 2027, through May 31, 2028, corresponding to the MISO planning year and nine (9) subsequent planning years thereafter);⁹ the actual costs will depend on the available MISO-accredited capacity from Tenaska's generating unit over the life of the contract. For use in the RIM Test, the Company assumes a class average estimate for the future MISO accreditation for the Cleco Power portion of the Tenaska Frontier Generating Station, resulting in an estimated cost of [REDACTED] over the 10-year term of the Capacity Agreement. Because this capacity is being procured exclusively to serve the Customer's load, the full cost is treated as an incremental cost in the RIM Test and is directly passed through to the Customer as a separate line item under Rider 1 of the ESA, ensuring that no portion of this cost falls on existing customers. Mr. Sipowicz's direct testimony discusses this ESA provision in more detail.

During the final five years of the ESA's initial term, following the expiration of the Capacity Agreement, the Company included an assumed five-year capacity procurement

⁹ Please see Exhibit ATF-4 (HSPM) for additional details.

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1 to ensure that Cleco Power can satisfy its projected planning reserve margin obligations as
2 a MISO member and comply with the LPSC's Minimum Capacity Obligation ("MCO")¹⁰
3 requirements. Mr. Sharp addresses these requirements in detail in his direct testimony. The
4 estimated cost of the five-year capacity procurement included in the RIM Test is
5 approximately [REDACTED].

6 **Q26: CAN YOU PLEASE EXPLAIN HOW A CONTRACT FOR CAPACITY WITH AN**
7 **EXISTING RESOURCE SATISFIES RESOURCE ADEQUACY REQUIREMENTS**
8 **WHEN THE CUSTOMER IS NEW AND REPRESENTS A SIGNIFICANT**
9 **INCREMENTAL LOAD?**

10 **A:** Resource adequacy and the Company's long-term planning efforts are discussed in detail
11 in Mr. Sharp's direct testimony. However, resource adequacy and system reliability are of
12 the utmost importance when considering a project of this magnitude. [REDACTED]

13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]

¹⁰ See General Order No. 7-16-2024 (R-36263).

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1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 Second, as Mr. Sharp explains further, the Tenaska Frontier Generating Station is critical
6 for Cleco Power to meet its planning reserve margin requirements as a market participant
7 and a load serving entity in MISO. Cleco Power must maintain sufficient accredited
8 capacity to satisfy both its obligations as a member of an RTO, which plans for and
9 manages resources to ensure system reliability, and to comply with the LPSC's MCO
10 requirements, which Mr. Sharp addresses in detail in his direct testimony.

11 **Q27: WILL CLECO POWER CUSTOMERS RECEIVE ANY ENERGY PURSUANT TO**
12 **THE CAPACITY AGREEMENT?**

13 **A:** No. The Capacity Agreement only addresses ZRCs and does not provide energy benefits
14 directly to Cleco Power when the unit is dispatched. Accordingly, Cleco Power's
15 customers will not receive MISO market energy revenues from the Tenaska Frontier
16 Generating Station unit when it is dispatched in MISO, a benefit the Company's customers
17 do receive from Cleco Power-owned generation resources. However, customers are still
18 expected to benefit from the incremental availability of an efficient heat rate, gas-fired unit,
19 which will be available for dispatch to meet MISO's least-cost and reliability requirements
20 each day during the 10-year term of the Capacity Agreement. These benefits may
21 materialize in lower locational market prices ("LMPs") and in the contribution of an
22 efficient, dispatchable resource to the generation portfolio in MISO, supporting congestion
23 management and system reliability.

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Q28: HOW WERE TRANSMISSION AND DISTRIBUTION INTERCONNECTION COSTS TREATED IN THE BASE RIM TEST?

A: The second incremental cost component is the transmission and distribution infrastructure required to physically interconnect and deliver power to the Project, including substation facilities and transmission line upgrades related to serving the Project. These estimated transmission and distribution facilities costs are discussed in detail by Mr. Jenkins. Further, the investments will be funded entirely by the Customer through CIAC payments (subject to tax gross-up). Because 100% of the direct interconnection investment is covered by the Customer's CIAC payments, the transmission and distribution investment is treated as zero cost in the Base RIM Test analysis.

Q29: PLEASE DESCRIBE THE PRODUCTION COSTS ANALYSES CONDUCTED BY CLECO POWER TO ESTIMATE POTENTIAL FUEL AND PURCHASED POWER IMPACTS AS A RESULT OF SERVING THIS PROJECT?

A: Cleco Power performed production cost modeling and related analyses using the Aurora Energy Forecasting Software ("Aurora"), which simulates power system economics, forecasts wholesale electricity prices, and commits and dispatches generation to meet demand and identify reliable, least-cost system solutions, mimicking MISO. To evaluate potential impacts on existing customers through a change in its fuel adjustment clause ("Schedule FA") rates, the Company conducted two production cost simulations that were identical in all respects except for a single variable: the inclusion or exclusion of the Project's load. This approach isolates the Project's incremental effect on system costs and market outcomes.

