

Louisiana Public Service Commission



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August 11, 2022

VIA EMAIL

RFP 22-20 Docket No. U-36399, Washington-St. Tammany Electric Cooperative, ex parte. In re: Application for approval of Formula Rate Plan and modifications to base rates.

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, September 1, 2022 at 4:30 p.m. Selection of consultants is anticipated to take place at the Commission's September 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". To the right of the signature, the initials "KOB" are written in blue ink.

Kathryn Bowman
Executive Counsel

Encl.

cc.: Brandon M. Frey, Executive Secretary
Arvind Viswanathan, Staff Attorney

RFP 22-20
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS (“RFP”)
AUGUST 11, 2022

DOCKET NO. U-36399 –Washington-St. Tammany Electric Cooperative, Inc., ex parte. In re: Application for approval of Formula Rate Plan and modifications to base rates.

The Louisiana Public Service Commission (“Commission” or “LPSC”), in accordance with the requirements of 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 Washington-St. Tammany Electric Cooperative’s (“WST” or “Cooperative”) request to establish a Formula Rate Plan (“FRP”) and modification to the Cooperative’s base rates. This RFP also encompasses assisting Staff in each of the four proposed annual review filings should the FRP be authorized.

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 22-20 are anticipated to be on the Commission’s September 2022 Business and Executive Session for consideration.

I. Overview

On June 21, 2022, WST filed a request to establish an FRP and modification to its base rates. Per WST’s application, the Cooperative requested to operate under a four-year FRP with a Times Interest Earned Ratio (“TIER”) bandwidth of 1.40 to 1.60, with a midpoint reset to 1.50. The proposed FRP would include Test Years ending December 31, 2022 through 2025 with WST filing Annual Reports no later than May 15, 2023 through 2026, respectively.

Further, WST seeks modifications to its base revenues, which the Cooperative indicates are revenue neutral. The modifications listed in WST’s application indicate an increase in the Cooperative’s “monthly service charge by \$3 for residential and \$5 for non-residential, reducing and simplifying some energy charges and eliminating the demand ratchet provision of its large power rate.” WST pre-filed the testimony of two witnesses, including exhibits, in support of its request.

II. Scope of Representation

Applicants will be assisting Commission Staff in not only reviewing and analyzing WST’s request to establish an FRP, but also assist in the annual review of each Test Year should the FRP be approved. Further, Applicants will assist in determining whether modifications to WST’s base rates are warranted and whether the requests made in this proceeding will result in just and reasonable rates, whether such requests are in the public interest, and make recommendations regarding the same.

In assisting Staff with both the FRP request and subsequent Annual Reviews, Applicants will review WST's application (including but not necessarily limited to any direct testimony of witnesses and associated exhibits); draft data requests and review responses thereto; participate in informal meetings with Staff and WST; assist in drafting direct testimony, 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; and review and analyze potential stipulation terms. Additionally, the Applicant shall be available to participate in meetings and conference calls, 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 shall also include assistance with each of the annual review filings (Test Years 2022-2025) through the conclusion of those dockets, also through a Commission vote.¹

All proposals shall include an outline of a plan of action for conducting above described scope. 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.

III. Period of Representation

The time period estimated to complete the Scope of Representation is approximately 9 months for the review of the FRP extension and 3-6 months for each of the annual review filings. 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 minimum requirements provided in the Commission's General Order dated November 10, 2014. Consideration will be given to levels of competence such as educational background and achievement, practical experience and success in regulatory processes, in addition to the Applicant's knowledge of Louisiana ratemaking standards, regulatory law, and formula rate plans.

Applicants shall be qualified to prepare and render expert testimony, and be cross-examined, with respect to all of the issues addressed in this docket and which are likely to arise in the proceeding. Applicants should demonstrate their familiarity with FRPs generally and should, at a minimum, be experienced in analyzing the operations, books and records of utility companies for the purpose of setting just and reasonable rates, including but not limited to, calculation of rate base, rates of return, and capital structure. Experience with ratemaking treatments and/or principles specifically particular to electric cooperatives is preferred. Applicants shall also be familiar with incentive-based rate mechanisms such as FRPs, questions of proper capital structure, be familiar with the

¹ While WST has requested an additional four-year term, the Commission may determine a different term is in the public interest.

types of costing methodologies utilized by the LPSC, and be qualified and prepared to render expert testimony regarding and have knowledge of:

- (1) Appropriate accounting standards and practices for electric utilities, including electric cooperatives, public utility accounting, and generally accepted auditing standards;
- (2) The appropriate ratemaking adjustments to be made to the utility's accounting records;
- (3) NARUC approved cost-of service methodologies for electric cooperatives;
- (4) The determination and calculation of the appropriate rate base of a utility plant investment dedicated to providing service;
- (5) Traditional cost-of-service and cost allocation methodologies supporting the revenue requirements among classes of customers;
- (6) 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, and the provision of services between affiliates;
- (7) Cost of capital, including capital structure, cost of debt, costs of equity and rates of return;
- (8) Familiarity with just and reasonable costs and prudent investments associated with providing reliable and quality service as recommended by NARUC;
- (9) Depreciation and taxation;
- (10) Formula rate plans, or other methods of annual rate adjustments; and
- (11) A detailed understanding of the major functional areas of a regulated electric cooperative.

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:

Kim O'Brian
Kathryn H. Bowman
Louisiana Public Service Commission
Office of Executive Counsel
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 kim.obrian@la.gov

To be considered, an original, two copies, and the electronic copy of the proposal must be received on or before **Thursday, September 1, 2022 at 4:30 p.m.** **Selection of consultants is anticipated to take place at the Commission's September 2022 Business and Executive Session.** Information concerning billing procedures and the Commission's RFP policy may be obtained from the address listed above, or by calling (225) 342-9888.