EXHIBIT "D"

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
RONNIE J. DONALDSON

ON BEHALF OF
JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.

AUGUST 2021

TESTIMONY OF RONNIE J. DONALDSON

ON BEHALF OF JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.

I. BACKGROUND

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.

A. My name is Ronnie J. Donaldson, and my business address is 4170 Ashford Dunwoody Road, Suite 550, Atlanta, GA 30319. My current position is a Partner at EnerVision, Inc. ("EnerVision").

Q. PLEASE DESCRIBE ENERVISION.

A. EnerVision is an independent consulting services firm, based in Atlanta, GA, which was hired by Jefferson Davis Electric Cooperative, Inc. ("JDEC" or "Cooperative") to provide not only power supply consulting services to JDEC, but also to manage JDEC's 2020 Request For Proposal (the "2020 RFP") for future power supply and the associated Louisiana Public Service Commission ("LPSC" or "Commission") processes, including but not limited to the Commission's Market Based Mechanism ("MBM") process[1]. Generally speaking, EnerVision has over 21 years of experience providing consultant services and power supply management for electric cooperatives and other public power utilities.

[1] Reference to the MBM process is related to Commission General Order, Docket No. R-26172 Subdocket A, *In re. Development of Market-Based Mechanisms to Evaluate Proposals to Construct or Acquire Generating Capacity to Meeting Native Load,* Supplements the September 20, 1983 General Order, dated February 16 , 2004 (as amended by General Order, Docket No. R-26172 Subdocket B, dated November 3, 2006, and further amended by the April 26, 2007 General Order, and the amendments approved by the Commission at its October 15, 2008 Business and Executive Meeting and now in General Order, Docket No. R-26172, Subdocket C dated October 29, 2008) (hereinafter referred to as the "MBM Order")

Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES AT ENERVISION?

A. As I stated above, I am currently a partner at EnerVision. My current responsibilities at EnerVision include but are not limited to: portfolio strategy development and risk management, providing analytical support for power supply procurement, annual budgeting process, long term planning, forecasting, cost-benefit analysis, and contract comparisons. I am also involved with utility retail rate services, cost of service analysis, and future generation assessments. Additionally, I am involved in the facilitation process of Strategic Planning in the Management Consulting Practice area of EnerVision.

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I received a Bachelor of Science in Industrial Engineering from the Georgia Institute of Technology and Master of Business Administration from the University of North Carolina Kenan Flagler Business School with a concentration in Data Analytics and Decision Making.

Q. DESCRIBE YOUR PROFESSIONAL WORK EXPERIENCE.

A. I have worked in the electric utility industry, primarily with electric cooperatives, for 11+ years. My experience includes determining power supply needs, identifying resource options, soliciting the market for proposals, understanding and evaluating proposal economics and presenting the analyses to the Board of Directors and Public Service Commissions. I've performed these services to utilities in multiple states across the country, some of which are within the Midcontinent Independent System Operator ("MISO") territory.

II. PURPOSE AND SUMMARY OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to discuss the process undertaken by JDEC in seeking and evaluating options for wholesale power requirements for JDEC and negotiating power purchase agreements. I will also discuss the objectives from the RFP process which JDEC desired to accomplish with the power supply option selected and how the proposed option addresses each objective and resulted in what JDEC chose as the best option for JDEC in fulfilling its power supply requirements for 2025 and beyond, particularly meeting the objective of providing reliable service at the lowest reasonable cost.

III. COMMISSION'S MBM ORDER, JDEC'S COMMISSION INFORMATIONAL FILING, AND THE 2020 RFP

Q. WHAT DID JDEC HIRE ENERVISION TO DO?

A. EnerVision was hired to provide power supply consultant services to plan, develop, and manage JDEC's wholesale power supply RFP process (i.e., the 2020 RFP) as well as the associated Commission processes (which include the Commission's MBM General Order). The purpose of the 2020 RFP process was to evaluate, consider, and select a new wholesale power supply to replace JDEC's existing contract (the "2000 Agreement") that is set to expire at the end of March 2025.

Q. WHICH INDIVIDUALS, ON BEHALF OF ENERVISION, WERE PRIMARILY INVOLVED IN THE 2020 RFP?

A. I, along with Ingmar Sterzing, was directly involved in managing the RFP process at JDEC's direction. Mr. Sterzing and I worked together to manage the process and perform the modeling and analyses necessary to support evaluation of the

various proposals JDEC received. Mr. Sterzing is submitting testimony in this matter as well. Unless otherwise indicated, when I refer to the work of EnerVision during the remainder of my testimony, I am referring to work that I performed jointly with Mr. Sterzing. Mr. Sterzing and I worked together very closely throughout the entire RFP process to ensure that the analyses performed by EnerVision were thorough and that recommendations made by EnerVision to JDEC were soundly supported.

Q. DESCRIBE THE 2020 RFP AND HOW IT WAS PREPARED.

A. EnerVision and JDEC established JDEC's goals and objectives for the 2020 RFP and for the resulting future wholesale power supply. Using these goals and objectives along with the requirements of the MBM Order, EnerVision prepared an RFP process to be conducted in two primary stages: Part One and Part Two. Consistent with the MBM Order, JDEC desired for the 2020 RFP process to be managed with an open, fair, and equitable process that enabled as many potential wholesale power suppliers as possible to provide a broad range of wholesale power supply options. This approach helped ensure that JDEC was able to consider multiple structures, approaches, plans, and alternative methods for their wholesale power supply and to select the option(s) mostly likely to meet the JDEC's Wholesale Power Supply requirements in a manner consistent with JDEC's objectives and the requirements of the MBM Order.

Moreover, the 2020 RFP was designed to engage wholesale electric suppliers to offer competitive proposals to supply all or a portion of JDEC's requirements for wholesale electric capacity, energy, ancillary services, and other energy services.

For purposes of responding to the 2020 RFP, JDEC requested proposals including at least one of five different product categories: (1) full requirements, (2) partial requirements, (3) standard products, (4) unit-contingent asset-based products, and (5) innovative products. Suppliers were given the opportunity to respond with multiple proposals that included some and/or all combinations of the various products. Furthermore, suppliers were encouraged to respond with viable proposals from multiple products in the event JDEC chose multiple products and suppliers. Through this approach, JDEC was able to assess a broad range of potential alternatives and select the best option that satisfies the needs and requirements of JDEC in a manner consistent with the MBM Order and other applicable rules and regulations.

Finally, the 2020 RFP provided information as specified in the MBM Order, including supporting information and documentation justifying the amount of capacity need and the proposed resources to be acquired, the type of resources which JDEC proposes or expects to acquire, the proposed schedule for conducting and completing the RFP process and resource acquisition process, a description of the methods and criteria used to evaluate RFP bid responses, a description of transmission arrangements and deliverability of the power supply to JDEC's customers, a description of the methods and safeguards used to protect confidential information, a description of key contract elements, and a confidentiality agreement.

