

*Louisiana Public Service Commission*



POST OFFICE BOX 91154  
BATON ROUGE, LOUISIANA 70821-9154  
[www.lpsclouisiana.gov](http://www.lpsclouisiana.gov)

COMMISSIONERS

Eric F. Skrmetta, Chairman  
District I  
Mike Francis, Vice Chairman  
District IV  
Foster L. Campbell  
District V  
Lambert C. Boissiere, III  
District III  
Craig Greene  
District II

Telephone: 225-342-9888

BRANDON M. FREY  
Executive Secretary

JOHNNY E. SNELLGROVE, JR  
Deputy Undersecretary

May 18, 2018

**VIA EMAIL**

**Re: *Docket No. TBD, Entergy Louisiana, LLC's Formula Rate Plan Annual Evaluation Reports for Test Years Ending December 31, 2017, 2018 and 2019.***

To all LPSC qualified consultants:

Enclosed please find a Request for Proposals ("RFP") for **outside independent technical consultant** issued by the Louisiana Public Service Commission for the above referenced subject. If your firm is interested in submitting a proposal, please review the RFP carefully to determine whether your firm meets the specific requirements to qualify for this representation.

All Proposals must include a showing that your firm possesses the requisite qualifications and experience to represent the Commission in this matter. Also, please note that all Proposals, including the **original, plus (5) five copies and an electronic copy must be received on or before June 7, 2018.** Selection of a consultant is anticipated to take place at the Commission's June 20, 2018 Business and Executive Session.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Melanie A. Verzyvelt".

Melanie A. Verzyvelt  
Staff Attorney

MAV/kst  
Enclosure

**RFP 18-05**  
**LOUISIANA PUBLIC SERVICE COMMISSION**  
**REQUEST FOR PROPOSALS (“RFP”)**  
**May 18, 2018**

***DOCKET NOS. TBD – Entergy Louisiana, LLC’s Formula Rate Plan Annual Evaluation Reports for the Test Years Ending December 31, 2017, 2018 and 2019.***

The Louisiana Public Service Commission (“Commission” or “LPSC”), in accordance with the requirements of the LPSC General Order dated November 10, 2014 regarding the selection of contract employees (the “Contract Order”), issues this Request for Proposals (“RFP”) to **outside consultants** who will assist the Commission Staff in the three separately docketed Entergy Louisiana LLC (“ELL”) evaluations referenced above. Consultants responding to this RFP should take notice that these evaluations will involve complex issues arising out of the most recent FRP extension, as discussed in more detail below, and budget accordingly. Qualifying proposals will be placed on the June 2018 Open Session agenda for Commission consideration.

**I. Overview**

Commission Docket No. U-34631 was initiated by ELL on August 21, 2017 to extend and modify the FRP adopted in the Commission Order approving the Business Combination (LPSC Order No. U-33244-A) and expiring in 2016. The parties to LPSC Docket No. U-34631 were able to reach an uncontested stipulated settlement that was ultimately adopted by the Commission in LPSC Order No. U-34631 issued May 8, 2018. The major provisions of the stipulated settlement provide for, in summary:

- an extension of the Company’s FRP through the 2019 Test Year;
- a mid-point reset of FRP revenues to a 9.95% Evaluation Period Cost of Equity (“EPCOE”) for the 2017 Test Year;
- a 9.80% target EPCOE for the 2018 and 2019 Test Years;
- a narrowing of the common equity bandwidth to plus or minus 60 basis points around the EPCOE; a cap on a revenue increase of \$35 million for the 2018 Evaluation Period, and \$70 million for the cumulative 2018 and 2019 Evaluation Periods on any potential FRP cost of service rate increases for the 2018 and 2019 Test Years;
- the flow back of all tax benefits created by the Tax Cuts and Jobs Act of 2017 (“TCJA”); and
- a mechanism referred to as a Transmission Recovery Mechanism (“TRM”) providing for the recovery of transmission-related investment in excess of \$100 million annually and that is designed to operate in a fashion similar to the Additional Capacity Mechanism of the FRP.

As required by paragraph C(2)(b) of the settlement term sheet attached as Exhibit A to Order No. U-34631, the 2017 Test Year filing will be made June 30, 2018 and the 2018 and 2019 Test Year filings will be made May 31 of 2019 and 2020 respectively. Any rate changes will be effective in September of years 2018-2020 unless a later date is agreed upon.

As stated above, bidders who submit proposals should take notice of the complex issues that will require additional scrutiny including the midpoint reset in the first evaluation; the flow back to ratepayers of benefits resulting from the TCJA; and the first annual review of the newly-adopted TRM. Bidders should demonstrate their familiarity with public utility formula rates and specifically, ELL's FRP. They should also demonstrate familiarity with the TCJA as well as the proper accounting treatment for transmission related investments. All proposals shall be accompanied by a professional firm resume indicating the qualifications and experience necessary to meet the requirements of this RFP.

