

RECEIVED

JUN 30 2023

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

LA Public Service Commission

**EX PARTE:)
APPLICATION OF CLECO)
POWER LLC FOR: (1))
IMPLEMENTATION OF)
CHANGES IN RATES TO BE) DOCKET NO. U-_____
EFFECTIVE JULY 1, 2024; AND)
(2) EXTENSION OF EXISTING)
FORMULA RATE PLAN)**

**DIRECT TESTIMONY
OF
P. ANDRE GUILLORY II
ON BEHALF OF
CLECO POWER LLC
JUNE 30, 2023**

**CLECO POWER LLC
DIRECT TESTIMONY OF P. ANDRE GUILLORY II
LPSC DOCKET NO. U-_____**

EXHIBITS

EXHIBIT NO.	DESCRIPTION
PAG-1	Order No. U-33434-A Attachment B: Cleco Power's Service Quality Program

TABLE OF CONTENTS

I.	INTRODUCTION AND BACKGROUND.....	1
II.	TECHNOLOGY INVESTMENTS HAVE MODERNIZED SERVICE QUALITY AND OPERATIONS FOR CLECO POWER’S CUSTOMERS	2
III.	SERVICE QUALITY PROGRAM RENEWAL	8
IV.	CONCLUSION.....	9

I. INTRODUCTION AND BACKGROUND

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

A: My name is Andre Guillory. I am the Vice President and Chief Customer Officer of Cleco Power LLC ("Cleco Power" or the "Company"). My business address is 2030 Donahue Ferry Road, Pineville, Louisiana, 71360.

Q: PLEASE DESCRIBE YOUR JOB RESPONSIBILITIES.

A: In my role as Vice President and Chief Customer Officer, I am ultimately responsible for the experience and satisfaction of Cleco Power customers. I oversee Cleco Power's Customer Operations and Distribution Operations, which consist of customer service, customer billing, service reliability, and engineering. I ensure Cleco Power customers receive quality and reliable electric service, accurate monthly bills, and a helpful, friendly customer service experience.

Q: PLEASE DESCRIBE YOUR PROFESSIONAL AND EDUCATIONAL HISTORY.

A: I received a Bachelor of Science degree in electrical engineering from McNeese State University in Lake Charles, LA in 2005. In 2006, I accepted a position with Cleco Power. Since then, I have served in various roles supporting Transmission relaying and design, metering, and substation troubleshooting. From 2010 through 2013, I served as functional lead and Project Manager on Cleco Power's Advanced Metering Infrastructure implementation. I have initiated and supervised Cleco Power's Distribution Automation team and managed the Company's Northern District Distribution Engineering group. In 2016, I assumed the role of Program Manager for Cleco Power's Strategic Application Roadmap & Transformation ("START") project. Following implementation and stabilization of the START project, I transitioned to Director of Billing, Metering and

1 Revenue Collection, before taking on my current role overseeing Distribution and
2 Customer operations.

3 **Q: HAVE YOU PREVIOUSLY PRESENTED TESTIMONY IN A REGULATORY**
4 **PROCEEDING?**

5 **A:** No, I have not previously presented testimony in front of the Commission.

6 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

7 **A:** My testimony supports Cleco Power's application in this proceeding. Based on my
8 experience in utility operations, my testimony will provide insight to the benefits of Cleco
9 Power's recent technology investments – both to internal stakeholders and the Company's
10 customers.

11 **II. TECHNOLOGY INVESTMENTS HAVE MODERNIZED SERVICE QUALITY**
12 **AND OPERATIONS FOR CLECO POWER'S CUSTOMERS**

13 **Q: PLEASE DESCRIBE THE RECENT TECHNOLOGY INVESTMENTS TO**
14 **MODERNIZE SERVICE QUALITY AND OPERATIONS FOR CLECO POWER'S**
15 **CUSTOMERS.**

16 **A:** Since 2017, Cleco Power has invested in technologies to modernize its utility operations
17 and its customers' experience. At the core of these sustainability and modernization
18 investments are technology platforms such as the SAP Enterprise Resource Planning
19 ("ERP") system (i.e., the START project), the Advanced Distribution Management System
20 ("ADMS"), and the Digital Customer Self-Service Platform.