Q. DID THE 2020 RFP INCLUDE A DESCRIPTION OF THE METHODS AND CRITERIA USED TO EVALUATE SUPPLIERS?

A. Yes. As stated in the 2020 RFP, the final selection and decision of supply options was to be based on a combination of technical, commercial, and economic factors that are likely to meet the requirements of JDEC's members in a competitive, stable, flexible, low-cost, and economically advantageous manner. These objectives were consistent with the MBM Order's purpose to provide reliable service at the lowest reasonable cost, while allowing for the use of other public interest project selection criteria. The objectives were translated into a scoring process using a weighted scorecard system with four primary evaluation categories defined as (1) "Value and Economic Attractiveness," (2) "Supplier/Bidder Qualifications," (3) "Commercial and Legal," and (4) "Product." For clarity purposes, each category and its associated evaluation and scoring process was described in the 2020 RFP. EnerVision responded to questions from suppliers and stakeholders regarding the evaluation criteria and also explained the evaluation criteria and scoring process during the Commission Technical Conference on July 10, 2020. As a result of the input and feedback from suppliers and stakeholders, clarifications and additions to the evaluation criteria and content of the 2020 RFP were performed.

Q. WAS A DRAFT VERSION OF THE 2020 RFP MADE AVAILABLE TO POTENTIAL SUPPLIERS?

A. The 2020 RFP process was formally initiated on or around June 1, 2020 with an informational filing with the Commission. Once the initial notice filing was made and published, the Commission established LPSC Docket No. X-35500. An outside consultant was hired by the Commission to assist Commission Staff. A

draft version of the 2020 RFP was issued through an informational filing with the Commission (as well as through an EnerVision sponsored dedicated website) on or around June 10, 2020, for the purpose of allowing potential suppliers and stakeholders and opportunity to review, comment, and provide feedback on the process. A public, virtual technical meeting was held on or around July 10, 2020, to present the draft RFP and further allow potential suppliers and stakeholders an opportunity to engage and provide feedback to the 2020 RFP and associated process. After modifying the RFP based on supplier and stakeholder feedback, the final 2020 RFP was issued on July 28, 2020.

Q. DID YOU CONSIDER THE MBM ORDER AND/OR ANY OTHER COMMISSION ORDER IN PREPARING THE INFORMATIONAL FILING AND 2020 RFP FOR JDEC?

A. Yes. The applicable MBM requirements were incorporated in the 2020 RFP. Additionally, JDEC issued the 2020 RFP and solicited long-term power supply proposals, as described further in this testimony, with the purpose and intent to comply and follow LPSC General Order No. 9/20/83, In re: *In the Matter of the Expansion of Utility Power Plant; Proposed Certification of New Plant by the Louisiana Public Service Commission* (the "1983 General Order") and associated MBM Order. JDEC's objective for the 2020 RFP was aligned with the purpose of the MBM Order - providing reliable service at the lowest reasonable cost, while also considering other public interest factors.

Q. GENERALLY, WHAT WAS ENERVISION'S ROLE IN THE 2020 RFP PROCESS?

A. EnerVision provided consulting services to assist JDEC with the Informational Filing, associated 2020 RFP process, and related review of the same. More specifically, EnerVision drafted and prepared JDEC's Informational Filing and 2020 RFP. As I stated above, EnerVision has experience supplying consulting services for power supply planning and acquisition for electric cooperatives and conducts Wholesale Power Supply RFP processes on a regular basis. EnerVision relied on their experience and expertise combined with the inputs and requirements of the MBM Order to prepare the RFP process and document. JDEC and EnerVision worked hand in hand throughout the entire process of the 2020 RFP.

Q. WHAT WAS THE PRINCIPAL OBJECTIVE OF THE 2020 RFP?

A. The principal objective of the 2020 RFP was to solicit, evaluate, refine, and select a new wholesale power supply plan and supplier or suppliers to provide reliable service at the lowest reasonable cost to JDEC upon expiration of the 2000 Agreement. Through the RFP, JDEC planned to seek out and evaluate viable wholesale power supply options and to establish a wholesale power supply plan likely to meet the wholesale power supply requirements of their members in a competitive, stable, flexible, low-cost, and economically advantageous manner. The 2020 RFP was designed to solicit a wide range of viable wholesale power supply options from potential suppliers and to provide a fair and equitable process of evaluation of the proposals and supply options. A range of technical, commercial, and economic factors were used to evaluate potential options. Overall, the following guiding principles for evaluating wholesale power supply

options were identified: Low Cost, Competitiveness, Stability, Flexibility, Economic Value, and Robustness These guiding principles, the evaluation process, and the resulting score card were all described in the 2020 RFP.

Q. DID JDEC HOLD A TECHNICAL CONFERENCE TO DISCUSS THE 2020 RFP?

A. Yes, a public, virtual technical conference was held on July 10, 2020, in which the draft 2020 RFP was discussed. This technical conference allowed suppliers, potential bidders, and stakeholders an opportunity to engage, provide feedback, ask questions, and/or seek clarification with regard to 2020 RFP. Over fifty (50) participants attended and participated in the two (2) hour long technical meeting. LPSC Staff and the LPSC's Consultant were in attendance and participated in the meeting.

Q. WERE POTENTIAL SUPPLIERS GIVEN AN OPPORTUNITY TO ASK QUESTIONS AT THE JULY 10, 2020 TECHNICAL CONFERENCE?

A. Yes, as I stated above, potential bidders, along with suppliers and stakeholders were given an opportunity to ask questions at the technical conference as well as provide feedback. In addition, the public and potential suppliers were able to provide comments and questions through a written process via email to the 2020 RFP email address. EnerVision provided responses to questions through a public question and answer response log that was posted to the EnerVision RFP website. EnerVision allowed suppliers to submit questions anonymously to help ensure that an equitable forum for discussion was provided, such that suppliers could provide questions without concern for revealing their intent or providing another supplier an advantage based on the nature of the question.

Q. WERE ANY CHANGES MADE TO THE 2020 RFP AS A RESULT OF ISSUES RAISED BY SUPPLIERS AT THE JULY 10, 2020 TECHNICAL CONFERENCE?

A. Yes, the 2020 RFP was revised and refined based on the questions provided to EnerVision through the July 10, 2020 Technical Conference and the written question submission process.

Q. WHAT ARE SOME EXAMPLES OF MODIFICATIONS MADE TO THE 2020 RFP AS A RESULT OF THE FEEDBACK FROM THE JULY 10, 2020 TECHNICAL CONFERENCE?

A. Examples of changes and modifications to the 2020 RFP made as a result of supplier and stakeholder input and feedback include the following: (i) EnerVision clarified the MISO and Transmission Section to explain that JDEC was seeking capacity and/or energy from physical resources that were currently registered or would be registered to participate in and supply capacity and energy into the MISO market; (ii) the Part One evaluation section was expanded to include further detail on how the proposals and products would be evaluated, product by product, on a fair and equitable basis and expanded on potential reasonable adjustment factors that may be applied to the technical and commercial evaluation of proposals; and (iii) the Scope of Supply section was expanded to include additional clarification on each product type and the required information to be included with potential bids. After modifying the RFP based on supplier and stakeholder feedback, the RFP was finalized and posted on the EnerVision RFP website.

