

# Louisiana Public Service Commission



POST OFFICE BOX 91154  
BATON ROUGE, LOUISIANA 70821-9154  
[www.lpsc.louisiana.gov](http://www.lpsc.louisiana.gov)

Telephone: (225) 342-9888

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February 15, 2019

## VIA EMAIL

**Re: LPSC RFP 19-02, Docket No. U-35122 Atmos Energy Corporation, ex parte. In re: Application Requesting Consolidation of Atmos Energy Corporation's Louisiana Rate Divisions, Trans Louisiana Gas and Louisiana Gas Service and Related Amendments to Rate Schedules and Tariffs.**

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 **March 7, 2019 at 4:30 p.m.** Selection of a consultant is anticipated to take place at the Commission's **March 20, 2019 Business and Executive Session.**

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

Sincerely,

A handwritten signature in blue ink that reads "Melissa Watson".

Melissa Watson  
Deputy General Counsel

Enclosure

**RFP 19-02**  
**LOUISIANA PUBLIC SERVICE COMMISSION**  
**REQUEST FOR PROPOSALS (“RFP”)**  
**February 15, 2019**

***DOCKET NO. U-35122, Atmos Energy Corporation, ex parte. In re: Application Requesting Consolidation of Atmos Energy Corporation’s Louisiana Rate Divisions, Trans Louisiana Gas and Louisiana Gas Service and Related Amendments to Rate Schedules and Tariffs.***

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 the Commission in its review of Atmos Energy Corporation’s (“Atmos Energy”) request to consolidate the rates and tariffs of its two Louisiana Rate Divisions, Trans Louisiana (“Trans La”) and Louisiana Gas Service (“LGS”). Qualifying proposals will be placed on the March 2019 Open Session agenda for Commission consideration.

**I. Overview**

Atmos Energy is a local gas distribution company, and public utility, through its two Louisiana rate divisions-Trans La and LGS, and is authorized by the Commission to provide natural gas service in Louisiana. For regulatory purposes only, Atmos Energy maintains the two rates divisions in Louisiana. Atmos Energy has separate rate stabilization clause rate schedules (“RSCs”) for each division, with essentially the same terms, except for different timing of test years and filing dates. While each division has its own Purchase Gas Adjustment (“PGA”) on file with the Commission, Atmos Energy files a single consolidated PGA rate<sup>1</sup> and the Commission conducts PGA audits on Atmos Energy as a single, consolidated entity.

Atmos Energy is requesting to consolidate the tariffs of the two rate divisions, including the RSCs, and charge uniform rates across both divisions in order to appropriately reflect the fact that Atmos Energy’s infrastructure is operated as one system. In order to ensure that rates reflect the cost of service of each customer class, Atmos Energy is also requesting to consolidate its customer classes to Residential and Commercial. The customer class consolidation impacts the overall rate design, class cost allocation, special contracts, and facilities fees charged in relation to industrial customers on the Trans La and LGS distribution systems. This is a revenue neutral filing, and Atmos Energy is not requesting an increase in its overall revenue requirement.

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<sup>1</sup> Order No. U-32429, Atmos Energy Corporation, ex parte In re: Petition requesting approval to combine the Purchase Gas Adjustment Mechanism and PGA Rate Schedule of its Trans Louisiana and Louisiana Gas Service Rate divisions (February 3, 2014).

## **II. Scope of Representation**

All proposals shall include an outline of a plan of action for conducting the review of Atmos Energy's request to consolidate the tariffs, including rate schedules, of the two rate divisions. Additionally, Staff anticipates a review of and potential amendments to the consolidated RSC including but not limited to: return on equity, potential bandwidth, sharing mechanism, RSC term, and RSC review and process timing. In consideration of the above, 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 estimated to complete the Scope of Representation is approximately 12 months. 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 natural gas 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;
- I. A detailed understanding of natural gas utility regulation.

All proposals shall include a plan of action, estimated timeline, and fees and costs associated with completing the scope of representation above. However, in the event an applicant is chosen, the 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 this docket. 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. If selected, Applicant cannot charge over the budget approved by the Commission. Furthermore, 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](mailto:kim.trosclair@la.gov)  
[melissa.watson@la.gov](mailto:melissa.watson@la.gov)

To be considered, an original, five copies, and the electronic copy of the proposal must be received on or before **March 7, 2019**. **Selection of consultants is anticipated to take place at the Commission's March Business and Executive Session, which is currently scheduled for March 20, 2019 in Baton Rouge, Louisiana.** Information concerning billing procedures and the Commission's RFP policy may be obtained from the address listed above, or by calling (225) 342-9888.