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April 22, 2016

EVE KAHAO GONZALEZ
Executive Secretary

BRANDON FREY
Executive Counsel

JOHNNY E. SNELGROVE, JR
Deputy Undersecretary

VIA E-MAIL:

Re: RFP 16-04 Docket No. X-33969 Louisiana Public Service Commission, ex parte. In re: Audit of Environmental Adjustment Clause Filings for Southwestern Electric Power Company for the period of November 2010 through December 2015.

To all LPSC qualified consultants:

Enclosed please find a Request for Proposals ("RFP") for an 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 **Thursday, May 12, 2016**. Selection of a consultant is anticipated to take place at the Commission's **May 2016 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 "Brandon M. Frey".

Brandon M. Frey
Executive Counsel

cc: Eve Kahao Gonzalez
Kathryn Bowman

RFP 16-04
LOUISIANA PUBLIC SERVICE COMMISSION
Docket No. X-33969
LPSC, ex parte.

In re: Audit of Federal Environmental Adjustment Clause filings for Southwestern Electric Power Company for the period of November 2010 through December 2015

Executive Counsel, on behalf of the Louisiana Public Service Commission (“Commission”), is seeking proposals from independent technical consultants to assist the Commission Staff (“Staff”) in the review and analysis of Southwestern Electric Power Company’s (“Swepeco”) Federal Environmental Adjustment Clause (“FEAC”) filings for the period of November 2010 - December 2015, covering the years 2010-2015. By way of this Request for Proposals (RFP), the Commission is seeking proposals from independent technical consultants to assist the Commission in conducting a review of Swepeco’s FEAC filings, under the parameters of the FEAC Rules adopted in the General Order dated July 21, 2009 in Rulemaking Docket R-29380 Subdocket A. Staff requests the assistance of an outside consultant to work closely with in house Legal, Utilities and Auditing Divisions in this review.

The FEAC Order provides electric utilities with a cost recovery mechanism for the purchase and sale of air emission credits needed to meet local, state, and federal environmental regulations, including the purchase or sale of air emission credits needed to comply with the Clean Air Act Amendments (“CAAA”) of 1990 as well as the Clean Air Interstate Rule (“CAIR”) promulgated by the U.S. Environmental Protection Agency (“U.S. EPA”) on March 10, 2005. Familiarity with FEAC audits and/or fuel or purchased gas audits, as well as any other experience in reviewing annual reports of similar energy providers is preferred. SWEPCO’s first regular audit conducted pursuant to the FEAC Order occurred in Docket No. U-32020. In addition, Bidders should review the Commission’s General Order dated August 24, 2015 in order to anticipate potential interpretation issues that may arise in the course of this audit. All proposals shall be accompanied by a professional firm resume indicating the qualifications and experience necessary to meet the requirements of this 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.

I. Scope of Representation

The independent consultant retained by the Commission shall assist the Commission’s Legal, Utilities and Audit Divisions in analyzing the FEAC filings for the years 2010-2015. In performing this duty, the consultant shall review FEAC filings, draft data requests and review responses, review accompanying 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 Commission vote, regardless of whether said vote is the result of a stipulated agreement or contested hearing recommendation.

The audit procedures as outlined by the FEAC Order, shall include but not be limited analysis and resolution of the principal issues outlined below, together with any additional issues which Staff and such Consultants may deem appropriate.

- A. Whether the costs passed through the FEAC were reasonable and prudent.
- B. Whether the costs were appropriate and eligible for recovery in the FEAC mechanism consistent with Commission General Order dated July 21, 2009.
- C. Whether the costs passed through the FEAC produced just and reasonable rates.
- D. Whether the costs passed through the FEAC were necessary for the provision of electric service.

Consultant shall assist Commission Staff in reporting Staff's findings in writing to the Commission, identifying any irregularities detected in the monthly FEAC calculation that were incorrectly assessed and applied to Louisiana consumer billing statements or which allowed for the recovery of these unauthorized expenses by the utility. The report should also include a written or executive summary which identifies any cost included in the audit found to be in violation and a recommendation as to the appropriate methodology to be utilized by the Commission to provide for recovery of these funds.

Upon completion of the Commission's review, the Staff's audit report shall be re-published in the Commission's Official for intervention and comment. Should any issues be identified that require an evidentiary hearing, or upon the Commission's own motion, this matter may be scheduled for a hearing before an administrative law judge. If designated by the utility, specific information related to the purchase of fuel and/or purchase power cost which was filed with the Commission under proprietary cover shall remain confidential and for Commission use only.

II. Period of Representation

The time period estimated to complete this docket is estimated at approximately 12 months. 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

Applicant shall be experienced in analyzing the operations, books and records of utility companies for the purpose of audits, be familiar with costing methodologies utilized by the

LPSC, environmental regulations applicable to electric utility companies, 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. Applicant shall have a full understanding and ability to analyze the proper application of the Commission's FEAC Order.

(3) Applicant shall, at a minimum, be experienced in Public Utility regulations and have knowledge of: Louisiana Public Service Commission ratemaking, FEAC 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.

V. 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.

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, environmental regulations and regulatory law.

VI. 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.

VII. 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 an *original (hard copy), six (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, an original and five copies of the proposals must be received on or before **May 12, 2016**. 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.