IV. EVALUATION OF 2020 RFP PROPOSALS

A) Part One of the 2020 RFP

Q. HOW MANY PROPOSALS DID JDEC RECEIVE IN PART ONE OF THE 2020 RFP?

A. JDEC received approximately ninety-five (95) various product proposals from thirteen (13) suppliers. Four (4) registered suppliers declined to submit proposals. None of the proposals received were deemed non-conforming with the requirements of the 2020 RFP. Part One proposals were originally due on September 10, 2020. However, due to the impacts of a hurricane, potential suppliers requested additional time to respond. EnerVision extended the response date to September 24, 2020 and notified the LPSC Staff and suppliers. A filing at the LPSC for Docket X-35500 was made to update the schedule. The initial Part One proposals were received from suppliers on September 24, 2020.

Q HOW WERE THE PART ONE PROPOSALS STRUCTURED?

A. Thirteen (13) suppliers responded on September 24, 2020, providing approximately ninety-five (95) various product proposals. Suppliers provided approximately twenty (20) full requirements proposals, six (6) partial requirements proposals, forty-three (43) asset-based proposals, twenty-five (25) standard products proposals, and one (1) innovative full requirement proposal.

Q. HOW DID ENERVISION COMPARE THE VARIOUS PROPOSALS RECEIVED IN PART ONE?

A. The intent of the 2020 RFP Part One process was to screen and limit the number of suppliers (or bidders) and their associated proposals to a subset of suppliers and proposals that were most likely to meet the needs and requirements of JDEC

based upon pre-determined screening and scoring criteria defined in the 2020 RFP. The objective was to identify the top proposal(s) within each product type requested in the 2020 RFP. To that end, the scoring for Part One was designed to assist with the decision on which suppliers, proposals, and products were most likely to meet the needs and requirements of JDEC with the desired value and economic attractiveness. As I stated earlier in my testimony, the scoring was determined by weighted ranking of four (4) categories defined as "Value and Economic Attractiveness," "Supplier/Bidder Qualifications," "Commercial and Legal," and "Product".

Below is a description of each of the four categories:

Category 1: Value and Economic Attractiveness (50%)

Value and Economic Attractiveness was weighted at 50%. The Economic Attractiveness category was performed with a levelized economic cost analysis and a net present value calculation. Results were compared among similar product types. This category was described to suppliers as the ability and likelihood of the proposed product or products to result in the desired value and lowest reasonable cost of power required by JDEC.

Category 2: Supplier/Bidder Qualifications (30%)

Supplier/Bidder Qualifications was weighted at 30%. This was defined as history and experience of the supplier/bidder along with their financial and legal ability to satisfy the requirements of the intended supply option and wholesale power supply contract. Suppliers/Bidders with a strong financial standing and creditworthiness,

combined with experience and depth providing the proposed products without legal issues and with positive experience received the most points in this category and were considered more reliable in their ability to supply the proposed products.

Category 3: Commercial and Legal Risk (10%)

Commercial and Legal Risk was weighted at 10%. Proposals that included terms and conditions that provided confidence JDEC would reliably receive the product proposed without exceptions and/or exposure to unacceptable or unknown risks, provided JDEC flexibility to respond to changing market conditions and changes in JDEC's energy requirements, accommodated JDEC's desires to enhance economic development, provided certainty in price and risk allocation, were not overly complex and burdensome on JDEC, and were reasonably well defined would receive a high score. Suppliers were encouraged to thoroughly complete the Product Term and Pricing Sheet found in Exhibit C of the RFP by listing key terms and conditions that were necessary and required for the validity of proposal and pricing. Suppliers were requested to clearly, and to the best extent possible, characterize the terms and conditions, noting any exceptions or assumptions required for the proposal and pricing.

Category 4: Product (10%)

Finally, Product was weighted at 10%. Ability of the proposed product or products to reliably provide capacity and energy to meet the requirements of JDEC in terms of size, shape, duration, availability, capacity factor, deliverability, reliability, and operating capability. Products that can be utilized effectively by JDEC to meet

their capacity and energy requirements in part or whole with beneficial characteristics and capabilities received a high score. Products that were subject to changes due to unacceptable or unidentified risks such as environmental costs, transmission congestion, market risk, supplier risk, resource availability due to location or unplanned conditions, economic or financial risks, changes in law or regulation, etc. were less desirable and received lower scores.

Below is a description of the scoring methodology:

Each proposal was evaluated based on the evaluation criteria described in the RFP and given a score of 0, 1, 3, or 5 for each category. The category score was multiplied by the category weighting and the sum of the scores were determined for each product. The scores and ranking of each proposal were evaluated by product (full requirements, partial requirements, etc.). A winning or high score by a single product within the product type did not guarantee or assure selection of a proposal for Part Two as JDEC reserved the right to pursue a wholesale power supply plan that may not rely on that particular or specific product type.

Q. DID YOU HAVE FOLLOW-UP QUESTIONS AND/OR SEEK CLARIFICATIONS FROM SUPPLIERS AS NEEDED?

A. Yes, EnerVision conducted an initial review of the submittals and associated proposals. Based on this review, EnerVision provided questions to Part One suppliers, as needed, requesting clarification to their respective submittals. The questions were provided to the suppliers for the purpose of clarifying and

understanding the submittals and associated proposals. Suppliers responded as requested and provided clarification in response to EnerVision's questions.

Q. DID SUPPLIERS HAVE FOLLOW-UP QUESTIONS AND/OR SEEK CLARIFICATIONS FROM ENERVISION REGARDING THE 2020 RFP?

A. Yes. During the Part One process, a request was made to extend the Part One submittal date due to the impact of the 2020 Atlantic hurricane season. In response therefore, the Part One submittal due date was extended. All suppliers were notified of the extension and new due date. Other questions received regarded the Non-Disclosure Agreements ("NDAs") and the "data package" requests (data packages are discussed below). All suppliers were required to execute an NDA prior to receiving the data package for the purposes of the Part One Proposal submittal. EnerVision responded with the appropriate clarifications. All 2020 RFP questions and clarifications were received prior to the issuance of the Final 2020 RFP. Suppliers providing questions or seeking clarification from EnerVision were provided a written response and said response was added to the Q&A log, which was posted to the EnerVision website dedicated to the 2020 RFP.

Q. PLEASE EXPLAIN THE DATA PACKAGE THAT WAS PROVIDED TO SUPPLIERS.

A. The registered suppliers received an excel spreadsheet data package following completion of the NDA, which helped to define and support the required capacity needs of JDEC. The data package contained historic information about JDEC's wholesale power supply requirements including five (5) years of hourly energy data, a four (4) year history of JDEC's Southwest Power Administration ("SWPA")

hydro energy supply, JDEC's delivery points, and a forecast of JDEC's load and demand forecast. The same data package was provided to all Part One suppliers.

Q. WERE SUPPLIERS EVALUATED BASED ON THE CRITERIA SET FORTH IN THE 2020 RFP?

A. Yes. All proposals and associated products were evaluated based on the criteria set forth in the publicly available 2020 RFP. Each product provided by a supplier was scored and compared to similarly situated products in the same category. The purpose of the Part One scoring was to enable JDEC to categorize and evaluate the proposals in an organized fashion as defined by the 2020 RFP objectives, guiding principles, and evaluation criteria. The results from the Part One evaluation resulted in a listing of suppliers that moved forward to the Part Two process of the 2020 RFP. In addition to selecting a set of suppliers for Part Two, JDEC also used the results of Part One to determine the wholesale power supply plan that would be pursued during the 2020 RFP Part Two processes.

