

**J. KENNEDY**  
**AND**  
**ASSOCIATES, INC.**

**PROPOSAL TO THE  
LOUISIANA PUBLIC SERVICE COMMISSION**

**IN RESPONSE TO RFP 18-04**

**DOCKET NO. R-34757**

**IN RE: RULEMAKING DOCKET ON STREETLIGHT DEVELOPMENT  
AND UPKEEP, TO INCLUDE ALL ASPECTS OF MODERN  
STREETLIGHT TECHNOLOGY, PROJECTED ENERGY  
CONSUMPTION AND MAINTENANCE SAVINGS, STREETLIGHT  
TARIFFS, INNOVATIVE FINANCING OPTIONS, AND RATES  
CHARGED TO PARTICIPATING POLITICAL SUBDIVISIONS**

**570 Colonial Park Drive  
Suite 305  
Roswell, Georgia 30075  
770-992-2027**

**April 13, 2018**

**Executive Summary**

J. Kennedy and Associates, Inc. (“Kennedy and Associates”) is pleased to respond to the Louisiana Public Service Commission’s (“LPSC” or the “Commission”) RFP 18-04 to assist the Commission and its Staff in this rulemaking proceeding in a review of streetlight development and upkeep, including all aspects of modern streetlight technology, projected energy consumption and maintenance savings, streetlight tariffs, innovative financing options and rates charged to participating political subdivisions.

In this rulemaking, we will survey the state’s utilities and political subdivisions to assess the adoption and present status of LED and/or other modern streetlight technology and estimate the potential customer savings and impact on utility revenues and related costs from the adoption of this technology, both in the short-term and long-term. In addition to the survey, we will hold technical conferences to address the issues with stakeholders, issue requests for comments, review and summarize data and various parties’ positions, and research technology and programs in other states, among other activities. We will develop and draft a proposed rule and/or alternative proposed rules for comment by stakeholders and develop a final proposed rule for the Commission’s consideration and approval.

**Kennedy and Associates Qualifications**

Kennedy and Associates is uniquely qualified to assist the Staff in this rulemaking for several reasons. First, we are knowledgeable and experienced in evaluating all types of energy efficiency and demand side management programs. The adoption of more efficient modern streetlighting technology qualifies as an energy efficiency program. We have assisted the Staff in numerous

proceedings involving the assessment and selection of energy efficiency, demand side management, and supply side resources to meet customer demand on a timely basis and at the least cost.

Second, we are experienced in assessing the economics, including costs and savings, of energy efficiency programs. This includes the development of base line costs using present installed technology, costs using more efficient modern technology, and the effects on the utility's fuel expense, other expenses, capital (rate base) investment, and revenue requirements, including the effects on cost-based streetlighting tariffs. We already have models that we use for this purpose that can be customized as necessary based on the specific technology characteristics.

Third, we are experienced in rulemaking proceedings that require the collection, synthesis, and analysis of data, and building consensus among stakeholders leading to the implementation of new Commission rules. We will survey all utilities in the state and survey certain political subdivisions within the state that take streetlight service from the utilities to determine the present status of technology, the opportunities available from modern streetlight technology, and the effects on the streetlight tariffs and customer costs, including the amounts paid by political subdivisions for streetlighting service.

Kennedy and Associates meets all professional qualification requirements specified by the Commission for technical consultants. Should it be necessary, we are qualified to prepare, and render expert testimony and stand for cross-examination with respect to all of the issues addressed in this RFP that may arise in this proceeding. Each of our consultants is experienced in utility planning, economics, and ratemaking. We have evaluated numerous energy efficiency, demand-side, and supply-side resource alternatives on behalf of state government agencies and/or consumers in various states and internationally. We have considerable knowledge in each

of the following areas, and satisfactorily meet all of these minimum Commission requirements, including knowledge of:

1. Quantification of costs and savings associated with implementing a streetlight program.
2. Appropriate accounting standards and practices for electric utilities.
3. Commission-approved electric utility formula rate plans and rate recovery mechanisms.
4. Other relevant Commission rules and regulations, including the Commission's IRP Rules, Policies related to Energy Efficiency, whether or not a resource will provide reliable service at the lowest reasonable cost.

Along with the hard copies of this proposal sent to the Commission, we have enclosed a single copy of Kennedy and Associates' Qualifications, which includes the resumes of all principals and consultants. We will be pleased to provide additional copies of our Company's Qualifications upon request.

