

J. KENNEDY
AND
ASSOCIATES, INC.

**PROPOSAL TO THE
LOUISIANA PUBLIC SERVICE COMMISSION**

IN RESPONSE TO RFP 19-21

DOCKET NO. TBD

**IN RE: ENTERGY SERVICES, LLC - POTENTIAL REQUEST FOR
PROPOSALS FOR RENEWABLE RESOURCES**

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

December 10, 2019

Executive Summary

J. Kennedy and Associates, Inc. (“Kennedy and Associates”) is pleased to respond with this proposal to assist the Louisiana Public Service Commission Staff (“Commission” and “Staff”) in its review of Entergy Services, LLC’s (“ESL”) potential Request for Proposal (“RFP”) for solar renewable resources and with any subsequent certification proceeding of any resources ESL selects out of the RFP.

Kennedy and Associates understands that ESL has provided advanced notification in accordance with the Commission’s Market Based Mechanism (“MBM”) Order¹ of its intent to issue an RFP for renewable resources and that Entergy Louisiana, LLC (“ELL” or the “Company”) may participate in any resources that are selected. The Commission’s MBM Order requires the use of a formal competitive solicitation process for the acquisition of resources. ESL’s notice that was filed November 8, 2019 states that in its 2019 Integrated Resource Plans (“IRPs”), the Company recognized that renewable resources offer a zero emission source of generation that have become economically attractive in recent times, and that “warrant further analysis as potential economic options for customers.”

With that as the backdrop, the Company issued this RFP to solicit utility-scale solar resources that likely will be long-term resources. Since the Company may submit its own affiliate and self-build proposals, it has retained the services of Mr. Wayne Oliver to serve as an independent monitor (“IM”) for the RFP process, in accordance with the requirements of the MBM Order. Assuming ELL participates in the acquisition of resources by selecting a winning bid(s), it will be required to seek certification and approval by the Commission in a docketed

¹ The Commission’s Amended General Order dated October 29, 2008, Docket No. R-26172, Sub-Docket C (the “MBM Order”).

proceeding, pursuant to the Commission's September 30, 1983 General Order ("1983 General Order").²

Kennedy and Associates is very familiar with both the MBM Order and the 1983 General Order. We have been involved in both rulemakings and other LPSC RFP/Certification proceedings for ELL and other Louisiana utilities including ESL, Cleco Power, and the 1803 Electric Cooperative, Inc. ("1803"). In this project, we will assist the Staff in a complete review of ESL's RFP, we will monitor the RFP process, and we will participate in any and all certification proceedings that arise out of the RFP. This proposal is structured to meet the requirements of the Commission's Request for Proposal dated November 18, 2019.

Kennedy and Associates Qualifications

Kennedy and Associates is uniquely qualified to assist Staff in this proceeding given our familiarity with the Louisiana electric utilities and MISO. Kennedy and Associates meets all of the professional qualification requirements specified in the Commission's RFP for technical consultants. We are experienced in participating in the RFP process, which entails reviewing bid documents and assisting Staff with issues that arise during the bid process, reviewing analyses that utilities perform to select winning bidders, addressing issues that arise during the negotiation process, and participating in the certification proceeding. 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, and 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 evaluating

² As amended by the Commission's Order No. R-30517, dated October 29, 2008.

a utility's capacity needs, and for evaluating appropriate capacity resources. In addition, our consultants have expert knowledge of:

1. Production cost modeling;
2. Resource evaluation and planning, including both conventional and renewable supply-side resources and demand-side resources;
3. Capital cost evaluation;
4. Integrated resource planning;

In addition, we have considerable experience working with utilities in Louisiana, such as the Entergy System. For example, we assisted Staff in the first implementation of Entergy's IRP process in Docket No. I-33014, and we were hired by the LPSC to work on the resulting RFP for renewable resource capacity that ELL issued following that IRP (Docket No. X-33876), which resulted in the acquisition of Solar Renewable Resources. ELL's RFP resulted in a 50 MW solar renewable resource (LA3 West Baton Rouge L.L.C.) purchase power agreement ("PPA"), and we also assisted Staff in the certification of that resource (Docket No. U-34836). We have assisted the Commission with several other renewable resource certification proceedings, including 1803's currently ongoing Request for Long-Term PPAs that includes renewable resources, ESL's requests for certification of the Rain CII (U-32557), Agrilectric (U-32785), and Montauk (U-32981) renewable resources.