More specifically, Part One of the 2020 RFP was completed on or around November 20, 2020, when six (6) of the original thirteen (13) suppliers were notified and invited to participate in Part Two of the 2020 RFP process. Suppliers not selected from Part One were notified and were requested to hold their proposal open for consideration should something change during Part Two that resulted in an opening for a new Supplier. Part One suppliers not selected for Part Two that responded to the 2020 RFP were given an opportunity for a Part One feedback call wherein such suppliers were given a chance to ask any further questions.

Q. HOW MANY SUPPLIERS WERE SELECTED TO MOVE FORWARD TO PART TWO?

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

Q. WHAT TYPE OF PRODUCT OR PRODUCTS WERE FOCUSED ON IN PART TWO OF THE 2020 RFP?

A. Based on the results of Part One, JDEC chose to select their primary wholesale power supply plan on full requirements and partial requirements product types and to include a limited number of high ranked potential standard products and asset-based products to be included with the primary full or partial requirements supply. The suppliers selected for Part Two were the suppliers that proposed the high-ranking products for full requirements and partial requirements and suppliers that proposed high ranking products for potential standard products or asset-based products that could be incorporated and used with a full requirements or partial requirements supply option.

Q. DESCRIBE THE SELECTION PROCESS USED BY ENERVISION TO RECOMMEND TO JDEC WHICH SUPPLIERS MOVED FORWARD TO PART TWO.

A. JDEC received competitive proposals that included a wide range of product types. During Part One, JDEC considered a broad range of power supply options, methods, and approaches based on the proposals and associated products that

were submitted by qualified wholesale power suppliers. Based on the information received and evaluated during Part One, JDEC decided to pursue a full requirements or partial requirements wholesale power supply plan and the term of the full or partial requirements agreement would be targeted at approximately ten (10) years. This approach was determined to be the best alternative when evaluated against the commercial, technical, and economic factors included in the Part One evaluation process and criteria and the stated goals and objectives of the 2020 RFP, the MBM Order, and the overall best interests of JDEC and its member-owners. Standard products and asset-based products that received the highest score for their product category that could be used with full requirements or partial requirements supply approach were included in Part Two.

Q. GENERALLY SPEAKING, WHAT CAUSED SOME SUPPLIERS TO BE ELIMINATED DURING THE PART ONE PROCESS?

A. Some suppliers were eliminated during Part One because, the product (or products) submitted by such suppliers did not fit within JDEC's desired wholesale power supply plan to pursue a full requirements or partial requirements approach through Part Two, and thus, standard products or asset-based products that received a low score when ranked and compared with other products in the same category were not selected to participate in Part Two. Similarly, standard products or asset-based products that did not fit with or could not be combined with the full requirements or partial requirements products were also not selected to participate in Part Two. Additionally, a low-ranking full requirements proposal was not selected for the Part Two of the 2020 RFP.

Q. DID SUPPLIERS FROM PART ONE NOT SELECTED FOR PART TWO RECEIVE FEEDBACK?

A. Yes. As I stated earlier, EnerVision offered Part One feedback meetings/conference calls to all of the Part One suppliers that did not move forward to Part Two. This was an opportunity for EnerVision (on behalf of JDEC) to be transparent about the process and address any questions or concerns of suppliers that were not selected for Part Two of the 2020 RFP. In or around December 2020, Part One feedback meetings were held with four (4) out of the seven (7) Part One suppliers not selected for Part Two.

B) Part Two of the 2020 RFP

Q. DESCRIBE ENERVISION'S INTERACTION WITH SUPPLIERS SELECTED TO MOVE FORWARD TO PART TWO OF THE 2020 RFP.

A. Each Part Two Supplier was requested to participate in Part Two processes and activities to engage with JDEC in direct bilateral negotiations with regard to their respective proposals. An initial virtual/telephonic meeting between JDEC, EnerVision, and each individual Part Two supplier was held on or around December 9 and 10, 2020 to allow for introductions and provide an opportunity for the parties to discuss the specific proposal. After such discussions, each Part Two supplier was asked to provide any updates to their submittal and proposal by January 8, 2021. Following receipt of the updated proposals, JDEC conducted further evaluation and engaged with suppliers to clarify and refine the proposals (if

necessary). Additional clarification calls were requested and five (5) out of the six (6) Part Two Suppliers participated.

Q. WERE YOU ABLE TO PROVIDE MORE SPECIFIC FEEDBACK TO THE PART TWO SUPPLIERS?

A. Yes. In early December 2020, EnerVision held Part Two initial meetings with each Part Two Supplier selected. During these meetings, EnerVision provided feedback to each supplier on their proposal's respective advantages and disadvantages relative to the 2020 RFP evaluation and selection criteria. In addition, EnerVision provided the basis of the intended wholesale power supply plan that would be pursued by JDEC during Part Two based on the results of Part One of the 2020 RFP. EnerVision communicated that JDEC would be pursuing an approximately 10-year full requirements or partial requirements primary wholesale power supply plan and would consider incorporating an asset-based product or standard product with the full or partial requirements contract. Suppliers were given the opportunity to ask questions and EnerVision provided further clarifications. Following each meeting, the respective supplier was provided an email with specific feedback areas for their consideration to use for revisions, clarifications, and updates to their Part Two Proposals, which were due on January 8, 2021.

Q. WERE THE REVISED 2020 RFP PART TWO PROPOSALS REVIEWED AND EVALUATED?

A. Yes. The 2020 RFP revised Part Two Proposals were received on or around January 8, 2021 and were carefully reviewed by EnerVision and JDEC. EnerVision

continued to review and provide analysis on all Part Two proposals. The February 2021 winter storm event impacted the response timeline of some suppliers and JDEC modified the schedule accordingly.

Q. WAS ENERVISION ABLE TO FAIRLY COMPARE THE 2020 RFP PART TWO PROPOSALS DESPITE CERTAIN TERMS DIFFERING FROM ONE SUPPLIER TO THE OTHER?

A. Full and partial requirements proposals were evaluated on a 10-Year basis by evaluating the resulting total wholesale power supply costs and the total wholesale power effective rate. In addition, the asset-based products and standard products were incorporated into the full or partial requirements models to evaluate the impact of such products on the full and partial requirements approach. Moreover, models were established using the same set of input assumptions and forecasts to evaluate the total wholesale power supply costs and total wholesale power effective rate. To that end, the various proposals and products were evaluated on a consistent basis in fair and equitable manner. Each proposal was assessed and evaluated against a wide range of input assumptions and forecasts to evaluate the impact of different conditions on the total wholesale power costs and total wholesale power effective rate. Doing so allowed EnerVision to evaluate each proposal evenly and fairly against the predetermined 2020 RFP evaluation criteria, decision principles, and 2020 RFP objectives.

