



Louisiana Public Service Commission

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April 24, 2024

BRANDON M. FREY
Executive Secretary

KATHRYN H. BOWMAN
Executive Counsel

JOHNNY E. SNELMGROVE, JR.
Deputy Undersecretary

VIA EMAIL

REVISED RFP 24-03, Southwestern Electric Power Company, ex parte. In re: Formula Rate Plan Annual Reports for Test Years 2022, 2023, and 2024.

To all LPSC qualified consultants:

Enclosed please find a Revised Request for Proposals (“RFP”) for an **outside consultant** issued by the Louisiana Public Service Commission for the above referenced docket. The only revision to the original RFP issued on April 11, 2024 is expanding the anticipated scope of services to include the review and analysis of SWEPCO’s proposal to spend an estimated \$23 million overcollection. See Section II-Scope of Representation for additional information.

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. 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 are still required to be received on or before Monday May 6, 2024. Selection of consultants is anticipated to take place at the Commission’s May 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 "KB", with a long horizontal flourish extending to the right.

Kathryn Bowman
Executive Counsel

Encl.

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

24-03-REVISED
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS (“RFP”)
April 24, 2024

Southwestern Electric Power Company, ex parte. In re: Formula Rate Plan Annual Reports for Test Years 2022, 2023, and 2024.

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 review and analysis of Southwestern Electric Power Company’s (“SWEPCO” or “Company”) Formula Rate Plan (“FRP”) Annual Reports for Test Years 2022, 2023, and 2024.

Consideration of qualifying proposals is anticipated to be on the Commission’s May 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 (REVISED)

Pursuant to Commission Order No. U-35441, SWEPCO was authorized to establish an FRP for a three-year term for test years 2022, 2023, and 2024. SWEPCO filed its 2022 Test Year on April 4, 2023; however, the Company filed the Test Year into Docket No. U-35441 without providing the proper notice to Staff of its filing. SWEPCO’s 2022 Test Year filing indicated an approximate \$23.5 million revenue increase. SWEPCO filed its 2023 Test Year on April 2, 2024 indicating an approximate \$18.5 million revenue increase. SWEPCO’s 2022 and 2023 Test Year filings will be published in the Commission’s Official Bulletin dated April 12, 2024, and was assigned Docket No. U-37155.

Based on conversations with SWEPCO, while finalizing the 2023 TY Annual Review, the Company found an inadvertent error in the service model, which resulted in an estimated \$23 million overcollection based on the 2022 TY Annual Report. SWEPCO calculates approximately \$10 million was over collected from August 2023 through December 31, 2023, and the additional \$13 million was/will be over collected from January 1, 2024 through July 31, 2024.

Recognizing the inadvertent overcollection, SWEPCO is proposing to refund customers \$10 million of the estimated \$23 million and use the remaining \$13 million to fund a resiliency plan, which would include \$10 million of incremental funding of vegetation management O&M, as well as \$3 million in incremental annual revenue requirement to support an approximate \$20 million in incremental capital investment. SWEPCO anticipates filing its request in Docket No. U-37155.

II. Scope of Representation (REVISED)

Applicants will review not only the FRP Annual Report filings already filed by SWEPCO (Test Year 2022 and 2023), but also assist in the review of Test Year 2024 when filed in April 2025. The review of Test Year 2022 shall include a confirmation as to whether there was an error in the service model that resulted in a \$23 million overcollection. The scope of representation will include a review of each Annual Report filing, including any exhibits filed in support thereof. For each Test Year filing, Applicants will also draft and assist in the drafting of data requests; analyze data responses; participate in formal status conferences, pre-trial conferences, depositions, and hearings (whether contested or via a stipulation); draft and prepare pre-filed testimony in support of Staff's ultimate recommendation(s), together with 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 of pleadings, motions, and exceptions related thereto; review and analyze potential stipulation terms; and assist in drafting briefing sheets and orders to the Commission, as necessary. Additionally, Applicants shall be available to participate in informal conference calls, meetings and conferences with not only the Commission and Staff, but also SWEPCO and any intervenors. Applicants will also be required to appear before the Commission at B&Es where this matter will be discussed.

Assuming there was an overcollection in the 2022 Test Year, Applicants shall also consider SWEPCO's proposal on how to use the refund. Consideration shall include a review of the proposal, including any testimony or exhibits filed in support thereof. Applicants shall also draft and assist in the drafting of data requests; analyze data responses; participate in formal status conferences, pre-trial conferences, depositions, and hearings (whether contested or via a stipulation); draft and prepare pre-filed testimony in support of Staff's ultimate recommendation(s), together with exhibits supporting the same on SWEPCO's proposal on the use of the \$23 million overcollection. If necessary, Applicants shall also 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 of pleadings, motions, and exceptions related thereto; review and analyze potential stipulation terms; and assist in drafting briefing sheets and orders to the Commission, as necessary. Additionally, Applicants shall be available to participate in informal conference calls, meetings and conferences with not only the Commission and Staff, but also SWEPCO and any intervenors. Applicants will also be required to appear before the Commission at B&Es where this matter will be discussed.

The scope of representation provided herein shall continue through conclusion of SWEPCO's 2024 Test Year Annual Report filing by Commission consideration at a B&E, or B&Es. The scope of representation should contemplate a contested hearing for all three test-years.

All proposals shall include: 1) a summary outlining the proposal, including the cost estimate; 2) an outline of a plan of action for this scope of representation, including all three Test Year reviews; and 3) a professional firm resume, including the Applicant's qualifications and experience necessary to meet the requirements of this RFP. This shall be one proposal to the Commission.

The Commission and its Staff reserve the right to determine how tasks under this RFP will be carried out, including setting internal deadlines to ensure the proceeding moves along in an orderly fashion. **Deviations from the requirements contained herein, or conditional bid amounts shall result in reject of the bid as non-conforming.**

III. Period of Representation

The time period estimated to complete the Scope of Representation will last approximately 10 months per Test Year review. 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, similar experience before this or other regulatory agencies, in addition to the Applicant's knowledge and experience regarding Louisiana resource acquisitions, certifications, ratemaking standards, and regulatory law.

Applicants shall demonstrate their familiarity with formula rate plan and/or rate stabilization clauses for public utilities in general, and specifically for investor-owned electric utilities. Further, Applicants shall be experienced in analyzing the operations books and records of utility companies, be familiar with costing methodologies utilized by the LPSC, and shall be qualified to provide direct testimony, cross-answering testimony, and rebuttal testimony regarding all topics within this RFP.

Applicants shall also have a working knowledge of LPSC rulemakings and jurisdictional issues, and have, at a minimum, knowledge of:

1. Appropriate accounting standards and practices for electric utilities, including specifically investor-owned, public utility accounting, and generally accepted auditing standards;
2. The appropriate ratemaking adjustments to be made to the utility's accounting records;
3. The determination and calculation of the appropriate rate base of a utility plant investment dedicated to providing service;
4. Traditional cost-of-service and cost allocation methodologies supporting the revenue requirements among classes of customers;
5. 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;
6. Cost of capital, including capital structure, cost of debt, cost of equity and rates of return;
7. Just and reasonable costs and prudent investments associated with providing reliable and quality service as recommended by NARUC;

8. Depreciation and taxation; and
9. The terms of the Stipulated Settlement found in Order No. U-35441.

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, 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 its B&E, 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 proposals 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 **Monday, May 6, 2024**. Selection of consultants is anticipated to take place at the Commission's May 2024 Business and Executive Session, which is currently scheduled for May 22, 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.