1 **Q30: PLEASE DESCRIBE THE COMPANY'S OBSERVATIONS WHEN COMPARING**
2 **THE RESULTS OF THE TWO PRODUCTION COSTS ANALYSES, WITH THE**
3 **ONLY DIFFERENCE BEING THE INCLUSION OR EXCLUSION OF THE**
4 **PROJECT AND ITS LOAD.**

5 **A:** First, the modeling performed conservatively assumes the addition of a CCGT generator
6 in mid-2034 in both scenarios as this resource is required to serve native load regardless of
7 the Project. Therefore, the incremental impacts resulting from the analyses are attributable
8 solely to the inclusion of the Project's forecasted load.

9 Below are the Company's observations with the Customer's forecasted load included,
10 versus the same model without the Customer's forecasted load:

11 **1) Increase in MISO Market Prices:**

12 The modeled LMP outputs at Cleco Power's aggregate load node increased by
13 approximately [REDACTED] per MWh on average over the 15-year analysis period in the zonal
14 simulation. [REDACTED]

15 [REDACTED]
16 [REDACTED] As a result, the impacts related to LMP increases will be
17 conservatively reflected in the Base RIM Test results.

18 **2) Increased Utilization of Generation Resources:**

19 Cleco Power's existing generation resources operate at approximately 3% higher
20 average capacity factors with the Project in service. The most notable increases occur
21 at the Acadia and Coughlin CCGT facilities, although these increases moderate once
22 the new CCGT generator is in operation in the model.

23 **3) Higher Generation Fleet Margins:**

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1 As discussed above, some of Cleco Power's existing generation resources dispatched
2 more when the Project load was included in the simulation. The generator fleet
3 projected margins also increased, through a combination of slightly higher LMPs and
4 higher utilization by MISO to serve load in the region. On average, Cleco Power's
5 generation fleet increased margins by [REDACTED] per year, or more than [REDACTED]
6 total over the initial 15-year term of the ESA, an incremental benefit that will be flowed
7 through to all customers when calculating the Schedule FA rates.

8 **4) Net Schedule FA Rates Impact to the Base RIM Test:**

9 Although Cleco Power's generation resource total margins, as modeled, saw an
10 increase, those benefits are spread over a larger volume of energy sales due to the
11 Customer's projected energy consumption. As a result, the modeled net potential
12 impact to Schedule FA rates over the 15-year initial term of the ESA are an increase of
13 [REDACTED].

14 **Q31: WHAT ARE THE FUEL COST IMPACTS INCLUDED IN THE RIM TEST**
15 **ANALYSIS?**

16 **A:** The Company included projected Schedule FA impacts in the Base RIM Test but excluded
17 them from the Minimum Billing Demand sensitivity. In the Minimum Billing Demand
18 sensitivity, the Customer is assumed to take no energy during the entire 15-year term and,
19 therefore, would not affect the MISO energy market or the resulting Schedule FA rate
20 calculation. The modeled NPV of Schedule FA rate impacts is approximately [REDACTED],
21 which is evaluated with the Customer's projected incremental base rate and rider revenues
22 under the RIM Test framework. To reiterate, this incremental fuel cost impact is likely
23 conservative because it does not reflect the ESA provision making the Customer

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1 responsible for certain increases in the Company's Schedule FA costs, which were not
2 modeled in Cleco Power's zonal Aurora model.

3 **Q32: ARE THE NET COSTS INCLUDED IN THE RIM TESTS REASONABLE AND**
4 **SUFFICIENT TO ENSURE THAT THERE ARE NO NEGATIVE IMPACTS TO**
5 **EXISTING CLECO POWER CUSTOMERS?**

6 **A:** Yes. While it is not possible to determine with precision the exact Schedule FA rate impacts
7 that will occur in reality, production cost modeling provides a reasonable framework for
8 estimating such impacts. By incorporating these modeled incremental costs into the RIM
9 Test modeling, the Company has taken a conservative approach to evaluating whether
10 service to the Customer avoids adverse impacts on existing customers.

11 **Q33: HOW WILL THIS CUSTOMER BE TREATED UNDER THE FUEL**
12 **ADJUSTMENT AND ENVIRONMENTAL ADJUSTMENT CLAUSES?**

13 **A:** As detailed in Section 2.6 of the ESA, the Customer will be subject to Cleco Power's
14 Schedule FA, and Environmental Adjustment Clause ("Schedule EA") under Rate
15 Schedule EA in the same manner as other retail customers taking service under the LPS
16 rate schedule. The Customer will pay its proportionate share of system fuel and purchased
17 power costs based on actual metered energy consumption, ensuring that fuel and purchased
18 power costs continue to be recovered consistent with LPSC-approved tariff provisions.

