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EXHIBIT “A”

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PURSUANT TO RULE 12.1 OF THE RULES OF
PRACTICE AND PROCEDURE OF THE
LOUISIANA PUBLIC SERVICE COMMISSION

BEFORE THE LOUISIANA PUBLIC COMMISSION
DOCKET NO. U- _____

JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.
AND
NEXTERA ENERGY MARKETING, LLC

JOINT APPLICATION FOR APPROVAL OF POWER SUPPLY AGREEMENT

DIRECT TESTIMONY

OF

MICHAEL J. HEINEN

ON BEHALF OF

JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.

AUGUST 2021

I. INTRODUCTION AND BACKGROUND

1 Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION AT
2 JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC. (HEREINAFTER REFERRED
3 TO AS "JDEC" OR "COOPERATIVE").

4 A. My name is Michael J. Heinen. My business address is 906 N. Lake Arthur Avenue,
5 Jennings, Louisiana 70546. I am the General Manager at JDEC.

6
7 Q. HOW LONG HAVE YOU HELD THE POSITION OF GENERAL MANAGER OF
8 JDEC?

9 A. I have held that position since 1999.

10

11 Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

12 A. I am testifying before the Louisiana Public Service Commission (hereinafter referred to as
13 the "LPSC" or "Commission") on behalf of JDEC in support of the instant *Joint*
14 *Application for Approval of Power Supply Agreement* and certification of a nine (9) year
15 nine (9) month power supply agreement between JDEC and NextEra Energy Marketing,
16 LLC (hereinafter referred to as "NextEra").

17

18 Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND WORK EXPERIENCE.

19 A. I received a Bachelor's degree in Business Administration from McNeese State University
20 in 1985. Following my graduation from McNeese State University, I started working at
21 JDEC – initially in the Member Services and Marketing areas. Eventually, Cooperative

1 safety issues was added to my responsibilities. In 1999, I became General Manager of
2 JDEC and in December 2002, I received my Masters of Business Administration degree
3 from McNeese. During my employment at the Cooperative, I have continued to further
4 my training in various areas related to the management and operations of electric
5 cooperatives.

6
7 **II. PURPOSE AND SUMMARY OF DIRECT TESTIMONY**

8 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

9 A. The purpose of my testimony is to support JDEC's decision to enter into the "Full
10 Requirements Power Supply Agreement" with NextEra, which was the result of evaluating
11 various bids received by JDEC in a competitive bidding process for the Cooperative's
12 future power supply (hereinafter referred to as the **"2020 Request for Proposals"** or **"2020**
13 **RFP"**), a process which was done pursuant to the rules, regulations, and general orders of
14 the Commission.

15
16 To that end, first, I will first discuss, in general terms, the background of JDEC and its
17 current power agreement. Second, I will provide a high-level summary of the competitive
18 bidding process that occurred during the 2020 RFP as well as the process that JDEC
19 undertook for the purpose of procuring a future power contract. Lastly, I will comment on
20 the positive public interest factors generated by JDEC's decision to move forward with the
21 certification of the "JDEC and NextEra All Requirements Power Supply Agreement"
22 (hereinafter referred to as the **"NEXTERA PSA"**).

1

2 Q. ARE YOU FAMILIAR WITH THE FILING MADE WITH THE LPSC ON BEHALF OF
3 JDEC WITH REGARD TO CERTIFICATION OF THE NEXTERA PSA?

4 A. Yes, I am aware and familiar of the filing made incident to my testimony – the “*Joint*
5 *Application for Approval of Power Supply Agreement*” (hereinafter referred to as the
6 “**Application**”).

