

# Louisiana Public Service Commission



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Executive Counsel

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Deputy Undersecretary

November 22, 2016

## VIA E-MAIL:

***Re: RFP 16-20 Docket No. X-34110 In re: Request for Proposals for outside consultant to assist Staff with the Fuel Adjustment Clause Audit of Southwestern Electric Power Company's ("Swepeco") charges flowed through its Fuel Adjustment Charge, from the period beginning January 1, 2014 through December 31, 2015 (2014-2015)***

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 **December 12, 2016**. Selection of a consultant is anticipated to take place at the Commission's **December 21, 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

BF/khr

November 22, 2016

**RFP-16-20**  
**LOUISIANA PUBLIC SERVICE COMMISSION**  
**REQUEST FOR PROPOSALS**

**Docket No. X-34110**

*In re: Request for Proposals for outside consultant to assist Staff with the Fuel Adjustment Clause Audit of Southwestern Electric Power Company's ("Swepeco") charges flowed through its Fuel Adjustment Charge, from the period beginning January 1, 2014 through December 31, 2015 (2014-2015)*

The Louisiana Public Service Commission, consistent with the Commission's General Order dated November 6, 1997 ("FAC Order"), is commencing a Fuel Audit of SWEPCO for the period of January 1, 2014 through December 31, 2015, covering years 2014-2015. 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 SWEPCO's FAC filings, under the parameters of the FAC Order. Staff requests the assistance of an outside consultant to work closely with in house Legal and Auditing Staff in this review.

Bidders who submit proposals should demonstrate their familiarity with Public Utility Audits in general, and specifically Fuel or Purchase Gas Audits, as well as any other experience in reviewing annual reports of similar energy providers. 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 and Audit Divisions in analyzing fuel purchases and usage, as well as other charges included in the FAC, by SWEPCO for the years 2014 through 2015. In performing this duty, Consultant shall review FAC 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 FAC Order, shall include but not be limited to:

- a.) A review and analysis of the utility's monthly comprehensive fuel adjustment reporting requirements filed with the Louisiana Public Service Commission.
- b.) If applicable, the development and improvement of internal staff procedures to effectively monitor and evaluate a utility's performance in areas impacting the fuel and purchase power cost which are reflected in the utility's monthly fuel adjustment filings with the Commission.
- c.) A review and analysis of the utility's monthly comprehensive fuel adjustment filings to assure compliance with all pertinent state and federal regulations.

Consultant shall assist Commission Staff in reporting Staff's findings in writing to the Commission, identifying any irregularities detected in the monthly fuel adjustment calculations 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 filed in the Commission's Official Bulletin and made available for public inspection at the Commission's offices. 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 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. Applicant shall have a full understanding and ability to analyze the proper application of the Commission's FAC Order.

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

### **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.

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. 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.

**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. Submission of Proposals**

Interested parties should submit an *original (hard copy), six (6) 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](mailto:Kathleen.richardson@la.gov); [brandon.frey@la.gov](mailto:brandon.frey@la.gov)

To be considered, an original and six copies of the proposals must be received on or before **December 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.