19 **Q34: DOES THE ESA INCLUDE ANY PROTECTIONS TO HELP MITIGATE THE**
20 **RISK OF OTHER CUSTOMERS BEARING HIGHER SCHEDULE FA CHARGES**
21 **AS A RESULT OF SERVING THE PROJECT?**

22 **A.** [REDACTED]

23 [REDACTED]

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1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 **Q35: WERE ANY IMPACTS RELATED TO PROTECTIONS FROM [REDACTED]**
11 **[REDACTED] COST IMPACTS INCLUDED IN THE BASE**
12 **RIM TEST?**

13 A. No. As covered earlier in my direct testimony, the Company did not model or include any
14 incremental benefits related to the protections in the Base RIM Test. The additional
15 protection related to the [REDACTED] provides
16 incremental value to existing customers beyond the Base RIM Test result.

17 **V. INCREMENTAL REVENUES**

18 **Q36: WHAT ASSUMPTIONS WERE USED TO DEVELOP THE PROJECTED**
19 **REVENUES INCLUDED IN THE BASE RIM TEST?**

20 A: The projected revenue streams in the Base RIM Test analysis were derived from
21 assumptions and inputs that were provided by the Customer and assumptions developed by
22 the Company. The Customer provided information related to its estimated usage profile
23 for the facility which was used to develop the projected revenues. These inputs included

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an assumed ramp schedule, peak demand, and load factor. For purposes of this analysis, I assumed the Customer's load ramp will commence starting at [REDACTED] in [REDACTED] 2027 and increase to its peak contracted load of 430 MW by [REDACTED] 2028, when construction and commissioning of the Customer's facility are expected to be complete, as seen in Table 1 below. The Customer's average load factor is assumed at [REDACTED] which equates to approximately [REDACTED] MWh of annual energy consumption once peak load is achieved.

Table 1: Forecasted Ramp Schedule	
Service Date	Load (MW)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Q37: HOW WILL THE CUSTOMER BE BILLED AND WHAT ARE THE BASIC ASSUMPTIONS FOR BASE RIM TEST REVENUE?

A: The incremental revenues included in the Base RIM Test include all projected revenues to be recovered from the Customer pursuant to the terms of the ESA. Billing determinants are premised on projected Customer usage, and charges applied at current LPSC-approved rates. The Customer will be billed under all rates and applicable riders contained in Cleco Power's LPS rate schedule, subject to the limited modifications set forth in Rider 1 to the ESA. The Customer will be subject to the Company's Rate Schedule STC and will be billed for all applicable current and future rate riders including, but not limited to, FA and EA, Infrastructure & Incremental Cost Recovery ("ICR"), Storm Recovery Charge Adjustment, Energy Transition Charge, and Grid Resilience Recovery Cost Adjustment.

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1 To summarize, for pricing purposes, the Customer will be treated in the same manner as
2 other retail customers on Cleco Power's LPS rate schedule, except for one certain
3 modification to the LPS rate schedule that I discussed above and which renders the ESA
4 and related agreements a "Site Specific Contract" subject to Commission approval.

5 **Q38: WHAT IS THE SIGNIFICANCE OF THE RIDER 1 PROVISIONS CONTAINED**
6 **WITHIN THE ESA?**

7 **A:** As noted above, Rider 1 establishes a minimum bill provision [REDACTED]
8 [REDACTED] even if the customer has zero energy
9 consumption during a billing period. This functions as a contractual, revenue-stabilizing
10 mechanism and applies only if the Customer fails to reach its anticipated load levels. This
11 provision ensures that Cleco Power will maintain a predictable and sufficient revenue
12 stream to support its financial operations, while also guaranteeing that the Customer makes
13 a minimum contribution toward paying for the Company's embedded costs that would
14 otherwise be borne by other customers through their rates.

15 **Q39: IS THE MINIMUM BILL PROVISION A DISCOUNT TO THE LPS RATE**
16 **SCHEDULE CURRENTLY APPROVED BY THE COMMISSION?**

17 **A:** No. The minimum bill provision should not be viewed as a discount. In fact, the Customer
18 has committed to additional charges as detailed in Exhibit ATF-5 (HSPM). A comparative
19 rate analysis was conducted to show the anticipated and possible effects of adjustments to
20 the LPS rate schedule reflected in the ESA, with the expected usage of the Customer. The
21 analysis found an increase in revenue collected from the Customer over a 12-month period
22 when comparing the ESA to the LPS rate schedule, due to the protections identified earlier
23 in my direct testimony. The minimum bill provision described in Rider 1 is only applied

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1 if the Customer does not use the capacity and energy that has been made available and
2 contracted.

3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]

18 **Q40: DID THE COMPANY PREPARE A COMPARATIVE RATE ANALYSIS**
19 **EVALUATING ITS LPS RATE AGAINST THOSE OF OTHER LOUISIANA**
20 **UTILITIES?**

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1 **A.** No. Even if the Company were deemed by the Commission or a court not to have the
2 exclusive right to serve the Customer's point of delivery under the 300 Foot Rule,¹¹ which
3 is a facts and circumstances-dependent analysis determined on a case-by-case basis, no
4 other electric utilities are located in sufficient proximity for it to be realistic for another
5 utility to construct transmission facilities to serve the Customer's site.

