

# Louisiana Public Service Commission



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Executive Counsel

June 11, 2021

JOHNNY E. SNELLGROVE, JR.  
Deputy Undersecretary

## VIA EMAIL

***RFP 21-15 – Docket No. U-TBD, Jefferson Davis Electric Cooperative, ex parte. In re: Emergency Rate Relief Application.***

To all LPSC qualified consultants:

Enclosed please find a Request for Proposals (“RFP”) for **outside consultant** 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 (2) two copies, and an electronic copy **must be received on or before Wednesday, July 7, 2021 by close of business. Selection of consultants is anticipated to take place at the Commission’s July 2021 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 "KHB", with a long horizontal flourish extending to the right.

Kathryn H. Bowman  
Executive Counsel

Enclosure

cc: Brandon M. Frey, Executive Secretary  
Theron Levi, Staff Attorney

**RFP 21-15**  
**LOUISIANA PUBLIC SERVICE COMMISSION**  
**REQUEST FOR PROPOSALS (“RFP”)**  
**June 10, 2021**

***DOCKET NO. TBD, Jefferson Davis Electric Cooperative, ex parte: Emergency Rate Relief Application.***

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”) seeking an **independent outside consultant** who will assist Commission Staff in the review of Jefferson Davis Electric Cooperative’s (“JDEC” or the “Company”) upcoming request for emergency rate relief as more fully described below.

**Deviations from the requirements contained herein, or conditional bid amounts may result in rejection of the bid as non-conforming. Consideration of qualifying bids received in response to RFP 21-15 are anticipated to be on the Commission’s July 2021 Business and Executive Session (“B&E”).**

**I. Overview**

During the 2020 Atlantic Hurricane Season, the State of Louisiana experienced an unprecedented number of storms, including Hurricanes Laura and Delta. Hurricane Laura came ashore on August 27, 2020 as a strong Category 4 hurricane with sustained wind speeds of 150 mph. Hurricane Delta made landfall on October 9, 2020 as a Category 2 hurricane with winds approaching 100 mph. Both hurricanes caused significant infrastructure damage to JDEC’s system as well as devastation across the Company’s entire service territory. Hurricane Laura alone caused 100% of JDEC’s membership to experience power outages when it down 8,000 miles of the Company’s power lines and destroyed its 138-kv and 69-kv steel transmission towers.

To date, JDEC has restored some of the damaged infrastructure, but the restoration is still ongoing. Exacerbating the physical damage, the Company indicates it only has 9,513 active members of the total 11,546 active members it had prior to the 2020 Hurricane Season, which is a reduction of approximately 18% of customers. The loss of members has resulted in a reduction of revenue, which is making it difficult for JDEC to not only restore its infrastructure, but also to make payments on its consolidated line of credit with its lender.

Based on conversations with JDEC, the Company anticipates seeking emergency rate relief in the form of a line item on customer’s bills that will have a minimum cash requirements basis in lieu of the traditional modified debt service coverage basis of the Company’s Formula Rate Plan approved by the Commission in Order No. U-34676.<sup>1</sup> The Company anticipates requesting that this line item provide a revenue increase of approximately 9.5% and remain in place for 12 months.

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<sup>1</sup> On May 19, 2021, the Company filed a Motion to Defer its FRP Annual Report Filing for Test Year 2020 in Docket No. U-34676.

## **II. Scope of Representation**

Applicants will be assisting Commission in-house Staff (Legal, Utilities, and Auditing Divisions) (hereinafter collectively "Staff") in the review of JDEC's request for emergency rate relief. Such assistance will include, but not necessarily be limited to: review and analyze the Company's application, pre-filed direct testimony, and supporting documentation. All proposals shall include an outline of a plan of action for conducting the review of not only the proposed emergency rate but also the method of recovery as a line-item, and the term such relief should be granted. As part of the review, the consultant must assist Staff in drafting, reviewing and responding to discovery; preparing a recommendation regarding the emergency rate, which may include direct testimony; aid in drafting pleadings, motions, and cross-answering testimony, if necessary; appear at hearings and open meetings; participate in depositions; assist with trial preparations, including assistance with drafting cross examination of witnesses; review and analyze stipulation terms; and, participate in informal meetings with the parties and Commissioners as necessary.

All proposals shall include an outline of a plan of action for this scope of representation. 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 6-8 months. 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 the Contract Order. Consideration will be given to levels of competence such as educational background and achievement, practical experience (including before other regulatory agencies or public commissions) and success in the regulatory processes, in addition to the Applicant's knowledge of cooperative/public utility accounting, and regulatory law.

Applicants shall at a minimum be experienced in analyzing the operations, books and records of utility companies, specifically electric cooperatives, for the purpose of setting just and reasonable rates. Applicants shall also, at a minimum, be experienced in the presentation of recommendations involving cooperative and public utility regulation, or other regulatory issues on administrative and judicial levels, including rendering expert testimony and being cross-examined, with respect to all of the issues addressed in this RFP and which are likely to arise in the proceeding, including but not limited to:

- A. Appropriate accounting standards and practices for public utilities (including contributions in aid of construction and similar accounts), public utility accounting, and generally accepted auditing standards;
- B. Public Utility financing and debt service coverage ratio ratemaking principles, including depreciation and taxation of system assets;
- C. NARUC approved cost-of-service methodologies for cooperatives;
- D. Traditional cost-of-service and cost allocation methodologies supporting the revenue requirements among classes of customers;
- E. Cost of capital, including capital structure, cost of debt, cost of equity and rates of return;
- F. Familiarity with just and reasonable costs and prudent investments associated with providing reliable and quality service as recommended by NARUC; and
- G. A detailed understanding of the major functional areas of a regulated electric cooperative.

**V. Estimate of Costs**

All proposals shall include fees and direct costs associated with Applicant's 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 shall 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), 2 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, two copies, and the electronic copy of the proposal must be received on or before **July 7, 2021 at 4:30 p.m.** Selection of consultants is anticipated to take place at the Commission's July 2021 Business and Executive Session, which is currently scheduled for **July 14, 2021**. Information concerning billing procedures and the Commission's RFP policy may be obtained from the address listed above, or by calling (225) 342-9888.