

APPENDIX A-1

Independent Monitor Scope of Work Cleco Power LLC 2007 Long-Term RFP

Introduction

This paper describes the scope of work of the Independent Monitor (IM) for Cleco Power LLC's 2007 Long-Term RFP. It is based on the requirements of the Louisiana Public Service Commission's (LPSC or Commission) Market-Based Mechanism Order (MBM Order), issued in Docket No. R-26172, Sub Docket A, February 16, 2004.

Responsibilities

The IM's key responsibility is to review and track the utility's conduct of the RFP to ensure that no undue preference is given to any potential bidder, including Cleco Power competitive affiliates and their bids, or to self-build or self-supply projects. To that end, the IM shall:

1. Review and track Cleco Power's conduct of its 2007 Long-Term RFP for capacity and energy resources;
2. Ensure that RFP solicitation, evaluation and selection processes are objective and impartial;
3. Report to LPSC Staff (Staff) regularly and facilitate regular communication between Staff and Cleco Power on the ongoing RFP process;
4. Report any problems, irregularities or concerns with the RFP process immediately to Cleco Power and to Staff; and
5. Submit a final RFP evaluation report to Staff and the Commission, which shall include any recommendations for improving the RFP process.

Activities

To fulfill these responsibilities, the IM shall:

1. Review draft RFP documents and supporting attachments, and provide recommendations to Cleco Power and to Staff to ensure that all RFP materials, procedures, and timing support a robust and fair power supply solicitation for all parties;

2. Attend and participate in all RFP-related Technical and Bidders' Conferences, present information about the IM's responsibilities, and respond to questions, concerns and/or suggestions regarding those responsibilities and, more broadly, about the RFP;
3. Recommend, as needed, changes to the draft RFP, and comment on changes proposed by Staff and participants during the RFP consultation process established in the MBM Order;
4. Review the structure and composition of all RFP evaluation teams to ensure that they promote rigorous and arms length evaluation of all proposals, guarantee adequate protection of all proposal information, and safeguard bidder identity;
5. Supervise Cleco Power's implementation of the inter-affiliate, and self-build and self supply requirements of the MBM Order, and the codes of conduct discussed in Subsection 1.3 of Cleco Power's 2007 Long-Term RFP, including, in particular, Cleco Power's 2007 RFP Code of Conduct. Prior to the implementation of the RFP and as necessary during its course, the IM shall:
 - a) review employees, outside consultants and advisors designated by Cleco Power and Cleco Midstream to perform work in connection with the RFP on behalf of their respective entities to ensure that such employees, consultants and advisors are separate and different, and that their participation and proposed work comply with the requirements of the 2007 RFP Code of Conduct and the FERC's Codes of Conduct and Standards of Conduct;
 - b) review employees and outside consultants and advisors designated to work on self build or self supply projects of Cleco Power to ensure that they are separate and different employees from the personnel designated to work on the RFP and that their participation and proposed work comply with the requirements of the 2007 RFP Code of Conduct; and
 - c) review employees and outside consultants and advisors of Cleco Support Group designated to work as analysts to model the potential or actual bids of affiliates, or self build or self supply projects, and the potential or actual bidding results of the RFP upon Cleco Corporation's and its subsidiaries' financial conditions, including credit and financing parameters to ensure that they shall not perform any other RFP-related analyses, evaluations, or any other services for Cleco Power or Cleco Midstream during the RFP, and to ensure that their participation and proposed work comply with the 2007 RFP Code of Conduct and the FERC's Code of Conduct and Standards of Conduct;
6. Conduct and oversee code of conduct training for all Cleco Power and Cleco Corporation personnel involved in the 2007 Long-Term RFP, verify that Cleco

