

Louisiana Public Service Commission



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June 19, 2024

BRANDON M. FREY
Executive Secretary

KATHRYN H. BOWMAN
Executive Counsel

JOHNNY E. SNELLGROVE, JR.
Deputy Undersecretary

VIA EMAIL

RFP 24-07, Docket No. U-37213, Cleco Power LLC, ex parte. In re: Request for a Commission Financing Order authorizing Cleco Power to finance, through a securitization financing transaction, the retirement costs associated with the Dolet Hills Power Station and the associated mines, as well as an energy transition reserve.

To all LPSC qualified consultants:

Enclosed please find a Request for Proposals (“RFP”) for an **outside securitization 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 ensure you adhere to the requirements contained therein, as well as to determine whether your firm meets the specific requirements of the RFP. All Proposals must include a showing that your firm possesses the requisite qualifications and experience to represent the Commission in this matter. Please note that deviations from the requirements contained in the RFP, or conditional bid amounts, shall result in the rejection of a proposal as non-conforming.

All Proposals, including the original, plus (2) two copies, and an electronic copy must be received on or before Monday, July 22, 2024. Selection of consultants is anticipated to take place at the Commission’s August 2024 Business and Executive Session.

If you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "K. Bowman".

Kathryn Bowman
Executive Counsel

Encl.

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

RFP 24-07
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS (“RFP”)
June 19, 2024

DOCKET NO. U-37213, Cleco Power LLC, ex parte. In re: Request for a Commission Financing Order authorizing Cleco Power to finance, through a securitization financing transaction, the retirement costs associated with the Dolet Hills Power Station and the associated mines, as well as an energy transition reserve.

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 securitization consultants** who will assist Commission Staff in the review of Cleco Power LLC’s (“Cleco Power” or “Company”) request to allow the Company to finance, through a securitization financing transaction, the costs associated with the retirement of Dolet Hills Power Station (“DHPS”) and the closure of the Dolet Hills and Red River Mines (collectively, the “Mines”) servicing DHPS, as authorized by Order No. U-35753-A, as well as to establish a restricted segregated energy transition reserve.

Consideration of qualifying proposals is anticipated to be on the Commission’s August 2024 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.

Please note, deviations from the requirements contained herein, or conditional bid amounts, shall result in rejection of the proposal as non-conforming.

I. Overview

Cleco Power’s request, if approved by the Commission, would be effectuated by the issuance of energy transition bonds under the Louisiana Electric Utility Energy Transition Securitization Act, as amended, codified at La. R.S. 45:1271-1281.

Commission Order No. U-35753-A authorized Cleco Power to recover \$305 million in energy transition costs through a securitization financing. Included within this amount is: 1) approximately \$257.2 million, which represents the remaining amount of the regulatory assets for DHPS and the Mines authorized for recovery; 2) an approximately \$37.8 million requested demolition and remediation energy transition reserve; and 3) \$10 million in upfront bond issuance costs. The current application adheres to Commission No. U-35753-A, and seeks Commission approval to finance, through the issuance of energy transition bonds, the original principal amount of the \$305 million, equal to the sum of (i) \$295 million of the energy transition costs, including the costs of funding an energy transition reserve in a restricted segregated account, plus (ii) upfront

financing costs, which were estimated at \$10 million, but which would be subject to further review and adjustment as provided in a Financing Order stemming from this docket.

Cleco Power's application also request approval and authorization of the proposed financing structure, including the ongoing financing costs, the creation of energy transitions property, and its sale by Cleco Power to its special purpose entity financing subsidiary and rate schedules implementing these requests.

Applicants will be assisting Commission in-house Staff (Legal, Utilities, and Auditing Divisions) as well as the Commission's outside accounting consultant who assisted in the Commission in Docket No. U-35753-A.

II. Scope of Representation

In assisting Staff, Applicants will review the application (including direct testimony, any supporting documentation, and associated cost effects); draft data requests and review responses thereto; potentially participate in informal meetings with Staff and Cleco Power; assist in drafting a recommendation(s), including testimony, to the Commission, including any 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 Companies compliance filings; and assist in preparation of any orders, including a financing order should the Commission agree/approve securitization as the proper methodology.

Should Staff and the Commission agree securitization is the proper recovery methodology, Applicants will be responsible for advising the Commission and Staff in all aspects of approval, issuing and marketing of the bonds, including but not limited to, compliance with Louisiana securitization/financing requirements, non-bypassability requirements, true-up requirements, tariff design and implementation, confirmation that customers will experience savings relative to conventional methods of financing, confirmation that the structure, terms and the pricing of the bonds are consistent with the terms of the financing order, and advising on the timing, structure and pricing for issuance of the bonds to achieve the lowest ratepayer charges consistent with market conditions and the terms of the financing order. Applicants should be prepared to be involved in activities including, but not limited to, the marketing of the bonds, interaction with rating agencies, monitoring of issuance costs, review of bond documentation, and the structuring timing of issuance, and pricing of the bonds.

Applicants shall be available to participate in meetings, conference calls, status conferences, hearings, and other 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 issuance of a Financing Order, should the Commission deem it appropriate.

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 with securitization of costs and prior Commission storm recovery processes.

III. Period of Representation

The time period estimated to complete the Scope of Representation is approximately 8 - 10 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 practice, 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 on utilization of securitization for cost recovery.

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 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 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 the 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) familiarity with Cleco Power's application and request in Docket No. U-37213;
- (2) a detailed understanding of the major functional areas of a regulated investor-owned electric utility;
- (3) appropriate accounting standards and practices for electric public utilities, public utility accounting, and generally accepted auditing standards;
- (4) utility depreciation and taxation issues, including utility taxation related to securitization;
- (5) the LPSC and FERC approved cost-of-service cost methodologies for electric utilities;

- (6) familiarity with the basic components and requirements of Cleco Power's Formula Rate Plan, including cost of capital, including capital structure, cost of debt, cost of equity, and rates of return;
- (7) prior Commission Orders involving securitized debt;
- (8) the cost allocation methodologies for the allocation of investments and expenses among 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 among affiliates;
- (9) appropriate mechanisms, allocation among customer classes and rate design for securitization cost recovery; and
- (10) Louisiana Electric Utility Energy Transition Securitization Act, as amended, codified at La. R.S. 45:1271-1281.
- (11) securitization requirements and procedures and the ratemaking treatment of the benefits of securitization.

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. For an Applicant's fees, the quote shall be based upon an hourly basis, which shall be included with any proposal submitted. All cost proposals shall submit a total budget, separating professional fees from direct costs.

If selected, Applicants shall only be allowed to charge for actual hours of work performed and costs incurred. Further, 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, Cleco Power 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 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:

Kimberly N. O'Brian
Louisiana Public Service Commission
Assistant to Legal
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 **Monday, July 22, 2024 at 4:30 p.m.** **Selection of consultants is anticipated to take place at the Commission's August 2024 Business and Executive Session, which is currently scheduled for August 14, 2024.** Information concerning billing procedures and the Commission's RFP policy may be obtained from the address listed above, or by calling (225) 342-9888.