Q. WAS ENERVISION ABLE TO EVALUATE THE POTENTIAL TERMS AND CONDITIONS OF THE PART TWO PROPOSALS?

A. Yes. Suppliers provided a term sheet for each product consistent with the requirement described in the 2020 RFP. This term sheet was initially used to evaluate the commercial and legal risk aspects of the proposals and the related products. Following the receipt of the Part Two proposals and initial evaluation and clarification period, the suppliers were requested to provide draft Power Purchase Agreements ("PPAs") for their respective proposals and products. The request for PPAs was made on February 11, 2020 and Suppliers were asked to provide a response by February 26, 2020. Some suppliers were not able to make the required date and requested additional time to supply a PPA. By March 5, 2021, all draft PPAs were received by EnerVision. EnerVision and JDEC reviewed each PPA and identified areas for clarification and questions.

Q. WERE ENERVISION AND JDEC ABLE TO MEET WITH PART TWO SUPPLIERS IN PERSON?

A. Yes, meetings were held March 10-11, 2021 for all RFP 2020 Part Two suppliers. Five (5) of the six (6) Suppliers were able to attend the in-person meetings. A virtual meeting was scheduled with the supplier that was unable to make the in-person meeting. Each supplier meeting was of similar format and duration. All suppliers were invited to present their proposals, seek clarification from JDEC, and ask any questions they desired at the end of the meeting as well as during the course of discussions. As part of the final evaluation and decision process, Part Two suppliers were requested to submit their best and final offer to EnerVision per the 2020 RFP process by April 2, 2021. The information and response that the suppliers submitted per this request was treated and considered as a formal

proposal submission consistent with the 2020 RFP process. Suppliers were aware that the best and final offer combined with the provided PPA would constitute the final offer upon which JDEC would perform its final evaluation to rank supplier and select suppliers for further negotiation.

Q. WHAT SORT OF MODELING DID ENERVISION USE TO COMPARE PROPOSALS AND TO FORECAST THE IMPACTS OF THE PROPOSALS GOING FORWARD?

A. Full and partial requirements proposals were evaluated on an approximately 10-year basis by evaluating the resulting total wholesale power supply costs and the total wholesale power effective rate. In addition, the asset-based products and standard products were incorporated into the full or partial requirements models to evaluate the impact of such products on the full and partial requirements approach. Each model was assessed and evaluated against a wide range of input assumptions and forecasts to evaluate the overall impact of different conditions and risks on the total wholesale power costs and total wholesale power effective rate. In this manner each proposal could be evaluated against the RFP evaluation criteria, decision principles, and RFP objective for the stated purpose to identify the wholesale power supply plan that is mostly likely to result in the lowest reasonable cost.

The economic and financial modeling included a set of primary inputs and forecasts for load, market energy pricing, market capacity pricing, and natural gas pricing.

The load forecast was distributed to each supplier during the 2020 RFP process. JDEC's load forecast for energy and demand, which defines JDEC's wholesale power supply requirements for capacity, energy and other services, was a critical component for pricing by the suppliers and for the accompanying economic analysis. EnerVision used the load forecast provided to suppliers as its base case and created a low scenario with little to no load growth and a high scenario with accelerated load growth when compared to the base case. The load forecasts were used consistently across the evaluation models.

For MISO power forecasts, EnerVision relied on third-party sources for forecasts. Specifically, the modeling forecasts created by PA Consulting. PA Consulting, an independent third party, whose forecasts are used in the industry, provided a long-term MISO pricing forecast for use in the evaluation and modeling. PA Consulting used a fundamental electricity market simulation model to develop a 20-year fundamental market forecast for MISO's Zone 9. For point of reference, JDEC is located in Zone 9 of MISO South. The forecast included: (i) annual and monthly capacity compensation and energy prices through 2038; (ii) the underlying market assumptions (e.g., natural gas and coal prices, capacity additions and retirements, load growth, etc.); and (iii) hourly heat rate for MISO pricing was provided. As with load, low and high energy price scenarios were developed around the PA Consulting forecasts which include high and low power prices. The energy price forecast scenarios were used in models where proposals included pricing that was indexed to market pricing or included supply that was subject to market-based

pricing. The energy price forecasts were used consistently across the evaluation models.

Natural gas, which is the primary driver of the MISO energy rates, was forecasted using the US EIA 2021 Outlook of Henry Hub Pricing using EIA's Reference Case, Low Scenario (high oil and gas supply) and High Scenario (low oil and gas supply). The Louisiana MISO Energy Price, based on the fundamental market price heat rate provided by PA Consulting, scenarios were calculated using the natural gas price scenarios. In addition, the natural gas price forecast scenarios were used in models where proposals included pricing that was indexed to natural gas pricing. The natural gas price forecasts were used consistently across the evaluation models.

For the Louisiana Capacity Price Forecasts, EnerVision used Annual Planning Reserve Auction ("PRA") capacity price history and a Fundamental Capacity Pricing forecast from PA Consulting. The high forecast was based on the Fundamental Capacity Price forecast from PA Consulting that represents the marginal cost of new capacity. The low forecast was based on historic actual results from MISO PRA auction results over the last five (5) years and escalated through the forecast period. The capacity price base case forecast was the average of the low and high forecasts. The capacity price forecast scenarios were used in models where proposals included pricing that was indexed to market pricing or included supply that was subject to market-based pricing. The capacity price forecasts were used consistently across the evaluation models.

Other input assumptions and cost forecasts included costs for Ancillary Services and MISO Tariff costs typically associated with Transmission. These cost forecasts were based on historic values and applied consistently across all proposals. In some instances, JDEC included values for transmission congestion or basis to account for the price difference between an energy delivery point and JDEC's load pricing point.

Each model was consistently based on monthly determination of the total wholesale power costs based on the consistent application of billing units across the evaluate proposals. Each model calculated total costs for capacity/demand, energy, transmission/MISO tariff charges, and other costs such as ancillary services and fees. The inputs assumptions and forecasts described above were consistently applied in each model. In certain cases, a typical month, hourly load and hourly pricing model was included to capture the potential costs and/or benefits associated with shaping and timing aspects of the proposals.

Q. DID SOME BIDS INCLUDE UNKNOWN COSTS THAT WOULD BE PASSED THROUGH TO JDEC? IF SO, HOW DID YOU ACCOUNT FOR THESE COSTS?

A. Per the RFP, JDEC recognized that not all proposals or products would include all costs or cost factors and further could not be directly compared to each other without including reasonable assumptions for such costs or cost factors within the models. As required, JDEC applied a reasonable cost or cost adjustment factor to the model to account for costs not included in the respective supplier's proposal. EnerVision used its best judgment and good practices to apply requirements and cost adjustment factors in a fair and consistent manner. Several potential cost

areas were defined as pass through costs by the different proposals. To the extent possible such pass-through costs were estimated and consistently applied across the models. Some of the more material applications of pass-through costs were MISO Transmission Tariffs costs, MISO Ancillary Services, non-firm pricing, index-based pricing, energy settlement costs, and basis costs. In addition, certain supplier's rates were proposed as non-firm or index based and had to be estimated based on information provided by the supplier and the application of market price forecasts.

Q. DID SOME SUPPLIER PROPOSALS INCLUDE DEMAND CHARGES? IF SO, HOW DID YOU COMPARE SUCH PROPOSALS WITH DEMAND CHARGES WITH THE PROPOSALS THAT DID NOT INCLUDE A DEMAND CHARGE?

