

Louisiana Public Service Commission



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Deputy Undersecretary

August 15, 2017

VIA EMAIL

Re: Docket No. TBD In Re: Entergy Louisiana, LLC's upcoming request to extend with modifications it's Formula Rate Plan.

To all LPSC qualified consultants:

Enclosed please find a Request for Proposals ("RFP") for **outside independent technical consultant** issued by the Louisiana Public Service Commission for the above referenced subject. 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 (5) five copies and an electronic copy** must be received on or before **September 5, 2017**. Selection of a consultant is anticipated to take place at the Commission's **September 20, 2017 Business and Executive Session**.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Melanie A. Verzwylt".

Melanie A. Verzwylt
Staff Attorney

MAV/kst
Enclosure

RFP 17-08
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS (“RFP”)
August 15, 2017

DOCKET NO. TBD In re: Entergy Louisiana, LLC’s upcoming request to extend with modifications its Formula Rate Plan.

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”) to **outside consultants** who will assist the Commission in its review of the upcoming request anticipated to be filed in August by Entergy Louisiana, LLC (“ELL” or “the Company”). Qualifying proposals will be placed on the September 2017 Open Session agenda for Commission consideration. The Company has indicated that it will request a Commission decision by the end of December, 2017.

I. Overview

On August 2, 2017, Entergy notified LPSC Executive Secretary Gonzalez of its intent to submit a filing in August 2017 to extend the application of its current Formula Rate Plan (“FRP”) with certain modifications. ELL’s current FRP was approved in conjunction with the Entergy Business Combination in Order No. U-33244-A dated September 14, 2015 and includes the test years 2014-2016. Reviews of the Company’s 2014 and 2015 test year filings were recently completed.¹

In its upcoming filing, which could be as early as the week of August 14², ELL is seeking the following nonexclusive list of modifications:

- 1) a request to implement a reset of FRP revenues resulting from the 2017 Evaluation Period to a level sufficient to produce ELL’s authorized return of equity of 9.95%;
- 2) a request to narrow the 160 basis points earnings deadband for the full term of the FRP;
- 3) a request to extend and modify the MISO Cost Recovery Mechanism “MCRM”) to, among other things, (i) incorporate recovery of incremental capital investment associated with MISO Transmission Expansion Plans, Critical Infrastructure Protection projects and Commission Regulatory Expense incurred for oversight of MISO activities; and (ii) change the manner in which the MCRM amounts are allocated among the rate classes, i.e., MCRM would be allocated as a percentage of base revenue rather than using the Transmission High Voltage Demand Factor;

¹ See Dockets U-33782 and U-34081 respectively.

² To the extent possible Commission Staff will provide an electronic copy of the application once it’s filed to assist in the preparation of proposals. In addition, the Commission Staff encourages potential bidders to monitor the Commission’s bulletin for its publication.

- 4) a request to include a provision in the FRP that would establish a framework for addressing potential changes in federal and/or state corporate tax rates.

The Company intends to seek timely treatment of its request and stated its understanding that it has the option of filing a rate case if it is unable to obtain Commission approval of an FRP extension on a timely basis.

II. Scope of Representation

All proposals shall include an outline of a plan of action for conducting the review of the application. Additionally, the consultant must be prepared to assist Commission Staff in drafting and responding to discovery, preparing direct and cross-answering testimony, reviewing and analyzing stipulation terms, testifying before an administrative law judge, and conducting informal meetings with the parties as necessary. 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. Deviations from the requirements contained herein, or conditional bid amounts may result in rejection of the bid as non-conforming.

III. Period of Representation

The time period estimated to complete the Scope of Representation is approximately 4-6 months. Applicants should note that the Company intends to request a Commission decision by the end of 2017; however, 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 following minimum requirements *in addition to those provided* in the Commissions General Order dated November 10, 2014. Consideration will be given to factors such as educational background and achievement, practical experience in the field of public utility practice and similar practice before other state public utility commissions; in addition to the applicant's knowledge of Louisiana ratemaking standards, regulatory law, and formula rate plans.

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 ratemaking adjustments to be made to the utility's accounting records;
- C. The determination and calculation of the appropriate rate base of a utility plant

investment dedicated to providing service;

- D. Traditional cost-of-service and cost allocation methodologies supporting the revenue requirements among classes of customers;
- E. 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;
- F. Cost of capital, including capital structure, cost of debt, cost of equity and rates of return;
- G. Just and reasonable costs and prudent investments associated with providing reliable and quality service as recommended by NARUC;
- H. Depreciation and taxation; and
- I. 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, below. 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

All proposals shall include fees and costs associated with consulting in the dockets. All applicants responding to this RFP shall quote their rates on an hourly basis and submit a total budget, and shall separate professional fees from costs. However, applicants shall only be allowed to charge for actual hours of work performed and costs incurred. Once selected, an applicant's 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. 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 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), 5 copies, and e-mail an electronic copy** of the proposal to:

Kim Trosclair
Louisiana Public Service Commission
Office of the General 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: kim.trosclair@la.gov
melanie.v@la.gov
rene.robertson@la.gov

To be considered, an original, five copies, and the electronic copy of the proposal must be received on or before **September 5, 2017**. **Selection of consultants is anticipated to take place at the Commission's September Business and Executive Session, which is currently scheduled for September 20, 2017.** Information concerning billing procedures and the Commission's RFP policy may be obtained from the address listed above, or by calling (225) 342-9888.