21 Cleco Power's investments in its transformation from outdated, functionally limited,
22 disparate systems to standard enterprise solutions covering Customer, Supply Chain, Asset
23 & Work Management and Financial Accounting functions have been a core catalyst to

1 modernizing the way Cleco Power operates its business and serves its customers. The SAP
2 ERP solution itself allows more consistent capture and utilization of data to make business
3 decisions, with the additional benefit of the ability to integrate other operational systems
4 to the core SAP ERP platform. Cleco Power's SAP ERP platform sits at the center of an
5 operational data ecosystem, where decision makers can combine and relate information to
6 plan and execute work with predictable customer benefits.

7 **Q: PLEASE DESCRIBE HOW CLECO POWER'S TECHNOLOGY INVESTMENTS**
8 **HAVE IMPROVED CUSTOMERS' SERVICE QUALITY AND EXPERIENCE.**

9 **A:** The integration of Cleco Power's Customer Contact Center (call center service solution)
10 with SAP's customer information system provides customer service representatives with
11 near immediate access to customers' account history, billing history, service requests, order
12 statuses, and other customer-facing data – enabling faster and more effective resolution of
13 customer issues and requests. The newly-enabled automated functionality also provides
14 opportunities for personalized proactive customer outreach regarding account issues and
15 program offerings.

16 The technology-enabled customer callback feature prevents customers from waiting on
17 “hold” for an available Call Center customer service representative if or when hold times
18 exceed 5 minutes. This feature will hold a caller's place in the queue and outbound dial the
19 customer when an agent becomes available.

20 Cleco Power's Digital Customer Self-Service Platform and new MyAccount provide an
21 enhanced customer experience and new functionalities to meet increasing customer
22 expectations around their digital interactive experience. The new functionalities include:

CLECO POWER LLC
DIRECT TESTIMONY OF P. ANDRE GUILLORY II
LPSC DOCKET NO. U-_____

- 1 ○ Access to advanced meter hourly and daily usage data, to inform customers of their
2 usage trends and drivers.
- 3 ○ Configurable daily usage alerts notify participating customers if or when their daily
4 usage exceeds their personalized pre-set usage thresholds, giving customers an
5 opportunity to change usage trends affecting their future bill.
- 6 ○ Comparative billing functions allow customers to compare their current bill and usage
7 to their own historical bills and usage. Customers are also able to compare their bill
8 amounts and usage to their neighbors (by zip code average) and Cleco Power's
9 customers in-general.
- 10 ○ Predictive billing functionality provides customers insight into their next monthly bills
11 based on usage thus far within their billing period – allowing opportunities to change
12 usage habits and giving customers control over their electric bills.
- 13 ○ Self-service functionality allows customers to view and report outages directly from
14 Cleco Power's online outage map without the need to call or text a customer service
15 representative.
- 16 ○ Customers can enroll in Budget Billing, request payment extensions, and request
17 installment plans directly from the customer portal – without the need to contact the
18 Company's customer service representatives.
- 19 ○ Newly available digital payment methods such as Apple Pay, Google Pay, PayPal and
20 Venmo provide customers with more options and flexibility to meet their personal
21 needs or preferences.

1 ○ In addition to the browser-based, mobile-friendly accessibility, the Digital Customer
2 Self-Service Platform will be accessible through a native mobile application (iOS and
3 Android) expected in 2023.

4 Integration of Cleco Power's Landis + Gyr Advanced Metering Infrastructure ("AMI")
5 solution to SAP's customer information and work management system provides highly
6 accurate and timely customer monthly bills and allows automated remote service start and
7 stop capabilities, reducing customer wait times.

8 Following the recent implementation and integration of Cleco Power's AMI, ADMS,
9 Digital Portal and SAP Work Management solutions, the Company was able to notify
10 customers of power outages, estimated times of restoration and actual outage restoration
11 events.

12 **Q: PLEASE DESCRIBE HOW CLECO POWER'S TECHNOLOGY INVESTMENTS**
13 **HAVE ENABLED OPERATIONS TO BE MORE RELIABLE AND RESILIENT.**

14 **A:** The implementation and integration of Cleco Power's standardized Geographic
15 Information System ("GIS") with the Company's AMI meter data systems and SAP's
16 customer, asset and work management information provide decision makers with valuable
17 insights necessary to optimize resources such as:

- 18 ○ Data-driven spend, productivity analysis, and resource deployment related to vegetation
19 management, which improves customer service reliability by ensuring the most productive
20 utilization of contractor crews and budget to reduce vegetation-related interruptions.
- 21 ○ Data-driven reliability initiatives based on outage causes and duration analyses, which
22 reduce customer interruption frequency and duration.

