



Louisiana Public Service Commission

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Executive Counsel

December 3, 2020

JOHNNY E. SNELLGROVE, JR
Deputy Undersecretary

VIA EMAIL

RFP 20-20-Docket No. U-35800, Concordia Electric Cooperative, Inc., ex parte. In re: Request for Extension of Formula Rate Plan.

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 (2) two copies, and an electronic copy must be received on or before Tuesday, January 12, 2021 at 4:30 p.m.** Selection of consultants is anticipated to take place at the Commission’s January 2021 Business and Executive Session.

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

Sincerely,

Kathryn H. Bowman
Executive Counsel

Enclosure

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

RFP 20-20
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS (“RFP”)
DECEMBER 3, 2020

DOCKET NO. U-35800 –Concordia Electric Cooperative, Inc., ex parte. In re: Request for Extension of Formula Rate Plan.

The Louisiana Public Service Commission (“Commission” or “LPSC”), in accordance with the requirements of LPSC General Order dated November 10, 2014 regarding the selection of contract employees (the “Contract Order”) to represent the Commission, issues this Request for Proposals (“RFP”) to outside consultants who will assist the Commission in Concordia Electric Cooperative’s (“Concordia”) request for extension of Formula Rate Plan (“FRP”). This RFP also encompasses assisting Staff in each of the four proposed annual review filings should the FRP extension is authorized.

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 20-20 are anticipated to be on the Commission’s January 2021 Business and Executive Session for consideration.

I. Overview

On November 18, 2020, Concordia filed a request for extension of its current FRP, which was approved in Commission Order No. U-33779. Order No. U-33779 authorized Concordia to operate under a four-year FRP with a Times Interest Earned Ratio (“TIER”) bandwidth of 1.40 to 1.60, with a midpoint reset to 1.50. The current FRP included Test Years ending December 31, 2016 through 2019, and required Concordia to file Annual Reports no later than April 15, 2017 through 2020, respectively. Concordia’s last Test Year under the current FRP was filed earlier this year and was approved by the Commission at the September 16, 2020 B&E, which authorized a revenue reduction in order to reset rates to the midpoint TIER ratio of 1.50.

Per Concordia’s application, the cooperative seeks to extend the existing FRP for an additional four-year term. Further, Concordia requests all current terms, conditions, and requirements remain the same, except for updating the effective date, Test Years, and required annual filing dates to correspond to the new Test Years.

II. Scope of Representation

Applicants will be assisting Commission Staff (Legal, Utilities, and Auditing Divisions) in not only reviewing and analyzing Concordia’s request for an extension, but also assist in the annual review of each Test Year should the FRP be extended. Further, Applicants will assist in determining whether such requests will result in just and reasonable rates, whether such requests are in the public interest, and make recommendations regarding the same.

In assisting Staff with both the FRP extension request and subsequent Annual Reviews, Applicants will review Concordia's application (including but not necessarily limited to any direct testimony of witnesses and associated exhibits); draft data requests and review responses thereto; participate in informal meetings with Staff and Concordia; assist in drafting direct testimony, including any exhibits supporting the same; review and respond to any rebuttal testimony; assist in preparing any necessary 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. 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, and shall also include assistance with each of the annual review filings (Test Years 2020-2023) through the conclusion of those dockets, also through a Commission vote.¹

All proposals shall include an outline of a plan of action for conducting above described scope. 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.

III. Period of Representation

The time period estimated to complete the Scope of Representation is approximately 6-9 months for the review of the FRP extension and 3-6 months for each of the annual review filings. 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 minimum requirements provided in the Commission's General Order dated November 10, 2014. Consideration will be given to levels of competence such as educational background and achievement, practical experience and success in regulatory processes, in addition to the Applicant's knowledge of Louisiana ratemaking standards, regulatory law, and formula rate plans.

Applicants shall be qualified to prepare and render expert testimony, and be cross-examined, with respect to all of the issues addressed in this docket and which are likely to arise in the proceeding. Applicants should demonstrate their familiarity with Concordia's current FRP and should, at a minimum, be experienced in analyzing the operations, books and records of utility companies for the purpose of setting just and reasonable rates, including but not limited to, calculation of rate base, rates of return, and capital structure. Experience with ratemaking treatments and/or principles specifically particular to electric cooperatives is preferred. Applicants shall also be familiar with incentive-based rate mechanisms such as FRPs, questions of proper capital structure,

¹ While Concordia has requested an additional four-year term, the Commission may determine a shorter term is in the public interest.

be familiar with the types of costing methodologies utilized by the LPSC, and be qualified and prepared to render expert testimony regarding and have knowledge of:

- (1) Appropriate accounting standards and practices for electric utilities, including electric cooperatives, 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 electric cooperatives;
- (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, and the provision of services between affiliates;
- (7) Cost of capital, including capital structure, cost of debt, costs 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 electric cooperative.

V. Estimate of Costs

All proposals shall include fees and direct costs associated with Applicants services in the anticipated dockets described above (FRP extension and up to four years of Annual Reviews). 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), 2 copies, and e-mail an electronic copy** of the proposal to:

Kathryn H. Bowman
Louisiana Public Service Commission
Office of Executive 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: kathryn.bowman@la.gov

To be considered, an original, three copies, and the electronic copy of the proposal must be received on or before **Tuesday, January 12, 2021 at 4:30 p.m.** **Selection of consultants is anticipated to take place at the Commission's January 2021 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.