6 **Q41: WHAT CAPACITY-RELATED REVENUES ARE INCLUDED IN THE BASE RIM**
7 **TEST?**

8 **A:** The capacity-related revenues included in the Base RIM Test and the Minimum Bill RIM
9 Test are revenues that recover the forward capacity purchased by Cleco Power from
10 Tenaska, which reflects the direct pass-through of an estimated [REDACTED] over the 10-
11 year term of the Capacity Agreement. As discussed above in my description of incremental
12 costs, the full cost of the Tenaska transaction is billed directly to the Customer as a separate
13 billing component and recovered on a dollar-for-dollar basis each month. As a result, the
14 revenue precisely offsets the associated capacity procurement cost in the RIM Test
15 analyses, confirming that existing customers are not responsible for any portion of this
16 obligation.

17 **Q42: HOW MUCH REVENUE IS PROJECTED UNDER THE EXPECTED BILLING**
18 **SCENARIO?**

19 **A:** Under the expected billing scenario, the Customer is anticipated to achieve its forecasted
20 ramp and operate at its full contract demand, meaning that billing will occur in the same
21 manner as for other customers on the LPS rate schedule, based on actual measured demand

¹¹ LPSC General Order dated October 6, 2005 (the "300 Foot Rule").

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1 and energy consumption each month. Under this scenario, the Customer's billings are
2 expected to produce total base rate and rider revenues greater than \$2 billion [REDACTED]
3 across the ESA's initial term at current rates, excluding capacity charges attributable to the
4 Tenaska capacity purchase. A projected annual sample bill for the ESA term is illustrated
5 in Exhibit ATF-6 (HSPM).

6 **Q43: HOW MUCH REVENUE IS PROJECTED UNDER THE MINIMUM BILLING**
7 **SCENARIO?**

8 **A:** Under the minimum billing scenario, the Company assumes the Customer takes no power,
9 thereby triggering the minimum Billing Demand billing charges. In this unlikely, but
10 technically possible, hypothetical, the Customer would not consume greater than [REDACTED]
11 [REDACTED] for a consecutive 262,800 periods of 30-minute interval
12 demand measurements. To reiterate, this unlikely scenario assumes the Customer is billed
13 at [REDACTED] for the *entire* contract term while consuming zero
14 energy. Under this very conservative scenario, the Customer's billings are expected to
15 produce total base rate and rider revenues of greater than \$1.5 billion [REDACTED] across
16 the initial ESA term at current rates, excluding capacity charges attributable to the Tenaska
17 capacity purchase. A projected sample bill for the ESA term for this scenario is illustrated
18 in Exhibit ATF-7 (HSPM).

19 **Q44: DID THE COMPANY INCLUDE CUSTOMER BENEFITS FROM POTENTIAL**
20 **FUTURE BASE RATE REVENUE REQUIREMENT INCREASES IN THE BASE**
21 **RIM TEST OR THE MINIMUM BILL RIM TEST?**

22 **A:** No. The Company did not factor in benefits from future base rate revenue increases in the
23 RIM Test modeling, which could impact existing customers variably depending on the

1 magnitude of future revenue requirement increases and rates approved by the Commission.
2 Cleco Power expects additional prudent investments will be necessary to maintain reliable
3 and affordable service to its customers, along with rising expenses from inflation and
4 potentially increasing revenue needs during this ESA's initial term and beyond. However,
5 the Company chose to base its RIM Test results on current rates and revenue requirements,
6 avoiding assumptions about uncertain future changes that might obscure the fundamental
7 evaluation of the present opportunity.

8 **VI. ANALYSES RESULTS**

9 **Q45: WHAT DISCOUNT RATE WAS APPLIED IN THE RIM TESTS, AND WHY IS**
10 **THAT RATE APPROPRIATE?**

11 **A:** Each RIM Test applies a discount rate of 10.28%, which represents Cleco Power's
12 requested weighted average cost of capital ("WACC"). This rate is calculated based on the
13 Company's authorized capital structure of 52% equity, with a requested return on equity
14 ("ROE") of 10.7% as discussed further in the 2027 Rate Case, and 48% long-term debt at
15 a cost of approximately 5.88%.

16 The WACC is the appropriate discount rate for the RIM Test analyses because it reflects
17 the actual rate of return Cleco Power must earn on invested capital to satisfy the financial
18 obligations associated with serving the Customer. It also reflects the Company's most
19 recent requested capital structure and ROE, which are currently under review by the LPSC
20 in the 2027 Rate Case.

21 By discounting both revenues and costs using the WACC, the analysis accounts for the
22 time value of money and the cost of capital deployed to serve the Project. This approach
23 provides a conservative and financially rigorous measure of revenue sufficiency and, as

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1 reflected in the favorable RIM Test Ratio results under both the expected and minimum
2 Billing Demand scenarios, confirms that the Customer's revenues are sufficient to cover
3 the incremental cost of service.

