

Henderson Ridge Consulting, Inc.

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September 9, 2020

Louisiana Public Service Commission
Kathryn Bowman – Executive Counsel
602 North Fifth Street (Galvez Building)
P.O. Box 91154
Baton Rouge, Louisiana 70821-9154

**Re: RFP No. 20-14 – Docket No. TBD
Southwest Louisiana Electric Membership Corporation, ex parte
In re: Application for Approval to Acquire and Install an Automated Metering
System and Request for Cost Recovery and Related Relief.**

Dear Kathryn,

Henderson Ridge Consulting is pleased to respond to the Louisiana Public Service Commission’s (“LPSC” or “the Commission”) August 21, 2020 Request For Proposals (“RFP”) for independent technical consultants to assist the Commission in reviewing all issues related to the evaluation of Southwest Louisiana Electric Membership Corporation’s (“SLEMCO” or “the Cooperative”) filing seeking approval to implement a permanent Advanced Metering System (“AMS”) and related cost recovery.

Henderson Ridge Consulting has extensive experience with the AMS pilot programs implemented by LPSC-jurisdictional utilities, including those of Entergy, as well as the Advanced Metering Infrastructure (“AMI”) deployed by other investor-owned utilities and electric distribution cooperatives. The Commission retained our firm in 2012 to conduct a survey of the AMS programs in place throughout the State of Louisiana and the plans of utilities and municipalities to deploy AMI throughout their service areas. We also reviewed the breadth of AMI deployment throughout the nation as part of our survey. In addition to conducting that assessment, Henderson Ridge Consulting has evaluated the

applications of Louisiana distribution electric cooperatives seeking the Commission's approval to deploy AMI.

Scope of Representation

There are certain areas of examination that the consultant retained by the Commission should pursue in the review and analysis of the Cooperative's AMS filing. These areas of investigation include but are not limited to: (A) whether the proposed AMS investment and AMS program costs are reasonable and prudent; (B) whether the costs are appropriate and eligible for recovery under the Commission's General Order in Docket No. R-29213, Subdocket A (the "AMS/DR General Order"); (C) whether a cost-benefit analysis suggests that the proposed AMS and AMS programs have economic merit relative to the existing AMS; and (D) whether the rate rider proposed by the Cooperative is the most equitable form of cost recovery for all members. The RFP is flexible in the sense that the issues to be examined may be broadened as deemed necessary once the consultant begins the evaluation.

Proposed Work Plan of Henderson Ridge Consulting

The Commission's AMS/DR General Order will provide guidance for the evaluation of SLEMCO's filing. We will also refer to other Commission Orders that may have relevance to the Cooperative's Application in this proceeding, including prior orders that approved the implementation of AMS pilot programs and AMI deployment for other LPSC-jurisdictional utilities.

We anticipate that SLEMCO's filing is supported by a discussion of how the Application satisfies the requirements of the Commission's AMS/DR General Order along with a Cost Benefit Analysis prepared by its outside consultant. We have developed a work plan that will evaluate whether the costs for which the Cooperative seeks recovery are reasonable and prudent. We will also confirm that SLEMCO's

Louisiana Public Service Commission
RFP No. 20-14: Evaluation of SLEMCO's Application to deploy an AMS and Related
Cost Recovery
September 9, 2020

proposed AMS programs and AMI deployment comply with each requirement of the AMS/DR General Order. Our work plan will include the following procedures:

- Review SLEMCO's Application, supporting testimony, and exhibits;
- Examine additional documentation provided by the Cooperative in support of the proposed AMI deployment, AMS programs, cost recovery, and other related relief;
- Prepare formal discovery and review the Cooperative's responses;
- Review the level and type of capital expenditures and recurring expenses necessary to keep the existing AMS functioning;
- Review the competitive bid process undertaken by the Cooperative for acquisition and deployment of the proposed AMS;
- Review the Cost Benefit Analyses prepared by or on behalf of SLEMCO;
- Review each requirement of the Commission's General Order and confirm SLEMCO's compliance with those requirements;
- Review the record of the most recent Commission proceedings related to the AMI/Smart Grid deployment Applications of other LPSC-jurisdictional utilities;
- Assess the extent of cyber-security measures that SLEMCO will implement to protect the AMI;
- Examine the terms of the rider proposed by SLEMCO to recover the costs associated with the proposed AMS in order to ensure fair and reasonable cost recovery for all of the Cooperative's members;
- Prepare our report and/or prefiled testimony;
- Stand cross examination at Commission hearings;
- Attend Business and Executive Session; and
- Provide general support services to Staff throughout the engagement.

Experience of Henderson Ridge Consulting

Henderson Ridge Consulting has been retained by the Louisiana Public Service Commission over the years to assist Staff in numerous dockets covering the myriad requests, issues, and audits of utilities under its jurisdiction. These engagements have involved investor-owned electric utilities and those organized as cooperatives, telecommunications service providers, local gas distribution companies, and water and wastewater utilities.

As mentioned earlier, our firm is experienced with AMS programs and AMI deployment, including proceedings that required an evaluation of whether the utilities' proposals complied with the Commission's AMS/DR General Order. We have reviewed municipalities' and utilities' AMI deployment efforts since 2012. Many of these investments were funded by federal grants received under the American Restoration and Recovery Act of 2009. We have also reviewed the filings of Louisiana distribution electric cooperatives seeking the Commission's approval of AMI deployment; primarily for reduced operating expenses rather than the introduction of specific AMS programs. In several instances, as the original AMS has aged, the Cooperatives have encountered operational and reliability problems. A firm resume that provides greater detail on our experience has been attached to our proposal.

Minimum Requirements

Henderson Ridge Consulting is experienced in analyzing the operations and the books and records of electric utilities, gas local distribution companies, telecommunications service providers, and water and sewer companies under the jurisdiction of the LPSC. This experience has been applied for the purpose of setting just and reasonable rates in the recovery of costs from ratepayers. With respect to the Minimum Requirements of this Commission RFP, we have specific experience in the

*Louisiana Public Service Commission
RFP No. 20-14: Evaluation of SLEMCO's Application to deploy an AMS and Related
Cost Recovery
September 9, 2020*

requirements for electric utilities seeking to deploy AMI and implement AMS programs and are very familiar with the provisions of the AMS/DR General Order.

Henderson Ridge Consulting has reviewed the list of minimum requirements identified in Section IV of the Commission's RFP. Our firm is experienced with each of the minimum requirements and can readily satisfy this group of professional standards that the Commission expects of its expert consultants.

Estimate of Cost

Henderson Ridge Consulting anticipates that the evaluation of Concordia's Application will require professional services totaling \$46,350.00 based upon an hourly rate of \$150 for William Barta. Travel-related expenses are anticipated to be \$1,200.00 for a total budget of \$47,550.00.

Conflict of Interest

Henderson Ridge Consulting has no current assignments, or any prior assignments, that could pose any conflicts of interest, or the appearance of such conflicts, including, but not limited to, any work performed on behalf of the Louisiana Public Service Commission.

I appreciate the opportunity to respond to the RFP and to continue our relationship with the Commission and its Staff.

Sincerely,

William Barta
Principal