

Louisiana Public Service Commission



COMMISSIONERS

Clyde C. Holloway, Chairman
District IV
Scott A. Angelle, Vice Chairman
District II
Foster L. Campbell
District V
Lambert C. Boissiere, III
District III
Eric Skrmetta
District I

POST OFFICE BOX 91154
BATON ROUGE, LOUISIANA 70821-9154
www.lpsc.louisiana.gov

Telephone: (225-342-9888)

August 4, 2016

EVE KAHAO GONZALEZ
Executive Secretary

BRANDON FREY
Executive Counsel

JOHNNY E. SNELGROVE, JR
Deputy Undersecretary

VIA E-MAIL:

Re: RFP 16-14 Docket No. U-34199 Southwestern Electric Power Company (SWEPCO), ex parte. In re: 2014 Annual Formula Rate Plan Report.

To all LPSC qualified consultants:

Enclosed please find a Request for Proposals ("RFP") for an outside **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 **August 24, 2016**. Selection of a consultant is anticipated to take place at the Commission's, **August 31, 2016 Business and Executive Session**.

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

Sincerely,

A handwritten signature in blue ink that reads "Brandon M. Frey".

Brandon M. Frey
Executive Counsel

BF/khr

RFP 16-14
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS (“RFP”)
August 4, 2016

DOCKET NO. U-34199 Southwestern Electric Power Company, ex parte. In re: 2014 Annual Formula Rate Plan Report

DOCKET NO. U-TBD Southwestern Electric Power Company, ex parte. In re: 2015 Annual Formula Rate Plan Report

DOCKET NO. U-TBD Southwestern Electric Power Company, ex parte. In re: 2017 Annual Formula Rate Plan Report

The Louisiana Public Service Commission (“Commission” or “LPSC”), 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”) issues this Request for Proposals (“RFP”) to **outside consultants** who will assist the Commission in its review of the 2014, 2015, and 2017 Annual Formula Rate Plan (“FRP”) Reports filed by Southwestern Electric Power Company (“SWEPCO”). The 2014 Annual FRP Report was filed in April 2015 as required by the current terms of the FRP but was stayed pending the outcome of the 2013 Annual FRP Review. The Commission approved the 2013 Test Year (“TY”) Stipulated Settlement at its Commission’s July 27, 2016 Business and Executive Session (“B&E”) in Docket No. U-32220. Therefore, Staff is now seeking an outside consultant¹ to assist in the immediate review of the 2014 TY, which has been filed, and the anticipated reviews for the 2015 and 2017 TYs which have not yet been filed with the Commission. The Commission reserves the right to reject any proposal or decline to undertake this review at any time.

I. Overview

The Commission approved a modification and extension of SWEPCO’s FRP in Order No. U-32220 dated July 14, 2014. The 2014 Annual FRP Report, docketed as U-34199, represents the final filing under the extended plan. At the July 27, 2016 B&E, however, the Commission extended the FRP through test year 2017, skipping test year 2016 in order to avoid multiple rate changes in a single year. As part of the 2016 extension, the Commission also opened Docket No. U-34200 for the purpose of reviewing any necessary and appropriate changes to the terms of the FRP. Docket No. U-34199 will cover the 2014 Annual FRP Report and dockets will be opened for the 2015 and 2017 TYs when they are filed.

II. Scope of Representation

All proposals shall include an outline of a plan of action for conducting the review of the annual reports filed for each of the proposed three test years. This plan of action shall include a time-line for conducting a review and developing a recommendation regarding adjustments. Additionally, the consultant must be prepared to assist Commission Staff in drafting and

¹ The Commission is also seeking outside counsel via separate RFP.

responding to discovery, preparing direct and cross-answering testimony, reviewing and analyzing stipulation terms, testifying before an administrative law judge, and conducting informal meetings with the parties as necessary. However, the Commission and its Staff shall have the right to determine how the tasks will be carried out. In addition, all proposals shall be accompanied by a professional firm resume indicating the qualifications and experience necessary to meet the requirements of this RFP. **Deviations from the requirements contained herein, or conditional bid amounts may result in rejection of the bid as non-conforming.**

III. Period of Representation

The time period estimated to complete the Scope of Representation is approximately 24 (24) months, to include the 2014, 2015 and 2017 TYs under the proposed extension. It is not contemplated that this will be a continuous period of representation, however, as work will be centered around the timing of each actual filing. This is merely an estimate and the Commission makes no representations as to the accuracy of the Period of Representation.

IV. 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 regulation, and similar practice before other regulatory agencies or public utility commissions.

Applicants shall also, at a minimum, be experienced in participating in cases involving public utility regulation, or other regulatory issues on administrative and judicial levels, including the presentation of direct testimony or report and recommendations, assistance in developing cross examination of adverse witnesses, and the analysis of comments and exceptions filed to recommendations. Consideration is given to indicia of competence such as previous experience in complex cases, publications, educational achievement and other previous employment suggesting competence in regulatory matters involving the above areas; significant personal experiences before regulatory agencies such as the SEC, FERC, FCC, or other similar entities may be a favorable factor. Firm size may be considered in matters likely to be prolonged, complex, or involving multiple forums.

Consultants shall have a working knowledge of Louisiana Public Service Commission ratemaking and jurisdictional issues; applicable Commission regulations; full understanding and ability to formulate issues and ultimate recommendations; and experience in all aspects of electric utility retail ratemaking proceedings and periodic rate review proceedings.

Applicant shall, at a minimum, have knowledge of:

- (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.

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:

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, five copies, and the electronic copy of the proposal must be received on or before **August 24, 2016**. **Selection of consultants is anticipated to take place at the Commission's August 31, 2016 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.