- personnel involved in the RFP execute appropriate participation agreements and understand their obligations to perform in accordance with all code of conduct requirements, and respond during the course of the RFP to code of conduct questions and / or concerns;
7. Review and comment on the adequacy and timeliness of self-build information provided by Cleco Power, subject to confidentiality protections, as part of the RFP process. Ensure, to the extent practicable, that self-build options are evaluated in a manner comparable to third party bids, and that Cleco personnel evaluating self-build options adhere to all requirements of the 2007 RFP Code of Conduct and the MBM Order;
 8. Ensure that Cleco Power develops and implements effective procedures to manage sensitive bid information and to maintain bid confidentiality during the RFP process;
 9. Consult with RFP evaluators and Staff to ensure that bid evaluations are structured to avoid undue preference to affiliate-bids or to self-build and self-supply projects, and conducted in an appropriate manner and in accordance with RFP evaluation procedures. This will include:
 - a) reviewing and commenting on proposal evaluation methods, processes, assumptions and data inputs, and price and non-price evaluation criteria related to economic, transmission and credit analyses;
 - b) identifying any issues and concerns related to proposal evaluations and working with Cleco Power to resolve those issues and concerns;
 - c) ensuring that proposal evaluations are carried out in conformance with the evaluation process described in the 2007 Long-Term RFP;
 10. Communicate regularly with the RFP Administrative Team, the RFP Lead Team, other RFP evaluators, other senior Cleco personnel, as needed, and Cleco outside counsel to monitor progress of the RFP and identify any problems encountered;
 11. Make recommendations as needed to Cleco personnel to improve the RFP process throughout the course of the RFP;
 12. Communicate regularly with Staff to discuss progress of the RFP, and to identify any issues that may need addressing;
 13. Submit periodic confidential reports to Staff and Cleco Power during the RFP process. Include, among other things, all IM recommendations made to Cleco Power and the results of those recommendations;
 14. Facilitate communication between Cleco Power and Staff during the course of the RFP;

15. Review and provide input to Cleco Power communications with bidders including, but not limited to, Cleco Power answers to bidders' questions submitted through Cleco Power's RFP website, Cleco Power's requests for clarifications to bidders' proposals, Technical and Bidders' Conference presentations, responses to bidders' RFP comments, bid status notifications to bidders, and any other communication provided through Cleco Power's RFP website;
16. Respond to any question, issue and concern of bidders during the RFP. As needed, communicate bidder issues and / or concerns to the appropriate parties, including Cleco Power and Staff;
17. Review RFP bidder registration information from prospective bidders to determine whether additional information is needed, to ensure that information remains confidential, and to verify that bidder, generator and proposal identification codes are properly provided;
18. Oversee receipt and handling of indicative and final bids during proposal submission periods. Review all proposals submitted and determine whether they meet the threshold requirements of the RFP, or whether additional information is required. As needed, contact bidders to secure additional information.

Review the electronic data reports generated for each area of the evaluation, and oversee distribution of the reports to the appropriate RFP evaluation teams. Before distributing the reports, redact any inappropriate identifying information contained in the electronic data reports, and any information that is not specifically needed at that time for the evaluation. Make such redacted information available to RFP evaluators later in the evaluation if evaluators need it to complete their work. Work with the RFP Bid Redaction Team to accomplish these tasks, and to otherwise ensure security and confidentiality of all bid information;
19. Communicate RFP evaluators' clarifying questions to bidders and self-build team and communicate resulting responses to the RFP Administrative Team, which will communicate the responses to evaluators;
20. Monitor regularly the work of Cleco Power RFP evaluators to ensure fairness and track progress. Ensure adequate, effective and timely communication and collaboration regarding bid evaluations between Cleco Power and Staff;
21. Review preliminary and final proposal rankings, portfolio selections and proposal awards before such information is presented to and approved by Cleco Power's Board of Managers. Ensure adequate, effective and timely communication and collaboration regarding rankings, selections and awards between Cleco Power and Staff;
22. Monitor negotiations between Cleco Power and selected bidders. If negotiation involves an affiliate of Cleco Power, participate in all elements of the negotiation to

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ensure that the process is impartial, objective, and at arm's length. Monitor the adequacy and thoroughness of due diligence performed by Cleco Power for any affiliate deal;

23. Report any problems, irregularities or concerns with the RFP process immediately to Cleco Power and to Staff;
24. As requested by Staff, file testimony in LPSC certification proceedings and appear as a witness, as needed. As required, file testimony and appear as a witness in additional regulatory proceedings; and
25. Submit a final RFP evaluation report to Staff and the Commission, which shall include any recommendations for improving the RFP process. The report shall be a public document, although subject to redaction of confidential information.