We are familiar with the dispatch and operation of generating units in Louisiana and how they interact with the MISO System. We gained considerable experience with this by working for Staff on Entergy's transition to MISO. 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 Entergy Regional State Committee ("ERSC") Working Group. We have also been involved in numerous Entergy System Agreement proceedings at FERC.

We have also assisted Staff in the review and evaluation of other resources in Louisiana, including in 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).

We have other experience with resource planning matters in Louisiana as we assisted Staff in the development of the Commission's Integrated Resource Planning Rules in Docket No. R-30021. The IRP is the fundamental resource planning process that establishes the utility's need for capacity and identifies the optimal type of capacity that would best serve that need. We also have considerable experience working on resource acquisition projects in other states including Georgia, Indiana, Kentucky, Minnesota, South Carolina, Utah and elsewhere.

Kennedy and Associates has also worked on behalf of the Staff in numerous Louisiana utility proceedings since 1986, including the development of FRPs for companies including Southwestern Electric Power Company ("SWEPCO"), Dixie Electric Membership Cooperative ("DEMCO"), South Louisiana Electric Cooperative Association ("SLECA") and setting rates for SWEPCO, Entergy Gulf States, Inc., Cleco Power, DEMCO, SLECA, Cajun Electric Power Cooperative, Inc., among others. In addition, we have performed management audits of numerous utilities in Louisiana and participated on behalf of large customers in cooperative ratemaking proceedings in other states. As such, we are experienced with the important issues that may affect utilities in Louisiana.

In particular, our consultants are knowledgeable of the following requirements:

1. The Commission's Rules and Orders pertaining to the RFP process and acquisition of power supply resources, including but not limited to, the Commission's Market Based Mechanisms Order and its 1983 General Order, as amended;

2. Principles associated with resource acquisitions and the competitive process, including but not limited to analyzing utility resource needs and whether the considered resource(s) is able to meet those needs, particularly for renewable/solar resources;
3. Whether or not a resource will provide reliable service at the lowest reasonable cost;
4. 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;
5. Public interest criteria for approval of resources and purchase power contracts, particularly renewable/solar resources;
6. LPSC rules on cost recovery mechanisms for power supply resources, ELL's Formula Rate Plan, and the Commission's General Order dated November 6, 1997 in Docket No. U-21497 regarding fuel cost recovery;
7. Appropriate accounting standards and practices for electric utilities; and,
8. MISO tariffs, rules and planning processes, generally, and specifically related to resource adequacy planning processes and use of zonal resource credits.

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 would be pleased to provide you with additional copies of the Qualifications upon request.

Our Project Team Is Experienced and Knowledgeable

Our Project Team consists of Mr. Lane Kollen, Vice President, CPA, CMA, CGMA; Mr. Philip Hayet, Vice President, Mr. Brian Barber, Director, Consulting; and Mr. Sam Wyrobeck, Consultant, among others. We have included brief biographies below of our senior team members describing their education and experience. In addition, we have provided resumes of all of our Staff members in our Qualifications package that provides more detail regarding their experience and lists the regulatory proceedings and subject matters in which they have provided expert testimony.

Action Plan for Comprehensive Review

Kennedy and Associates is prepared to begin work on this project immediately upon being retained by the Commission. We have developed the following Plan of Action and Timeline for the major activities in this proceeding.

