

Louisiana Public Service Commission



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Executive Counsel

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Deputy Undersecretary

April 5, 2022

VIA EMAIL

RFP 22-13 Docket No. TBD, Entergy Louisiana, LLC's Hurricane Ida Storm Restoration Cost Recovery Filing.

To all LPSC qualified consultants:

Enclosed please find a Request for Proposals ("RFP") for an **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 Thursday, May 5, 2022 at 4:30p.m. Selection of consultants is anticipated to take place at the Commission's May 2022 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 that reads "Kathryn Bowman" with the initials "KCB" written below it.

Kathryn Bowman
Executive Counsel

Encl.

cc.: Brandon M. Frey, Executive Secretary
Lauren T. Evans, Associate Counsel

RFP 22-13
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS (“RFP”)
April 5, 2022

DOCKET NO. TBD, Entergy Louisiana, LLC’s Hurricane Ida Storm Restoration Cost Recovery Filing.

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 consultants** who will assist Commission Staff in the review of Entergy Louisiana, LLC’s (“ELL” or “Company”) request for determination of the amount of recoverable costs incurred, and to be incurred, to restore its facilities following the damage of Hurricane Ida.

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 22-13 are anticipated to be on the Commission’s May 2022 Business and Executive Session.

I. Overview

On August 29, 2021, Hurricane Ida made landfall near Port Fourchon, Louisiana, as a strengthening Category 4 hurricane with sustained winds of 150 miles per hour. Hurricane Ida tied 2020’s Hurricane Laura as the strongest storm to make landfall in Louisiana since 1856, and is tied for the fifth strongest to ever make landfall in the continental United States. Based on initial estimates, restoration associated with Hurricane Ida exceeds the damage caused by Hurricanes Laura, Delta, and Zeta from 2020.

On March 28, 2022, ELL submitted a pre-filing notice letter to the Commission indicating the Company’s intentions to make an initial filing requesting to recover costs incurred, and to be incurred, by ELL to restore its damaged facilities. ELL is not seeking to replenish the storm escrows in this upcoming docket as the Commission recently approved such in Order No. U-35991. The Commission also approved, in Docket No. U-35991, a \$1 billion Hurricane Ida escrow account, which will be subject to true-up in this upcoming docket.¹

As with past storms, ELL expects to make one or more supplemental filing after the initial filing requesting the Commission authorize the permanent financing of such recoverable storm costs under Act 55, Act 64, Act 293, or any other applicable statute. At this time, a decision has not been made as to which method ELL will seek authorization under. The filings made by ELL in Docket No. U-35591 are illustrative of the type of application, testimony and exhibits that ELL may file for Hurricane Ida, which could include up to twelve witnesses.

¹ Pursuant to Order No. U-35591 (Quantification Order), all issues regarding the prudence of Hurricane Ida-related expenditures, (including those covered by the escrow account), are subject to examination by the Commission, its Staff and all Intervenors in the full Hurricane Ida filing, which is the subject of this RFP.

Applicants will be assisting Commission in-house Staff (Legal, Utilities, and Auditing Divisions) and possibly outside counsel and a securitization consultant in reviewing ELL's request and providing a recommendation to the Commission.

II. Scope of Representation

In assisting Staff, Applicants will review the application (including the direct testimony of several witnesses, any supporting documentation, and associated cost effects);² review all documentation associated any withdrawals made and use of the Hurricane Ida escrow account, including whether such withdrawals/use are prudent; draft data requests and review responses thereto; potentially participate in informal meetings with Staff and ELL, Staff and Intervenors, or Staff, ELL, and Intervenors; 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.

Additionally, the Applicant 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, including the issuance of bonds should ELL decide to securitize.

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 10 months. This is merely an estimate and the Commission makes no representations as to the accuracy of the Period of Representation.

² Per ELL's pre-filing notice letter, ELL's filing 2020 Hurricane filing is illustrative of the type of application, testimony, and exhibits ELL anticipates filing for the 2020 storm recovery, which could include up to 12 witnesses. See Docket No. U-35591 for more information.

