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BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

EX PARTE: 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	)	DOCKET NO. U-______

DIRECT TESTIMONY

OF

WILLIAM FONTENOT

ON BEHALF OF

CLECO POWER LLC

JUNE 22, 2026

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I. INTRODUCTION AND BACKGROUND

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

A: My name is William Fontenot. I am the President and Chief Executive Officer ("CEO") of Cleco Corporate Holdings LLC ("Cleco Corp"), which is the parent holding company of Cleco Power LLC ("Cleco Power" or the "Company"). My business address is 2030 Donahue Ferry Road, Pineville, Louisiana, 71360.

Q2: PLEASE DESCRIBE YOUR JOB RESPONSIBILITIES.

A: For the past eight years, as CEO, my responsibilities have included the overall management, oversight, and the development and execution of the corporate strategies of Cleco Corp and its subsidiaries. Cleco Corp's business includes the Louisiana Public Service Commission ("LPSC" or the "Commission") regulated power business, Cleco Power.

Q3: PLEASE DESCRIBE YOUR PROFESSIONAL AND EDUCATIONAL HISTORY.

A: I received a bachelor's degree in electrical engineering from Louisiana State University in Baton Rouge, Louisiana in 1985. I began my career with Cleco Corp in April 1986, holding numerous executive leadership positions with increasing responsibilities, including interim CEO of Cleco Power from February 2017 to January 2018, chief operating officer of Cleco Power from April 2016 to February 2017, and senior vice president of utility operations for Cleco Power from March 2012 to April 2016. I assumed my current leadership role as President and CEO of Cleco Corp in January 2018. My experience is broad and includes the commercial development and restructuring of merchant power businesses, construction of large-scale generation units, and operating experience in electric generation, transmission, and distribution as the chief operating officer.

Q4: HAVE YOU PREVIOUSLY FILED TESTIMONY IN A REGULATORY PROCEEDING BEFORE THE COMMISSION?

A: Yes, I have previously filed testimony before the Commission. I filed testimony on behalf of Cleco Power in: (i) LPSC Docket No. U-36923, *In re: Application of Cleco Power LLC for: Implementation of Changes in Rates to be Effective July 1, 2024; and Extension of Existing Formula Rate Plan* (the "2024 Rate Case"); (ii) LPSC Docket No. U-37479, *In re: Application for Authorization of Phase I of the Comprehensive Hardening Plan; (II) Related Rate Recovery; and (III) Expedited Treatment;* and (iii) LPSC Docket No. U-37963, *In re: Joint Application of Cleco Power LLC and Pine JV Holdings, LLC for (I) Authorization for the Change of Ownership and Control of Cleco Power LLC and (II) Expedited Treatment.*

Q5: PLEASE PROVIDE AN OVERVIEW OF CLECO POWER'S REQUESTS IN THIS PROCEEDING.

A: In summary, Cleco Power is seeking an increase in revenue requirement of $102.8 million, which equates to an estimated customer bill impact of approximately 7.9%. The primary drivers include rate base growth resulting from continued capital investment; increased depreciation expense based on the 2025 Depreciation Study (as defined in the Direct Testimony of Cleco Power witness Samuel S. Kennedy), including revised asset useful lives and accumulated depreciation; increased operations and maintenance ("O&M") expenses including increased payroll and benefit costs; a replenishment of the storm reserve; higher costs of debt reflective of prevailing long-term interest rates; and a proposed 10.7% return on equity ("ROE") commensurate with prevailing capital market costs.

In addition, Cleco Power is seeking to modify the recovery method under its currently-effective Third Amended and Restated Formula Rate Plan ("FRP") by transitioning to a proposed new 2027 FRP, which would allow for annual and timely base rate adjustments based on an earnings test, consistent with the mechanisms employed by other LPSC-jurisdictional utilities. This transition would smooth ratemaking, enhance rate and earnings stability and support timely base rate adjustments. Under the proposed 2027 FRP, the earnings band would be +/- 30-basis points, which would trigger a rate increase prospectively to the lower deadband (10.4%) if the actual earned ROE falls below 10.4%. However, if the actual earned ROE exceeded the upper band (11.0%), then rates would be adjusted prospectively downward to reset rates to the upper band of 11.0% (with the excess above that level flowed back to customers). Cleco Power is also proposing a new mechanism for LPSC-approved additional capacity, referred to as the Additional Capacity Cost Recovery ("ACCR") mechanism in the 2027 FRP. The ACCR mechanism would allow for out-of-cycle rate changes that would fall outside of the earnings test, allowing dollar-for-dollar recovery through Rider FRP and which would become effective upon the first billing period after the in-service date of the applicable supply-side resource. Further discussion about the proposed 2027 FRP and rate changes is provided in the direct testimony of Company witnesses Christina C. McDowell, Austin Finn, and D. Andrew Owens.

