

J. KENNEDY
AND
ASSOCIATES, INC.

**PROPOSAL TO THE
LOUISIANA PUBLIC SERVICE COMMISSION**

IN RESPONSE TO RFP 21-25

DOCKET NO. TBD

**IN RE: CLECO POWER, LLC'S REQUEST TO INITIATE 2021
INTEGRATED RESOURCE PLANNING PROCESS PURSUANT TO THE
GENERAL ORDER NO. R-30021 (CORRECTED) DATED APRIL 20, 2012**

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

November 9, 2021

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 21-25 that was issued October 19, 2021, and offers to assist the Commission and its Staff in its review of Cleco Power, LLC’s (“Cleco”) 2021 Integrated Resource Planning (“IRP”) process pursuant to the Commission’s General Order No. R-30021 (Corrected) dated April 20, 2012.

The Commission IRP Rules establish a planning framework to ensure that the state’s investor owned utilities develop long-term resource plans that will achieve the following objective:

The overall objective of the IRP Process is to evaluate a comprehensive set of potential resource options, including supply-side, demand-side and economic transmission resource options, to determinate a base or ‘reference resource’ plan that offers the most economic and reliable combination of resources satisfying the forecasted load requirements. The IRP Rules set forth a process and timeline that includes specific activities necessary to achieve this objective and that incorporates public participation.

Cleco initiated its first two IRPs in Docket Nos. I-33015 and I -34693. Cleco initiated this third IRP process on October 20, 2020, and in accordance with Section 10 of the IRP Rules, Cleco included a schedule for the IRP and a proposed confidentiality agreement.

In this proposal, we provide our proposed action plan, schedule, and budget estimate, and we describe the qualifications and experience of our Project Team. Our process will include a complete review of the Company’s proposed data assumptions and modeling scenarios, assistance with all technical conferences, drafting comments, submitting and responding to discovery as appropriate, and providing all necessary regulatory assistance, including among other things, preparing and filing testimony, testifying at hearing, and assisting with the settlement process. In addition, we will participate in all meetings with Staff and Commissioners as requested, related to this proceeding. We understand that our project plan is preliminary, and that the Commission and Staff shall have the right to determine how the tasks will be carried out.

Kennedy and Associates Qualifications

Kennedy and Associates is uniquely qualified to assist the Staff in Cleco's third implementation of the IRP planning process for several reasons. First, we assisted Staff in the development of the IRP Rules in Docket No. R-30021, and therefore, we are intimately familiar with requirements and the importance of each of the provisions embedded in the rules. Second, we assisted Staff in the first implementation of Entergy's IRP Process in Docket No. I-33014, and therefore have a thorough understanding of the actual steps that need to be performed to complete the IRP process, based on a collaborative process working with all of the stakeholders. Third, we are familiar with Cleco, its existing planning and evaluation process, and its resource mix. Fourth, we have assisted the Staff in the review of competitive bids issued by the utilities subject to the IRP Rules and other Commission Rules. Finally, we are familiar with the MISO requirements and how they impact Cleco's IRP planning process.

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, which may arise in this proceeding. Each of our consultants is experienced in the utility planning process, and have evaluated numerous supply-side and demand-side resource alternatives for utilities throughout the US., and in other parts of the world. We have considerable knowledge in each of the following areas, and satisfactorily meet all of these minimum Commission requirements, including knowledge of:

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

3. Policies related to Energy Efficiency and Distributed Generation and their applicability to resource planning;
4. Policies related to Transmission and their applicability to resource planning;
5. Principles associated with resource acquisitions, including but not limited to whether or not a particular resource meets the utility's need for power and whether the considered resources are able to meet those needs;
6. Whether or not a resource will provide reliable service at the lowest reasonable cost;
7. Resource planning methods to improve the efficiency and reliability of a utility's power supply operations and whether the utility is making use of any such methods;
8. Public interest criteria for approval and monitoring of electric generating facility projects;
9. Rules and policies on cost recovery, including Cleco's formula rate plan or other rates plan in place during the course of the IRP: and,
10. MISO tariffs, rules and planning processes, generally.

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 demonstrate our experience and the broad scope of the work we have performed on IRP 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 regulatory proceedings in Louisiana over the same 30-year period and are very familiar with the Commission's Market Based Mechanism Order, and the 1983 General Order. In Louisiana we have worked on a diverse set of projects including the analysis of a Renewable Portfolio Standard, and the development of Energy Efficiency rules. In a current project, we are assisting the South Carolina Office of Regulatory Staff

to evaluate the results of Dominion Energy South Carolina’s 2021 IRP Update, and Duke Energy Carolinas’ and Duke Energy Progress’ 2020 Modified IRPs. We are familiar with all resource planning methods, including the integration of both conventional, renewable, and energy efficiency resources. We have experience with formula rate plans (“FRP”), including Cleco’s FRP, and we have experience with MISO’s tariffs, as we participated on a team that evaluated Entergy’s consideration of joining MISO. In short, we believe that we are ideally qualified to assist the Commission and its Staff on this project.