## **II. Scope of Representation**

The independent consultant retained by the Commission will assist the Commission's Legal and Auditing Divisions in analyzing Entergy's Annual Evaluation Report and any requested rate change. In performing this duty, the Consultant shall review the Company's filing, draft data requests and review responses, review accompanying responses along with work papers and the company's financial data; review historical data involving prior audits; participate in formal status conferences, pre-trial conferences, depositions, and hearings; prepare for filing audit memoranda and/or pre-filed testimony in support of Staff's ultimate recommendations, together with exhibits supporting the memoranda and/or pre-filed testimony; and assist in the drafting of applicable motions, exceptions, briefing sheets and orders of the Commission. Additionally, the consultant shall be available to participate in informal conference calls, meetings and conferences with the Commission and its staff as well as attending any Business and Executive Sessions that the Staff deems necessary. The scope of the work shall continue through the conclusion of the docket through a Commission vote, regardless of whether said vote is the result of a stipulated agreement or final recommendation after a contested hearing.

## **III. Period of Representation**

The time period estimated to complete the Scope of Representation is approximately 6-12 for each annual evaluation. This is merely an estimate and the Commission makes no representations as to the accuracy of the Period of Representation.

## **IV. Minimum Requirements**

Applicant shall be experienced in analyzing the operations, books and records of utility companies for the purpose of fuel audits, be familiar with costing methodologies utilized by the LPSC, and shall be qualified to provide expert assistance with respect to the following:

(1) To be considered, all applicants must meet the following minimum requirements *in addition to those provided in this Commission's General Order dated November 10, 2014*. Proposals that do not conform to the Commission's General Order dated November 10, 2014 will not be considered. Consideration will be given to factors such as educational background and achievement, practical experience in the field of public utility practice, and similar practice before other state public utility commissions.

(2) Applicant shall be qualified and prepared to assist in drafting and issuance of expert testimony, and cross-examination of company and intervenor witnesses with respect to all of the issues addressed in this RFP and which are likely to arise in the proceeding.

(3) Applicant shall, at a minimum, be experienced in Public Utility regulation and have knowledge of: Louisiana Public Service Commission ratemaking and jurisdictional issues; and knowledge of appropriate accounting standards and practices for electric utilities.

(4) All proposals shall include a plan of action, estimated timeline, and fees and costs associated with evaluation of the audit. This will result in one proposal. However, in the event, an applicant is chosen; the Commission and its Staff shall have the right to determine how the tasks will be carried out. In addition, all proposals shall demonstrate that the Applicant has the qualifications and experience necessary to meet the requirements of this RFP. Applicants will only be considered if proposals meet all of the requirements of this RFP and the Commission's Contract Order.

Consideration will be given to factors which indicate degrees of competence, such as educational background and achievement, amount of practical experience in the field of public utility practice, and similar practice before this or other regulatory agencies, in addition to the applicants knowledge of Louisiana ratemaking standards and regulatory law.

#### **V. Estimate of Costs**

All proposals shall include fees and costs associated with consulting in the dockets. All applicants responding to this RFP shall quote their rates on an hourly basis and submit a total budget, and shall separate professional fees from costs. However, applicants shall only be allowed to charge for actual hours of work performed and costs incurred. Once selected, an applicant's rates and budget shall not be altered except by formal approval of the Commission.

#### **VI. Conflict of Interest**

Applicants shall prominently and separately disclose current, as well as past employment, which could possibly result in a conflict of interest. In addition, applicants shall disclose matters in which they currently represent clients before the Commission.

#### **VII. Billing Guidelines**

As required by the November 10, 2014 General Order, all bills will be rendered monthly and shall specifically identify and describe all work performed, the person performing such

work, the time and charge for such work, and shall additionally show the total amount billed to date and the authorized original estimate. Bills will be rendered in strict accordance with the Commission's guidelines. Expenses shall also be separately disclosed with proof of such expenses attached.

Expenses, where applicable, shall be reimbursed at state authorized rates as specified in the Travel Policies and Procedures Memorandum issued by the State of Louisiana, Division of Administration in effect at the time such expenses are incurred ("Allowable Expenses"). Any expenses that exceed the Allowable Expenses shall be borne by the contract employee and shall not be reimbursed by either the Commission, or the correspondent utility, unless otherwise specified by the Commission.

### **VIII. Reservation of Rights**

The LPSC reserves the right to reject any and all proposals, to amend and/or supplement this RFP at any time, and to consider proposals or modifications thereof received at any time prior to LPSC vote at Open Session, if such action is found by the LPSC to be in the public interest. Pursuant to the General Order regarding the selection of contract employees, the LPSC has the right to accept other than the lowest offer with regard to price. In addition, there is also no assurance, express or implied, that an award will necessarily be made pursuant to this RFP.

### **IX. Submission of Proposals**

Interested parties should submit the **original (hard copy), 5 copies, and e-mail an electronic copy** of the proposal to:

Kim Trosclair  
Louisiana Public Service Commission  
Office of the General Counsel  
602 North Fifth Street (Galvez Building) (70802)  
P.O. Box 91154  
Baton Rouge, Louisiana 70821-9154  
Phone: (225) 342-9888  
Fax: (225) 342-5610  
Email: [kim.trosclair@la.gov](mailto:kim.trosclair@la.gov)  
[melanie.v@la.gov](mailto:melanie.v@la.gov)  
[melissa.watson@la.gov](mailto:melissa.watson@la.gov)

To be considered, an original, five copies, and the electronic copy of the proposal must be received on or before **June 7, 2018. Selection of consultants is anticipated to take place at the Commission's June 20, 2018 Business and Executive Session.** Information concerning billing procedures and the Commission's RFP policy may be obtained from the address listed above, or by calling (225) 342-9888.