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) a detailed understanding of the major functional areas of a regulated investor-owned electric utility;
- (2) appropriate accounting standards and practices for electric public utilities, public utility accounting, and generally accepted auditing standards;
- (3) storm damage reserve accounting, utility depreciation and taxation issues;
- (4) the LPSC and FERC approved cost-of-service cost methodologies for electric utilities;
- (5) the basic components and requirements of ELL's Formula Rate Plan, including cost of capital, including capital structure, cost of debt, cost of equity, and rates of return;
- (6) alternative sources of funds to offset hurricane damage costs such as insurance proceeds, governmental aid, and income tax benefits;
- (7) prior Commission Orders involving storm recovery and/or other 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; and

- (10) 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 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 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:

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 **Thursday, May 5, 2022 at 4:30 p.m.** Selection of consultants is anticipated to take place at the Commission's **May 2022 Business and Executive Session, which is currently scheduled for May 25, 2022.** Information concerning billing procedures and the Commission's RFP policy may be obtained from the address listed above, or by calling (225) 342-9888.



Entergy Louisiana, LLC
4809 Jefferson Hwy.
Jefferson, LA 70121
Tel 504 840 2528
mkleeha@entergy.com

Mark D. Kleehammer
Vice President,
Regulatory & Public Affairs

March 28, 2022

Via Electronic Mail and U.S. Mail

Mr. Brandon Frey
Executive Secretary
Louisiana Public Service Commission
Galvez Building, 12th Floor
602 North Fifth Street
Baton Rouge, LA 70812

Re: Entergy Louisiana, LLC's Hurricane Ida Storm Restoration Cost Recovery Filing

Dear Secretary Frey,

As you are aware, Entergy Louisiana, LLC ("ELL") has experienced extreme damage to its electrical utility system as a result of Hurricane Ida in August 2021. On August 29, 2021, Hurricane Ida made landfall near Port Fourchon, Louisiana, as a strengthening Category 4 hurricane with sustained winds of 150 miles per hour. Hurricane Ida tied 2020's Hurricane Laura as the strongest storm to make landfall in Louisiana since the Last Island Hurricane of 1856, and the three storms are tied for the fifth strongest to ever make landfall in the continental United States. Louisiana has become the first state to experience landfalling hurricanes of that intensity in back-to-back years.

The costs to restore the widespread damage caused by Hurricane Ida are significant and, based on initial estimates exceed the damage caused by Hurricanes Laura, Delta and Zeta in 2020. However, unlike those storms, the nature and magnitude of the damage inflicted in Southeast Louisiana were different from the experiences with most past hurricanes that impacted ELL's service area. Most hurricanes rapidly weaken following landfall, limiting the most extensive damages to at or near the coastline. Hurricane Ida did not follow this pattern. Instead, Hurricane Ida maintained its catastrophic Category 4 strength for six hours after landfall, inflicting extensive damage well inland of the Louisiana gulf coastline. Hurricane Ida retained hurricane strength to the edge of ELL's service territory before exiting the state and continuing its 1,500-mile journey, impacting 22 different states and Washington, D.C., along the way.

Moreover, ELL's restoration work was further complicated by the ongoing COVID-19 pandemic and the necessary safety protocols for safety, travel, logistics, and lodging it requires. Although ELL entered the 2021 hurricane season without a storm escrow account, the



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Mark D. Kleehammer
Vice President,
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Company issued shorter-term bonds to provide interim financing for storm costs.⁹ In order to restore service as quickly as possible, ELL deployed the largest restoration effort ever mobilized in company history, with more than 27,000 workers from 41 states. In addition to employees of ELL and its affiliates, the workers came from more than 255 companies, including 42 other electric utilities. These workers included scouts, field workers, vegetation workers, and support staff. To date, ELL has received several thousand invoices for work performed by the restoration workforce in the wake of hurricane Ida.

ELL intends to make a filing requesting that the LPSC determine the amount of recoverable costs incurred and to be incurred by the Company to restore its facilities following the damage caused by Hurricane Ida. As with past storms, ELL expects to make one or more supplemental filings requesting that the LPSC authorize the permanent financing of such recoverable storm costs under Act 55, Act 64, Act 293, or any other applicable statute. The filings made by ELL in Docket No. U-35991 following Hurricanes Laura, Delta, and Zeta are illustrative of the type of application, testimony and exhibits that ELL may file for Hurricane Ida, which could include up to twelve witnesses. This correspondence is provided to allow the LPSC Staff to determine whether it is necessary retain outside consultants or counsel to assist and, if so, to begin the process of retaining such assistance; however, nothing herein should be construed to limit what ELL may file or what relief may be requested.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Kleehammer', followed by a horizontal line extending to the right.

Mark Kleehammer

cc: Kathryn Bowman (via electronic mail and U.S. mail)