A. Yes, some proposals included demand charges (and some proposals did not include demand charges). In general, demand charges are sometimes used by wholesale power suppliers to recover the fixed costs associated with providing capacity supply to meet expected demand. JDEC is required through the MISO rules and regulations to demonstrate adequate capacity supply through the MISO annual planning reserve process. The received proposals contained a wide range of pricing options. EnerVision translated the proposed pricing for each proposal and product along with the associated billing unit into the specific product proposal model or plan. If the pricing proposal included a demand charge, then the demand charge was applied against the applicable billing unit included in the load forecast assumptions. If the pricing proposal included an energy charge, then the energy charge was applied against the applicable energy billing units included in the load

forecast assumptions. Each model or plan was uniquely defined and constructed based on the specific pricing proposals and associated terms and conditions included in the supplier proposal. Each model calculated the total cost of wholesale power by hour (as needed), month, and year to determine the total wholesale cost of power for JDEC during the planning period. Since each unique model or plan included the total JDEC requirements and associated costs, each plan could be compared to one another on a comparative basis.

Q. DID ENERVISION'S EVALUATION OF SUPPLIERS INCLUDE AN EVALUATION AS TO WHETHER THE SUPPLIERS COULD PROVIDE RELIABLE SERVICE IN ADDITION TO LOW COST? IF SO, PLEASE EXPLAIN.

A. Yes. In addition to cost, the supplier's complete proposal was continually assessed throughout the 2020 RFP based on the technical, commercial, and legal risk factors of the proposal and products to provide reliable service. Reliable service is viewed as an extremely high likelihood that the proposed service will deliver the intended results throughout the term given the various conditions and risks anticipated in the electric energy industry. This view of reliable service was incorporated into the 2020 RFP through the principles and decision factors defined for low cost, competitiveness, stability, flexibility, economic value, and robustness. In addition, the evaluation and scorecard methodology provided descriptions within each category of the criteria that would be used to evaluate reliable service. During Part Two of the 2020 RFP process, JDEC focused on the specific terms and conditions of the proposed contracts and performed a thorough analysis of each

contract to evaluate the ability of the contract to provide reliable service as defined by the 2020 RFP requirements.

Q. IN GENERAL, DISCUSS MISO'S ROLE IN PROVIDING RELIABLE ELECTRIC SERVICE.

A. MISO is the Independent System Operator ("ISO") and is responsible for the day-to-day operation and reliability of the bulk power system surrounding JDEC's distribution system. MISO plays a central role in the planning and operation of the bulk power system including the economic dispatch of generation facilities through a centralized market-based system to serve load. As a load serving entity ("LSE"), JDEC has certain wholesale power supply requirements that it must provide to MISO. To satisfy JDEC's Wholesale Power Supply requirements as an LSE, MISO looks to JDEC's designed Market Participant. By pursuing a full or partial requirements wholesale power supply plan, JDEC sought a supplier that would serve as JDEC's MISO Market Participant. Meaning, the supplier would ultimately be responsible for JDEC's wholesale power requirements as a MISO LSE and would be responsible for satisfying JDEC's MISO's requirements including but not limited to, capacity supply, energy supply, ancillary services, and other services defined by MISO.

Q. WHAT CHANGES IN THE MARKET HAVE OCCURRED IN THE LAST FEW YEARS THAT ALLOWED SUPPLIERS TO SUBMIT INNOVATIVE PROPOSALS IN THE 2020 RFP?

A. The three (3) primary changes in the market that allowed suppliers to submit innovative proposals were: (i) the inclusion of Louisiana into the MISO market, (ii)

the low cost of natural gas pricing driven by advances in oil and gas extraction, and (iii) the declining cost of renewable energy particularly from photovoltaic solar projects. These three (3) factors have enabled competition between suppliers, produced an energy price signal for competition and investment, established a low cost of available and potentially available supply, and enabled new structures and supply options for consumers.

(i) The inclusion of Louisiana into the MISO market

More specifically, the inclusion of Louisiana into MISO has provided a market with established rules allowing competition between suppliers and the reliable, efficient use and operation of the bulk power system. As the market currently functions the price of energy is determined by MISO on a continuous basis as determined by the marginal cost of supply to meet the required demand or load. MISO is essentially responsible for the centralized, reliable, cost-effective operation of the grid. In this structure, MISO receives energy from generators who offer their supply into the market and dispatches energy to load that purchases their energy from the market. More often than not, based on current market conditions, natural gas generation is the marginal energy supply and therefore MISO market pricing is highly correlated to natural gas pricing.

(ii) The low cost of natural gas pricing

Natural gas generation is the current low-cost conventional, dispatchable generation and because of this natural gas generation has been driven by historic low natural gas pricing, which has resulted in energy pricing that is historically low. These conditions are expected to continue. The U.S. Department of Energy

Information Administration 2021 Outlook predicts ample natural gas supply with stable and low gas prices for the next five (5) to fifteen (15) years. Therefore, natural gas is likely to remain the conventional, dispatchable technology of choice and will continue to drive market pricing. That being said, while natural gas prices are on average historically low, natural gas prices and the associated electric energy pricing can be volatile during times of supply scarcity.

It is of note that coal generation is not as competitive as natural gas fired generation at this time and numerous coal generation plant retirements are announced and planned. The utilities with a heavy resource mix of coal are struggling to stay competitive based on the economics of maintaining the plants and the associated economics of running the facilities with decreasing capacity factors. According to the U.S. Energy Information Administration ("EIA") 2021 Outlook, roughly eighteen (18) gigawatts ("GW") of coal generation is not able to recover adequate revenue for operations. By 2039, approximately 29 GW of coal generation will retire according the 2021 EIA Outlook.

(iii) The declining cost of renewable energy

Finally, renewable energy costs continue to decline which has allowed even more innovative proposals and supply options. All-in renewable production costs are comparable to the variable cost of conventional generation and are typically offered at a long-term fixed rate. Renewables are offered into the markets at $0 per MWh or less which has the effect at times of reducing market prices. Renewables can effectively be added in incremental amounts rather than single large facilities associated with conventional, fossil fired generation. The fixed price

nature of solar supply can help reduce exposure to market price volatility and high market prices. Declining prices in renewables along with the price of battery storage options continue to improve and may allow for dispatchable renewable energy to approach price parody with conventional alternatives.

These factors and developments will allow for market prices to likely remain relatively low over the next five (5) ten (10) years with moments of volatility. Due the reliance on low-cost natural gas for generation, a significant generation capacity shift underway and new, technological innovations driving the cost of renewable energy down, flexibility and optionality were favorable aspects in the innovative proposals given JDEC's 2025-2034 timeframe.