4 **Q46: PLEASE SUMMARIZE THE RIM TEST RESULT UNDER THE EXPECTED**
5 **BILLING SCENARIO.**

6 **A:** The Base RIM Test result is a positive NPV of [REDACTED] resulting in a RIM Test Ratio
7 significantly more than 2.0 [REDACTED], which reflects a substantial positive benefit to existing
8 customers. This scenario assumes the Customer achieves its anticipated peak load of 430
9 MW and is billed at the current LPSC-approved LPS rate and applicable riders.
10 Incremental costs include the forward capacity purchase associated with the Capacity
11 Agreement, zero costs related to planned transmission and distribution investments
12 because of the Customer's CIAC payments, potential Schedule FA rate impacts, and the
13 estimated cost of capacity after the Capacity Agreement's term ends. Please see Exhibit
14 ATF-8 (HSPM) for additional details.

15 **Q47: PLEASE SUMMARIZE THE RIM TEST RESULT UNDER THE MINIMUM**
16 **BILLING DEMAND SCENARIO.**

17 **A:** The RIM Test result under this scenario, called the "Minimum Bill RIM Test," yields a
18 positive NPV of [REDACTED], still maintaining a RIM Test Ratio significantly more than
19 2.0 [REDACTED], which reflects a substantial positive benefit to existing customers. This scenario
20 conservatively assumes the Customer takes no power for the entire 15-year initial term of
21 the ESA, thereby resulting in minimum Billing Demand charges, but no energy-related
22 charges, including Schedule FA charges. In the modeling analyses, the Customer is
23 assumed to be billed at the current LPSC-approved LPS rate and applicable riders at [REDACTED]

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1 [REDACTED] and appropriately will still be charged for IICR and other demand-
2 determinant-based riders. Incremental costs include the forward capacity purchase from
3 Tenaska, zero costs related to planned transmission and distribution investments because
4 of the Customer's CIAC payments, and the cost of capacity after the Capacity Agreement's
5 term ends. This scenario does not include fuel or power purchase impacts (due to no energy
6 utilization). Please see Exhibit ATF-8 (HSPM).

7 **VII. ADDITIONAL COST SHARING AND RATEMAKING BENEFITS**

8 **Q48: WHAT COST-SHARING BENEFITS DOES SERVING THE CUSTOMER BRING**
9 **TO EXISTING REVENUE REQUIREMENTS?**

10 **A:** As described earlier in my direct testimony, the Customer is subject to all rates and riders
11 applicable under the LPS rate schedule, which are designed to recover the Company's
12 LPSC-authorized revenue requirements. Per the rate schedule, customers taking service
13 under LPS are responsible for contributing to the recovery of rider revenue requirements
14 ("Riders"), including the IICR, Excess Deferred Income Taxes ("EDIT") Giveback, Storm
15 Recovery Charge Adjustment, Surcredit Adjustment, Energy Transition Charge
16 Adjustment, Energy Transition Surcredit Adjustment, and Grid Resilience Cost Recovery
17 Adjustment.

18 Because the Customer's revenue and Billing Demand will be included in the ratemaking
19 for Riders, the Customer contributes to the recovery of existing Riders and provides
20 immediate cost-sharing benefits by paying for costs that otherwise would have been borne
21 by existing customers. Once the Customer's load has the operational capability of reaching
22 full capacity as is expected to occur in 2028, the Customer is expected to relieve existing
23 customers of more than \$100 million in aggregate for the costs of Riders over the term of

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1 the ESA. In summary, the Customer paying its fair share of Riders supports the Company's
2 objective of maintaining affordable electric rates in Louisiana.

3 **Q49: WHAT WILL THE CUSTOMER CONTRIBUTE TO THE 2027 FORMULA RATE**
4 **PLAN ("FRP") AS PROPOSED IN CLECO POWER'S 2027 RATE CASE?**

5 **A:** In relation to Cleco Power's pending 2027 Rate Case, the Customer will be subject to and
6 billed under the tariff modifications approved by the Commission's order resulting from
7 that proceeding and will take service under an approved base rate and applicable riders.
8 The Company's proposed base rates do not factor in an adjustment for the Customer's
9 expected billing determinants or revenue; however, the Customer will contribute base rate
10 revenues used for deferrals and any FRP adjustments that may occur, pending approval of
11 the proposed deadband mechanics in the 2027 Rate Case proceeding. The proposed
12 deferral methodology and mechanics are covered in more detail by Ms. McDowell. This
13 treatment, assuming Commission approval, will allow the Company to optimize the
14 proposed revenue deferral plan, benefiting customers through rate stability and ensuring
15 the financial health of Cleco Power through the construction period until the proposed
16 CCGT generator is placed in-service.

17 **Q50: GENERALLY, HOW WOULD THE PROJECT BENEFIT EXISTING**
18 **CUSTOMERS IN ANY ADDITIONAL FUTURE BASE RATE REVENUE**
19 **REQUIREMENT INCREASES?**

20 **A:** Assuming that any future base rate revenue requirement increase would be allocated in
21 accordance with the Company's existing cost allocation methodology, under which base
22 rate revenues are used as the allocator to assign revenue responsibility among customer
23 classes, and the same or similar current customer energy usage and characteristics,

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1 approximately [REDACTED] of any incremental revenue requirement would be assigned to the
2 Customer's class, thereby reducing the relative share borne by other customers as base rates
3 are redesigned, and in this example, increased. For illustrative purposes, a [REDACTED]
4 base rate increase would result in approximately [REDACTED] being allocated to the
5 Customer's class. All values discussed in this section represent additional, supplemental
6 benefits to existing customers, above and beyond the RIM Test results presented earlier in
7 my direct testimony.

