

Louisiana Public Service Commission



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Executive Counsel

December 17, 2019

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Deputy Undersecretary

VIA EMAIL

RFP 19-24 DOCKET NO. U-35541, Southwestern Electric Power Company, ex parte, In Re: Application for Approval of a Change in Rates, Extension of Formula Rate Plan and Other Related Relief.

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 Thursday, January 9, 2020 at 4:30 p.m.** Selection of a consultant is anticipated to take place at the Commission's January 2020 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", written over a light blue circular stamp.

Kathryn H. Bowman
Executive Counsel

Enclosure

19-24
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS (“RFP”)
December 17, 2019

DOCKET NO. U-35541, Southwestern Electric Power Company, ex parte, In Re: Application for Approval of a Change in Rates, Extension of Formula Rate Plan and Other Related Relief.

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 Staff in its review of the full rate proceeding, request for extension of formula rate plan and other related relief filed by Southwestern Electric Power Company (“SWEPCO”) on December 13, 2019. It is anticipated that qualifying proposals will be placed on the January 2020 Business and Executive Session (“B&E”) Agenda for Commission consideration.

I. Overview

Order No. U-32220-A required SWEPCO to file a base rate filing in 2018; however, at the request of SWEPCO, and granted by this Commission, Order No. U-34806-A extended this deadline and required SWEPCO to file a base rate filing on or before December 13, 2019. Accordingly, Staff seeks outside counsel to assist with SWEPCO’s rate proceeding filed on December 13, 2019. In its filing, SWEPCO indicates it is seeking to initiate a base rate case, the extension of an amended Formula Rate Plan (“FRP”), the extension of the Service Quality Improvement Program (“SQIP”), and the approval of a rate levelization proposal for the benefit of ratepayers.

SWEPCO’s application seeks the following findings from the Commission:¹

- 1) Authorization to recover its base revenue amounts based upon the update test year;
- 2) Authorization to amend SWEPCO’s tariff based upon the updated test year;
- 3) Authorization for a 5-year extension of SWEPCO’s FRP, beginning with the 2020 test year, and with certain terms and provisions to be amended and revised, as necessary;
- 4) Authorization for the extension of an updated SQIP, which has benefited SWEPCO Louisiana customers for years by helping to assure reliable service;
- 5) Approval of the Depreciation Rates set forth in the attached 2017 Depreciation Study; and
- 6) Approval of SWEPCO’s proposal for levelization of SWEPCO residential charges so that the difference between summer and winter rates is reduced, thus lowering the summer electric bills for customers when usage is the highest, and thereby benefitting ratepayers.

Along with the above, SWEPCO indicates it will supplement this application with the most current information for establishing rates, which will require the preparation and filing of a cost of service study based upon a test year 2019 or a more recently completed 12-month period, if necessary.

¹ SWEPCO Application page 1-2.

This cost of service study also requires the completion and final order of the current 2017 test year FRP in Docket No. U-34806 and rolling forward all FRP rate changes from 2012 to present.

II. Scope of Representation

Bidders will be assisting in-house Staff (counsel, auditing, and utilities) and potentially outside counsel with its analysis of SWEPCO's rate base proceeding, request for an extension of its FRP, extension of its SQIP, request for approval of a 2017 Depreciation Study, and request for approval of a levelization of SWEPCO's residential charges. Part of the analysis will include determining whether each of these requests are reasonable and in the public interest.

Bidders will review SWEPCO's filing and accompanying work papers; including the anticipated supplemental filing of a cost of service study; the 2017 Depreciation Study; SWEPCO's financial data; assist in drafting, reviewing and responding to discovery; assist in 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/conduct informal meetings with the parties and Commissioners as necessary. All proposals shall include an outline of a plan of action for conducting the review of both components of the upcoming proceeding, including the activities described above.

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 18 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 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 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. Formula rate plans;
- I. Depreciation and taxation;
- J. SWEPCO's current SQIP; and
- K. 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 above. 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 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, including the specific increase in budget, and corresponding hourly rate.

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:

Kathryn H. Bowman
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: kathryn.bowman@la.gov

To be considered, an original, five copies, and the electronic copy of the proposal must be received on or before **January 9, 2020 at 4:30 p.m.** **Selection of a consultant is anticipated to take place at the Commission's January 2020 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.