7

8 Q. WHAT HAS BEEN YOUR INVOLVEMENT IN THE 2020 RFP?

9 A. I have been closely involved in the 2020 RFP.

10

11

III. OVERVIEW OF JDEC

12 Q. PLEASE PROVIDE A GENERAL OVERVIEW OF JDEC.

13 A. JDEC was incorporated on September 17, 1941, and it provides electricity to the rural areas
14 of a five (5) parish area, namely, Allen, Calcasieu, Cameron, Jefferson Davis, and
15 Vermilion Parishes. Currently, JDEC service territory is comprised of approximately
16 9,690 active meters, with an annual peak of approximately sixty-three (63) megawatts
17 (MW) and retail loads totaling approximately 290,815,000 kilowatt hours (kWh) annually.
18 JDEC maintains and operates over 1,552 miles of distribution lines. JDEC is governed by
19 its Board of Directors (hereinafter referred to as the “**Board**”), which consists of nine (9)
20 directors.

21

22 Q. IS JDEC CURRENTLY UNDER AN AGREEMENT FOR THE PURCHASE OF

1 SUBSTANTIALLY ALL OF ITS REQUIREMENTS OF CAPACITY AND ENERGY?

2 A. Yes. JDEC is currently under a power supply and service agreement with Louisiana
3 Generating, LLC (hereinafter referred to as "**LaGen**") that will expire on or about March
4 27, 2025 (hereinafter referred to as the "**2020 Agreement**"). As way of background, the
5 2020 Agreement contained an original term of twenty-five (25) years. In 2019, JDEC
6 began the process of exploring power supply options.

7
8 **IV. OVERVIEW OF THE 2020 RFP PROCESS**

9 Q. GENERALLY SPEAKING, WHAT WAS THE KEY DRIVER IN JDEC PURSUING
10 THE 2020 RFP?

11 A. The pending expiration of the 2000 Agreement.
12

13 Q. PLEASE GIVE A GENERAL OVERVIEW OF THE PROCESS UNDERTAKEN AS IT
14 RELATES TO THE 2020 RFP.

15 A. JDEC engaged EnerVision, Inc., a highly experienced and qualified consulting firm
16 (hereinafter referred to as "**Enervision**"), to assist JDEC with the 2020 RFP and related
17 Commission filings. The chief task of Enervision was to assist JDEC in conducting a
18 request for proposals for future power supply pursuant to the rules and regulations of the
19 LPSC. JDEC was aware that there were many innovative options available in the
20 wholesale power supply market and the Cooperative wanted to make sure that JDEC fully
21 explored all of those options in a transparent and objective way. JDEC also engaged BHA,
22 Inc., an experienced consulting firm in Baton Rouge, Louisiana, to review the impact of

1 the NEXTERA PSA on JDEC's wholesale and retail rates.

2
3 My goal throughout the 2020 RFP has been driven by the same objective that I work toward
4 every day, which is making sure that JDEC's members are getting safe and reliable power
5 at the best price possible.

6
7 For clarification purposes, JDEC and Dixie Electric Membership Corporation (hereinafter
8 referred to as "**DEMCO**") collaborated to capitalize on synergies for the initial process of
9 the 2020 RFP so as to capitalize the resources provided by Enervision. As evident by the
10 filings made at the Commission, the 2020 RFP was filed on behalf of JDEC and DEMCO;
11 however, it is important to note that JDEC and DEMCO, at all times, made independent
12 decisions based on the best interests of each respective cooperative.

13
14 The 2020 RFP was conducted pursuant to the Commission's Market Based Mechanism
15 General Order (hereinafter referred to as the "**MBM Order**"). As required by the MBM
16 Order, JDEC provided notice to the Executive Secretary of the LPSC that JDEC intended
17 to conduct the 2020 RFP for a competitive solicitation process for long-term power supply.
18 This notification occurred on or around February 27, 2021. A draft of the 2020 RFP was
19 then filed with the Commission on June 3, 2020 in Commission Docket No. X-35500, In
20 re: *Notice of Intent to Conduct 2020 Request for Proposals for Long-Term Power Purchase*
21 *Contracts and/or Generating Capacity Pursuant to the Commission's Market Based*
22 *Mechanisms General Order* (hereinafter referred to as "**X-35500**").

