

Louisiana Public Service Commission



POST OFFICE BOX 91154
BATON ROUGE, LOUISIANA 70821-9154
www.lpsc.louisiana.gov

COMMISSIONERS

Craig Greene, Chairman
District II
Eric F. Skrmetta, Vice Chairman
District I
Foster L. Campbell
District V
Lambert C. Boissiere III
District III
Mike Francis
District IV

Telephone: (225) 342-9888

BRANDON M. FREY
Executive Secretary

KATHRYN H. BOWMAN
Executive Counsel

June 21, 2021

JOHNNY E. SNELGROVE, JR
Deputy Undersecretary

VIA EMAIL

RFP 21-17 – Docket No. U-36003, Utilities, Inc. of Louisiana, ex parte. In re: *Request for Extension of Formula Rate Plan with Modifications Thereto.*

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 Friday, July 9, 2021 at 4:30. 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", written over a light blue circular stamp.

Kathryn H. Bowman
Executive Counsel

Enclosure

cc: Brandon M. Frey, Executive Secretary
H. Barlow Holley, Staff Attorney

RFP 21-17
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS (“RFP”)
June 21, 2021

DOCKET NO. U-36003, Utilities, Inc. of Louisiana, ex parte. In re: Request for Extension of Formula Rate Plan with Modifications Thereto.

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”) to represent the Commission, issues this Request for Proposals (“RFP”) to **outside consultants** who will assist the Commission in its review of Utilities Inc. of Louisiana’s (“UIL” or “Company”) request to extend its existing Formula Rate Plan (“FRP”), with modifications.

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 21-17 are anticipated to be on the Commission’s July 2021 Business and Executive Session.

I. Overview

UIL is subsidiary of Utilities, Inc. (“UI”), an Illinois-based utility wholly owned by the Canadian corporation, Corix, Inc. UI has more than fifty years of experience in providing water and wastewater services to approximately 300,000 customers in 15 states. UIL was created and incorporated in 1993 for the purpose of owning and operating water and wastewater utility systems within Louisiana. In 2016, UIL consolidated with its former sister company, Louisiana Water Service (“LWS”), and in February 2019, consolidated with another former sister company, Community Utilities of Louisiana, Inc. (“CULI”). The Commission, in Order No. U-34742, established an FRP for UIL for a three-year term beginning with a 2018 test year, and required UIL to file its annual review by May 30, 2019. UIL’s authorized Return on Equity (“ROE”) bandwidth was 9.75% - 10.75%, with a midpoint reset of 10.25%.

On May 25, 2021, UIL filed an application requesting the Commission extend its FRP with modifications. Most notably, UIL requests an increase to its ROE bandwidth (seeking a 10.50% - 11.50% band with a midpoint reset of 11.00%) and the inclusion of expenses related to corporate services and shared services. UIL also requests removal of sections no longer applicable and a reduction of the Extraordinary Cost Change net annual revenue requirement impact from \$1,000,000 to \$250,000.

Accordingly, Staff seeks a consultant to assist with UIL’s request for extension, and modification, to its current FRP. **This RFP does not seek assistance with the subsequent annual reviews should UIL’s FRP be extended by the Commission in Docket No. U-36003.**

II. Scope of Representation

In assisting Staff, Applicants will review the application (including the direct testimony of 5 witnesses and any supporting documentation provided therewith); draft data requests and review responses thereto; potentially participate in informal meetings with Staff and UIL; assist in drafting a recommendation(s), including direct testimony, to the Commission, 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; participate in status conference(s) and hearings, whether contested or stipulated hearings; review and analyze potential stipulation terms; and attend meetings with Staff and the Commission, as well as 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 described above. 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 10-12 months for each annual review. However, 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 following minimum requirements *in addition to those provided* in the Commission's Contract Order. 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; in addition to the applicant's knowledge of Louisiana ratemaking standards, regulatory law, and formula rate plans.

Applicants shall at a minimum be experienced in analyzing the operations, books, and records of utility companies, particularly water and/or wastewater 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, and all related studies and calculations and prior cost recovery filings with the LPSC.

Applicants shall be qualified and prepared to 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 the proceeding, including but not limited to:

1. Appropriate accounting standards and practices for water and wastewater utilities, public utility accounting, and generally accepted auditing standards;
2. The appropriate ratemaking adjustments to be made to the utility's accounting records;
3. The determination and calculation of the appropriate rate base of a utility plant investment dedicated to providing service;
4. Traditional cost-of-service and cost allocation methodologies supporting the revenue requirements among classes of customers;
5. 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, the transfer of investment and costs between operating companies, and the provision of services between affiliates;
6. Cost of capital, including capital structure, cost of debt, cost of equity and rates of return;
7. Health and environmental compliance standards for water and wastewater utilities;
8. Just and reasonable costs and prudent investments associated with providing safe, reliable and quality service as recommended by NARUC;
9. Depreciation and taxation; and
10. Familiarity with Commission Order Nos. U-34742, U-35200, and U-35558.

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 Commission's Contract 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 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.

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, July 9, 2021 at 4:30. 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.