**CLECO POWER LLC
DIRECT TESTIMONY OF P. ANDRE GUILLORY II
LPSC DOCKET NO. U-_____**

- Granular, geography-based identification of worst performing customers (more granular than overall circuit performance), which allows Operations leadership to address issues affecting customers experiencing frequent and prolonged service interruptions.
- Identification of customers experiencing high instances of momentary outages (blinks or voltage dips), which is enabled through analysis of related meter and circuit events. System issues are being identified and rectified even before sustained outages occur.
- Cleco Power's DSCADA¹ and DSMART² initiatives, which facilitate remote status and control of Distribution level substation and line protection equipment. Automation of field switching devices through the ADMS enable near real-time fault location identification and switching response to limit the number of customers affected by a system fault and restore power through alternate sources to reduce overall customer hours out associated with outage events.

Benefits include:

- Reduced post-fault patrol time
- Reduced restoration times through remote switching/isolation capabilities
- Decreased numbers of affected customers through automated circuit reconfiguration and fault isolation

¹ Distribution-level Supervisory Control and Data Acquisition is the initiative which consists of providing field and back-office computer-based systems for gathering and analyzing real-time data to monitor and control equipment on Cleco Power's distribution network.

² DSMART is the initiative by which Cleco Power installs and utilizes computer-based, intelligent distribution field equipment to automate the detection and location of system faults, isolation of faulted circuit segments and restoration of customer services that can be safely served through alternate power sources until the fault can be permanently repaired. This "smart" technology reduces the number of customers affected by system faults without the need for costly and time-consuming truck rolls for manual switching and system reconfiguration. DSMART systems are configured such that fault detection, isolation and system reconfiguration is done within seconds and without necessary intervention from remote control center operators.

- 1 ▪ Improved safety through reduction in drive-times necessary for patrolling and
- 2 switching
- 3 ▪ Enhanced data collection to support ongoing analytics-driven reliability efforts
- 4 ○ Implementation and integration of Cleco Power's SAP Asset Management data with its
- 5 GIS topology, which enable risk and vulnerability analyses related to major storm events.
- 6 From this, the Company is better able to proactively plan and execute projects to increase
- 7 the ability of the Company's generation, transmission and distribution infrastructure to
- 8 withstand hurricane, freeze and flooding events, thereby improving Cleco Power grid
- 9 resiliency and minimizing cost and time associated with recovery.
- 10 ○ Better storm impact predictions and resource planning based on asset age/location and
- 11 vegetation condition, which results in improved resource planning/utilization during major
- 12 events, thus reducing restoration time and cost.
- 13 ○ Advanced GIS mapping tools, which provide mechanisms for digital, real-time damage
- 14 assessment and reporting to expedite material availability, direct resources and provide
- 15 timely restoration time/cost estimates.

16 **Q: PLEASE DESCRIBE HOW CLECO POWER'S TECHNOLOGY INVESTMENTS**
17 **ENSURE SUSTAINABILITY FOR THE FUTURE.**

18 **A:** The modern, cloud-based technology solutions that Cleco Power has recently implemented
19 allow for customer benefits today, while ensuring sustainability of systems, processes, and
20 people for tomorrow such as:

- 21 ○ Upgradeability of supported systems and cybersecurity safeguards.
- 22 ○ The integration of information systems that allows for predictive modeling and preparation
- 23 for the future of Cleco Power's Distribution grid such as:

- 1 ▪ Management and protection related to Distributed Energy Resources; and
- 2 ▪ Prediction and preparedness for increasing Electric Vehicle adoption and
- 3 utilization.
- 4 ○ Enhanced capability to administer various customer billing and rate structures (e.g. time-
- 5 of-use billing, prepaid billing, and levelized billing) at-scale.
- 6 ○ Remote worker access and capability to improve recruiting and retention amidst changing
- 7 needs for advanced skillsets, employee health and safety, and increasingly competitive job
- 8 markets.