1
2 Shortly thereafter, in April of 2020, the Commission hired an outside consultant (United
3 Professionals Company, LLC) to assist Commission Staff with the review and analysis of
4 the 2020 throughout the 2020 RFP and the resulting Commission filings. A virtual, public
5 technical conference was held for all interested parties on July 10, 2020 and after
6 consideration of the comments received from the technical conference, the final version of
7 the 2020 RFP was filed with the Commission in X-35500 on or around July 28, 2020 and
8 was also published on a website that Enervision created and dedicated to the 2020 RFP
9 process.

10
11 The 2020 RFP had two (2) Parts – Part One and Part Two. The objective of Part One was
12 to screen the initial pool of suppliers (or bidders) and their associated proposals and cull
13 the list from there to a subset of suppliers that fell most in line with the needs and
14 requirements of JDEC based upon screening and scoring criteria defined in the 2020 RFP.
15 This culled down group of suppliers made up the suppliers involved in Part Two. During
16 Part Two, JDEC engaged in fair, competitive negotiations with all of the Part Two suppliers
17 in an effort to secure the best deal possible for JDEC's members. As described in the 2020
18 RFP, the final selection and decision of supply options by JDEC was based on a
19 combination of technical, commercial, and economic factors that are further detailed in the
20 Enervision testimonies made incident to the Application. After evaluating the best and
21 final offers received from the preferred suppliers, and as indicated in the Application, JDEC
22 decided to move forward with NextEra.

1

2 Q. PLEASE BRIEFLY DESCRIBE THE 2020 RFP.

3 A. JDEC sought to purchase reliable and economically competitive power supply to meet (i)
4 the long-term load-serving obligations of the JDEC, (ii) the reliability goals of the state of
5 Louisiana, and (iii) the requirements of the Midcontinent Independent System Operator
6 (hereinafter referred to as "MISO") market. JDEC requested proposals from all types of
7 suppliers including but not limited to: electric utilities, power marketers, exempt wholesale
8 generators, independent power producers, and renewable developers. JDEC considered
9 proposals for all types of resources, as well as for full-requirements service contracts,
10 partial requirements service contracts, energy only contracts, capacity only contracts, and
11 call option contract proposals.

12

13 Q. WHAT STEPS WERE TAKEN TO ENCOURAGE PARTICIPATION IN THE 2020
14 RFP?

15 A. As I stated above, given Enervision's experience with such request for proposal processes,
16 JDEC was confident that Enervision could ensure that the process created by Enervision
17 would comply with Commission orders and thus, garner market participation. The 2020
18 RFP was publicized, and potential bidders were given ample notice and a reasonable
19 opportunity to participate. More specifically, draft and final versions of the 2020 RFP were
20 filed with the Commission in X-35500 and notice of the filing was published in the LPSC
21 Bulletin. Additionally, as I stated earlier, draft and final versions of the 2020 RFP were
22 also published on the 2020 RFP webpage (www.enervision-inc.com/demjefrpf), a webpage

1 created specifically for, and managed exclusively by, Enervision.

2
3 Q. GENERALLY, WHAT TYPE OF RESPONSE DID JDEC RECEIVE FROM THE 2020
4 RFP?

5 A. The response was extraordinarily robust and varied. I was very pleased to see such an
6 interest in JDEC and I knew that such an interest would ultimately serve to benefit JDEC's
7 members. A total of thirteen (13) bidders submitted approximately ninety-four (94) distinct
8 proposals. These proposals included new and existing generating facilities utilizing many
9 different energy sources, including coal, natural gas, wind, solar, and batteries.

10
11 Q. HOW MANY SUPPLIERS WERE ADVANCED TO PART TWO OF THE 2020 RFP?

12 A. Based on the 2020 RFP evaluation process and power supply planning decisions conducted
13 during the 2020 RFP Part One processes JDEC selected six (6) suppliers to participate in
14 Part Two RFP activities.

15
16 Q. WHAT SAFEGUARDS WERE ESTABLISHED TO ENSURE THAT THE 2020 RFP
17 WAS CONDUCTED IN AN OBJECTIVE AND IMPARTIAL MANNER?

