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# EXETER

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REF: 160206

February 18, 2016

Ms. Kathleen Richardson  
Louisiana Public Service Commission  
Office of General Counsel  
602 North Fifth Street (Galvez Building) (70802)  
P.O. Box 91154  
Baton Rouge, LA 70821-9154

Re: RFP 16-01  
Entergy Louisiana, LLC  
2016 Request for Proposals for Renewable Resources

Dear Ms. Richardson:

Exeter Associates, Inc. (Exeter) is pleased to submit this proposal to assist the Staff of the Louisiana Public Service Commission (LPSC or Commission) in reviewing Entergy's pending Request for Proposal (RFP) for up to 200 MW of renewable energy resources and to assist Staff with any resource certification applications that Entergy may file with the Commission. Entergy's renewable energy RFP is in part to address the Company's need for an additional 2,000 MW by 2019 to meet expected load growth, the expiration of purchased power agreements (PPAs), and possible unit retirements.

A detailed description of Exeter's corporate qualifications and experience of its senior personnel is included as Attachment A to this proposal. We believe that Exeter is uniquely qualified to provide assistance on this project due to our previous work on the highly successful Flat Ridge 2 wind energy acquisition (a low-cost, 20-year wind energy PPA) with Southwestern Electric Power Company (SWEPCO). Exeter also assisted Staff with Docket No. U-32814, an active case that encompasses SWEPCO's request for Commission approval of five long-term PPAs for 359 MW of wind power capacity. Exeter also is well versed with PPA certifications before the LPSC, pursuant to the 1983 General Order, and the Commission's Market Based

Mechanisms (MBM) Order. Exeter also has extensive experience in the area of oversight of power supply RFPs, and we expect the following tasks will be performed:

- Perform initial review and analysis of the published RFP, including assessment of stakeholder comments and questions.
- Prepare Staff comments on the RFP documents and work with Entergy to finalize the RFP in light of issues raised.
- Participation in the Technical and Bidders' conferences.
- Review with the Entergy RFP team the methodological assumptions and other criteria used to evaluate bids.
- Ensure compliance with the Commission's MBM General Order, as well as ensuring a fair and efficient RFP process.
- Review Entergy's application of its evaluation methodology and resulting bid ranking.
- Review Entergy's final due diligence of short-listed projects and the selection decisions for the winning bid(s).

After the RFP process is completed and awards to winning bidders are announced, Entergy may submit the contracted projects for Commission certification. Should that occur, Exeter will perform the full range of litigation assistance tasks for Staff relating to this docket. This will include:

- Initial review and analyses of the Application filing including supporting exhibits, workpapers, and the PPAs themselves.
- Working with LPSC Staff Counsel and other Staff members to develop a preliminary issues list.
- Conducting discovery on the filing, including assistance with depositions of Company witnesses if deemed necessary.
- Determining whether the proposed PPA(s) is consistent with a "least-cost" Integrated Resource Plan for Entergy and in the best interest of Entergy's customers.
- Preparation of testimony to present the results of our analyses on key issues and (when appropriate) to respond to other parties.

- Preparation of rebuttal, cross-answering, and surrebuttal testimony as may be needed.
- Participation in LPSC hearings to defend testimony and assist in cross-examination of witnesses.
- Other assistance to Staff as needed, including participation in formal status conferences, pre-trial conferences, and depositions; participation in Commission Open Sessions; assistance in drafting of applicable motions, exceptions, briefing sheets, and orders of the Commission; and requested assistance to brief Commissioners.

Exeter will assist Staff in the above necessary actions through to the issuance of the final Commission Order. Exeter understands that the time period estimated for completion is approximately 18 months. Exeter would begin work shortly after notification of selection. We would anticipate discovery and preparation of Exeter's evaluation and findings to take place over a period of ten to 15 months, with hearings to follow on a schedule established by the Administrative Law Judge (ALJ) assigned to the proceeding.

