

Louisiana Public Service Commission



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December 30, 2015

EVE KAHAO GONZALEZ
Executive Secretary

BRANDON FREY
Executive Counsel

JOHNNY E. SNELLGROVE, JR.
Deputy Undersecretary

VIA E-MAIL:

Re: RFP 15-15 Docket No. S-33779 Concordia Electric Cooperative, Inc., ex parte. In re: Application for Approval of Formula Rate Plan.

To all LPSC qualified consultants:

Enclosed please find a Request for Proposals ("RFP") for outside **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 **Tuesday, January 19, 2016**. Selection of a consultant is anticipated to take place at the Commission's **January 26, 2016 Business and Executive Session**.

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

Sincerely,


Brandon M. Frey
Executive Counsel

cc: Eve Kahao Gonzalez

RFP 15-15
LOUISIANA PUBLIC SERVICE COMMISSION
Docket No. S-33779¹
Concordia Electric Cooperative, Inc., ex parte.
In re: *Application for Approval of Formula Rate Plan*

Executive Counsel, on behalf of the Louisiana Public Service Commission (“Commission”), is seeking proposals from **independent technical consultants** to assist the Commission in reviewing Concordia’s application for a Formula Rate Plan (“FRP”). Accordingly, this request encompasses assistance for a review of the proposed 4-year FRP as well as any resulting increase in rates. Additionally, this RFP encompasses assisting Staff in each of the four (4) proposed annual review filings for the test years 2015-2018. Staff requests the assistance of an outside consultant to work closely with in house Legal, Auditing and Economics Staff to conduct the review of Concordia’s filing.

Bidders should demonstrate their familiarity with electric membership cooperatives (“Co-ops”), their operations as well as any experience in representing regulators in utility rate case proceedings. Bidders should also be familiar with FRPs or like methods of rate regulation for utilities. All proposals shall be accompanied by a professional firm resume indicating the qualifications and experience necessary to meet the requirements of this Request for Proposals (“RFP”).

This RFP is being issued in accordance with the requirements of the LPSC’s General Order dated November 10, 2014, regarding the selection of contract employees to represent the Commission, (“Contract Order”). The Commission reserves the right to reject any proposal or decline to undertake these reviews at this time. Commission Staff anticipates that the Commission will consider conforming responses at its January 2016 Business and Executive Session (“B&E”), which is currently scheduled for January 26, 2016.

I. Scope of Representation

The independent technical consultant retained by the Commission shall assist the Commission’s Legal, Audit, and Economics Divisions in analyzing Concordia’s FRP request and determine if it will result in just and reasonable rates for Concordia’s customers. In performing this duty, the consultant shall review the application, along with testimony and exhibits, the company’s financial data; draft and assist in the drafting of data requests; analyze data responses; participate in formal status conferences, pre-trial conferences, depositions, and hearings; draft and prepare audit memoranda and/or pre-field 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,

¹ This docket was inadvertently published as an “S” docket and is being re-published in the Commission’s next Official Bulletin as a “U” docket.

meetings and conferences with the Commission and its staff as well as attending any B&Es that the Staff deems necessary. The scope of the work shall continue through the conclusion of the docket through Commission vote, regardless of whether said vote is the result of a stipulated agreement or contested hearing recommendation, and shall also include assistance with each of the four proposed annual review filings (Test years 2015-2018).

II. Period of Representation

The time period estimated to complete this docket is estimated at approximately 6-9 months for review of the application, and 3-6 months for each of the annual review filings. This is merely an estimate and may vary greatly depending upon whether the matter is contested, and as such the Commission makes no representations as to the accurateness of the Period of Representation.

III. Minimum Requirements

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. 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; in addition to the applicant's knowledge of Louisiana ratemaking standards, regulatory law, and formula rate plans.

Applicant/consultant shall be qualified and prepared to prepare and render expert testimony, and be cross-examined, with respect to all of the issues addressed in this docket and which are likely to arise in the proceeding. Applicant shall at a minimum be experienced in analyzing the operations, books and records of utility companies for the purpose of setting just and reasonable rates, including, but not limited to, calculation of rate base, rates of return, and capital structure. Experience with any ratemaking treatments and/or principles specifically particular to electric Co-ops is preferred. Applicant shall also be familiar with incentive based rate mechanisms such as FRPs, questions of proper capital structure, affiliated transactions, be familiar with the types of costing methodologies utilized by the LPSC, and shall be qualified and prepared to render expert testimony with respect to the following:

- (1) appropriate accounting standards and practices for electric public utilities and/or electric Co-ops, public utility accounting, and generally accepted auditing standards;
- (2) the appropriate ratemaking adjustments to be made to the utility's accounting records;
- (3) NARUC approved cost-of-service methodologies for Co-ops;
- (4) the determination and calculation of the appropriate rate base of a utility plant investment dedicated to providing service;

- (5) traditional cost-of-service and cost allocation methodologies supporting the revenue requirements among classes of customers;
- (6) the cost allocation methodologies for the allocation of investment and expenses between affiliates, including the relationship of the holding company to its subsidiary operating companies, the transfer of investment and costs between operating companies, and the provision of services between affiliates;
- (7) cost of capital, including capital structure, cost of debt, cost of equity and rates of return;
- (8) familiarity with just and reasonable costs and prudent investments associated with providing reliable and quality service as recommended by NARUC;
- (9) depreciation and taxation;
- (10) Formula Rate Plans, or other methods of annual rate adjustments; and
- (11) a detailed understanding of the major functional areas of a regulated Co-op.

All proposals shall include a plan of action, estimated timeline, and fees and costs associated with evaluation of Concordia's application. 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. **Deviations from the requirements contained herein, or conditional bid amounts may result in rejection of the bid as non-conforming.**

IV. Estimate of Cost

All applicants responding to the Request for Proposal shall quote their rates on an hourly basis and shall also submit a total budget, which 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.

V. Conflict of Interest

As required by the November 10, 2014 General Order, previous or current employment which could result in a conflict of interest shall be prominently and separately disclosed. In addition, applicants shall disclose matters in which they currently represent private clients before the

Commission. Failure to disclose actual or potential conflicts may result in rejection of the bid proposal.

VI. Disclaimer

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.

VIII. 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.

IX. Submission of Proposals

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

Attention: Kathleen Richardson
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: kathleen.richardson@la.gov; brandon.frey@la.gov

To be considered, the electronic copy of the proposal must be received on or before **Tuesday, January 19, 2016**. An original, and five copies, shall be submitted as well. Information concerning billing procedures and the Commission's RFP policy may be obtained from the address listed above, or by calling Executive Counsel Brandon Frey at (225) 342-9888.