

# Louisiana Public Service Commission



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September 25, 2020

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Deputy Undersecretary

## VIA EMAIL

***RFP 20-17-Docket No. X-35643– Entergy Louisiana, LLC, ex parte, In re: Report on Assessment of the Economic Viability of Entergy Louisiana, LLC’s Legacy Gas Generation.***

***(Reissue of RFP 20-13, with narrowed scope)***

To all LPSC qualified consultants:

Enclosed please find a Request for Proposals (“RFP”) for **outside consultants** issued by the Louisiana Public Service Commission for the above referenced docket. 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 (3) three copies, and an electronic copy must be received on or before Friday, October 30, 2020 at 4:30 p.m.** Selection of consultants is anticipated to take place at the Commission’s November 2020 Business and Executive Session, which is currently scheduled for November 18, 2020.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "KHB".

Kathryn H. Bowman  
Executive Counsel

Enclosure

**RFP 20-17**  
**LOUISIANA PUBLIC SERVICE COMMISSION**  
**REQUEST FOR PROPOSALS (“RFP”)**  
**September 25, 2020**

***DOCKET NO. X-35643, Entergy Louisiana, LLC, ex parte, In re: Report on Assessment of the Economic Viability of Entergy Louisiana, LLC’s Legacy Gas Generation.***  
***(Reissue of RFP 20-13, with narrowed scope)***

The Louisiana Public Service Commission (“Commission” or “LPSC”), in accordance with the requirements of the LPSC General Order dated November 10, 2014 regarding the selection of contract employees (the “Contract Order”), issues this Request for Proposals (“RFP”) to **outside consultants** who will assist Commission Staff in the review of an economic viability study of Entergy Louisiana, LLC’s (“ELL” or the “Company”) legacy electric generating power plants in Louisiana. **Consideration of bids received in response to RFP 20-17 are anticipated to be on the Commission’s November Business and Executive Session.**

**I. Overview**

At the February 21, 2018 Business and Executive Session, the Commission issued a directive to study the economic status of Entergy Louisiana’s legacy electric generating power plants in Louisiana and to study the economic status/viability of each Entergy Louisiana legacy facility. Pursuant to that directive, ELL filed its Report on August 17, 2020, and the study was docketed as Docket No. X-35643.

At the September 16, 2020 Business and Executive Session, the Commission clarified Staff’s role as initially set out in the February 2018 directive regarding assessing ELL’s economic viability report of its legacy gas generation. The Commission’s clarification indicated:

Staff’s role is to actively review Entergy Louisiana’s report to determine compliance with the February 2018 directive and review whether the addition of Washington Parish Energy Center (“WPEC”) would allow for deactivation of any legacy gas unit without creating reliability issues, and further to compile a general review and report for the Commission on Entergy’s report. Staff is not to issue a recommendation on what action should be taken regarding legacy unit retirement or deactivations... Further, there shall not be any determinations regarding legacy unit retirements or deactivations in Docket No. X-35643 until a final vote of the Commission. At such time any legacy unit is ready to be deactivated or retired, Entergy shall adhere to all applicable Commission orders regarding such decisions.

Applicants will be assisting Commission in-house Staff in reviewing and determining whether ELL’s economic viability study complied with the February 2018 directive and review whether the addition of WPEC would allow for deactivation of any legacy gas unit. Applicant will not be providing any testimony or recommendations as to ELL’s decisions made in the economic viability report.

## **II. Scope of Representation**

While the February 2018 directive was clarified, and Staff's scope narrowed for Docket No. X-35643, the February 2018 directive is still informative as to the background of ELL's viability study. The February 2018 directive, in pertinent part, stated:

In light of the significant new power plants being added to the Entergy Louisiana generation fleet, it is now appropriate to review economic conditions and to determine which Entergy Louisiana legacy natural gas units should be retired, if any.

I direct the staff to open a docket to study the economic status of Entergy Louisiana's legacy electric generating power plants in Louisiana, to hire consultants as necessary, and to study the economic status and viability of each Entergy Louisiana legacy facility.

The analysis should also include a determination, fully taking into consideration the pending Entergy Louisiana's Washington Parish Generation unit certification,<sup>1</sup> and to identify any legacy unit in the Entergy Louisiana fleet that the Entergy Louisiana's Washington Parish Generation Unit shall replace in the fleet. Upon a completed finding by the Commission, Entergy Louisiana shall retire any legacy unit that the Commission determines no longer economically viable.<sup>2</sup>

The analysis shall include a study of the economic viability of all legacy power plants, and further, determining any need for future Commission-ordered plant retirements.