18 A. Enervision was directed to perform the 2020 RFP in a competitive and completely unbiased
19 fashion. As much information as possible that could be published without compromising
20 the competitive nature of the bid process was published to all suppliers. JDEC applied any
21 deadlines in the 2020 RFP process equally to all suppliers. JDEC instructed Enervision to
22 evaluate all bids on an objective basis using robust modeling. Moreover, supplier proposals

1 were considered pursuant to the published public guidelines of the 2020 RFP.

2
3 Q. HOW INVOLVED WERE YOU AND THE BOARD IN THE 2020 RFP PROCESS?

4 A. The Board and I have been fully involved and engaged throughout this process. We have
5 taken our roles and duties seriously and have carefully and diligently considered the
6 proposals presented by suppliers. The Board chose the NEXTERA PSA because doing so
7 was in the best interests of the JDEC member-owners.

8
9 Q. WAS LPSC STAFF KEPT APPRISED OF THE 2020 RFP AND RELATED PROCESS?

10 A. Yes. Throughout the process, discussions were held with LPSC Staff and the
11 Commission's outside consultant in order to update the Commission of the process
12 undertaken by JDEC. The ultimate decision to execute the NEXTERA PSA was made by
13 the Board.

14
15 **V. GENERAL OVERVIEW OF NEXTERA PSA**

16 Q. PLEASE IDENTIFY THE SELECTION MADE BY JDEC AS A RESULT OF THE 2020
17 RFP.

18 A. JDEC ultimately chose to enter into the NEXTERA PSA to supply all of JDEC's power
19 needs (with the exception of the small portion of power supplied to JDEC by the U.S.
20 Department of Energy Southwestern Power Administration). The NEXTERA PSA will
21 commence on March 28, 2025 and was executed by me on July 14, 2021. A more detailed
22 explanation of the NEXTERA PSA will be discussed in the accompanying Direct

1 Testimonies made incident to the Application.

2
3 Q. IN GENERAL, WHY WAS THE NEXTERA PSA SELECTED?

4 A. Broadly speaking, and as I have stated above, choosing the NEXTERA PSA was in the
5 public interest. While the specific details regarding the operation of the NEXTERA PSA
6 are addressed in the other Direct Testimonies made incident to the Application, I expect
7 the NEXTERA PSA to offer rates to JDEC's members that are not only lower than the
8 rates they are currently paying under the 2020 Agreement, but that are much more
9 consistent from month to month and year to year. The fuel rate in the 2020 Agreement
10 results in significant and unpredictable fluctuations in JDEC's power cost. Because of this,
11 I cannot tell you what JDEC's power cost will be from month to month. These fluctuations
12 are not likely to occur under the NEXTERA PSA for several reasons. First, a significant
13 portion of the cost will be fixed from day one. Second, costs that are not fixed from day
14 one will be fixed ahead of any given calendar year on a rolling basis. So, for example, a
15 spike in fuel cost in a certain month should not generally impact pricing under the
16 NEXTERA PSA because almost all of the annual power costs are set for the entire calendar
17 year before the year begins. Third, JDEC has the ability to meet with NextEra and instruct
18 NextEra to hedge against price fluctuations in the market. Fourth, as JDEC locks in greater
19 portions of its power supply price over time when market conditions are favorable, an
20 increasingly smaller portion of its power supply costs have the potential to fluctuate.

21
22 Q. WILL THE RETAIL RATES OF JDEC DECREASE AS A DIRECT RESULT OF JDEC

1 ENTERING INTO NEXTERA PSA?

2 A. Yes. As stated in the accompanying Direct Testimonies to the Application, namely Mr.
3 Roger Comeaux's Direct Testimony, the NEXTERA PSA will provide JDEC with lower
4 wholesale rates, which will result in a substantial decrease in JDEC's retail rates.

5
6 Q. WAS RELIABILITY A KEY FACTOR IN JDEC'S DECISION MAKING PROCESS?

