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August 5, 2016

EVE KAHAO GONZALEZ
Executive Secretary

BRANDON FREY
Executive Counsel

JOHNNY E. SNELGROVE, JR
Deputy Undersecretary

Via EMail

To LPSC qualified consultants

Re: *Docket No. U-34200 – Southwestern Electric Power Company, ex parte. In re: Review of Possible Modifications to the Formula Rate Plan as Extended in Docket No. U-32220.*

At the Commission's July 27, 2016 Business and Executive Session, the Commission voted to extend SWEPCO's FRP through test year ("TY") 2017. By way of this bid solicitation letter, the Commission is seeking bids from independent technical consultants to assist the Commission in reviewing the current FRP for any necessary and appropriate changes in light of the extension. Any outside consultant retained by the Commission will work closely with in house Legal, Auditing and Utilities Staff in this review. In addition to meeting the minimum requirements set forth in the Commission's November 10, 2014 General Order, the consultant chosen must be qualified to assist in this particular investigation and should be familiar with the following:

1. SWEPCO's Formula Rate Plan ("FRP"), and annual formula rate adjustments generally;
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;
4. NARUC approved cost-of-service methodologies for electric utilities;
5. the determination and calculation of the appropriate rate base of a utility plant investment dedicated to providing service;
6. traditional cost-of-service and cost allocation methodologies supporting the

revenue requirements among classes of customers;

7. 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;
8. cost of capital, including capital structure, cost of debt, cost of equity and rates of return;
9. familiarity with just and reasonable costs and prudent investments associated with providing reliable and quality service as recommended by NARUC; and
10. depreciation and taxation.

The consultant must be prepared to assist the legal staff in drafting and discovery and analyzing discovery responses, preparing direct and cross-answering testimony and/or reports regarding Staff's ultimate findings, testifying before an administrative law judge, if required, and conducting informal meetings with the parties as necessary. The consultant must also be prepared to communicate with and testify before the Commission.

The November 10, 2014 General Order provides, "*Contracts for consulting or legal services which have a maximum amount of compensation, including all professional fees but excluding expenses, which does not exceed fifty thousand dollars (\$50,000.00), may be awarded without the necessity of an RFP. The expenses allowed for such services shall be limited to twenty percent (20%) of the total amount of compensation agreed upon in the contract, unless the Commission specifically authorizes a greater amount.*" Based on budgets submitted in similar review proceedings, Staff believes that an outside consultant can assist in this matter for under \$50,000.00; thus no formal RFP is required by the General Order. Should you be interested in submitting a proposal to assist the Commission Staff in this docket, please forward your original proposal and six (6) copies to *Kathleen Richardson, Louisiana Public Service Commission, P.O. Box 91154, Baton Rouge, Louisiana 70821* and via Email at Kathleen.richardson@la.gov and Brandon.frey@la.gov no later than **August 18, 2016**.

Sincerely,



Brandon M. Frey
Executive Counsel

BMF/mav

cc: Eve Kahao Gonzalez, Executive Secretary
Melanie Verzwylvelt