9 **Q: WERE THE AFOREMENTIONED FUNCTIONAL AND TECHNICAL**
10 **IMPROVEMENTS POSSIBLE WITH PRE-SAP (LEGACY) SYSTEMS?**

11 **A:** Largely, no. The modernized SAP platform (including integrated bolt-on solutions) enables
12 these enhancements through standardized, sustainable configurations and integrations.
13 Minimal customization supports long-term functional sustainability and security for Cleco
14 Power's customers.

15 **III. SERVICE QUALITY PROGRAM RENEWAL**

16 **Q: DOES CLECO POWER HAVE A CURRENT SERVICE QUALITY PROGRAM?**

17 **A:** Pursuant to Order No. U-33434-A, issued April 7, 2016, the Louisiana Public Service
18 Commission (the "Commission") required Cleco Power to implement a Service Quality
19 Program (the "SQP"). Please see Exhibit PAG-1 to my testimony for a copy of the SQP
20 attached to Order No. U-33434-A. Article XIII of the SQP requires Cleco Power to submit
21 periodic reports to the Commission documenting and describing Cleco Power's compliance
22 with the SQP. The SQP remained in effect for five (5) years after the closing of the
23 transaction described in Order No. U-33434-A. The SQP expired in April 2021. However,

**CLECO POWER LLC
DIRECT TESTIMONY OF P. ANDRE GUILLORY II
LPSC DOCKET NO. U-_____**

Cleco Power has continued to submit periodic reports to the Commission documenting and describing Cleco Power's continued compliance with the SQP, notwithstanding its expiration (for all practical purposes, treating the SQP as if it still remains in effect).

**Q: IS CLECO POWER REQUESTING THE RENEWAL OF ITS SERVICE
QUALITY PROGRAM?**

A: Yes. Pursuant to Order No. U-33434-A, prior to the expiration of the five (5) year term of the SQP, a new five (5) year SQP must be negotiated and submitted to the Commission for approval. As noted above, although the SQP has expired, Cleco Power has continued to comply with its terms and provisions and has submitted the periodic reports documenting such compliance. Cleco Power is requesting the five (5) year renewal of its SQP. Cleco Power commits to maintain and comply with the terms and provisions of the SQP in a new SQP that would become effective with the implementation of new base rates in this proceeding.

IV. CONCLUSION

Q: DOES THIS CONCLUDE YOUR TESTIMONY?

A: Yes, at this time.

STATE OF LOUISIANA

PARISH OF RAPIDES

AFFIDAVIT

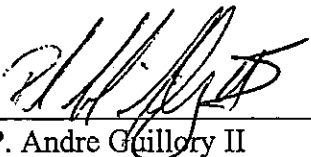
BE IT KNOWN, that before me, the undersigned Notary Public, duly commissioned and qualified for the state and parish/county aforesaid, personally came and appeared:

P. ANDRE GUILLORY II

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

1. Affiant has prepared Direct Testimony on behalf of Cleco Power LLC, dated June 30, 2023, in support of the 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.

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.

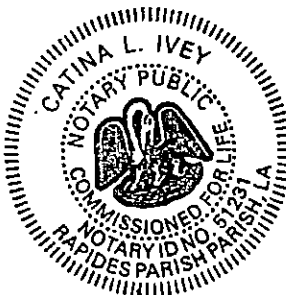


P. Andre Guillory II
Cleco Power LLC
2030 Donahue Ferry Road
Pineville, LA 71360

SWORN TO AND SUBSCRIBED
BEFORE ME, NOTARY PUBLIC,
THIS 20th DAY OF JUNE, 2023.


NOTARY PUBLIC

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



SERVICE QUALITY PROGRAM

Cleco Power LLC ("Cleco" or the "Company") confirms that maintenance and improvement of its electric system as well as the quality and reliability of service provided to its Louisiana customers are among its highest priorities.

Cleco commits that current levels of customer service and service reliability shall not degrade and that it shall undertake all reasonable efforts to maintain the quality and reliability of service.

In keeping with this commitment, Cleco agrees to adopt this Service Quality Program ("SQP").