7 A. Yes. As part of the 2020 RFP process, it was critical for JDEC to select a supplier that
8 would deliver on their contract obligations and do what they say they would do. In addition
9 to low-cost, JDEC wanted to make sure that the cost was not subject to frequent or drastic
10 changes during the contract term due to market conditions or events. JDEC strongly
11 preferred an approach that would transfer risks and uncertainties to the supplier and provide
12 JDEC with firm pricing that is not subject to significant change. JDEC focused on specific
13 terms and conditions of the proposed contracts and performed a thorough analysis of each
14 contract to evaluate the ability of the contract to provide reliable service as defined by the
15 2020 RFP requirements.

16
17 With the NEXTERA PSA, JDEC has secured an initial fixed price baseline supply, and
18 thus a portion of the power supply will be fixed and not subject to change. The incremental
19 pricing approach for the remaining supply that is fixed in incremental steps over a rolling
20 three-year basis fixes the remaining supply over time. Additionally, the NEXTERA PSA
21 provides for a fixed price for substantially all the power supply within the current operating
22 year such that JDEC's members will not be subject to frequent or volatile price changes

1 due to market conditions or events such as the winter storm event that recently occurred.

2
3 JDEC will continue to be responsible for the day-to-day reliability of JDEC's local
4 distribution system. Generally speaking, and as way of background, JDEC's local
5 distribution system is connected to the bulk, wholesale power system at JDEC's delivery
6 points. Regarding overall system reliability and delivery of energy from the Bulk Power
7 System to JDEC's distribution system, the NextEra does not play a role in the day-to-day
8 reliable service provided by JDEC.

9
10 The introduction of Louisiana into the MISO market transferred the primary responsibility
11 of providing day-to-day bulk power system reliability to MISO as the independent system
12 operator; however, JDEC will continue to manage and ensure reliable service for JDEC's
13 distribution system. Meaning, MISO and the associated generation and transmission
14 market participants are responsible for the reliable operation of the bulk power system.

15
16 Q. IS IT YOUR OPINION THAT THE SELECTION OF NEXTERA PSA IS IN THE BEST
17 INTERESTS OF JDEC AND ITS MEMBER/RATEPAYERS?

18 A. Yes. JDEC has engaged in a prudent process in full compliance with the MBM Order and
19 the 2020 RFP, and it has made power supply decisions that will ensure that the electric
20 cooperative member-customers receive reliable, low-cost power on a long-term basis, for
21 the reasons stated above. Additionally, I have based this opinion on a number of factors
22 discussed in detail by Mr. Ronnie Donaldson, Mr. Ingmar Sterzing, and Mr. Roger

1 Comeaux in their respective Direct Testimonies.

2
3 Q. HAS THE JDEC BOARD APPROVED THE DECISION TO ENTER INTO THE
4 NEXTERA PSA?

5 A. Yes.

6
7 Q. DO YOU REQUEST LPSC APPROVAL OF NEXTERA PSA?

8 A. Yes. The NEXTERA PPA entered into by JDEC is in the best interest of JDEC and its
9 member owners. Additionally, JDEC's selection was the product of a fair, reasonable, and
10 correctly followed process.

11
12 **VI. CONCLUSION**

13 Q. DO YOU HAVE ANY CONCLUDING REMARKS?

14 A. Yes.

15
16 Q. PLEASE PROVIDE YOUR REMARKS.

17 A. JDEC has worked diligently with all parties involved in the 2020 RFP process.

18
19 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

20 A. Yes.

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NO. U-_____

IN RE: Joint Application for Approval of Power Supply Agreement

AFFIDAVIT OF WITNESS

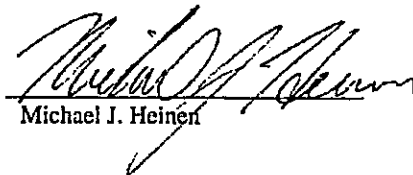
I, Michael J Heinen, being duly sworn, depose

that the Direct Testimony in the

above referenced matter on behalf of

Jefferson Davis Electric Cooperative, Inc..


is true and correct to the best of my knowledge, information and belief.


