

Louisiana Public Service Commission



POST OFFICE BOX 91154
BATON ROUGE, LOUISIANA 70821-9154
www.lpsc.louisiana.gov

Telephone: (225) 342-9888

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July 31, 2019

JOHNNY E. SNELLGROVE, JR.
Deputy Undersecretary

VIA EMAIL

Re: LPSC RFP 19-12, Docket No. TBD - Beauregard Electric Cooperative, Inc. - Upcoming Rate Proceeding to be filed July 31, 2019.

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 August 26, 2019 at 4:30 p.m.** Selection of a **consultant is anticipated to take place at the Commission's September 18, 2019 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 "KHB", with a long horizontal flourish extending to the right.

Kathryn H. Bowman
Executive Counsel

Enclosure

RFP 19-12¹
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS (“RFP”)
July 31, 2019

DOCKET NO. TBD – Beauregard Electric Cooperative, Inc. - Upcoming Rate Proceeding to be filed July 31, 2019

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 to represent the Commission (the “Contract Order”), issues this Request for Proposals (“RFP”) to outside consultants who will assist the Commission in its review of the upcoming rate proceeding of Beauregard Electric Cooperative, Inc. (“BECi”). Commission Order No. U-33908, as amended by Commission Order No. U-34819, requires BECi to file a complete base rate case no later than July 31, 2019 utilizing a test year ending December 31, 2018 and an allocated cost of service study for the 12 months ending December 31, 2017.

I. Overview

BECi is an electric cooperative providing electric service to approximately 43,000 members in the parishes of Allen, Beauregard, Calcasieu, Evangeline, Jefferson Davis, Rapides, and Vernon. BECi employs approximately 125 employees and is governed by a nine-member board of directors who are elected by the general membership. As an electric cooperative, BECi has no stock and obtains 100 percent of its long-term debt financing needs from the National Rural Utilities Cooperative Finance Corporation. Commission Order No. U-33908, as amended by Commission Order No. U-34819, granted BECi a three-year extension on its Formula Rate Plan (“FRP”). BECi’s FRP expired with the test year ending December 31, 2017.

Order No. U-34819 authorized BECi a revenue increase in order to reset rates to the midpoint Modified Debt Service Coverage ratio of 1.6, and required BECi to file a complete base rate case no later than July 31, 2019. Order No. U-34819 also required BECi to utilize a test year for determining the revenue requirement ending December 31, 2018 and an allocated cost of service study for the 12 months ending December 31, 2017.

On July 26, 2019, BECi, pursuant to Order No. U-34819, filed its *Application of BECi for Approval of Initial Revenue Adjustment and Extension and Modification of Formula Rate Plan*. Per BECi’s application, its desire is to continue operating under an FRP structure. Furthermore, BECi is seeking to modify its current FRP structure, and seek an initial revenue adjustment. BECi’s application will be published in the Commission’s Official Bulletin dated August 9, 2019 for a twenty-five day intervention period.

¹ This RFP is a re-issuance of RFP 19-10, which did not receive any responsive bids. RFP 19-10 was issued on June 4, 2019 with bids due on June 25, 2019.

II. Scope of Representation

Bidders will be assisting in-house Staff counsel as well as in-house auditing and utilities Staff with its review of BECi's application, pre-filed direct testimony, and supporting documentation. All proposals shall include an outline of a plan of action for conducting the review of not only the rate proceeding but also an extension of the FRP, whether it should be extended and on what terms. As part of the review, the consultant must assist Staff in drafting, reviewing and responding to discovery; preparing direct and cross-answering testimony; aid in drafting pleadings and motions; appear at hearings and open meetings; participate in depositions; assist with trial preparations, including assistance with drafting cross examination of witnesses; review and analyze stipulation terms; and, participate in informal meetings with the parties and Commissioners 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 bidders 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 which indicate degrees of competence such as the amount of practical experience in the field of public utility practice, and similar practice before this or other regulatory agencies, in addition to the bidder's knowledge of Louisiana ratemaking standards and regulatory law.

Bidders 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. Bidders 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.

Bidders 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 cooperatives, 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 cooperatives;
- (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.

V. Estimate of Costs

All proposals shall include fees and costs associated with the engagement. All bidders 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, bidders shall only be allowed to charge for actual hours of work performed and costs incurred. Once selected, a bidder's hourly rates and budget shall not be altered except by formal approval of the Commission.

VI. Conflict of Interest

Bidders shall prominently and separately disclose current, as well as past employment, which could possibly result in a conflict of interest. In addition, bidders 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 Contract 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
kathryn.bowman@la.gov

To be considered, an original, five copies, and the electronic copy of the proposal must be received on or before **4:30 P.M. on Monday, August 26, 2019**. **Selection of consultants is anticipated to take place at the Commission's September Business and Executive Session, which is currently schedule for September 18, 2019**. Information concerning billing procedures and the Commission's RFP policy may be obtained from the address listed above, or by calling (225) 342-9888.