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, and a draft RFP solicitation document. The Company's November 8, 2019 letter to the Commission states it plans to submit a draft RFP no earlier than January 16, 2020 and then a final RFP at least 60 days after that. Once it becomes available, we will perform a detailed review of the filed informational to ensure it meets all requirements of the MBM Order.
2. **Coordinate with Staff and the IM during the Bid Process** - We will coordinate closely with both Staff and the IM to monitor the RFP process.
3. **Review Bid Responses and Evaluations** – We will assist Staff in reviewing evaluation results that the Company develops.
4. **Technical Conferences** – We will participate in any technical conferences that are held.
5. **Interaction with Bidders** – We will assist Staff with any issues that arise with bidders during the bid evaluation process that require Staff's interaction. We will also help Staff respond to any written comments from bidders as appropriate.
6. **Review Final Bid Selection and Review Executed Contract** – We will coordinate with the Company and the IM to review the Company's final bid selection and its decision making process. We will also perform a review of the executed contract to ensure that it meets all Commission requirements.
7. **Participate in the Certification Filing** – We will provide all services typically required to assist Staff in a litigated certification proceeding. Initially, we will review Entergy's certification filing testimony and exhibits. We will submit and respond to discovery requests throughout the proceedings. We will also participate in conference calls, and attend meetings including depositions, status conferences, etc.
8. **Participate in the Certification Hearing and Make Recommendations to the Staff** - Based on our review of the contract(s) and the Company's certification filing, 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.
9. **Assistance in Preparation of Any Post-Hearing Briefs or Filings, Settlement**

Discussions and or Stipulation Hearings – We will continue to work with Staff to develop briefs and participate in any settlement discussions or stipulation hearings that take place. We will assist in writing motions and orders as required by Staff. We will also plan to attend and testify at the Commission’s B&E session, in which the Commission’s ultimate decision will be made.

It is not possible to provide a definitive timeline at this time because the Company has not yet specified the exact dates when it will file its initial RFP documents. However, once it is developed, we will assist Staff to review the schedule, and we will then perform our work in a timely manner in accordance with the established schedule. In past RFPs for Long-Term Supply Resources, the RFP timeline extended as much as a year or more. We also will perform our work on the certification proceeding in accordance with the procedural schedule established when the certification filing is made. The Commission’s 1983 Modified General Order requires the Commission to render a decision within 120 days once an application is filed. We will commit to providing our services for the entirety of the period required to conduct the RFP and the Certification Proceedings for all winning bids related to the RFP.

Budget to Perform Comprehensive Review

Kennedy and Associates will provide the scope of services in this proposal for a budget not to exceed \$75,000 consisting of \$71,000 for consulting services and \$4,000 for expenses. We will not alter our budget or hourly rates on this project except by formal approval of the Commission. Our hourly labor rates are included as an attachment to this proposal.

No Conflicts of Interest

Kennedy and Associates has no known conflicts of interest in representing the Louisiana Public Service Commission in this proceeding.

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 or Philip Hayet at phayet@jkenn.com with any questions or comments.

RESUME OF LANE KOLLEN, VICE PRESIDENT



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 more than 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



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 forty 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 Ventyx), 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 provides consulting services to clients involving electric utility regulatory matters. Mr. Hayet has assisted in certificate of necessity proceedings, utility commission rulemakings, IRP proceedings, decertification proceedings, among others. 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 2015): President and Principal. Mr. Hayet provided consulting services to clients in the U.S. and abroad related to resource planning analyses. Mr. Hayet 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 used the PROMOD and Strategist software, along with other modeling 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 BRIAN R. BARBER, DIRECTOR OF CONSULTING



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.

J. Kennedy and Associates, Inc.
2019 Hourly Fee Schedule
Louisiana Public Service Commission

<u>Title</u>	<u>Name</u>	<u>Hourly Rate</u>
President	Stephen J. Baron	\$266
Vice President	Lane Kollen	\$266
Vice President	Philip Hayet	\$266
Director	Richard A. Baudino	\$254
Director	Brian R. Barber	\$254
Manager	Randy Futral	\$254
Senior Consultant	Ann Bruccoliere	\$195
Consultant	Sam Wyrobeck	\$175
Consultant	Brian Kollen	\$160
Analyst	Jessica Inman	\$120