Michael J. Heinen

Subscribed and sworn before

me this 11 day of

August, 2021.


WILLIAM NOEL KNIGHT
ATTORNEY NOTARY PUBLIC #040520
COMMISSION FOR LIFE
My Commission expires _____

LPSC DOCKET NO. U-

JOINT APPLICATION FOR APPROVAL OF POWER SUPPLY AGREEMENT

DIRECT TESTIMONY

of

ROGER D. COMEAUX

on behalf of

JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.

August 2021

TESTIMONY OF ROGER D. COMEAUX

ON BEHALF OF

JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.

Q PLEASE STATE YOUR NAME AND BUSINESS AFFILIATION.

A My name is Roger D. Comeaux. I am President of BHA, Inc. (BHA). BHA is an engineering and consulting firm located in Baton Rouge. My business address is 9342 Lindale Avenue, Baton Rouge, Louisiana, 70815.

Q PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A I have a Bachelor of Science degree in Electrical Engineering and a Master of Business Administration degree, both from Louisiana State University. I am a registered Professional Engineer in the State of Louisiana.

I have been involved in the planning and financial operations of electric utilities for over forty-five (45) years, with special emphasis on electric distribution cooperatives in Louisiana. During that period, I have prepared and/or supervised the preparation of numerous rate analyses, financial forecasts, cost of service studies, rate designs, fuel adjustment calculations, rate format conversions, and other items associated with the rates and financial operations of the retail electric cooperatives in Louisiana, including Jefferson Davis Electric Cooperative, Inc. ("JDEC"). I have also assisted these cooperatives in the preparation, submission, and approval of loan applications and debt restructuring, and in management audits and operational evaluations. Additionally, I have provided assistance with billing disputes concerning the cost of wholesale power and the components of

1 that cost, including the cost of transmission and ancillary services as well as
2 contract compliance evaluations. I was also extensively involved in negotiations
3 concerning the bankruptcy of Cajun Electric Power Cooperative, Inc., ("Cajun")
4 and the subsequent sale of Cajun's assets to Louisiana Generating, LLC. In
5 connection with those efforts, I was part of a team which negotiated with
6 numerous utilities and regulatory and governmental agencies concerning short-
7 and long-term wholesale power supply contracts.

8 I have been responsible for many submissions to the Louisiana Public Service
9 Commission ("LPSC" or "Commission") concerning the rates and financial
10 operations of the retail electric cooperatives in Louisiana, including those of JDEC.
11 I have been recognized by the LPSC and various state and federal courts as an
12 expert in the area of Public Utility Regulation, which includes electric cooperatives,
13 as well as cost of service determination, revenue requirements, and rate design.
14

15 Q HAVE YOU REPRESENTED COOPERATIVES BEFORE ANY OTHER STATE
16 COMMISSIONS?

17 A Yes, I have represented electric cooperatives in Mississippi and Arkansas in
18 connection with restructuring of the electric industry, rate design, system planning,
19 wholesale power supply contracts, and related matters.
20

21 Q PLEASE STATE THE PURPOSES OF YOUR TESTIMONY.

22 A The purposes of my testimony are to discuss, in general terms, the JDEC's
23 expected rate impact by virtue of entering into the "Full Requirements Power
24 Supply Agreement" with NextEra Energy Marketing LLC ("NEM") and to indicate

1 how JDEC will functionally accommodate the change in wholesale power costs and
2 pass the change to its members in its retail rate tariffs and under its Formula Rate
3 Plan ("FRP").

4
5 Q PLEASE PROVIDE A SUMMARY OF YOUR TESTIMONY.