In order to assure the Louisiana Public Service Commission ("Commission") and Cleco customers of continued excellent service quality, Cleco commits and agrees to the following:

- I. Commencing on the effective date of the Commission Order approving the SQP and ending ten (10) years later, there shall be no net reduction in the total number of field personnel.

Field personnel shall be defined as follows:

- a. Customer Experience
- b. Line Mechanics
- c. Relay/Apparatus
- d. ROW/Maintenance
- e. Engineers
- f. Engineer Technicians
- g. Supervisors of Distribution/Transmission

With respect to all employees, including those employees covered under this SQP (1,206 employees in total), Cleco Power and Cleco Corporation will maintain employee headcount, salaries, and

benefits substantially consistent with or higher than current levels in the aggregate across Cleco Power and Cleco Corporation for at least ten (10) years following closing of the Transaction. Employee headcounts may not drop more than two (2) percent from current levels, (including the benchmarks described in this SQP). The commitment to maintain headcounts does not mean that any particular individual is guaranteed to keep his or her job. Cleco Power and Cleco Corporation have the right to expect their employees to continue to operate according to the highest standards and if a termination for cause is required, Cleco Power and Cleco Corporation retain that authority.

All Cleco field personnel will be accounted for in Exhibit A, "Cleco Louisiana Field Employee Reconciliation," attached hereto, and which will be attached to the annual filing. Exhibit A is attached hereto for illustrative purposes only, and will be updated as of the effective date of the Commission Order approving this SQP.

To the extent that the Company proposes to permanently eliminate any employee position, or outsource or automate a particular function, and such proposed change may potentially impact the above referenced total number of field personnel, Cleco shall notify the Commission at least 120 days in advance of the proposed change. Such notification shall include the proposed date of the change, the reasons for the change, the expected cost savings from such a change, the manner in which those cost savings will be flowed through to ratepayers, the relocation of the impacted employees and the anticipated impact on the quality of service provided. No such change shall be made without affirmative Commission approval. If Cleco outsources a key function on an emergency or temporary (less than 60 days) basis, then the Company shall make an informational filing describing the service that was outsourced, the reasons for the outsourcing, and the cost of the outsourcing within 60 days of the start of the emergency or temporary outsourcing.

- II. Cleco agrees to continue its on-site Cleco Line Mechanic Training School, which includes an Apprentice Line Mechanic Training Program, to train line mechanics and to ensure that an adequate number of line mechanics are staffed to adequately serve the needs of Louisiana customers. The Apprentice Line Mechanic Training Program shall be reasonably monitored so as to maintain a reasonable and sufficient number of line mechanics.
- III. Cleco agrees to continue to maintain and support an overall reliability program designed to insure reliable service. This program will include capital spending opportunities as well as targeted reliability activities, such as underground conversion where appropriate, inspections and replacements of facilities, and a minimum base level of funding for vegetation management. Cleco agrees to commit to a performance-based vegetation management program such that the three-year rolling average annual expenditure totals \$8.9 million (which includes both outside contractor cost and internal payroll cost of approximately \$8 million and \$0.9 million, respectively), subject to modification or adjustments recommended by Cleco in consultation with the Commission Staff and approved by the Commission. The performance-based vegetation procedures are described on Exhibit B, attached hereto.

Cleco has indicated that a performance-based approach is more efficient and allows Cleco to address the circuits in most need of vegetation management rather than the traditional cycle trimming approach. Cleco will engage in a well-planned vegetation management program which contains specific work plans for the upcoming year that will address, among other things:

- a. location of treatment and reasons for selection of locations;
- b. Type of treatment (mechanical, manual, herbicide) which shall be chosen based upon vegetation and environmental conditions;
- c. Prioritization and specific scheduling by line/circuit;

d. Cost of treatment.

Cleco's contractors will work continuously to ensure that the appropriate vegetation management is being utilized so as to maximize effectiveness and efficiency while maintaining reliability. Tree-related data, including system average interruption frequency index ("SAIFI") values, customer outage minutes, and customer quality of service complaints will be considered in preparing the vegetation management plans, on an ongoing basis.