The proposed 2027 FRP is designed to provide symmetrical earnings protection for both customers and the Company. The 2027 FRP will continue the use (with certain modifications) of the Infrastructure and Incremental Cost Recovery Rider ("Rider IICR") to recover specific costs such as transmission expenses, environmental compliance changes, vegetation management, and legacy regulatory assets.

Where appropriate, Cleco Power proposes that certain costs be realigned into base rates to improve clarity and billing stability as discussed further by Ms. McDowell, while Rider IICR would remain an effective tool for recovery of items that fluctuate year-over-year, such as customer credits for excess deferred income taxes and expenses for right-of-way clearing.

Q6: WHAT SPECIFIC TOPICS WILL YOU ADDRESS IN YOUR DIRECT TESTIMONY?

A: My direct testimony will:

1. Describe Cleco Power's vision for the future with the Company's customer-centric focus on reliability, affordability, and customer satisfaction;
2. Discuss an important development related to the Company serving a new hyperscale data center and requesting various Commission approvals, which will be filed in a separate proceeding in the near future;
3. Explain why the requested revenue requirement and cost recovery mechanisms are necessary and reasonable;
4. Describe how the proposed 2027 FRP will benefit customers by improving rate stability, transparency, and regulatory efficiency; and
5. Summarize the direct testimony of Cleco Power's other witnesses supporting its application in this proceeding.

II. CLECO POWER'S VISION FOR THE FUTURE

Q7: WHAT IS CLECO POWER'S VISION FOR THE FUTURE?

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A: Cleco Power's goal is to become Louisiana's energy value leader based on customer value, employee value, and investor value.

Q8: HOW DOES CUSTOMER ENGAGEMENT AND AFFORDABILITY RELATE TO CLECO POWER'S VISION?

A: Cleco Power is committed to providing customer-focused improvements through a multi-pronged digital transformation aimed at achieving top 10% performance as measured by JD Power's customer satisfaction surveying.[1] I am proud to note that Cleco Power has routinely led the JD Power scores for Louisiana's investor-owned utilities. The efforts Cleco Power undertakes to achieve those results include enhancements to Cleco Power's online account management system (MyAccount), unified communication channels, a smart personalization engine within MyAccount, proactive issue resolution, transparent billing, and a holistic customer feedback loop.

Q9: WHAT IS CLECO POWER'S VISION FOR SAFETY, RELIABILTY AND RESILIENCE, AND OPERATIONAL EXCELLENCE?

A: Safety remains a core value at Cleco Power, and the Company is targeting top 10% performance relative to its utility peers in the Serious Injury Incident Rate ("SIIR") by utilizing safety culture assessments, predictive analytics, and enhancing contractor safety practices. Cleco Power is also committed to reliability and continues to strengthen its system's resilience through its comprehensive grid hardening program, launched in January 2026, while optimizing vegetation management to target a System Average Interruption Duration Index ("SAIDI") of less than or equal to 2.0.

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[1] *See* e.g., https://www.jdpower.com/business/press-releases/2025-us-electric-utility-residential-customer-satisfaction-study; Cleco Power is ranked versus its peers in the South Region: Midsize Segment.

Q10: WHAT STEPS IS CLECO POWER TAKING TO SUPPORT BUSINESS DEVELOPMENT AND GROWTH?

A: Cleco Power continues to pursue transformational load growth, targeting potential new load primarily associated with new data centers and electrification opportunities. Key tactics include establishing a commercial deal clearinghouse and advancing site development efforts. The addition of substantial new load can increase overall usage without necessitating a corresponding increase in fixed costs, enabling the utility to spread embedded system costs across greater sales volume leading to more stable, and relatively lower, rates for existing customers. Growth has the potential to alleviate rate pressures, enhance asset utilization, and create opportunities that may lead to relatively lower rates for all customers, as the cost per unit of electricity decreases when fixed costs are spread over more sales. Cleco Power is also positioning itself aggressively to capture industrial and commercial demand growth in Louisiana, as evidenced by the recent announcement regarding the execution of an electric service agreement ("ESA") with a new data center customer locating in Rapides Parish, which is expected to begin taking service in the second quarter of 2027, subject to LPSC approval in a separate proceeding. I discuss this latest development further below.