In assisting Staff, Applicants will review ELL's economic viability study (including any supporting methodologies, various scenarios for potential retirement, and associated cost effects); draft data requests and review responses thereto; potentially participate in informal meetings with Staff and ELL; assist in drafting a report to the Commission, including any exhibits supporting the same, on ELL's economic viability study. The report should state whether ELL complied with the February 2018 directive and provide a summary of Staff's review of ELL's assessment of whether the addition of the WPEC would allow for retirement of other legacy units in ELL's fleet.

Additionally, the Applicant shall be available to participate in meetings and conference calls, conferences with the Commission and its Staff, as well as attending any Business and Executive Session(s) that Staff deems necessary. The scope of work provided herein shall continue through the conclusion of the docket through a Commission vote.

All proposals shall include an outline of a plan of action for conducting the review of ELL's request, including the activities described above. 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

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<sup>1</sup> ELL's Washington Parish Generation unit was certified by the Commission at its May 16, 2018 B&E, with the Commission's certification memorialized in Order No. U-34472.

<sup>2</sup> This scope of this paragraph was clarified/narrowed in the September 2020 directive and no longer includes a determination by Staff on any unit retirements/deactivations.

requirement 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 6 months. This estimated time period originates from the 2018 directive indicating that the report shall be completed no later than six months following the commencement of generation at ELL's Lake Charles Power Station. Lake Charles Power Station was completed, with generation commencing earlier this year.<sup>3</sup> This is merely an estimate and the Commission makes no representations as to the accuracy of the Period of Representation.

### **IV. Minimum Requirements**

To qualify, all Applicants must have requisite knowledge of the topics listed below, in addition to those provided in Commission General Order dated November 10, 2014. Consideration will be given to factors which indicate degrees of competence such as the amount of practical experience in the field of public utility practice, and similar practice before this or other regulatory agencies, in addition to the Applicant's knowledge of Louisiana ratemaking standards and regulatory law.

Applicants shall at a minimum be experienced in analyzing the operations, books, and records of utility companies, particularly investor-owned utilities, for the purpose of setting just and reasonable rates, including, but not limited to, calculation of rate base, rates of return, capital structure, formula rates/rate stabilization plans, decommission funding plans, and all related studies and calculations related to a determination to retire or deactivate a generating unit.

Applicants shall be qualified and prepared to draft a report with respect to all of the issues addressed in this RFP and which are likely to arise in the proceeding and be qualified and prepared to render testimony at a B&E regarding and have knowledge of:

- (1) a detailed understanding of the major functional areas of a regulated investor-owned electric utility;
- (2) appropriate accounting standards and practices for electric public utilities, public utility accounting, and generally accepted auditing standards;
- (3) the appropriate ratemaking adjustments to be made to the utility's accounting records, including adjustments related to retirement of units;
- (4) the determination and calculation of the appropriate rate base of a utility plant investment dedicated to providing service;

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<sup>3</sup> The Commission received notice that the Lake Charles Power Station commenced operation in March 2020.

- (5) cost of capital, including capital structure, cost of debt, cost of equity, and rates of return;
- (6) familiarity with just and reasonable costs and prudent investments associated with providing reliable and quality service as recommended by NARUC;
- (7) depreciation and taxation;
- (8) the Commission's General Order dated April 20, 2012 (Docket No. R-30021, LPSC ex parte. In re: Development and Implementation of Rule for Integrated Resource Planning for Electric Utilities); and
- (9) the Commission's General Order dated October 19, 2018 (Docket No. R-34407, LPSC ex parte. In re: Rulemaking docket to consider whether or not the Commission should exercise its authority over future utility generation deactivation and retirement decisions and the rules and procedures that could apply to any such exercise of authority).

#### **V. Estimate of Costs**

All proposals shall include fees and direct costs associated with Applicants services described above. Applicants responding to this RFP shall quote their rates on an hourly basis, and shall submit a total budget, separating professional fees from direct costs. Along with providing the above, Applicants should provide an overview of the estimated costs in the summary of the bid proposal.

Applicants shall only be allowed to charge for actual hours of work performed and costs incurred. Once selected, an Applicant's hourly 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 any offer and does not have to accept the lowest bid amount. 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), 3 copies, and e-mail an electronic copy** of the proposal to:

Kathryn H. Bowman  
Executive Counsel  
Louisiana Public Service Commission  
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: [kathryn.bowman@la.gov](mailto:kathryn.bowman@la.gov)

To be considered, an original, three copies, and the electronic copy of the proposal must be received on or before **Friday, October 30, 2020 at 4:30 p.m.** **Selection of consultants is anticipated to take place at the Commission’s November Business and Executive Session, which is currently scheduled for November 18, 2020.** Information concerning billing procedures and the Commission’s RFP policy may be obtained from the address listed above, or by calling (225) 342-9888.