Q. EXPLAIN HOW MISO CREATED COMPETITION AMONG THE 2020 RFP SUPPLIERS.

A. In essence, and as stated earlier in my testimony, the MISO market enables competition between suppliers by reducing barriers to entry, ensuring reliability is maintained, providing standard rules for market participants to follow, and providing a standard system infrastructure upon which market participants can buy and sell capacity and energy. MISO uses market-based processes to dispatch generation in an efficient manner to serve load while simultaneously maintaining system reliability. This market-based processes include the establishment of energy and energy related services prices that, in general, wholesale generators or suppliers are paid for by the load receiving entities that receive such energy and services. This standard set of rules, centralized operation of resources, and liquid market, enables market participants, including JDEC as a load serving entity, to

access wholesale power supply through an open transmission infrastructure and the ability to enter into bilateral transactions based on the MISO rules and processes. In addition, liquid capacity and energy markets allow for suppliers to manage wholesale power supply in many different forms, such as the ability to purchase energy from generation resources that may have a lower cost than a utility's own generation.

Q. DID ANY OF THE PART TWO SUPPLIERS GUARANTEE THAT JDEC'S POWER WOULD COME FROM A SPECIFIC GENERATING UNIT?

A. No, none of the full or partial requirements proposals and associated contracts considered and evaluated in Part Two included unit contingent supply that would require the supplier to deliver capacity or energy from a specific generating unit or set of units, with limited exception of proposals that included either a unit-contingent solar PPA or some form of direct solar pass-through price for a portion of energy. Each of the proposed full and partial requirements contracts committed the supplier to deliver the capacity and energy requirements associated with JDEC's wholesale power supply requirements, but the proposed supply contracts did so without any requirement that such supply came from a specific generating unit. Meaning, under the proposed full and partial requirements proposals and contracts considered by JDEC in Part Two of the 2020 RFP, the suppliers have no obligation to develop, construct, operate, or maintain any specific generating unit.

Q. WAS THE 2020 RFP PROCESS SUCCESSFUL IN ACHIEVING A WHOLESALE SUPPLY OPTION CAPABLE OF PROVIDING RELIABLE SERVICE AT THE LOWEST COST FOR JDEC?

A. Yes. The 2020 RFP was conducted in a fair process that was open to qualified wholesale power suppliers. During Part Two, JDEC was able to work directly with six (6) of the selected top rank suppliers from Part One to further revise and refine the proposals. During Part Two, the proposals provided by suppliers were compared and evaluated. Based on the evaluation and analysis, the NextEra full requirements power supply agreement provided the overall lowest cost.

Q. DESCRIBE THE RESULTS OF THE PART TWO PROCESS.

A. The results of the Part Two process was concluded following the receipt of draft PPAs and revised proposals submitted through the best and final offer process on or around April 2, 2021. An evaluation, consistent with the process described in the 2020 RFP and this testimony, was performed on the best and final offer proposals and associated terms and conditions. As a result of the analysis and evaluation during Part Two, the NextEra full requirements power supply agreement was ranked highest among the proposals for providing the best overall value and determined most likely to achieve the desired objective to establish a wholesale power supply plan likely to meet the wholesale power supply requirements of their members in a competitive, stable, flexible, low-cost, and economically advantageous manner.

Q. DESCRIBE EVALUATION RESULTS OF PLANS AND MODELS.

A. The net present value for each suppliers' proposal(s), along with the associated levelized effective rate for JDEC's full requirements needs over approximately a10-year period, were considered and evaluated for each of the best and final offers provided by the Part Two suppliers. In addition, the categories for Supplier/Bidder

Qualifications, Commercial and Legal, and Product were evaluated and scored consistent with the process described in the 2020 RFP. As indicated in the 2020 RFP, the scoring methodology was used as a process to assist JDEC with making an ultimate decision on the Cooperative's future power supply arrangement, while also ensuring that a fair and equitable evaluation based on the decision criteria and objectives the 2020 RFP occurred. The ranking scores also assisted JDEC in identifying the top ranked proposals that provided the overall best value in consideration of the primary factors defined in the 2020 RFP and the MBM Order.

Q. PLEASE DESCRIBE THE NEXTERA PROPOSAL.

A. The NextEra full requirements proposal (the "NE Proposal") was the top ranked proposal and satisfied the 10-year, full requirements supply criteria. In addition, the scenario and risk analysis indicated that the proposal would provide the lowest cost over a range of possible future scenarios associated with changes or variations in load, market prices, and fuel prices. Further, the NE Proposal included terms that were deemed to be favorable and advantageous to JDEC by allowing JDEC routine participation and involvement in supply and pricing processes, a pricing approach that includes a fixed energy price for firm energy for the operating year such that JDEC will have a stable wholesale power rate throughout the operating year, pricing that is not subject to an one-time peak demand resulting in a twelve (12) month cost increase, including favorable pricing provisions that will start with an initial fixed price supply and then fix additional firm supply on an incremental, 3-year rolling basis, little to no limitation on JDEC's ability to pursue distributed energy resources or other distribution programs and

services that may be beneficial to JDEC's member customers, provisions for economic development, and provisions for required transparency and information sharing. The initial fixed price baseload supply and subsequent systematic fixed pricing process provides for incremental fixed pricing up for up to approximately 100% of JDEC's energy and capacity requirements on a rolling three-year basis. This proven energy risk management approach provides competitive cost basis while minimizing exposure over time and volume to energy, fuel, environmental, and resource specific risks. Further, this approach provides an overall fixed priced for the majority of JDEC's requirements and reduces the likelihood that high fuel, electric market prices, or unity contingent risks and costs will impact JDEC's costs and member rates. The pricing provisions included in the NextEra Proposal provided for a fair and equitable allocation of costs that translate directly to the underlying costs and cost causation driven by JDEC. JDEC's members are not charged for services or commodities that are not required by JDEC. JDEC and JDEC members will benefit directly from investment or the application of technologies, services, or programs that reduce exposure to market supply or reduce demand during peak demand periods. In addition to providing the most likely lowest reasonable cost, the product and contract terms and conditions provide for reliable service by eliminating and minimizing JDEC's direct exposure to cost increases or changes due to risks such as environmental factors, transmission congestion, market risk, supplier risk, unit contingent risk, resource availability or location, economic or financial risks, and changes in law or regulation. The overall product and terms and conditions of the NextEra Proposal

allowed for JDEC's routine involvement and participation in decision making regarding power supply activities, provides for a high level of transparency and customer engagement, provides diversity of supply options that can be exercised at JDEC's direction, support for member services and economic development, and little to no limitation on JDEC's pursuit of distributed energy resources. An example of a supply option included in the NextEra Proposal was that JDEC could direct NextEra to provide a portion of their annual capacity requirement at cost through the MISO Planning Reserve Auction. The results of the planning year ("PY") 21-22 planning resource auction ("PRA") provided MISO Zone 9 capacity at a price of $0.01 per MW-day. Had JDEC been able to participate in such an auction, JDEC's members would have had access to the lowest cost capacity option available for that portion of their requirement.

Q. WHAT WERE THE PRIMARY FACTORS THAT RESULTED IN JDEC EXECUTING THE "FULL REQUIREMENTS POWER SUPPLY AGREEMENT" WITH NEXTERA (THE "NEXTERA PSA")?

A. Once evaluated, the NEXTERA PSA provided JDEC with the highest reliable service at the lowest reasonable cost. The NEXTERA PSA provides for an initial fixed priced, firm energy supply that significantly reduces JDEC's exposure to energy, fuel, environmental, and unit contingent risks. The systematic fixed pricing process that provides for incremental fixed pricing up for up to approximately 100% of JDEC's energy and capacity requirements on a rolling three-year basis provides a proven process for achieving a competitive cost basis while minimizing exposure over time and volume to energy, fuel, environmental, and resource specific risks.