Q11: WHAT IS CLECO POWER'S OUTLOOK ON FUTURE GENERATION NEEDS?

A: Cleco Power's outlook incorporates an integrated resource plan ("IRP") that includes life extension analyses of existing generating units over a five- to ten-year horizon. As I discuss below, new generation development is also necessary, given the lifecycles of Cleco Power's aging generation fleet, risks and uncertainties posed by changing environmental regulations, and the anticipated growth in customer load.

Q12: CAN YOU PLEASE ELABORATE ON THE NEW DATA CENTER PROJECT?

A: On May 26, 2026, Governor Landry and the Department of Louisiana Economic Development ("LED") officially announced the new data center project that is being constructed in Rapides Parish by Applied Digital Corporation.[2] The new data center represents 430 MW of new electric load for the Company, with the data center allocated to a hyperscaler anchor tenant. As noted in the direct testimony of Ms. McDowell in this proceeding, the Company executed an Electric Service Agreement ("ESA") and related agreements with Applied Digital Corporation on April 20, 2026, and the customer is expected to begin taking electric service in mid-2027 pending receipt of satisfactory regulatory approvals.

In the coming weeks, Cleco Power intends to submit an application for Commission authorization of: (i) the ESA (as a site-specific agreement) and related agreements providing credit support for the ESA; (ii) an agreement for bridge capacity necessary to serve the data center's load; (iii) construction of a new combined cycle gas turbine ("CCGT") generator necessary to reliably and economically serve existing customers and the data center's new load in the long term; and (iv) related approvals and requests (the "Data Center Application"). Certain elements of the Data Center Application will have a bearing on this proceeding, notably requests that the Company intends to make relative to ratemaking treatment.

Q13: WHAT IS THE CURRENT OWNERSHIP STRUCTURE?

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

A: In 2016, the Commission authorized a change in control of Cleco Power resulting from the acquisition of Cleco Corporation, the parent holding company of Cleco Power, by a consortium of infrastructure investors comprised of Macquarie Infrastructure and Real Assets and its co-investors, the British Columbia Investment Management Corporation, and John Hancock, under the partnership Cleco Partners L.P. (collectively, the "Investors"). The Commission authorized the transaction that took Cleco Corporation private pursuant to Order No. U-33434-A, issued on April 7, 2016.[3]

The transaction transformed Cleco Corporation from a publicly-traded entity to a privately-held company (i.e., Cleco Corp) owned by the Investors through their ownership interests in Cleco Partners L.P., in turn, allowing greater flexibility and enabling Cleco Power to make long-term decisions to support its infrastructure and development based on the best interests of the Company and its customers, rather than focusing on short-term, quarter-to-quarter decision-making driven by the equity markets.

Q14: PLEASE DISCUSS THE RECENT ANNOUNCEMENT REGARDING A PLANNED PURCHASE OF CLECO GROUP LLC.

A: On April 27, 2026, a press release was issued announcing that Stonepeak Partners LP ("Stonepeak") and Bernhard Capital Partners ("Bernhard") had agreed to acquire Cleco Group LLC.[4] The transaction is subject to customary regulatory approvals including from this Commission. Assuming satisfactory approvals are received, upon close, Stonepeak would hold the majority interest in Cleco Group LLC, with Bernard holding a minority

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[3] LPSC Docket No. U-33434, Cleco Power LLC, ex parte. *In re: Joint Application of Cleco Power LLC and Cleco Partners L.P. for: (i) Authorization for the Change of Ownership and Control of Cleco Power LLC and (ii) Expedited Treatment.* Cleco Group LLC is the upstream owner of Cleco Corp.

[4] *See* https://www.cleco.com/media/press-releases/detail/2026/04/27/stonepeak-and-bernhard-capital-partners-to-acquire-cleco.

interest. On June 16, 2026, the Company filed with the Commission its application in LPSC Docket No. U-37963 requesting authorization for the change in ownership and control of Cleco Power.

