

Louisiana Public Service Commission



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June 23, 2017

VIA EMAIL

***DOCKET NO. U-34483 – South Louisiana Electric Cooperative Association
("SLECA") – in re: Application for Approval of an Increase in Retail Rates.***

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 **July 13, 2017**. Selection of a consultant is anticipated to take place at the Commission's **July 26, 2017 Business and Executive Session**.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Melanie A. Verzwyvelt".

Melanie A. Verzwyvelt
Staff Attorney

RFP 17-07
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS (“RFP”)
June 23, 2017

DOCKET NO. U-34483 – South Louisiana Electric Cooperative Association (“SLECA”) – in re: Application for Approval of an Increase in Retail Rates.

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 application for approval of increase in retail rates filed by South Louisiana Electric Cooperative (“SLECA” or “the Cooperative”). The application seeks a rate increase sufficient to increase revenues by \$2,284,608.00. According to the Cooperative, this represents a 4.6% increase or approximately 4.1 mills/kWh and achieves a Times Interest Earned Ratio (“TIER”) of 1.55.

I. Overview

SLECA filed this application on June 7, 2017 and it was thereafter docket as Commission Docket U-34483 and published in the Commission’s Official Bulletin dated June 16, 2016 for an intervention period of June 16, 2017 for an intervention period of 25 days. In its application, the Cooperative seeks a rate increase so that it can maintain its financial requirements of DIER and Debt Service Coverage (“DSC”) on a consistent basis, despite declining sales from 2013-2016. SLECA’s last full rate increase was in 1983; however, it has been regulated under a formula rate plan (“FRP”) since 2011. Additional details regarding SLECA’s request can be found on the Commission’s Document Access System.

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 12 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 be considered, all applicants must meet the following minimum requirements in addition to those provided in this Commission's 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 regulation, and similar practice before other regulatory agencies or public utility commissions.

Applicant shall 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, capital structure, formula rates and all related studies and calculations related to a rate case or rate review. Applicant shall also be familiar with questions of proper capital structure, affiliated transactions, and be familiar with the types of costing methodologies utilized by the LPSC.

Applicant/consultant shall be qualified and prepared to prepare 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 expert testimony regarding and have knowledge of:

- (1) appropriate accounting standards and practices for electric public utilities and/or electric Co-ops, 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 Co-ops;
- (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, the transfer of investment and costs between operating companies, and the provision of services between affiliates;
- (7) cost of capital, including capital structure, cost of debt, cost 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; and
- (10) a detailed understanding of the major functional areas of a regulated electric cooperative.

Consideration will be given to factors which indicate degrees of competence, such as educational background and achievement, amount of practical experience in the field of public utility practice, and similar practice before this or other regulatory agencies, in addition to the applicants knowledge of Louisiana ratemaking standards and regulatory law.

V. Estimate of Costs

All proposals shall include fees and costs associated with the engagement. 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

To be considered, an original, five copies, and the electronic copy of the proposal must be received on or before **July 13, 2017**. **Selection of consultants is anticipated to take place at the Commission's July 26, 2017 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.