These approaches provide an overall fixed priced for the majority of JDEC's requirements, which reduces the likelihood that high fuel, electric market prices, or unity contingent risks and costs will impact JDEC's costs and member/customer rates. Moreover, the pricing provisions included in the NEXTERA PSA provide for a fair and equitable allocation of costs that translate directly to the underlying costs and cost causation driven by JDEC. Also of note, JDEC and JDEC members will benefit directly from investment or the application of technologies, services, or programs that reduce exposure to market supply or reduce demand during peak demand periods. The overall product and terms and conditions of the NEXTERA PSA will allow for JDEC to have routine involvement and participation in decision making regarding the Cooperative's power supply activities, will provide for a high level of transparency and customer engagement, will ensure diversity of supply options that can be exercised at JDEC's direction, will provide support for member services and economic development, and will have little to no limitation on JDEC's pursuit of distributed energy resources.

V. NEXTERA

Q. WHAT DOES YOUR MARKET KNOWLEDGE AND RESEARCH INDICATE ABOUT NEXTERA?

A. Measured by market capitalization, NextEra is the largest utility company in the world, with a market capitalization of approximately $152 billion as of April 1, 2021. NextEra has long-term issuer credit ratings A- / A / Baa by S&P Global Ratings, FitchRatings, and Moody's Investors Service (Moody's), respectively, the three leading credit rating agencies globally. NextEra is one of the largest suppliers of

wholesale electricity and electricity related products to public power entities, including generation and transmission cooperatives, distribution cooperatives, municipal utility aggregations and municipal utilities NextEra serves more than 18 million MWh to more than 70 public power entities, including more than 5,000 MW of full requirements energy supply in all major markets and Independent System Operators (ISO). Additional wholesale energy services include the management, hedging, and scheduling of its own load obligations and those of other entities seeking assistance in these functions. NextEra's full requirements service infrastructure includes a 24-hour desk, regulatory and compliance services, load forecasting and scheduling, ISO settlements and billing, and renewable energy credit (REC) procurement and compliance. NextEra's superb credit ratings, wholesale electricity market experience, and significant balance sheet were all positive indicators that NextEra will be able to fulfill its obligations under the NEXTERA PSA.

Q. WHAT ARE THE WHOLESALE POWER SUPPLY ARRANGEMENTS WITHIN THE NEXTERA PSA?

A. JDEC has executed one (1) agreement to satisfy its wholesale power supply requirements, the term of which starts March 28, 2025, and continues through and includes December 31, 2034 (i.e., the NEXTERA PSA). The NEXTERA PSA will provide full requirements wholesale power services and all of JDEC's capacity and energy supply requirements (with the exception of the capacity and energy supplied from JDEC's Buyer's resource from SWPA described below) for nine (9) years and nine (9) months. The NEXTERA PSA includes a portion of fixed price

capacity and energy for the term of the agreement and an incremental pricing methodology that will fix portions of JDEC's capacity and energy supply pricing on a rolling three-year basis.

Q. WHAT ARE SOME OF THE KEY PROVISIONS OF THE NEXTERA PSA?

A. The NEXTERA PSA is a full requirements wholesale power supply agreement where NextEra provides all of JDEC's capacity and energy requirements and other associated services. Under the agreement, NextEra will serve as JDEC's MISO Market Participant and manage all of JDEC's wholesale power requirements. Under the NEXTERA PSA, NextEra will supply capacity and energy to JDEC. The NEXTERA PSA includes a baseload supply that provides an initial fixed price for an established volume of capacity and energy to be supplied through the NEXTERA PSA. The fixed price baseload supply provides approximately 90% of JDEC's capacity and energy requirements in the balance of 2025, 70% of JDEC's capacity and energy requirements in year 2026, 50% of JDEC's capacity and energy requirements in year 2027, and 30% of JDEC's capacity and energy requirements in years 2028 through 2034. The balance of capacity and energy not included in the baseload supply will be systematically and incrementally fixed according to a default plan that fix prices a portion of JDEC's remaining capacity and energy supply requirement on a rolling three-year basis. Under the default plan, JDEC will achieve a fixed price capacity and energy supply no later than September of the year prior to any operating year. This approach will substantially reduce JDEC's exposure to market supply and price risk during any operating period. The pricing for JDEC's remaining future capacity and energy requirements

that are not fixed will be exposed to changes in the market pricing until such time as the capacity and energy is fixed priced according to the default plan. The Fixed Baseload supply along with the Incremental Fixed Price Default Plan, "Default Plan," is intended to provide JDEC with a competitive wholesale power cost that will track with market-based conditions and will not overly expose JDEC supply requirements to excess swings in cost or risk associated with fuel, electric market pricing, capacity pricing, unit contingent operations, or environmental factors.

Under the NEXTERA PSA, JDEC will be charged a Full Requirements Power Supply Price ("FRPSR"). The price will be established in September of each year and will be effective for the following calendar year. The FRPSR is determined by the sum of the Energy Charge, Capacity Charge, MISO Products, and Wholesale Cost Adjustment planned and expected for the following year and divided by the forecast annual energy units for the following calendar year.

Q. DOES THE NEXTERA PSA HAVE A FUEL COST ADJUSTMENT SIMILAR TO THAT OF THE 2000 AGREEMENT?

A. No. There is no fuel cost adjustment in the NEXTERA PSA. The majority of the capacity and energy costs are fixed during any operating year resulting in a little to no variability during a fixed-price operating period. Certain costs will be passed through at cost to JDEC including load following costs, basis, auction revenue rights, and MISO products. These pass-through charges may result in either an over or under collection of revenue during the operating year. To recover or refund the over or under collection, a wholesale cost adjustment charge will be applied to the rate for the following year. Since the capacity and energy supply is fixed on an

incremental rolling 3-year basis, the average and final fixed cost supply is not expected to vary greatly.

Q. EXPLAIN HOW JDEC WILL INTERACT WITH NEXTERA DURING THE TERM OF THE NEXTERA PSA TO MITIGATE RISK ON BEHALF OF JDEC.

A. The primary interaction between NextEra and JDEC will be the bi-annual process performed by NextEra to fix the price of incremental supply volumes prescribed by the power supply agreement on a rolling 3-year basis. In addition, and as stated earlier in my testimony, NextEra is contractually obligated to provide JDEC with quarterly or semi-annual meetings to discuss their procurement approach and the established Default Plan. JDEC also has the option to notify NextEra of the right to participate in the annual MISO PRA to secure up to 10% of JDEC's energy and capacity requirement.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A Yes, it does.

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NO. U-_____

IN RE: Joint Application for Approval of Power Supply Agreement

AFFIDAVIT OF WITNESS

I, Ronnie J. Donaldson, being duly sworn, depose

that the Direct Testimony in the

above referenced matter on behalf of

EnerVision, Inc.

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

Ronnie J. Donaldson

Subscribed and sworn before

me this 11th day of

August, 2021.

Alice P Green

My Commission expires

5/20/2024