Q15: WILL THE CHANGE OF OWNERSHIP AFFECT CLECO POWER'S RATES OR RATEMAKING REQUESTS IN THIS DOCKET?

A: No. As noted in that filing, the change of ownership will have minimal to no effect on Cleco Power, its customers, employees, or communities. That transaction is simply replacing one set of private equity owners for another and is completely unrelated to this ratemaking request for Cleco Power. Cleco Power's proposed new owners have voluntarily stepped into a set of proposed and refreshed regulatory commitments that will ensure the transaction has no impact on rates.

Q16: PLEASE DESCRIBE THE CHALLENGES WHICH THE COMPANY FACES TODAY AND HOW THE COMPANY PLANS TO ADDRESS THOSE CHALLENGES IN A WAY WHICH WILL BENEFIT CUSTOMERS.

A: Since the conclusion of the 2024 Rate Case, Cleco Power has experienced structural, operational, and financial changes. The Company serves customers across central and south Louisiana in an operating environment that has changed materially since the 2024 Rate Case.

Today, Cleco Power faces sustained inflationary pressures affecting labor, materials, and financing costs; significantly higher interest rates that directly impact the cost of debt and access to capital; continued growth in capital investment required to maintain reliability, resiliency, and safety; and increasing regulatory and operational complexity related to generation, transmission, environmental compliance, and storm preparedness. These conditions require timely, structured recovery of prudently-incurred costs in order for Cleco Power to be able to continue providing safe and reliable service at just and reasonable rates. The generational opportunity the Company has to serve a large, new data center presents unique issues, as will be discussed in the Data Center Application. At the same time, the significant new load the data center represents will provide significant benefits to the Company's existing customers and help smooth the path for a necessary investment in new generation. With the support of the LPSC and its Staff, Cleco Power has the opportunity to create significant value for its customers while positioning itself as Louisiana's energy value leader.

Cleco Power intends to utilize its resources to fulfill its obligations under the regulatory compact by placing value and emphasis on managing costs, improving reliability, and optimizing performance. This strategy is being implemented to enhance customer engagement, value, and operational excellence, while also exploring transformative load growth opportunities and the further modernization of Cleco Power's generation resources and electric grid. Cleco Power remains a leader in reliability across the State of Louisiana. Since 1999, the LPSC has monitored SAIDI and SAIFI, and Cleco Power is the only electric utility in the state to meet the reliability standards for the past 27 years. In 2025, Cleco Power's 12-month rolling SAIDI was 2.43, which is 15% better than the standard of 2.87 and its SAIFI was 1.88, which is 18% better than the standard of 2.28. In addition to enhanced vegetation management and leading pole maintenance practices, Cleco Power regularly gathers feedback from its customers through JD Power and Company surveys to further improve its service and reliability.

III. OVERVIEW OF THE RATE CASE

Q17: WHAT ARE THE PRIMARY DRIVERS FOR THE PROPOSED RATE INCREASES?

A: As described in Ms. McDowell's direct testimony, the primary drivers of this rate request are cost-based and include capital investment and rate base growth, updated depreciation rates and property taxes, labor, benefits and pension costs, and the cost of capital.

Cleco Power has continued to make significant investments in:

- distribution system modernization;
- transmission upgrades, including MISO-approved projects;
- generation maintenance and reliability initiatives;
- technology improvements, including modernization of information technology ("IT") and related systems; and
- storm hardening and resiliency programs.

These investments are necessary to meet customer expectations and regulatory obligations and result in higher depreciation expense and increased rate base. The updated depreciation study, revised asset lives, and the expiration of property tax exemptions, most notably related to Madison Unit 3, also contribute materially to the revenue requirement and reflect Cleco Power's prudently-incurred actual cost of service, not discretionary policy decisions. Cleco Power continues to experience increases in payroll and benefit costs driven by market conditions and operational needs.

Cleco Power is requesting an ROE of 10.70%, an increase from the 9.70% authorized in the 2024 Rate Case. This request reflects higher interest rates, greater capital intensity, and the need to maintain strong credit quality to ensure access to capital at reasonable costs.

Cleco Power proposes to continue its current capital structure of 52% equity and 48% debt. Cleco Power's proposed capital structure and ROE are critical to maintaining long-term affordability for customers.

