

Louisiana Public Service Commission



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Executive Secretary

KATHRYN H. BOWMAN
Executive Counsel

September 15, 2021

JOHNNY E. SNELLGROVE, JR
Deputy Undersecretary

VIA EMAIL

RFP 21-21 – Docket U-36129, Southwest Louisiana Electric Membership Corporation, ex parte. In re: Application for Recovery in Rates of Storm Damage Costs Incurred as a result of Hurricanes Laura and Delta.

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. This RFP is a duplicate of RFP 21-18. Proposals for RFP 21-18 were due on Monday, August 30, 2021; however, Commission offices were closed due to Hurricane Ida. Therefore, Staff is re-issuing this RFP to allow opportunity for interested consultants to provide a proposal.

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 Friday, October 8, 2021 at 4:30 p.m.** Selection of consultants is anticipated to take place at the Commission’s October 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 'K. Bowman', with a long horizontal flourish extending to the right.

Kathryn H. Bowman
Executive Counsel

Enclosure

cc: Brandon M. Frey, Executive Secretary
Justin Bello, Staff Attorney

RFP 21-21¹
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS (“RFP”)
September 15, 2021

DOCKET NO. U-36129, Southwest Louisiana Electric Membership Corporation, ex parte. In re: Application for Recovery in Rates of Storm Damage Costs Incurred as a result of Hurricanes Laura and Delta.

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 Southwest Louisiana Electric Membership Corporation’s (“SLEMCO” or “Company”) request for recovery of the Company’s costs incurred for Hurricanes Laura and Delta.

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 21-21 are anticipated to be on the Commission’s October 2021 Business and Executive Session.

I. Overview

During the 2020 Atlantic Hurricane Season, the State of Louisiana experienced an unprecedented number of storms, including Hurricanes Laura and Delta (“Storms”). 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. The Storms caused infrastructure damage to SLEMCO’s systems with the anticipated costs to restore such widespread damage being substantial.

In July 2021, SLEMCO provided notice that it anticipates filing an application requesting authorization to recover certain storm damage costs that the Company incurred associated with the Storms. The Company’s initial calculation of damage is approximately \$6 million, which is net of the FEMA contributions received to date. On August 10, 2021, the Company filed its request, which was published in the Commission’s Official Bulletin with no interventions received.

Per the application, SLEMCO estimates it incurred approximately \$27 million dollars in expenses associated with Hurricanes Laura and Delta, and that approximately \$21 million will be reimbursed by FEMA. Per these estimates, SLEMCO estimates the Company will have approximately \$6 million of expenses outstanding, and seeks rate recovery for that amount. Based on the amount of rate recovery needed and the amount of sales in the prior two years, SLEMCO

¹ RFP 21-21 is a duplicate of RFP 21-18. Proposals for RFP 21-18 were due on Monday, August 30, 2021; however, Commission offices were closed due to Hurricane Ida. Therefore, Staff is re-issuing this RFP to allow opportunity for consultants to bid.

is estimating a line-item recovery of \$0.001226 per kW used over a 24-month period, with the estimated average cost per residential customer being \$1.70 per month.

Applicants will be assisting Commission in-house Staff (Legal, Utilities, and Auditing Divisions), in reviewing SLEMCO's request and providing a recommendation to the Commission.

II. Scope of Representation

In assisting Staff, Applicants will review the application (including the direct testimony of witnesses, any supporting documentation to support the amount of relief requested, and the amount of FEMA contributions received to date, if any); draft data requests and review responses thereto; potentially participate in informal meetings with Staff and SLEMCO; assist in drafting a recommendation(s), including testimony, to the Commission, as well as exhibits supporting the same; review and respond to any rebuttal testimony; assist in preparing any necessary direct and cross-answering testimony; assist in trial preparation, including cross-examination of witnesses and drafting pleadings and motions related thereto; and review and analyze potential stipulation terms. Applicants will evaluate the Company's compliance filings; and assisting in preparation of any orders.

Additionally, the Applicant shall be available to participate in meetings, conference calls, status conferences, hearings, and other conferences with the Commission and 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 the application, 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 requirement of this RFP, including experience in prior Commission storm recovery processes.

III. Period of Representation

The time period estimated to complete the Scope of Representation is approximately 8-12 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 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 regulation, similar practice before this or other regulatory agencies, and knowledge of Louisiana ratemaking standards and regulatory law, in addition to the Applicant's knowledge and experience with cost recovery for electric cooperatives.

Applicants shall at a minimum be experienced in analyzing the operations, books, and records of utility companies, particularly electric cooperatives, for the purpose of setting just and reasonable rates, including, but not limited to, calculation of times interest earned ratio, debt service coverage ratio, capital structure, formula rates, and prior cost recovery filings with the LPSC.²

Applicants shall be qualified and prepared to draft and render expert testimony and be cross-examined with respect to all of the issues addressed in this RFP and which are likely to arise in this proceeding and be qualified and prepared to render testimony at a hearing and/or a B&E regarding the same and have knowledge of:

- (1) a detailed understanding of the major functional areas of an electric cooperative;
- (2) appropriate accounting standards and practices for electric public utilities (including contributions in aid of construction and similar accounts), public utility accounting, and generally accepted auditing standards;
- (3) public utility financing and debt service coverage ratio ratemaking principles, including depreciation and taxation of system assets;
- (4) the LPSC's and NARUC's cost-of-service cost methodologies for electric cooperatives;
- (5) traditional cost-of-service and cost allocation methodologies supporting the revenue requirements among classes of customers;
- (6) alternative sources of funds to offset hurricane damage costs such as insurance proceeds, governmental aid, and income tax benefits;
- (7) prior Commission Orders involving storm recovery and/or other securitized debt for SLEMCO; and
- (8) Familiarity with just and reasonable costs and prudent investments associated with providing reliable and quality service as recommended by NARUC.

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.

² See Docket No. U-32459, SLEMCO, ex parte. In re: *Request for increase in base rates through a conversion of the March 31, 2010 Hurricanes Gustav and Ike Storm Recovery Rider to base rates* as an example.

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), 2 additional 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

To be considered, an original, two copies, and the electronic copy of the proposal must be received on or before **Friday, October 8, 2021 at 4:30**. **Selection of consultants is anticipated to take place at the Commission's October 2021 Business and Executive Session, which is currently scheduled for October 20, 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.