8 **Q51: SPECIFICALLY, HOW DOES THE COMPANY ANTICIPATE THE PROJECT**
9 **WILL BENEFIT EXISTING CUSTOMERS BY CONTRIBUTING TO THE CCGT**
10 **GENERATOR REVENUE REQUIREMENT?**

11 **A:** First, revenues from the Customer under the current LPS rate schedule are expected to
12 dramatically reduce the CCGT generator revenue requirement prepared by Ms. McDowell
13 that would otherwise be recovered from existing customers. Because the Customer's
14 billing determinants and revenues were not reflected when current rates were established,
15 serving the Project will generate incremental revenues that can offset amounts otherwise
16 collected through future rate resets. This benefit is projected to reduce the first full-year
17 revenue requirement of the CCGT generator recovered from existing customers by
18 approximately [REDACTED].

19 Second, as discussed earlier in my testimony and also by Ms. McDowell, the proposed
20 imputed deferral would be accumulated and later unwound when rates are reset after the
21 CCGT generator's commercial operation date. Flowing back the proposed deferral balance
22 is estimated to reduce collections from existing customers by [REDACTED] in year one.

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1 Collectively, the combined effect of ongoing revenue from the Customer and the proposed
2 deferral has the potential to reduce the net CCGT generator revenue requirement recovered
3 from existing customers by approximately [REDACTED]. These benefits are expected to
4 provide measurable near-term and long-term value for existing customers. Serving the
5 Customer can help stabilize rates until the proposed CCGT generator is placed in service
6 and significantly mitigate rate impacts for existing customers by more than one-half once
7 rates are adjusted to recover the proposed CCGT generator costs. The Project therefore
8 presents a unique opportunity for Cleco Power and its existing customers to balance
9 resource and reliability needs with rate stability and customer affordability.

10 **VIII. CONCLUSION**

11 **Q52: HOW DOES THE COMPANY INTEND TO REPORT THE COMPLIANCE OF**
12 **ESA TERMS, FORECASTED AND ACTUAL SERVICE, AND ISSUES RELATED**
13 **TO BILLING AND COST RECOVERY?**

14 **A:** As referenced in Mr. Owens' testimony regarding the "On-going Oversight" provisions
15 included in Section XII of Large Load Additions Non-Binding Guidelines, the Company
16 will file an annual report within 45 days following the start of the initial ESA term
17 (expected mid-2027) and each year thereafter until one year after the new CCGT generator
18 comes online. This report will be submitted as HSPM and will include, at a minimum, the
19 Customer's forecasted and actual usage and demand, the monthly billing for the applicable
20 term, and will address compliance with ESA terms.

21 In addition, in the event of disputes, or material modifications to or cancellations of the
22 ESA or related agreements, the Company will provide notice to Commission within thirty

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(30) days of such occurrence. As appropriate, such matters will also be reflected in the subsequent annual report.

Q53: HAS THE CUSTOMER SUBMITTED AN AFFIDAVIT IN SUPPORT OF THE SITE SPECIFIC CONTRACT AS REQUIRED BY THE COMMISSION'S TARIFF FILINGS ORDER?

A. Yes. I have attached a copy of the Customer's affidavit to my direct testimony as Exhibit ATF-9 (HSPM).

Q54: PLEASE SUMMARIZE YOUR DIRECT TESTIMONY.

A: My direct testimony demonstrates that Cleco Power's proposed service to the Customer's hyperscale data center Project is structured to serve a substantial new economic development load while protecting existing Cleco Power customers from adverse cost impacts. The ESA and related agreements assign Project-specific costs to the Customer, including transmission and distribution CIAC payments, the full cost of the Tenaska forward capacity purchase, minimum billing obligations based on [REDACTED], and include termination protections backed by enhanced credit support.

My direct testimony also explains that the Project is expected to create measurable and meaningful benefits for existing customers. Under the expected billing scenario, the Customer is projected to contribute nearly \$3 billion [REDACTED] in total non-fuel revenues over the initial ESA term, which, to be clear, includes the capacity charges attributable to the Tenaska capacity purchase, producing a favorable Base RIM Test NPV of approximately [REDACTED] and a RIM Test Ratio significantly more than 2.0 [REDACTED]. Even under the conservative minimum billing scenario, where the Customer takes no

CLECO POWER LLC
DIRECT TESTIMONY OF AUSTIN T. FINN
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1 energy for the full 15-year term, the analysis still produces a positive NPV of approximately
2 [REDACTED] and maintains a RIM Test Ratio significantly more than 2.0 [REDACTED].