Our Company's Qualifications indicate that we have worked on energy efficiency, demand side management, and resource certification proceedings for more than 30 years in various capacities, including working as employees of utilities, consultants to utilities, and as consultants to regulatory bodies, including the LPSC. We have worked on various regulatory proceedings in Louisiana, including the analysis of a Renewable Portfolio Standard, development of Energy Efficiency rules, and integrated resource plans, which include energy efficiency and demand side management. We are familiar with all resource planning methods, including the integration of both conventional, renewable, and energy efficiency resources. We are knowledgeable and experienced with the formula rate plans ("FRP") used by many of the utilities in the state.

### **Our Project Team**

Our Project Team consists of Mr. Lane Kollen, Vice President, CPA, CMA, CGMA; Mr. Philip Hayet, Vice President; Mr. Brian Barber, Director, Consulting; Mr. Randy Futral, Manager, Consulting; Ms. Leah Wellborn, Senior Consultant; and Mr. Richard Baudino, Consultant to Kennedy and Associates. We have included brief biographies describing their education and experience in this proposal. In addition, we have provided detailed resumes in our Qualifications package. The resumes provide more detail regarding their experience and list the regulatory proceedings and subject matters in which they have provided expert testimony.

### **Action Plan for Comprehensive Review**

We will assist the Commission's Legal, Utilities and Auditing Divisions in performing a comprehensive review of existing streetlight technology utilized by the state's investor-owned, cooperative, and municipal electric utilities to serve their customers, the associated Commission-approved rates for jurisdictional electric utilities, and the revenues generated from streetlighting customers for the individual jurisdictional utilities. We will reach out to municipalities, regulated electric utilities and other stakeholders for participation and to ensure that we obtain accurate and relevant information.

We will estimate potential savings that may be achieved if LED lighting or other modern streetlight technology capable of providing better quality light with less energy and maintenance were utilized and the impact to utility revenues. We will hold one or more technical conferences, review and summarize data and parties' positions, research programs in other states as necessary, issue draft rules and/or requests for comment, and develop a final draft rule for Commission consideration and approval.

We will issue at least two rounds of requests for information/comments to all stakeholders, including municipalities, parishes, regulated electric utilities, and other stakeholders. We will hold one or two technical conferences to discuss issues and concerns, including, but not limited to, alternative technologies, costs and timelines for implementation, ratemaking recoveries, and economics of specific technologies, among others.

We will draft a proposed rule and alternatives and submit it to the stakeholders for comments. We will draft a final proposed rule and any alternatives for the Commission's consideration and approval.

We will work with the Staff to develop a procedural schedule that meets all Commission requirements. We will provide all required regulatory assistance including participating in formal status conferences, pre-trial conferences, depositions, and hearings; draft and prepare memoranda and/or pre-filed testimony in support of the Staff's ultimate recommendations, together with exhibits supporting the memoranda and/or pre-filed testimony; and assist in the drafting of applicable motions, exceptions, briefing sheets and orders of the Commission. Additionally, we will participate in informal conference calls, meetings and technical conferences with the Commission and the Staff as well as attend any Business and Executive Sessions that the Staff deems necessary. The scope of our work will continue through the conclusion of the docket through a Commission vote, regardless of whether that vote is the result of a stipulated agreement or contested hearing recommendation.

#### **Budget to Perform Comprehensive Review**

Kennedy and Associates will provide the scope of services in this proposal for a budget not to exceed \$68,500, consisting of \$66,000 for consulting services and \$2,500 for expenses. We will

not alter our budget or hourly rates on this project without the formal approval of the Commission. We will adhere to all billing requirements included in the Commission's November 10, 2014 General Order. Our hourly rates are attached to this proposal. Also, we note that our proposal includes budget for the possibility of participating in a contested hearing, however, we will only charge for actual work performed.

**No Conflicts of Interest**

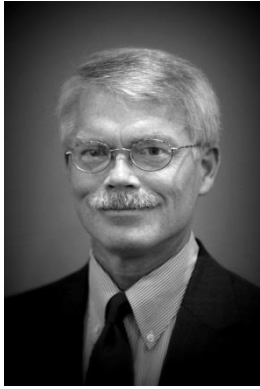
Kennedy and Associates has no known conflict of interest in representing the Louisiana Public Service Commission in this proceeding. Kennedy and Associates does not represent investor-owned gas or electric utilities.

**Contact Information**

Thank you for the opportunity to provide consulting services to the Commission Staff on this important project. Please call or e-mail Lane Kollen at [lkollen@jkenn.com](mailto:lkollen@jkenn.com) or Philip Hayet at [phayet@jkenn.com](mailto:phayet@jkenn.com).