6 A JDEC is seeking authorization from the LPSC to participate in an agreement for the
7 purchase of its full requirements capacity and energy, net of JDEC's U.S.
8 Department of Energy Southwestern Power Administration ("SWPA") allocation,
9 from NEM over the period of March 28, 2025 to December 31, 2035. The JDEC
10 and NEM "Full Requirements Power Supply Agreement" (the "NEM Agreement")
11 was selected through a 2020 Request for Proposal process initiated by JDEC in
12 LPSC Docket No. X-35500 ("2020 RFP") as the option which best serves the
13 interest of JDEC, its members-owners-ratepayers, and the public interest.
14 EnerVision, Inc. ("EnerVision") assisted JDEC during the 2020 RFP process in the
15 evaluation of the proposals obtained under the 2020 RFP process.

16 I, on behalf of JDEC, reviewed the NEM Agreement with special emphasis on the
17 pricing exhibit and associated appendices to obtain an understanding of the
18 wholesale pricing structure contained in the NEM Agreement.

19 I also reviewed estimates developed by EnerVision of the wholesale power costs
20 which could be expected by JDEC under the NEM Agreement. Based upon the
21 EnerVision estimates of the total power supply costs to JDEC under the NEM
22 Agreement and JDEC's actual total power supply costs under its present power
23 supply agreement, I determined that JDEC will experience substantially lower
24 power costs under the NEM agreement than it is currently paying under its present

1 power supply agreement. As a result of the lower wholesale power costs, JDEC's
2 retail rates will also be lowered by an appropriate amount.

3 The reduction in JDEC retail rates as a result of lower wholesale power costs will
4 be accomplished directly by JDEC's use of its Schedule PCA-JD Power Cost
5 Adjustment Clause ("Schedule PCA-JD"). Use of Schedule PCA-JD will efficiently
6 pass to JDEC's members the total dollar amount of the reduced wholesale power
7 costs and will not require any changes or adjustments to the other JDEC retail rate
8 schedules. The power cost adjustment amount determinations will continue to be
9 submitted each month to the LPSC as the Cost of Power Adjustment Report in the
10 same form and manner as has been done for years under JDEC's present power
11 supply agreement.

12 Based upon my review of the NEM Agreement, the EnerVision estimated total
13 power supply costs to JDEC under the NEM Agreement, and my general
14 comparison of the total power supply costs under the NEM Agreement to the total
15 power supply costs under JDEC's present power supply agreement, I believe it is
16 in the best interest of JDEC and its members-owners-ratepayers, as well as the
17 public interest, for JDEC to enter into the NEM Agreement for its total power supply
18 requirements, net of its SWPA allocation, beginning March 28, 2025 for a term
19 ending December 31, 2035.

20
21 Q DID JDEC RETAIN THE FIRM OF ENERVISION TO ASSIST IT IN SEEKING AND
22 EVALUATING TOTAL REQUIREMENTS POWER SUPPLY AGREEMENTS UNDER THE
23 LPSC's MARKET BASED MECHANISM ORDER TO BE EFFECTIVE FOLLOWING THE
24 END OF THE TERM OF ITS PRESENT POWER SUPPLY AGREEMENT?

1 A Yes, that is my understanding. In this proceeding, JDEC is seeking LPSC
2 authorization to participate in a contract for the purchase of all requirements
3 capacity and energy from NEM, net of its SWPA allocation.
4

5 Q HAVE YOU REVIEWED A COPY OF THE PROPOSED FULL REQUIREMENTS POWER
6 SUPPLY AGREEMENT BETWEEN JDEC AND NEM?

7 A Yes.
8

9 Q DID YOU REVIEW ESTIMATES MADE BY ENERVISION OF THE FULL
10 REQUIREMENTS POWER SUPPLY COSTS TO JDEC UNDER THE NEM POWER
11 SUPPLY AGREEMENT?

12 A Yes. I also discussed with JDEC the estimates and forecasts provided to JDEC by
13 Enervision and believe such estimates and forecasts to be reasonable.
14

15 Q DID YOU ALSO REVIEW THE BASIS, METHODOLOGIES AND FORECASTS WHICH
16 ENERVISION UTILIZED TO DETERMINE THE ESTIMATED FULL REQUIREMENTS
17 POWER COSTS TO JDEC UNDER THE NEM POWER SUPPLY AGREEMENT?

