

23-04 - REVISED¹
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS (“RFP”)
January 27, 2023

DOCKET NO. X-36645, Louisiana Public Service Commission, ex parte. In re: Audit of Fuel Adjustment Clause filings for Southwestern Electric Power Company for the period of January 2021 through December 2022.

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”) for **outside consultants** to assist Commission Staff in its Audit of Fuel Adjustment Clause filings for Southwestern Electric Power Company (“SWEPCO” or the “Company”).

Deviations from the requirements contained herein, or conditional bid amounts, shall result in rejection of the proposal as non-conforming. Consideration of qualifying proposals received are anticipated to be on the Commission’s March 2023 Business and Executive Session (“B&E”). Should an Applicant be selected at the Commission’s B&E, this RFP and the Applicant’s proposal shall constitute the contract between the parties, including all terms and conditions. The Commission will not accept new terms, conditions, or proposals once an Applicant has been retained.

I. Overview

Pursuant to Commission General Order dated November 6, 1997 (“FAC Order”), Commission Staff issued a Notice of Proceeding commencing an audit on SWEPCO’s fuel adjustment clause filings for the period January 2020 through December 2022 (“Audit Period”).

The Commission’s FAC Order outlines the audit procedures as follows:

- a.) A review and analysis of the utility’s monthly comprehensive fuel adjustment reporting requirements filed with the Louisiana Public Service Commission.
- b.) If applicable, the development and improvement of internal staff procedures to effectively monitor and evaluate a utility’s performance in areas impacting the fuel and purchase power cost which are reflected in the utility’s monthly fuel adjustment filings with the Commission.
- c.) A review and analysis of the utility’s monthly comprehensive fuel adjustment filings to assure compliance with all pertinent state and federal regulations.

¹ This RFP was revised to update the term of the audit. The new term is January 2021 through December 2022.

II. Scope of Representation

In assisting Staff, Applicants will review and analyze SWEPCO's fuel purchases and usage, as well as other charges included in the fuel adjustment clause filings for the Audit Period; draft, review, and analyze discovery and associated responses; review accompanying workpapers and SWEPCO's financial data; review historical data involving prior audits; identify any irregularities detected in the monthly filings; prepare an audit report and direct testimony – as deemed necessary, which shall include a written or executive summary identifying any costs included in the audit found to be in violation of the FAC Order; prepare a recommendation as to the appropriate methodology to provide for recovery of any irregularities – as necessary; participate in meetings and conference calls with the Commission, Staff, or the parties, as deemed necessary by Staff; assist in the preparation of briefing materials for Staff and Commissioners.

Upon completion of the audit, the Staff audit report shall be filed with notice of same published in the Commission's Official Bulletin allowing for public inspection and potential intervention.² This scope of representation assumes that the docket will proceed to a contested hearing. Thus, in addition to the above, this scope of representation assumes Applicant will be assisting in responding to discovery on Staff's audit report; participate in meetings and conference calls with those opposing Staff's audit report; participate, and where applicable testify, in formal status conferences, pre-trial conferences, depositions, and hearings; assist in the preparation of applicable motions, exceptions, briefs and other pleadings in support of Staff's audit report; and appear before the Commission at B&Es where this matter will be discussed. The scope of representation provided herein shall continue through conclusion of the docket, including Commission consideration at a B&E or B&Es.

III. Period of Representation

The time period estimated to complete the Scope of Representation for the audit is approximately 18 months. However, this is merely an estimate and the Commission makes no representation 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 Commission's Contract Order. Consideration will be given to factors which indicate degrees of competence such as the amount of practical experience in the field of public utility practice, similar practice before this or other regulatory agencies, and knowledge of Louisiana ratemaking standards and regulatory law.

Applicants shall at a minimum be experienced in analyzing the operations, books, and records of utility companies, particularly investor-owned utilities, for the purpose of fuel audits, and have familiarity with the Commission's FAC Order.

² Should SWEPCO designate any information as confidential pursuant to Commission Rule 12.1, that information shall be redacted from the audit report available for public inspection.

Applicants shall at a minimum 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:

- A. Appropriate accounting standards and practices for electric public utilities, public utility accounting, and generally accepted auditing standards;
- B. The appropriate fuel adjustments to be made by an electric utility pursuant to the Commission's FAC Order;
- C. Any SWEPCO specific adjustments allowed by the Commission to be flowed through the Company's FAC; and
- D. A detailed understanding of electric utility regulation.

All proposals shall include a plan of action, estimated timeline, and fees and costs associated with completing the scope of representation above. This will result in one proposal. However, in the event an Applicant is chosen, Commission and its Staff shall have the right to determine how the tasks will be carried out. In addition, all proposals shall demonstrate that the Applicant has the qualifications and experience necessary to meet the requirements of this request for proposals. Applicants will only be considered if proposals meet all of the requirements of this request for proposals and the Commission's Contract Order.

V. Estimate of Costs

Applicants shall provide an overview of the estimated costs in the summary of the bid proposal. All proposals shall include fees and direct costs (expenses) in order to provide the 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.

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. Potential conflicts could include, but are not to be limited to, employment with regulated utilities, affiliates of regulated utilities, consumer advocacy groups, or any other party that comes before the Commission. 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 to the Commission 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. Pursuant to La. R.S. 45:1180, SWEPCO is the ultimate responsible party for payment of services provided pursuant to this RFP; therefore, timely submittal of invoices to the Commission facilitates timely payments to Applicant.

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 copies, and e-mail an electronic copy** of the proposal to:

Kimberly N. O'Brian
Kathryn H. Bowman
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: kim.obrian@la.gov
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, March 3, 2023 at 12:00 p.m.** Selection of consultants is anticipated to take place at the Commission's March 2023 Business and Executive Session, which is currently scheduled for March 15, 2023. Information concerning billing procedures and the Commission's RFP policy may be obtained from the address listed above, or by calling (225) 342-9888.