## **RESUME OF LANE KOLLEN, VICE PRESIDENT**

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### **EDUCATION**

**University of Toledo, BBA (Accounting)**  
**University of Toledo, MBA**  
**Luther Rice University, MA**

### **PROFESSIONAL CERTIFICATIONS**

**Certified Public Accountant (CPA)**  
**Certified Management Accountant (CMA)**  
**Chartered Global Management Accountant (CGMA)**

### **PROFESSIONAL AFFILIATIONS**

**American Institute of Certified Public Accountants**  
**Georgia Society of Certified Public Accountants**  
**Institute of Management Accountants**  
**Society of Depreciation Professionals**

### **EXPERIENCE**

Mr. Kollen has nearly forty years of utility industry experience in nearly every facet of utility planning, performance, and operations, including the financial, accounting, rate, tax, and financing areas. He has conducted prudence and operational audits on behalf of utilities and regulatory commissions; participated in and reviewed mergers and acquisitions on behalf of utilities and regulatory commissions; conducted performance and financial analyses on behalf of utilities and regulatory commissions; developed and reviewed alternative and performance based ratemaking plans; performed traditional ratemaking evaluations and filed reports and/or provided expert testimony before state and federal courts and regulatory commissions on hundreds of occasions addressing prudence and restructuring, including staffing levels and organizational structure; mergers, acquisitions, and divestitures; contract performance; revenue requirements; taxes; depreciation; financing; operation and maintenance expense; reliability; cost of service; and other issues. Mr. Kollen also is experienced in various proprietary and nonproprietary software systems used by utilities for budgeting, rate case support and strategic and financial planning.

**J. Kennedy and Associates, Inc. (1986 to Present):** Vice President and Principal. Mr. Kollen provides consulting services that address planning, performance, operational, financial, accounting, and tax issues. Clients include state regulatory commissions and other government agencies, large users of electricity, natural gas, water, and steam.

**Energy Management Associates (1983 to 1986):** Lead Consultant, Product Manager. Mr. Kollen provided consulting services to electric and natural gas utility clients throughout the country in numerous planning, financial, accounting, and budgeting areas. In addition, he used and developed proprietary software tools widely used throughout the regulated utility industry.

**The Toledo Edison Company (1976-1983):** Planning Supervisor, Auditor, Accountant. Mr. Kollen was engaged in financial planning activities, including generation expansion planning; construction monitoring; capital and expense budgeting; evaluation of tax law changes; rate case strategy and support; production cost and financial modeling; and operational and financial audits.



## RESUME OF PHILIP HAYET, VICE PRESIDENT

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### EDUCATION

**Purdue University, BS Electrical Engineering**  
**Purdue University, Cooperative Education Certificate**  
**Georgia Tech, MS Electrical Engineering. Specialization in Power Systems.**  
**Post Graduate Study in Business Administration**

### PROFESSIONAL AFFILIATIONS

**National Society of Professional Engineers**  
**Georgia Society of Professional Engineers**  
**Institute of Electrical and Electronic Engineers**

### EXPERIENCE

Mr. Hayet has nearly thirty five years of electric utility industry experience in the areas of resource planning, operations analysis, economic analysis, regulatory policy development, and utility rate analysis. He has worked on projects that led to the development of both supply-side and demand-side resources, participated in resource certification proceedings, power purchase agreement evaluations, the development of commission rules concerning integrated resource planning, renewable energy and energy efficiency policies, and has performed many utility fuel audits. Mr. Hayet has written reports and filed expert testimony on numerous occasions in federal court, regulatory commissions and at the Federal Energy Regulatory Commission ("FERC"). Mr. Hayet is an expert in the use of proprietary and non-proprietary production cost and long-term resource planning software tools. Mr. Hayet began his career working for 15 years for Energy Management Associates ("EMA" now known as Venytx), providing client support services and consulting services using the firm's PROMOD IV™ ("PROMOD") and Strategist software.

**J. Kennedy and Associates, Inc. (2000 to Present):** Vice President and Principal. Mr. Hayet also works for this firm, and provides consulting services involving electric utility regulatory matters. Mr. Hayet has assisted in certificate of necessity, utility commission rulemaking, and decertification proceedings. These projects have involved performing production cost modeling and long term resource planning analyses. Mr. Hayet has used numerous production cost and resource planning software tools as part of these projects.

