

Louisiana Public Service Commission



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JOHNNY E. SNELGROVE, JR
Deputy Undersecretary

February 21, 2019

VIA EMAIL

Re: LPSC RFP 19-03, Docket No. X-35131 Louisiana Public Service Commission, ex parte. In re: Investigative Audit into the Managerial and Financial Activities of Dixie Electric Membership Corporation.

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 13, 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 19-03
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSAL (“RFP”)
February 21, 2019

DOCKET NO. X-35131 - Louisiana Public Service Commission, ex parte. In re: Investigative Audit into the Managerial and Financial Activities of Dixie Electric Membership Corporation.

The Louisiana Public Service Commission (“Commission” or “LPSC”), in accordance with the requirements of the LPSC’s General Order dated November 10, 2014 regarding the selection of contract employees to represent the Commission, (the “Contract Order”), issues this Request for Proposals (“RFP”) to **outside independent consultant** who will assist the Commission in reviewing the issues related to the Commission’s above-captioned audit. The Commission reserves the right to reject any proposal or decline to undertake this review at this time. Qualifying proposals will be placed on the March 2019 Open Session agenda for Commission consideration.

I. Overview

At the Commission’s February 21, 2019 Business and Executive Session (“B&E”), Staff was directed to solicit a consultant to conduct an audit of the managerial and accounting practices of Dixie Electric Membership Corporation (“DEMCO”). DEMCO is a non-profit rural electric cooperative serving over 108,000 members in seven southeast parishes in Louisiana. Staff is seeking consultants to closely examine DEMCO’s operating system, management activities, and its accounting practices.

II. Scope of Representation

Applicants will be assisting in-house Staff counsel as well as in-house auditing and utilities personnel in formulating issues list(s), drafting discovery requests and reviewing responses to such requests, conducting site visits and meetings as necessary, participating in open sessions wherein the matter is discussed and meeting with Commissioners as necessary. In addition, Applicant will be assisting in-house Staff in conducting interviews with select members of DEMCO management, current and former employees, Board Members, vendors, and/or contractors. Applicants will be responsible for drafting an audit report and filing testimony in support of the report should the Company contest the audit report. It may be necessary for the consultant to attend and participate in depositions and assist the Staff Attorney in drafting pleadings and other litigation documents should the matter proceed to a hearing.

All proposals shall include an outline of a plan of action for conducting the investigation, together with estimated timelines and separate fees and costs associated with the representation. However, in the event an applicant is chosen, the Commission and its in-house 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 résumé indicating the qualifications and experience necessary to meet the requirements of this RFP.

III. Period of Representation

The time estimated to complete the scope of representation is approximately 18 months. This estimate is intended to include the time necessary to have an adjudicatory proceeding should the Company dispute the findings of the audit. 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 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 cooperative/public utility accounting and regulation, similar practice before other regulatory agencies or public utility commissions, and forensic accounting experience.

Applicants shall also, at a minimum, be experienced in the presentation of recommendations involving cooperative regulation, or other regulatory issues on administrative and judicial levels, including rendering expert testimony and being 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 cooperatives (including contributions in aid of construction and similar accounts), public utility accounting, and generally accepted auditing standards;
- B. The appropriate ratemaking adjustments to be made to the cooperative's accounting records;
- C. The determination and calculation of the appropriate rate base of utility plant investment dedicated to providing service;
- D. Cooperative financing and debt service coverage ratio ratemaking principles;
- E. Rules, regulations and laws applicable to operation and management of electric cooperatives in Louisiana;
- F. Just and reasonable costs and prudent investments associated with providing reliable and quality service as recommended by NARUC;
- G. Depreciation and taxation; and
- H. A detailed understanding of electric cooperative operations, management, financing and regulation.

V. Estimate of Costs

All proposals shall include fees and costs associated with consulting in the 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 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 utilities, 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 to 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
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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
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 13, 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.