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; Ms. Leah Wellborn, Manager Consultant; and Mr. Ben Pfeffer, Consultant. In addition, we will be assisted by Mr. George Evans with Evans Power Consulting, Inc. Members of our firm have worked with Mr. Evans for over thirty-five years. Mr. Evans is an expert in the use of production cost modeling and has considerable experience with evaluating IRP studies. We are including brief biographies describing our senior Kennedy and Associates employees’ experience in this proposal. In addition, we are providing full resumes in our Qualifications package that provides more detail regarding our employees’ experience, and lists the regulatory proceedings and subject matters in which expert testimony has been provided.

Action Plan for Comprehensive Review

The Commission’s IRP rule contains specific tasks that need to be performed by various parties, and the deadlines when tasks are to be completed. The following table contains the tasks, and the deadlines Cleco proposes for when the tasks are to be finished. We note that the Commission’s

RFP 21-25 contemplates a 24-month timeline to complete all tasks, though we understand that the timeline may be extended. The schedule included in our table below is based on Cleco's October 20, 2021 letter; however, we are flexible, and are prepared to work based on whatever timeline, either shorter or longer, that the Commission and its Staff establish.

Schedule of Events

| Event | Description | Date |
|--------------|--|------------------------------------|
| 1 | Utility submits its request to initiate the IRP process. | Oct 20, 2021 |
| 2 | Utility files data assumptions and a description of studies to be performed. | Feb 21, 2022 |
| 3 | Utility holds first Stakeholder Meeting. | March 2022 |
| 4 | Stakeholders file written comments. | May 2022 |
| 5 | Draft IRP report published. | January 2023 |
| 6 | Utility holds second Stakeholders Meeting. | February 2023 |
| 7 | Stakeholders file comments on Draft IRP Report. | April 2023 |
| 8 | Staff files comments on Draft IRP Report. | May 2023 |
| 9 | Utility files Final IRP Report | August 2023 |
| 10 | Stakeholders file disputed issues and alternative recommendations. | October 2023 |
| 11 | Staff files recommendation to the Commission | November 2023 |
| 12 | Commission Order acknowledging the IRP or setting disputed issues for hearing. | January 2024 |
| 13 | Commission hearing to address disputed issues. | To be determined by the Commission |

Description of Work Kennedy will Perform

Event 1 - Cleco has already filed its request to initiate the IRP process. We have reviewed this filing.

Event 2 - We will review Cleco's data assumptions and the studies it proposes to perform. If we identify issues or concerns, we will discuss those with the Staff and then address those concerns at the stakeholder's meeting (Event 3).

Event 3 - We will participate in Cleco's first stakeholder meeting and address any concerns that we identified in the prior task.

Event 4 - We will review all comments submitted, and will develop summaries of the comments submitted for Cleco.

Event 5 - We will review Cleco's draft IRP Report. If we identify issues or concerns, we will discuss those with the Staff and then address those concerns at the Stakeholder meetings.

Event 6 - We will participate in Cleco's second stakeholder's meeting and address any concerns that we identified in the prior task.

Events 7 and 8 - We will review all comments submitted and develop comments on behalf of Staff. Note that in accordance with the rules, Staff's comments are primarily intended to determine whether Cleco met the requirements of the IRP Rules; however, the Rules do allow Staff to address other matters if it deems it appropriate to do so.

Event 9 - We will review Cleco's final IRP Report and pay attention to the way Cleco addressed stakeholder comments.

Events 10, 11, and 12 - We will review stakeholder's disputed issues and alternative recommendations. We will assist the Staff in preparing a recommendation to the Commission regarding whether a proceeding is necessary for the resolution of disputed issues.

Event 13 - Cleco did not include this event in its schedule, however, we have included it to account for the possibility that there may be disputed issues that will have to be addressed in a contested hearing. We will work with Staff to develop a hearing schedule that meets all Commission requirements. At this point, we do not know what the schedule will be, and have indicated in the table below that the schedule is to be determined. However, as mentioned earlier, we are flexible and will work to whatever schedule the Commission and Staff prefer. In addition, 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 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 \$100,000, consisting of \$97,500 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.

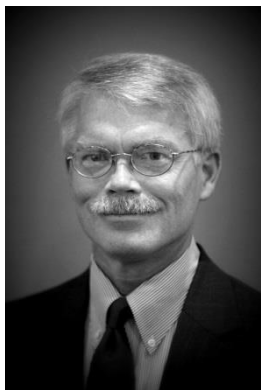
No Conflicts of Interest

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 or Philip Hayet at phayet@jkenn.com.

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 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



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.

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.
Hourly Fee Schedule
For Cleco 2021 Integrated Resource Planning

| <u>Title</u> | <u>Name</u> | <u>Hourly Rate</u> |
|-------------------|----------------------|--------------------|
| President | Stephen J. Baron | \$285 |
| Vice President | Lane Kollen | \$285 |
| Vice President | Philip Hayet | \$285 |
| Director | Richard A. Baudino | \$260 |
| Director | Brian R. Barber | \$260 |
| Manager | Randy Futral | \$260 |
| Manager | Leah Justin Wellborn | \$260 |
| Senior Consultant | Ann Bruccoliere | \$195 |
| Consultant | Ben Pfeffer | \$187 |
| Consultant | Brian Kollen | \$160 |
| Analyst | Jessica Inman | \$120 |
| Senior Advisor | George Evans | \$260 |