**Hayet Power Systems Consulting (1995 to Present):** President and Principal. Mr. Hayet has provided consulting services to clients in the U.S. and abroad related to resource planning analyses. Mr. Hayet has assisted in the evaluation of power purchase agreements, generation resource additions, fuel budget audits, resource certifications, and generating unit de-certifications stemming from environmental regulations. Mr. Hayet has continued to use PROMOD and Strategist, along with other tools as part of his consulting work.

**Energy Management Associates (1980 to 1995):** Lead Consultant, Product Manager. Mr. Hayet provided client support and consulting services to electric utility clients using the PROMOD and Strategist software systems. These tools were used to perform a wide range of studies, including operations evaluations, resource planning studies, economic evaluations, financial analyses, and+ accounting and budgeting studies.

## **RESUME OF RICHARD A. BAUDINO, DIRECTOR OF CONSULTING**

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### **EDUCATION**

**New Mexico State University, M.A.**

Economics

**New Mexico State University, B.A.**

Economics, English

### **EXPERIENCE**

Mr. Baudino has more than thirty years of broad-based experience in utility ratemaking, including revenue requirement analysis, cost of capital, utility financing, electric and natural gas utility restructuring and competition; phase-ins, auditing, cost allocation, and rate design. Mr. Baudino has provided expert testimony in one hundred eighty utility rate proceedings. He has significant experience in the development and use of revenue requirement, cost of service, and rate design modeling.

**Baudino Regulatory Consulting, Inc. (2007 to Present).** President. Mr. Baudino has continued his association with J. Kennedy and Associates, Inc. as a Consultant. Mr. Baudino provides consulting services to clients that encompass the following: estimation of the investor required return on equity, capital structure, cost of service analysis for electric, gas, and water utility operations, rate design, and various issues of regulatory policy.

**J. Kennedy and Associates, Inc. (1989 to 2007).** Director of Consulting. Responsible for consulting projects and expert testimony in the areas of revenue requirements, rate design, cost of capital, economic analysis of generation alternatives, fuel cost auditing, gas industry restructuring and competition.

**New Mexico Public Service Commission Staff (1982 to 1989).** Utility Economist. Responsible for preparation of analysis and expert testimony in the areas of rate of return, cost allocation, rate design, finance, phase-in of electric generating plants, and sale/leaseback transactions.

## RESUME OF RANDY A. FUTRAL, MANAGER OF CONSULTING

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### EDUCATION

**Mississippi State University, BBS in Business Administration**

Accounting

### EXPERIENCE

Mr. Futral has nearly thirty years of utility and related industry experience in the areas of management, accounting, budgeting, forecasting, financial reporting, ratemaking, tax, banking, and both as a management employee and as a consultant. He has conducted utility revenue requirements analyses, affiliate transaction auditing and analysis, fuel adjustment clause auditing, purchase gas adjustment auditing, environmental adjustment clause auditing, and research involving tax and public reporting matters. He has filed reports and/or testimony before state and federal courts and regulatory commissions on numerous occasions addressing revenue requirements, tariff development and compliance, operation and maintenance expenses, and other issues.

**J. Kennedy and Associates, Inc. (2003 to Present):** Manager of Consulting. Mr. Futral provides consulting services that address compliance, performance, and operational issues. Clients include state and regulatory commissions and other government agencies as well as large users of electricity and natural gas.

**Telscape International, Inc. (1997 – 2003):** Corporate Assistant Controller and Corporate Controller. Mr. Futral had complete responsibility and accountability for the accounting and financial functions of a \$160 million newly public company providing telecommunication and high-end internet access services. Telscape served as a telephony carrier of services domestically and to Latin and Central America targeting other service carriers as well as individuals. Mr. Futral reported directly to the CFO and managed a staff of eleven.

**Comcast Communications, Inc. (1988 - 1997):** Regional Senior Financial Analyst, Regional Assistant Controller and Regional Controller. Mr. Futral had complete responsibility and accountability for the accounting functions of a \$2.1 billion regional division of then the world's third largest cable television provider serving approximately 490,000 subscribers. Mr. Futral reported to the Regional VP of Finance and managed a staff of twelve.

**Storer Cable Communications, Inc. (1987 – 1988):** Senior Accountant for Operations. Mr. Futral had responsibility for the accounting, budgeting, and forecasting activities of this 82,000 subscriber area for this cable television concern that was acquired by Comcast listed above.