18 A Yes, and I found the methodologies and processes utilized by EnerVision to
19 estimate the power costs to be technically sound and appropriate for use in this
20 matter.
21

22 Q BASED UPON YOUR REVIEW OF THE ENERVISION ESTIMATES OF THE TOTAL
23 WHOLESALE POWER COSTS TO JDEC UNDER THE NEM FULL REQUIREMENTS

1 POWER SUPPLY AGREEMENT, WHAT DO YOU BELIEVE THE RATE IMPACTS TO
2 JDEC WILL BE?

3 A JDEC will have substantially lower wholesale power costs under the NEM Full
4 Requirements Power Supply Agreement than JDEC has under its present power
5 supply agreement, and accordingly, JDEC's retail rates will also be substantially
6 reduced once the NEM Full Requirements Power Supply Agreement takes effect.
7

8 Q HOW WILL THE REDUCTION IN WHOLESALE POWER COSTS TO JDEC BY THE
9 NEM POWER SUPPLY AGREEMENT BE APPROPRIATELY REFLECTED IN THE JDEC
10 MEMBERS' RETAIL RATES?

11 A JDEC presently utilizes its Schedule PCA-JD, Power Cost Adjustment Clause (which
12 is on file with the Commission), to flow-thru its total wholesale power costs to its
13 members. The determination of the amount of the adjustment is submitted each
14 month to the LPSC as the Monthly Cost of Power Adjustment Report. Beginning
15 with the first month of service under the NEM power supply agreement, the
16 reduced total wholesale power cost will be immediately passed through monthly
17 to JDEC's members on their bills for service. Accordingly, any change in JDEC's
18 wholesale cost of power will directly translate to a change in the amount billed to
19 JDEC's member/ratepayers. Currently, wholesale power costs make up
20 approximately 64% of the rates paid by JDEC ratepayers. It also should be noted
21 that utilizing Schedule PCA-JD will not require any changes to the other JDEC retail
22 rate schedules.
23

1 Q DOES JDEC CURRENTLY OPERATE UNDER A FORMULA RATE PLAN ("FRP") WITH
2 THE LPSC?

3 A Yes. JDEC operates under a FRP which based upon a yearly analysis of JDEC's
4 financial operations under a very structured and non-flexible approach determines
5 JDEC's base rate levels to accommodate specified debt service ratios. However,
6 due to extraordinary system damage during the 2020 hurricane season, JDEC has
7 applied to the LPSC to defer its May 15, 2021 FRP Annual Report (LPSC Docket
8 No. U-34676) as it would not be an accurate or true representation of a
9 characteristic test year for JDEC.

10

11 Q BASED UPON YOUR REVIEW OF THE NEM FULL REQUIREMENTS POWER SUPPLY
12 AGREEMENT, DO YOU BELIEVE JDEC ENTERING INTO THE NEM AGREEMENT IS
13 IN THE BEST INTERESTS OF JDEC AND ITS MEMBERS-OWNERS-RATEPAYERS?

14 A Yes, I do.

15

16 Q DOES THIS CONCLUDE YOUR TESTIMONY?

17 A Yes.

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IN RE: JOINT APPLICATION FOR APPROVAL OF POWER SUPPLY
AGREEMENT

AFFIDAVIT OF WITNESS

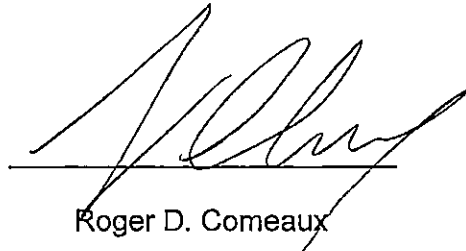
I, Roger D. Comeaux, being duly sworn, depose

that the Direct Testimony in the

above referenced matter on behalf of

Jefferson Davis Electric Cooperative, Inc.

is true and correct to the best of my knowledge, information and belief.




Roger D. Comeaux

Subscribed and sworn before

me this 12th day of

August, 2021.



La Bow: 31042
My Commission Expires
at death