The Exeter staff members proposed for this effort have substantial experience with: (a) the Commission's MBM General Order; (b) the power supply solicitation process, particularly for the Louisiana electric companies; and (c) the Commission's certification General Order and docketed certification cases. Exeter assisted Staff in the development of the original MBM Order, along with several recent amendments. This Order has been used as Louisiana's primary generating capacity acquisition arrangement for the past decade. As a result, we have an intimate knowledge of that General Order and how it has been applied. Exeter (and in particular, Matthew Kahal) has assisted Staff in its oversight of RFPs issued by Entergy, SWEPCO, and Cleco Power. Exeter also has testified on Staff's behalf in certification cases that have arisen from several of these RFPs.

In addition to our experience in assisting Staff in Louisiana with both RFPs and certification cases, Exeter has specialized expertise with renewable resources. In particular, Mr. Kevin Porter, a principal with Exeter, specializes in renewable resource development issues. Prior to joining Exeter, he served as an economist with the National Renewable Energy Laboratory (NREL). Mr. Porter has provided technical assistance on renewable energy resources to several states, NREL, and the Lawrence Berkeley National Laboratory (LBNL). Exeter also has substantial experience with renewable energy resource procurement as a result of its work for the U.S. Department of Energy (DOE) and the U.S. Department of Defense (DOD).

Please note that Exeter has no business relationship with Entergy or with any of its corporate affiliates, nor have we ever had such a relationship. We also have no business relationship with any likely bidder in the RFP. Thus, we have no conflict of interest that could impair or restrict our ability to provide assistance and objective advice to Staff.

Exeter proposes a project budget to perform this work be established at a not to exceed amount of \$85,000 for professional services plus \$3,500 for expenses. While this budget would serve as the authorized ceiling, we will only bill for work actually performed and expenses actually incurred. Direct expenses will be billed at cost. Please note that this proposed budget does not specifically cover substantial work on any potential FERC dockets related to any PPAs Entergy may enter into, any court appeals, or subsequent dockets or sub-dockets that may result from the RFP or from applications for LPSC certification. However, Exeter is fully prepared to assist on such additional dockets or task areas if requested by the Commission.

Exeter will bill for professional services at our current standard hourly billing rates. Those rates currently range from \$80 per hour for research assistants to \$220 for principals. This work will be performed under the general direction of Kevin Porter. Mr. Porter provided consultative and research assistance to Mr. Kahal with the Flat Rock I wind PPA case and provided written testimony regarding the five SWEPCO wind PPAs in Commission Docket U-32814. Mr. Kahal will provide consultative and technical assistance. Mr. Kahal is an independent consultant and a former principal at Exeter, and he has worked for the Commission on numerous occasions. Other Exeter staff will be available as needed.

We look forward to working with and assisting the Staff on this important project. If you have any questions concerning this proposal or our budget estimate, please do not hesitate to call.

Very truly yours,

Kevin Porter  
Vice President

KLP/arr  
Enclosure

**ATTACHMENT A**

**EXETER ASSOCIATES, INC.**

**10480 LITTLE PATUXENT PARKWAY  
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**CORPORATE QUALIFICATIONS**

## **EXETER ASSOCIATES, INC. CORPORATE QUALIFICATIONS -- GENERAL**

**Exeter Associates, Inc.** provides economic and financial consulting services in the areas of public utility regulation, energy, and antitrust economics. The firm maintains the highest standards in the application of economic and financial analysis to both quantitative and policy issues in the electric, gas, and other industries.

**Exeter Associates, Inc.** is distinguished by the breadth of experience and expertise of its senior professionals. Each holds an advanced degree in economics or a related field with extensive experience in his or her area of expertise, and each is a recognized expert in one or more of the areas of analysis and research shown below.