3 The positive value demonstrated by the RIM Tests represents tangible economic benefits
4 for existing customers, resulting from providing services to the Customer, and will reduce
5 the impacts of existing and future costs (including the CCGT generator necessary for all
6 Cleco Power customers), helping spread those system costs over a larger billing base and,
7 thus, reducing the burden that would otherwise fall on existing customers.

8 My testimony further describes the contractual protections addressing fuel and wholesale
9 market impacts, [REDACTED]

10 [REDACTED]

11 [REDACTED].

12 Overall, my testimony supports approval of the ESA and related agreements as reasonable
13 and necessary. The agreements enable Cleco Power to serve a substantial new load, support
14 economic development in Louisiana, and provide at a minimum more than \$700 million in
15 NPV benefits to existing customers over the next 15 years, which would be available to
16 help cover existing and future embedded costs including the new CCGT generator when it
17 comes online. As described above, there is the potential for additional benefits if the
18 Customer continues taking service beyond the initial term of the ESA. The benefits
19 provided by the Customer are expected to materially reduce the rate impact associated with
20 the proposed CCGT generator through the revenues provided by the Customer and the
21 proposed deferral mechanism. At the same time, the ESA and related agreements protect
22 existing customers through minimum billing obligations, strong credit support, and
23 ongoing reporting requirements.

**CLECO POWER LLC
DIRECT TESTIMONY OF AUSTIN T. FINN
LPSC DOCKET NO. U-_____**

- 1 **Q55: DOES THIS CONCLUDE YOUR TESTIMONY?**
- 2 **A:** Yes, at this time.

STATE OF LOUISIANA

PARISH OF RAPIDES

AFFIDAVIT

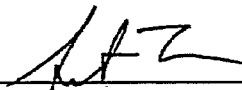
BE IT KNOWN, that before me, the undersigned Notary Public, duly commissioned and qualified for the state and parish/county aforesaid, personally came and appeared:

AUSTIN FINN

("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.


Austin Finn
Cleco Power LLC
2030 Donahue Ferry Road
Pineville, LA 71360

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


NOTARY PUBLIC
BAR ROLL/NOTARY ID NO.: 51231
MY COMMISSION EXPIRES: at death



EXHIBIT ATF-1

LETTER FROM CLECO POWER TO LPSC EXECUTIVE COUNSEL



2030 Donahue Ferry Road
P. O. Box 5000
Pineville, LA 71361-5000
318-484-7400
www.cleco.com

April 30, 2026

CONFIDENTIAL

VIA E-MAIL

Ms. Kathryn Bowman
Executive Counsel
Louisiana Public Service Commission
602 North Fifth Street, 12th Floor
Baton Rouge, LA 70802

Re: Cleco Power LLC: Notice to the Louisiana Public Service Commission's Executive Counsel Regarding the Directive on the Commission's Lightning Initiative.

Ms. Bowman:

This letter is submitted to the Louisiana Public Service Commission's ("LPSC" or the "Commission") Executive Counsel on behalf of Cleco Power LLC ("Cleco Power") pursuant to a directive adopted by the Commission at its December 17, 2025, Business and Executive Session ("B&E"), as described below.

At the Commission's December 2025 B&E, Commissioner Coussan offered a directive to ensure that utilities can meet the power needs of new and expanding load by establishing a new regulatory pathway (the "Lightning Initiative Directive"). The Lightning Initiative Directive was adopted by a majority vote of the Commissioners.

The Lightning Initiative Directive provides the following:

1. The requirements of General Order 10-14-2024 (R-34247) are considered waived for a proposed capacity addition where the following factors are demonstrated and proven in the certification proceeding:

a. A signed electric service agreement ("ESA") with a new or expanding load with a requested initial in-service date within five years of the certification application;

b. Without the proposed capacity, the utility is projected to be short of the energy or capacity needed to meet the customer's electric requirements on the requested in-service dates;

Ms. Kathryn Bowman
April 29, 2026
Page 2

c. A letter from the Secretary of Louisiana Economic Development confirming the customer's interest and the importance of power availability within the five-year initial in-service date;

d. The ESA has a term of at least 15 years, with an option to renew; and

e. The ESA ensures a level of fixed revenue over the term of the ESA that will cover at least one-half of the fixed revenue requirement associated with the requested capacity during the term of the customer ESA.

2. Further, for any certification proceeding that is filed consistent with the requirements of this directive, I direct Staff to take reasonable steps to ensure that those applications are reviewed and processed on a timely basis, including retention of counsel and consultants as necessary, and handling any matters that arise with interventions, with the objective of the Commission being able to vote within 8 months of an application. Any utility seeking to take advantage of this regulatory pathway shall communicate with the Executive Counsel at least 60 days prior to any filing made at the Commission.

3. Nothing herein shall be construed to relinquish the Commission's authority over the proposed capacity additions, including, but not limited to the determination of whether the capacity addition serves the public interest and the prudence of the utility's management of the procurement, construction, or contract administration associated with such capacity additions. Further, nothing herein shall be construed as restricting or limiting any party's participation in a certification proceeding that is filed pursuant to this directive.

