

J. KENNEDY
AND
ASSOCIATES, INC.

**PROPOSAL TO THE
LOUISIANA PUBLIC SERVICE COMMISSION**

IN RESPONSE TO RFP 16-01

DOCKET NO. X-33876

Entergy Services, Inc.

IN RE: 2016 Request for Proposals for Renewable Resources

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

Executive Summary

J. Kennedy and Associates, Inc. (“Kennedy and Associates”) is pleased to submit this proposal to assist the Louisiana Public Service Commission Staff (“Commission” and “Staff”) in its review and analysis of Entergy Services, Inc.’s (“Entergy”) upcoming Request for Proposals (“RFP”) for up to 200 MW of renewable resources and to assist Staff with any related LPSC resource certification applications that may be filed by or on behalf of Entergy Louisiana, LLC (“ELL”). This proposal has been designed to be in accordance with the Commission’s General Order dated November 10, 2014.

Kennedy and Associates is uniquely qualified to assist the Commission in this matter in a knowledgeable and efficient manner. We were the consultant hired to assist Staff with overseeing Entergy’s 2015 IRP in Docket No. I-33014, and in that proceeding we worked with Staff, Entergy, and other stakeholders to address renewable energy issues that ultimately led Entergy to undertake this renewable energy RFP. Recognizing that Entergy has a need to add more than 2,000 MW of capacity, our goal during the IRP was to ensure that renewable resources were fairly evaluated and could be selected to meet Entergy’s capacity need, but only if they were properly evaluated and found to be cost effective, or they were deemed to be desirable for other compelling reasons. Should the Commission decide to hire Kennedy and Associates we will strive to ensure that this principle continues to be followed in the RFP evaluation.

We note that Entergy’s RFP will be subject to the Commission’s Market Based Mechanisms Order, (“MBM Order”)¹, which requires utilities to demonstrate that their selected resources are least-cost and are in the public interest. The MBM Order also requires the use of a formal

¹ Docket No. R-26172, Subdocket C, In re: Possible suspension of, or amendments to, the Commission’s General Order dated November 3, 2006 (Market Based Mechanisms Order) to make the process more efficient and to consider allowing the use of on-line auctions for competitive procurement, as amended October 29, 2008.

competitive solicitation process for the acquisition of resources. In addition, should the Company select to acquire renewable resources, the Commission's 1983 General Order ("1983 General Order")² requires that any purchase power contract or capacity acquisition must be certified by the Commission in a docketed proceeding. Kennedy and Associates is quite familiar with both the MBM and the 1983 General Orders. We have been involved in both rulemakings and other RFP/Certification proceedings in which knowledge of these orders was essential.

In addition, we have been heavily involved in Louisiana renewable resource proceedings over the past 15 years, including renewable portfolio standard evaluations, a voluntary green pricing tariff pilot, a renewable energy acquisition pilot, renewable RFP proceedings, and renewable certification proceedings. In other states, we have experience developing cost and benefit studies of renewable resources including distributed generation such as roof-top solar, and we have addressed net metering issues. We are also intimately familiar with the associated cost recovery mechanisms that are relied on to acquire new renewable resources.

As part of this project, we will assist in each stage of the RFP process, including participating in the technical and bidder's conferences, reviewing and commenting on draft bid documents, participating in informal meetings, and in general, assisting in the facilitation of the RFP process. After the RFP and resources have been selected, we will review and analyze certification applications, testimony and exhibits, and the company's financial data. Also during the certification proceedings, we will draft and analyze discovery, participate in all conferences, and draft audit memoranda. We will also participate in meetings and conference calls with the Commissioners, Staff and other parties as requested, and perform any other analyses requested by Staff. We will endeavor to work closely with Entergy and other parties to reach mutually acceptable resolutions to issues that arise, which we will support at hearing. In the event that it becomes necessary to litigate

² September 30, 1983 General Order, as amended by the Commission's Order R-30517, dated October 29, 2008.

any issues, we will be prepared to contest those at hearing. Regardless of the hearing type that is conducted, we will develop expert testimony, testify at hearing, and provide any other requested regulatory support services, such as assisting in the preparation of cross examination, and helping to draft motions, exceptions, briefing materials, and Commission orders. We will also attend the Commission's B&E session, as requested.

Budget to Perform These Services

Kennedy and Associates proposes a budget for consulting services of \$39,000, consisting of \$37,000 for consulting services, and \$2,000 for expenses. Our services will be billed based on our standard hourly billing rates, which are attached to this proposal. Kennedy and Associates will ensure that only charges for actual hours worked and actual expenses incurred will be billed, and that our bills will not exceed the total labor and expense budgets based on the scope of work outlined. Furthermore, we acknowledge that any expenses charged will be within the Commission's standard expense allowances.