### **Public Utility Regulation (Electric, Gas, and Water/Wastewater)**

- < *Alternative regulatory structures*
- < *Local competition*
- < *Industry restructuring*
- < *Privatization*
- < *Wholesale/retail wheeling*
- < *Mergers and acquisitions*
- < *Costing methodologies*
- < *Imputation standards/non-accounting safeguards*
- < *Structural separation remedies*
- < *Rate structure and rate design*
- < *Marginal costs and rates*
- < *Rate of return*
- < *Affiliate company relationships*
- < *Revenue requirements*
- < *Utility financial condition*
- < *Utility productivity studies*
- < *Depreciation*

### **Econometric and Energy Modeling**

- < *Demand and cost analysis*
- < *Energy supply forecasting*
- < *Load forecasting*
- < *Conservation and load management analysis*
- < *Economic analysis of environmental policies*

### **Industry Analysis**

- < *Electric utilities*
- < *Water/sewer utilities*
- < *Oil and natural gas*

### **Cost/Benefit Analysis**

### **Life-Cycle Cost Analysis**

### **Financial Modeling and Analysis**

### **Evaluation/Acquisition of Alternative Utility Supplies**

## **ELECTRICITY**

Exeter staff has been continuously involved in electric utility industry regulatory issues since the Company began operating in 1981, and the experience of its senior staff predates the formation of the Company. Exeter has provided expert witness testimony in hundreds of regulatory proceedings before state and federal regulatory commissions. This testimony has been on behalf of commission staffs, consumer advocates, and federal and state government clients. In addition, Exeter personnel have provided consulting and prepared reports/studies addressing broad policy issues facing particular states and industry-wide regulatory concerns. These testimonies and studies have involved such recent issues as industry restructuring, wholesale and retail open access, privatization of utility systems, stranded costs, contract evaluation/negotiation, and the development or evaluation of performance-based mechanisms (alternative forms of regulation) for electric utilities. Most recently, Exeter has also examined and provided testimony on renewable energy, energy conservation, demand response, procurement of default electricity supply service, and construction and siting of power plants.

Exeter staff has extensive experience in providing expert testimony and consulting on revenue requirements, rate of return, load forecasting, demand side management, depreciation, cost of service, prudence, rate design, fuel costs, purchase power costs, competition (both wholesale and retail), utility resource planning, cogeneration analysis and merger issues.

## **NATURAL GAS**

Exeter Associates has been extensively involved in natural gas regulatory issues since the mid-1970's. After the adoption of Federal Energy Regulatory Commission (FERC) Order No. 636 and subsequent unbundling of interstate pipeline service in 1993, local gas distribution companies (LDCs) have become entirely responsible for the gas procurement function, a responsibility primarily borne by interstate pipelines prior to adoption of FERC Order No. 636. Exeter's engagements have included evaluation of LDC gas procurement practices and policies in the post-Order No. 636 environment on behalf of public utility commission (PUC) staffs and consumer advocates. Exeter has provided expert witness assistance to PUC staffs and consumer advocates in numerous regulatory proceedings before state and federal regulatory authorities addressing revenue requirements, cost allocation and rate design issues. Exeter professionals have advised state and federal clients concerning issues related to natural gas industry restructuring. This includes addressing issues such as performance-based gas procurement programs, stranded costs, unbundling of LDC services, and new regulations to promote competition under conditions of an evolving market structure. Exeter has also assisted clients in the direct procurement of natural gas supplies and contract negotiations in the continually evolving competitive gas acquisition markets.

## **WATER/WASTEWATER**

Exeter Associates' personnel have extensive experience in designing water/wastewater rates, performing cost allocation studies, evaluating revenue requirements, and addressing other aspects of water and wastewater regulation. Because of the substantial capital improvements required by water utilities to comply with the quality standards of the Safe Drinking Water Act (SDWA) and its amendments, significant increases in water rates are often required. Exeter has extensive experience in addressing the allocation and recovery of SDWA-related costs.

In addition to the staff's providing expert testimony in numerous regulatory proceedings throughout the U.S. on behalf of state and federal government clients, Exeter personnel have assisted clients in negotiations for water supply, rates, service characteristics, and billing arrangements. In addition to these issues, Exeter personnel have addressed the adequacy of infrastructure, privatization of federally-owned water treatment and storage facilities and water distribution systems, and issues related to fire protection.