Pursuant to Paragraph 2 of the Lightning Initiative Directive, Cleco Power hereby provides notice of its intent to initiate a certification proceeding pursuant to the Lightning Initiative Directive and anticipates filing an application with the Commission on or about July 1, 2026, which is more than sixty (60) days from the date of this letter. The request is based on a signed ESA for new load that the Company expects will satisfy the requirements of provisions 1(a) – (e) of the Lightning Initiative Directive.

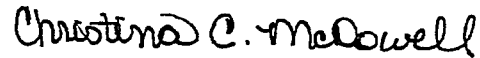
Cleco Power's application will include, among other things, requests to certificate a bridge capacity purchase agreement and a new natural gas combined cycle generating facility ("CCGT") to serve the large new load and Cleco Power's existing customers, the need for which has been accelerated by the large new load. The bridge capacity agreement is set to begin mid-2027 to meet the customer's requirement to begin taking electric service next year and to provide sufficient capacity for Cleco Power to meet its obligations. While the new CCGT facility would not enter service for more than five years from today, given current market conditions, Cleco Power must begin planning and procurement activities (including the incurrence of significant non-refundable costs) as soon as possible or risk material cost increases and material delay beyond the needed in-service date. These issues will be addressed in detail in Cleco Power's application.

Ms. Kathryn Bowman
April 29, 2026
Page 3

This letter is submitted solely to provide notice to the Commission's Executive Counsel that Cleco Power intends to avail itself of the regulatory pathway established by the Lightning Initiative Directive in an application to be filed no fewer than sixty (60) days from the date hereof.

Should there be any questions, please do not hesitate to contact me.

Sincerely,



Christina C. McDowell

cc: Mr. Brandon Frey, LPSC Executive Secretary
Mr. Mark Kleehammer, Cleco Power LLC
Ms. Christina C. McDowell, Cleco Power LLC
Mr. Nathan G. Huntwork, Phelps Dunbar, L.L.P.
Mr. Daniel T. Pancamo, Phelps Dunbar, L.L.P.
Mr. Collin Buisson, Phelps Dunbar, L.L.P.

EXHIBIT ATF-2

LETTER FROM LOUISIANA ECONOMIC DEVELOPMENT TO CLECO POWER

Jeff Landry
Governor



Susan Bonnett Bourgeois
Secretary

June 17, 2026

Mr. Brandon Frey
Executive Secretary
Louisiana Public Service Commission
Galvez Building, 12th Floor
602 North Fifth Street
Baton Rouge, LA 70802

Re: Planned Investment by Applied Digital Corporation in Rapides Parish

Dear Mr. Frey,

Pursuant to the requirements of the Lightning Amendment to the General Order (the "Lightning Amendment") issued by the Louisiana Public Service Commission ("LPSC" or the "Commission") during its Business and Executive Session on December 17, 2025, Louisiana Economic Development ("LED") is pleased to confirm that Applied Digital Corporation has expressed interest in developing a state-of-the-art artificial intelligence (AI) factory campus, to be known as Delta Forge 1, in Rapides Parish, Louisiana, provided that it can secure, among other project requirements, adequate power availability within the next five years, including initial utility contract power in 2027.

As recognized by the Commission in issuing the Lightning Amendment, Louisiana is well-positioned to compete for economic development opportunities and has earned national recognition in recent years for its commitment to fostering a business-friendly environment. These efforts are producing tangible results, as evidenced by a series of transformative economic development announcements across the state in recent years.

Provided that the project's power and other operational requirements are met, Applied Digital Corporation's planned investment will further accelerate the economic momentum that has taken hold in Central Louisiana. LED looks forward to the continued growth and success in Rapides Parish and communities throughout the state as projects such as Delta Forge 1 move forward, generating substantial capital investment, creating new opportunities for Louisiana residents, and catalyzing additional economic activity for the benefit of all Louisiana citizens.

Sincerely,

Susan Bonnett Bourgeois
Secretary
Louisiana Economic Development

cc: Bill Fontenot, Cleco Corporate Holdings LLC

100 North Street, 7th Floor • Baton Rouge, LA 70802 • 225.342.3000 • OPPORTUNITYLOUISIANA.COM
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EXHIBIT ATF-3

ELECTRIC SERVICE AGREEMENT AND RELATED DOCUMENTS

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

^

EXHIBIT ATF-4

FORWARD CAPACITY PURCHASE COST

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

EXHIBIT ATF-5

COMPARATIVE RATE ANALYSIS

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

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EXHIBIT ATF-6

PROJECTED SAMPLE BILL – EXPECTED BILLING SCENARIO

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

EXHIBIT ATF-7

PROJECTED SAMPLE BILL – MINIMUM BILLING SCENARIO

REDACTED TO OMIT CONFIDENTIAL,
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EXHIBIT ATF-8

RIM TEST RESULTS

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RULES OF PRACTICE AND PROCEDURE

EXHIBIT ATF-9

CUSTOMER AFFIDAVIT

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