Kennedy and Associates Qualifications

As mentioned, we are uniquely qualified to assist the Staff in these dockets due to our familiarity with Louisiana regulatory practice and procedures, and specifically our involvement with Louisiana renewable energy proceedings. In addition, our firm has provided extensive consulting assistance to the Staff in dozens of other proceedings involving nearly all of the electric and natural gas utilities in the state. These proceedings have involved rulemakings, acquisitions, rate cases, fuel clause audits, and affiliate transactions.

Kennedy and Associates meets all professional qualification requirements specified in the Commission's RFP for technical consultants. We are qualified to prepare and render expert testimony and stand for cross-examination with respect to all of the issues addressed in the RFP, which are likely to arise in this proceeding. Each of our consultants is experienced in analyzing the operations, books and records of utility companies for the purpose of setting just and reasonable rates, is prepared and qualified to render expert testimony, and has knowledge of the following:

1. Appropriate accounting standards and practices for electric utilities;
2. The Commission's Rules and Orders pertaining to the RFP process as it relates to the acquisition of power supply resource, including but not limited to the Commission's Market Based Mechanisms Order and its 1983 Order, as amended;
3. Principles associated with purchase power contracts and the competitive process, including but not limited to analyzing whether or not a particular resource meets the utility's need for power and whether the considered resources are able to meet those needs;
4. Whether or not a resource will provide reliable service at the lowest reasonable cost;
5. Resource planning methods to improve the efficiency of a utility's power supply operations and whether the utility is making use of any such methods;
6. Public interest criteria for approval of purchase power contracts;
7. Commission rules on affiliate transactions and cost recovery mechanisms for power supply resources, including ELL's Formula Rate Plan, the Commission's Fuel Clause Recovery Order, and Commission General Order U-21497 dated November 6, 1997 governing the treatment and allocation of fuel costs; and
8. MISO tariffs, rules and planning processes, generally, and specifically related to resource adequacy planning processes and use of zonal resource credits.

Kennedy and Associates assisted Staff in its review and evaluation of Entergy's 2009 RFP for new renewable resources. We also assisted Staff in the resulting certification proceedings of the new renewable resources that Entergy has acquired including Dockets U-32557 (Rain Certification),

U-32785 (Agrilectric Certification), and U-32981 (Montauk Certification). We also assisted Staff in the review and evaluation of other resources in Louisiana, including Cleco Power, LLC's ("Cleco Power") 2007 Request for Certification of Purchase Power Agreements in Docket U-30334, Cleco Power's 2007 RFP for Long Term Resources, and in the resulting certification proceeding of the Acadia Combined Cycle resource (Docket U-31157).

In addition to our experience working with the Entergy System and its generation resources, we were closely involved with Entergy's transition to MISO, and with the Entergy System Agreement. Our firm assisted the Commission and Staff in the review of Entergy's application for approval to transfer functional control to MISO (Docket No. U-32148), and we assisted Staff in the evaluation of transition matters as part of the Entergy Regional State Committee ("ERSC") Working Group.

Our firm also has provided extensive consulting assistance to the Staff in dozens of other proceedings involving nearly all of the electric and natural gas utilities in Louisiana. These proceedings have involved rulemakings, acquisitions, rate cases, fuel clause audits, and affiliate transactions. Recent rulemakings we have been involved with, that are relevant to this RFP, include the development of the IRP Rules (Docket R-30021), a Renewable Energy Pilot (R-28271), and development of the Energy Efficiency Rules (Docket R-31106). Our experience as a firm and the expert appearances of our consultants are detailed in our Qualifications package, a copy of which is enclosed with our proposal.

Kennedy and Associates Project Team

Mr. Philip Hayet will manage this project. He will be assisted by other Kennedy and Associates personnel as appropriate, including Mr. Brian Barber and Ms. Leah Wellborn. Mr. Hayet, as well as

the rest of the Kennedy and Associates Staff, are experienced regulatory consultants and have performed numerous resource evaluations and participated in many RFP processes and certification proceedings. Kennedy and Associates' personnel are experienced testifying witnesses and have testified on regulatory matters on numerous occasions in multiple jurisdictions, including the Commission.

Mr. Hayet, Vice President, has several decades of experience in nearly all facets of utility operations, including the design and implementation of RFP processes, resource optimization, renewable energy evaluation, certification proceedings, fuel adjustment proceedings, and other regulatory proceedings. Mr. Hayet has expertise in various software systems used by utilities for budgeting, resource planning, maintenance optimization, renewable evaluation, and strategic and financial planning. Mr. Hayet has testified before state and federal regulatory commissions and courts on utility matters. Mr. Hayet's regulatory experience is described further in his biography attached to this proposal, and his extensive expert testimony and appearances are detailed in the enclosed Qualifications package.

Plan of Action and Timeline

Kennedy and Associates is prepared to begin work on this project immediately upon being retained by the Commission. Once retained, we will work on the following tasks associated with our Plan of Action and Timeline for the major activities in this proceeding. These tasks are broken down into two parts. Part A concerns tasks to review the RFP for 200 MW of renewable resources, and Part B relates to tasks associated with certification proceedings, should the Company decide to acquire any resources identified as part of the RFP process.