## **EXETER ASSOCIATES, INC. RECENT CLIENTS**

**Exeter Associates'** professional staff members have served a broad range of client organizations including public service commissions, consumer advocates, government agencies and private firms. Recent clients include:

Arkansas Public Service Commission	National Association of Regulatory Utility Commissioners
Brookhaven National Laboratory	National Nuclear Security Administration
Center for Resource Solutions	National Renewable Energy Laboratory
Colorado River Commission of Nevada	New Hampshire Office of Consumer Advocate
Community Legal Services, Inc.	Northrop Grumman
Defense Logistics Agency Energy	Office of the Ohio Consumers' Counsel
Delaware Division of the Public Advocate	Pennsylvania Office of Consumer Advocate
Delaware Public Service Commission	Public Utilities Commission of Ohio
Fermi National Accelerator Laboratory	Regulatory Assistance Project
General Electric	Rhode Island Division of Public Utilities & Carriers
General Services Administration	SLAC National Accelerator Laboratory
Hawaii Public Utilities Commission	Strategic Petroleum Reserve
Illinois Citizens Utility Board	Sustainable Energy Advantage
Imperial Irrigation District	Tennessee Attorney General – Consumer Advocate and Protection Division
Indiana Office of Utility Consumer Counselor	Tennessee Regulatory Authority
Lawrence Berkeley National Laboratory	Township of Bedminster, New Jersey
Lawrence Livermore National Laboratory	U.S. Air Force – Air Force Civil Engineer Center
Louisiana Public Service Commission	U.S. Army – Commercial Utilities Program, U.S. Army Corps of Engineers
Maine Office of the Public Advocate	U.S. Department of Defense
Maine Public Utilities Commission	U.S. Department of Energy
Maryland Department of the Environment	Utah Office of Consumer Services
Maryland Energy Administration	The Utility Reform Network
Maryland People's Counsel	Western Area Power Administration – Desert Southwest Region
Maryland Power Plant Research Program	Western Interstate Energy Board
Maryland Public Service Commission	
Massachusetts Attorney General – Office of Ratepayer Advocacy	
Midwest Renewable Energy Tracking System	

## **EXETER ASSOCIATES, INC. KEY STAFF MEMBERS**

**Exeter Associates, Inc.** specializes in serving clients engaged in litigative, policy-making, and decision-making activities and in providing the highest quality consulting services to clients in the areas of regulatory policy, industry restructuring, utility supply planning, contract negotiation, and on a wide range of other contemporary economic issues. The senior professional staff has provided expert testimony on numerous occasions before state, federal, and foreign regulatory agencies; state and federal courts, the Federal Energy Regulatory Commission, the U.S. Postal Rate Commission, and U.S. Congress and state legislative committees and subcommittees. Summaries of the qualifications of Exeter's senior staff are presented below:

**MR. THOMAS S. CATLIN** is a principal of Exeter Associates and a senior utility rate analyst with 35 years of experience in the review and analysis of the operation of public utilities. The emphasis of this work has been on utility rate regulation and has involved telephone, natural gas, electric and water companies. Mr. Catlin specializes in the areas of revenue requirements and class cost-of-service studies. He is thoroughly familiar with all the various aspects of ratemaking, the use of economic and engineering analytical techniques, rate base and operating income determination, and utility accounting. Mr. Catlin has also been involved in analyzing affiliate relations, alternative regulatory mechanisms, and regulatory restructuring issues. Mr. Catlin has testified before numerous state commissions and the Federal Energy Regulatory Commission. He holds a B.S. in physics and mathematics from the State University of New York at Stony Brook, and an M.S. in water resources engineering and management from Arizona State University. He is currently a member of the American Water Works Association (AWWA) Rates and Charges Subcommittee.

**DR. STEVEN L. ESTOMIN** is a principal of Exeter Associates and is a senior economist more than 30 years of experience in the areas of microeconomic applications, industry analysis, econometric modeling and environmental economics. He specializes in utility load forecasting, computer modeling, financial analysis, utility contract negotiation, cogeneration analysis, electric industry restructuring, power supply acquisition, and issues of competition and antitrust. Dr. Estomin has had major responsibility in evaluating long-term utility power supply options for U.S. Department of Energy and U.S. Air Force installations, and in negotiating long-term utility contracts for the U.S. government. Dr. Estomin has conducted electric sales and load forecasts for individual utility service areas and for the State of Maryland, and has testified on his review of electric sales forecasts prepared by utilities, including Pepco, Baltimore Gas & Electric Company, Commonwealth Edison, Central Maine Power, and Bangor Hydro. He has also testified on issues relating to statistical analysis, rate design, competition, and power supply acquisition for default supply service. Dr. Estomin holds a B.A., M.A., and Ph.D. in economics from the University of Maryland.