- IV. Cleco remains committed to maintaining and improving the quality and reliability of electric service to its Louisiana customers. In that regard, Cleco commits to devote all reasonable efforts to ensuring that its rolling 10-year average system average interruption duration index ("SAIDI") and SAIFI values for its Louisiana operations shall be maintained over time (subject to the *force majeure* provisions contained in the Commission's General Order and Regulations *In re: Ensuring Reliable Electric Service*, Docket No U-22389 (adopted April 30, 1998, and any revisions thereto).
- V. Cleco currently utilizes a 10-year cycle for its distribution system Pole Inspection and Replacement Plan. Cleco commits to maintain the 10-year pole inspection and replacement program.
- VI. Cleco agrees that it will continue to apply its policy to (1) address the worst 5% of distribution feeders and (2) prioritize responsive action based on multiple customer outages identified in the Multiple Customer Outage reports reviewed by Cleco's engineering staff. The Company will undertake all reasonable expenditures to achieve the goal of limiting customer outages. Cleco will continue to report to the

Commission Cleco's plan of action regarding the 5% worst feeders in its annual reliability report to the Commission and include with it action taken to improve performance.

- VII. Cleco agrees to maintain the CLECO Call Center in Pineville, Louisiana for a minimum of five (5) years. If Cleco determines that a call center is no longer the most efficient means to handle communications with its customers, and Cleco desires to replace the current call center with some other system, then Cleco must file with the Commission, at least six (6) months prior to the date of any such proposed change, a detailed description of the proposed system, the reasons the proposed system is believed to be more efficient than the call center, the net difference in cost of the proposed system, the manner in which any cost savings will be flowed through to ratepayers, and the anticipated impact on Cleco 's ability to receive, process, and address customer communications. The Commission will utilize its best efforts to rule, within 90 days of such a filing, on whether Cleco may replace the call center with the new system.
- VIII. Cleco agrees to maintain management of generation, transmission, distribution, retail sales and storm restoration in Louisiana.
- IX. Cleco agrees to maintain Transmission and Distribution (T&D) Dispatch Centers and work centers in Louisiana for at least five (5) years. If Cleco determines this model is no longer the most efficient means to handle the functions currently handled by these centers, and Cleco desires to replace the centers with some other system, then Cleco must file with the Commission a detailed description of the proposed system, the net difference in the cost of the proposed system, the manner in which any cost savings will be flowed through to ratepayers, the reasons the proposed system is expected to be an improvement over the current structure and the anticipated effect on

Cleco ability to address the functions currently performed by these centers. The Commission will utilize its best efforts to rule, within 90 days after such a filing, on whether Cleco may replace the centers with the new systems.

- X. Cleco agrees to maintain its currently existing Cleco customer service offices strategically across its service territory. In addition, Cleco will continue to evaluate all reasonable alternatives to provide customers with the widest range of options by which to pay their electric bills – including, but not limited to, the use of credit cards.
- XI. Cleco commits to managing the reliability of its T&D systems by utilizing its system planning engineers to identify system improvement projects and to complete those projects to assure reasonable reliability performance based upon a prudent evaluation of the system's performance.
- XII. Cleco Power will continue to actively participate in national and regional forums regarding best utility practices in all significant areas of Cleco Power's operations and incorporate such best utility practices as determined to be reasonably appropriate by Cleco Power, subject to any Commission review allowed by law.
- XIII. In addition to the reporting requirements contained in the Commission's April 30, 1998 General Order *In re: Ensuring Reliable Electric Service* (Docket No. U-22389), the Company agrees to submit a comprehensive report to the Commission by April 1 of each year (the "current year"), regarding results of operations in the previous calendar year (the "prior year") containing the following information:
 - a. The total number of field personnel in the prior year (broken out by Cleco employees and contractors, as appropriate);
 - b. The projected total number of field personnel for the current year (broken out by

Cleco employees and contractors, as appropriate);

- c. The amount spent on its vegetation management program in the prior year;
- d. Any deviation from the prior year's vegetation management program budget and the reasons thereof;
- e. Budgeted vegetation management program spending for the current year;
- f. SAIDI and SAIFI results for the prior year and the goals for the current year;
- g. The success of the Company in dealing with the worst 5% of distribution feeders in the prior year;
- h. The number and experience of employees in the apprenticeship program during the prior year;
- i. The number and experience of employees in the apprenticeship program in the current year; and
- j. The implementation and execution of the 10-year pole inspection and replacement program.