Part A – 200 MW Renewable Resource RFP

1. **Review Entergy’s Informational Filing** – According to the MBM Order, the Company is required to submit an Information Filing at the start of the RFP process. These requirements include supplying a description of the capacity addition, as well as, other documentation describing the bidding procedures. A draft RFP solicitation document is to be included as part of the documentation Entergy submits in the Informational Filing. We will perform a detailed review of the informational filing, including the draft RFP, to ensure it meets all requirements of the MBM Order. If we have questions or concerns regarding the Informational Filing, we will submit questions for Entergy to answer.
2. **Review Bid Responses and Evaluations** – We will review bid responses and any bid evaluations that Entergy performs, and in particular, we will evaluate any evaluation methodologies that Entergy adopts. We have vast experience performing economic evaluations, and we are familiar with the tools Entergy used in the past to conduct bid evaluation studies.
3. **Technical Conferences** – We will participate in all technical conferences that are held with Entergy, Staff, and other stakeholders.
4. **Interaction with Bidders** – Should bidders raise issues of concern, we will assist Staff to discuss the issues with the bidders, and attempt to resolve the issues.
5. **Review Entergy’s Final Bid Selection and Review Executed Contract** – We will review Entergy’s final bid selection, and we will perform a high level review of Entergy’s winning bid determination. We will also review the executed contract to ensure that it meets all Commission requirements, though this will not be a detailed legal review.

Part B – Certification

1. **Participation in the Certification Proceeding** – We will provide all services required to assist Staff in litigated certification proceedings. Initially, we will review Entergy’s certification filing testimony and exhibits. We will submit discovery requests throughout the proceedings to gather any additional information that we will need to have a thorough understanding of Entergy’s Certification filings. We will also participate in meetings and conference calls, attend depositions, status conferences, and any other meetings scheduled in the proceedings.
2. **Participate in the Certification Hearings and Make Recommendations to the Staff** - Based on our review of the contract(s) and the Company’s certification filings, we will formulate our recommendations that we will offer to Staff. We will work collaboratively with Staff to finalize our positions and incorporate those in our pre-filed testimony and subsequent rounds of testimony, which we will defend at hearings at the Commission. We will also participate in any settlement discussions and we will participate in Settlement Hearings should that be the outcome of this proceeding.

3. **Assistance in Preparation of Any Post-Hearing Briefs or Filings, Settlement Discussions and or Stipulation Hearings** – As is our usual practice, we will continue working with Staff after the hearings to develop briefs and provide any other litigation related services necessary. We will also plan to attend and testify at the Commission’s Business and Executive Sessions, in which the Commission’s ultimate approval will be determined.

We understand that this proceeding may cover an 18 month period, though we agree that we will cooperate with Staff to develop and follow a timeline that will be established as part of a Commission approved scheduling order.

Kennedy and Associates No Conflicts of Interest

Kennedy and Associates has no known conflicts of interest in representing the Louisiana Public Service Commission in this proceeding and none of the Project Team members presently represent other clients before the Commission. Kennedy and Associates does not represent investor-owned gas or electric utilities.



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 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.



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.



EDUCATION

Georgia Southern University,
Statesboro, GA
B.S. Mathematics, 2012
GPA 3.72, Magna Cum Laude

Georgia Institute of Technology,
Atlanta, GA
Working towards M.S. Operations Research degree
Expected Completion in 2015

EXPERIENCE

Ms. Wellborn is a recent college graduate with a mathematics and analysis 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,
Data extraction, interpretation, and organization,
Analysis using statistical software such as PAST, and
Familiarity with production cost models such as Strategist and Aurora XMP

Hayet Power Systems Consulting (2013 to 2015): Sub-contractor Consultant

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

Project Experience

Analysis of PROSYM results,
Evaluation of incremental cost, heat rate, and expected forced outage rate calculations,
Integrated Resource Planning assessments, and
Development of numerous analyses and creation reports and presentations

Relevant College Coursework (2008-2013)

Deterministic Optimization, Operations Research, Statistical Methods, Number Theory, Linear Algebra,

Differential Equations, Math Structures, Modern Algebra, Java Programming, and Calculus I, II, III

**2016 Hourly Fee Schedule
Louisiana Public Service Commission**

<u>Title</u>	<u>Name</u>	<u>Hourly Rate</u>
President	Stephen J. Baron	\$250
Vice President	Lane Kollen	\$250
Vice President	Philip Hayet	\$250
Director	Richard A. Baudino	\$239
Director	Brian R. Barber	\$239
Manager	Randy Futral	\$239
Senior Consultant	Ann Bruccoliere	\$180
Consultant	Leah Justin Wellborn	\$160
Consultant	Brian Kollen	\$140
Analyst	Jessica Inman	\$100