**Tracey-Luckey Pecan & Storage, Inc. (1986 – 1987):** Senior Accountant

**Tarpley & Underwood, CPA's ( 1984 – 1986):** Staff Accountant

## **RESUME OF BRIAN R. BARBER, DIRECTOR OF CONSULTING**

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### **EDUCATION**

**Georgia Institute of Technology**  
Bachelor of Industrial Engineering

**Goizueta Business School of Emory University**  
Master of Business Administration, Finance

### **EXPERIENCE**

Mr. Barber has over thirty years of experience in utility regulation in the areas of planning, economic analysis, forecasting, and cost and rate analysis.

**J. Kennedy and Associates, Inc. (1985 to present)**. Director, Consulting; Manager, Consulting; Senior Consultant. Mr. Barber serves as a policy and technical analyst on projects involving system planning, production and replacement power costs, modeling, revenue requirements, cost of service, and tariff design. He has presented expert testimony on issues including revenue requirements, load forecasting, cost of service and rates, and fuel cost recovery.

**Georgia Public Service Commission (1980 to 1985)**. Public Utilities Engineer, Intern. While enrolled at Georgia Tech, Mr. Barber served a summer internship at the Georgia Public Service Commission. Following the completion of his undergraduate degree in 1981, he joined the Commission as a Public Utilities Engineer. At the Commission, he was responsible for the analysis of electric, gas, and telecommunication rate filings. Areas of review included weather normalization, fuel cost projections, regulatory accounting, sales forecasting, fuel inventory levels, depreciation and rate design. He participated in the preparation of expert testimony, cross-examination of witnesses and settlement negotiations. He also participated in analysis of electric utility generation expansion plan and staff audits.

# **RESUME OF LEAH JUSTIN WELLBORN, SENIOR CONSULTANT**

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## **EDUCATION**

**Georgia Institute of Technology,**  
Atlanta, GA  
M.S. Operations Research, 2017

**Georgia Southern University,**  
Statesboro, GA  
B.S. Mathematics, 2012

## **PROFESSIONAL AFFILIATIONS**

Women's Energy Network, Greater Atlanta Chapter  
Institute for Operations Research and the Management Sciences (INFORMS)

## **EXPERIENCE**

Ms. Wellborn is a recent college graduate with a mathematics and operations research background. She has been working at J. Kennedy and Associates, Inc., and has been sub-contracting to Hayet Power Systems Consulting on projects since early 2013. For these companies, she has been providing critical support in the areas of production cost modeling and data analysis involving utility regulatory proceedings on cases for clients located across the country. Ms. Wellborn has worked on projects for regulatory commissions and government agencies such as the Department of Justice and the Louisiana Public Service Commission Staff, as well as the large industrial users group, the Kentucky Industrial Utility Customers, Inc.

### **J. Kennedy and Associates, Inc. (2013 to Present): Consultant**

Responsible for conducting research, data analysis, production-cost modeling, and performing resource planning analyses.

#### **Project Experience**

Analyses and development of commodity forecasts  
Use of modeling tools such as STRATEGIST, GRID, Cumulus, and AURORAxmp  
Statistical analysis and use of tools such as R and PAST,  
State evaluation of the EPA's Clean Power Plan and Integrated Planning Model  
Renewable energy studies, including net metering and capacity contribution  
Fuel Cost Recovery and Adjustment reviews  
Project economic evaluation as part of nuclear construction monitoring process  
Integrated Resource Planning and Retirement Study evaluations

### **Hayet Power Systems Consulting (2013 to Present): Sub-contractor Consultant**

Responsible for conducting research, data analysis production-cost modeling and performing resource planning analyses.

### **Relevant Coursework**

Energy Optimization, Energy Policy and Technology, Economic Decision Analysis, Regression Analysis, Deterministic Optimization, Probabilistic Models, Simulation, Data and Visual Analytics, Statistical Methods, Number Theory, Linear Algebra, Differential Equations, Math Structures, and Java Programming.

**J. Kennedy and Associates, Inc.**  
**2018 Hourly Fee Schedule**  
**Louisiana Public Service Commission**

<u>Title</u>	<u>Name</u>	<u>Hourly Rate</u>
President	Stephen J. Baron	\$263
Vice President	Lane Kollen	\$263
Vice President	Philip Hayet	\$263
Director	Richard A. Baudino	\$252
Director	Brian R. Barber	\$252
Manager	Randy Futral	\$252
Senior Consultant	Ann Bruccoliere	\$195
Senior Consultant	Leah Justin Wellborn	\$195
Consultant	Brian Kollen	\$155
Analyst	Jessica Inman	\$115

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