XIV. In the event Cleco proposes any change in the organizational structure of Cleco's field personnel workforce, resulting in a permanent reduction of the total number of field personnel workforce below the baseline, as set forth on Exhibit A (including, but not limited to, reduced employee levels attributable to layoffs, outsourcing and/or additional reliance on contract personnel), Cleco shall make a filing with the Commission at least 120 days in advance of the proposed change, describing all proposed changes, the reasons for said modifications or reduction, the expected cost savings from such a change and the manner in which those cost savings will be flowed through to ratepayers. No such change shall be made without affirmative Commission approval. Any such reduction in the total number of field personnel workforce below the baseline, if any,

shall be identified in Exhibit A, as necessary and the reason for such reduction stated. This does not preclude Cleco from "netting" positions. "Netting" is defined as eliminating one employee position for efficiency purposes and filling a comparable position in another area of the Company to meet a specific need. Upon receipt of the filing, the Commission may take all appropriate actions to ensure that proposed management or employee changes do not adversely affect the provision, reliability, and cost of service to Louisiana customers. If retail access is mandated by the Commission, or through action by the Federal Energy Regulatory Commission or federal legislation, the Company must submit any proposed management changes to the Commission no less than 120 days in advance of the effective date of such changes.

- XV. Cleco shall have the opportunity to recover all prudent costs incurred to comply with the items contained in this SQP in the appropriate test year (or pursuant to the appropriate Deferral Order issued by the Commission), after Commission analysis, in accordance with traditional ratemaking principles, through recognition of these costs in Cleco's revenue requirement in any future rate reviews, including the annual formula rate plan ordered or agreed to by Cleco and the Commission.
- XVI. If retail access is mandated by the Commission, or through action by the Federal Energy Regulatory Commission or federal legislation, or if other force majeure event occur, then Cleco shall have the right to petition the Commission for modifications to this SQP. Further, in the event of future technological developments or other improvements that significantly improve the provision of service, or if there are changes in circumstances that otherwise have a material bearing upon the commitments Cleco has made in this SQP, Cleco may petition the Commission for modification of this SQP. Any such

petition must establish the appropriateness of the proposed modifications and provide appropriate protections to ensure that Cleco's quality of service will not decline and that a sufficient number of employees, including a management team, remain in place in Louisiana. The Commission will act upon the petition in accordance with its normal rules and procedures.

- XVII. Prior to the expiration of the SQP, five years after the effective date of the Commission Order approving the SQP, a new SQP shall be negotiated between Cleco and the Commission Staff and submitted to the Commission for approval (provided, however, that the ten (10) year term specified in Article I will survive beyond the five (5) year initial term of the SQP).

Exhibit A

Cleco Louisiana Field Employee Reconciliation

	Categories	#
1	Customer Experience	99
2	Line Mechanics	164
3	Relay/Apparatus	40
4	ROW/Maintenance	7
5	Engineers	36
6	Engineer Technicians	33
7	Supervisors of Distribution/Transmission	31
	Total	410

Exhibit B

Performance-Based Vegetation Procedure

Cleco has agreed to a performance-based vegetation management approach which benefits customers by focusing resources on lines and circuits that produce the most benefit at any given time, rather than a pre-scheduled rotation. By focusing resources, a greater number of circuits with actual tree-related reliability issues can be addressed in a given year as opposed to cyclical vegetation management which results in vegetation management procedures being utilized in areas that are of a lower priority. The specific means of implementing the performance-based vegetation procedure *is* described herein below.

Prior to the end of each year, Cleco, including its service reliability specialists personnel will develop a vegetation management work plan ("work plan") for the following year. Specifically, in developing the work plan, Cleco will consider items including the following: (1) the time elapsed since feeders were sprayed or trimmed; (2) outages in and around particular areas; (3) information developed based upon visual inspections; and (4) SAIFI indices, customer outage minutes and customer service complaints.

Based upon this information, the work plan will be completed by December 15th of each year. The work plan will specifically address priority and scheduling of treatment by line/circuit, as well as the particular means of vegetation management including manual trimming, mechanical trimming or herbicide application. Cleco will also continue to monitor the work plan throughout the year and incorporate modifications as are necessary to appropriately address reliability issues that arise.