Q18: WILL THE OUTCOME OF THIS RATE CASE AFFECT CLECO POWER'S FINANCIAL SOUNDNESS AND CREDIT RATINGS?

A: Yes. As an energy infrastructure company, Cleco Power must remain financially sound in order to meet its customers' needs. As described in detail in the direct testimonies of Cleco Power witnesses Christina C. McDowell and Vincent Sipowicz, the rate increase proposed in Cleco Power's application is necessary to enable Cleco Power to continue to provide safe and reliable service while maintaining its credit ratings and financial soundness.

A materially adverse outcome could increase borrowing costs, place upward pressure on future rates, and undermine the regulatory stability that has historically benefited customers. Maintaining a balanced and predictable regulatory framework is critical to long-term customer affordability.

Without a rate structure that supports Cleco Power's ability to attract both debt and equity capital, the Company would be unable to implement its initiatives, and customers would not realize its long-term benefits. Additionally, Cleco Power's service area could permanently forgo generational, one-time economic development opportunities associated with serving new large-load customers such as data centers and, more broadly, the ongoing energy transition.

Cleco Power's executive management and Board of Managers maintain that the rates and regulatory structure proposed in this application are necessary to provide a pathway to a more reliable, sustainable, and valuable Cleco Power for its customers.

IV. OVERVIEW OF OTHER SUPPORTING TESTIMONY

Q19: PLEASE PROVIDE AN OVERVIEW OF THE DIRECT TESTIMONY OF THE COMPANY'S OTHER WITNESSES SUPPORTING CLECO POWER'S APPLICATION IN THIS PROCEEDING.

A: Cleco Power's application in this proceeding is further supported by the direct testimony of seven additional witnesses:

- Christina C. McDowell: New 2027 FRP, continued and modified use of Rider IICR, and realignment of collection of certain revenue requirements from Rider IICR to base rates, among other things;
- Vincent Sipowicz: Credit ratings and the impact of Cleco Power's requested revenue increase on Cleco Power's credit metrics and ratings going forward;
- Samuel S. Kennedy: 2025 Depreciation Study and accounting for cloud computing arrangements;
- Brian Walker: SAP upgrades as part of the on-going transition to cloud-based computing;
- Dylan W. D'Ascendis: Appropriate return on equity;
- D. Andrew Owens: Proposed 2027 FRP, related mechanisms, and the cost recovery of non-financial executive incentive compensation; and
- Austin Finn: Cost of service study, rate structure and design, discontinuation of the residential revenue decoupling, the 2027 FRP, and a new Additional Facilities Charge ("AFC") rider.

V. CONCLUSION

Q20: PLEASE SUMMARIZE YOUR DIRECT TESTIMONY.

A: This rate case serves as a "bridge" to the future. Cleco Power's vison is anchored in delivering balanced, reliable value to all key stakeholders, with a focus on customer value through disciplined and responsible growth, operational excellence, and long-term financial sustainability. Cleco Power also continues to emphasize employee value through intentional workforce development, an unwavering commitment to safety, and fostering strong community connections that support engagement, accountability, and performance throughout the organization and across the Company's service area.

Achieving continued benefits from these initiatives will require a continued constructive regulatory environment and a steady, predictable long-term partnership with the Commission. While the Company has faced challenges in recent years due to low load growth, the future, defined by increased reliability, electrification, and significant growth opportunities, is bright.

The rate increase requested in this proceeding along with Cleco Power's other requests are necessary to ensure that the Company can continue to provide safe and reliable service while remaining financially sound. For these reasons, I believe the Company's requests in this proceeding fairly balance the needs of Cleco Power, its customers, and other stakeholders.

Q21: 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:

WILLIAM FONTENOT

("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: (1) Implementation of Changes in Rates to be Effective July 1, 2027; (2) New 2027 Formula Rate Plan; and (3) 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.

William Fontenot
Cleco Corporate Holdings LLC
2030 Donahue Ferry Road
Pineville, LA 71360

SWORN TO AND SUBSCRIBED
BEFORE ME, NOTARY PUBLIC,
THIS 16th DAY OF JUNE 2026.

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

CATINA L. IVEY NOTARY PUBLIC COMMISSIONED FOR LIFE NOTARY ID NO. 51231 RAPIDES PARISH, LA

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