**MR. DWIGHT D. ETHERIDGE** is a principal at Exeter Associates with 29 years of wide ranging experience in the electric utility industry. His areas of expertise include retail competition, energy markets, risk management and control, distributed generation, telecommunications, contract rate negotiations, rate design, cost allocation and forecasting, revenue requirements and benchmarking studies. Mr. Etheridge supports clients on multiple utility issues, including planning and options studies, cost analyses related to negotiations and utility rate cases, power procurement and price projections, risk management and energy price hedging programs, and utility infrastructure analyses. While employed by an investor-owned utility, Mr. Etheridge held increasingly more responsible management positions in strategic, deregulation, pricing, and planning areas, including reporting to the CEO during electric deregulation and a merger of two utilities. Mr. Etheridge has extensive experience developing analytical and strategic solutions on a variety of utility issues and communicating on those issues to regulatory commissions, legislatures, senior management, boards of directors and the public. He has presented expert testimony on over 30 occasions and has acted as a spokesperson numerous times on television, radio and in print. Mr. Etheridge holds a B.S. in business administration from the University of California, Berkeley.

**MR. JEROME D. MIERZWA** is a principal of Exeter Associates and a senior analyst with 24 years of public utility regulatory experience. At Exeter, Mr. Mierzwa has conducted purchased gas cost allocation analysis and rate design analysis, management audits and similar investigations of the natural gas supply and procurement policies and practices of interstate gas pipelines and local distribution companies (LDCs). Most recently, Mr. Mierzwa has been involved in evaluating performance-based incentive regulation for LDC purchased gas costs and the unbundling of LDC services. Mr. Mierzwa has participated in developing utility class cost-of-service studies, has presented testimony sponsoring gas, water, and wastewater utility cost-of-service studies, least-cost gas procurement and incentive regulation, in addition to presenting testimony addressing utility rate base, expenses and revenues. Mr. Mierzwa holds a B.S. in marketing and an M.B.A. in finance from Canisius College.

**MS. CHRISTINA R. MUDD** is a principal at Exeter Associates, Inc. with 20 years of experience in energy efficiency, renewable energy, and climate change policy. With Exeter Ms. Mudd provides detailed analysis on the economic impacts of energy and environmental policies. Ms. Mudd participates in the Maryland staff working group for the Regional Greenhouse Gas Initiative, assists the Maryland Department of Natural Resources, Maryland Energy Administration and Maryland Department of Environment reviewing policies and programs related to electricity regulation, energy efficiency, renewable energy, and climate change. Ms. Mudd also provides technical support to federal agencies by reviewing utility supply contracts and rates, and reviewing the economic feasibility of alternative energy projects. Ms. Mudd served as the Executive Director of the National Council on Electricity Policy from January 2005 to December 2006. The National Council is a partnership between the National Association of Regulatory Utility Commissioners, National Association of State Energy Officials, National Governors' Association, and National Conference of State Legislators. Ms. Mudd holds a B.S. in political science and biology from James Madison University and an M.A. in international affairs with a concentration in economics and energy policy from Johns Hopkins University School for Advanced International Studies.

**MR. KEVIN L. PORTER** is a principal of Exeter Associates and a senior analyst with nearly 30 years of experience. Mr. Porter has been active in renewable energy analysis and research since 1984. His scope of expertise includes the technical and economic status of renewable energy technologies, design and implementation of state and federal renewable energy policies, transmission access and pricing for renewable energy technologies, and electricity policy in general. He has advised the National Renewable Energy Laboratory, the State of Maryland, the American Wind Energy Association, and other clients on renewable energy and green power procurement and policy design, and has written or co-written over 60 reports, conference papers, and journal articles. He holds a B.S. in environmental studies from Lewis & Clark College in Portland, Oregon, and an M.A. in economics from The American University in Washington, D.C.