

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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March 11, 2020

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Deputy Undersecretary

VIA EMAIL

RFP 20-04 DOCKET NO. X-35508, Louisiana Public Service Commission, ex parte, In re: Audit of Federal Environmental Adjustment Clause Filings of Southwestern Electric Power Company for the Period of January 2018 through December 2019.

To all LPSC qualified consultants:

Enclosed please find a Request for Proposals ("RFP") for **outside consultants** issued by the Louisiana Public Service Commission for the above referenced docket. 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. *Please note revisions to Section V-Estimate of Costs, which are underlined.*

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 (3) three copies, and an electronic copy** must be received on or before **Thursday, April 2, 2020 at 4:30 p.m.** Selection of consultants is anticipated to take place at the Commission's April 2020 Business and Executive Session, which is currently scheduled for April 15, 2020 at Cypress Bend Resort in Many, LA.

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 horizontal line.

Kathryn H. Bowman
Executive Counsel

Enclosure

RFP 20-04
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS (“RFP”)
March 11, 2020

DOCKET NO. X-35508 –Louisiana Public Service Commission, ex parte, In re: Audit of Federal Environmental Adjustment Clause Filings of Southwestern Electric Power Company for the Period of January 2018 through December 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 (the “Contract Order”), issues this Request for Proposals (“RFP”) to **outside consultants** who will assist Commission Staff in an audit of Southwestern Electric Power Company (“SWEPCO”) Federal Environmental Adjustment Clause (“FEAC”) filings for the period of January 2018 through December 2019. **Qualifying proposals are anticipated to be placed on the April 2020 Business and Executive Session (“B&E”) agenda for Commission consideration.**

I. Overview

The FEAC audit will comply with the requirements as outlined in LPSC General Order dated July 21, 2009 (“FEAC Order”). The Commission’s FEAC Order provides electric utilities with a cost recovery mechanism for the purchase and sale of air emission credits needed to meet local, state, and federal environmental regulations, including the purchase or sale of air emission credits needed to comply with the Clean Air Act Amendments (“CAAA”) of 1990 as well as the Clean Air Interstate Rule (“CAIR”) promulgated by the U.S. Environmental Protection Agency (“EPA”) on March 10, 2005. Familiarity with FEAC audits and/or fuel or purchased gas audits, as well as any other experience in reviewing annual reports of similar energy providers is preferred. Any Applicant selected through this RFP will work closely with in-house Legal, Utilities, and Auditing Divisions.

The audit shall review SWEPCO’s monthly FEAC filings/calculations for the years 2018-2019, identify any irregularities detected therein, including but not limited to, calculations incorrectly assessed and unauthorized expenses recovered via the FEAC by the company and applied to Louisiana consumer billings. Such findings shall be included within the Staff memorandum and/or testimony, including the incorrect costs identified and a recommendation as to the appropriate methodology to provide a recovery of these funds to Louisiana consumers.

II. Scope of Representation

Applicants will be assisting Commission Staff in reviewing, analyzing, and ultimately auditing the FEAC filings for SWEPCO for the years 2018-2019. In doing so, Applicants shall review the FEAC filings; draft data requests and review responses thereto; review accompanying workpapers and the company’s financial data; review historical data involving prior audits,

including any compliance requirements included within Orders resolving prior audits; participate in status conferences, pre-trial conferences, depositions, hearing, and any informal meetings between Staff and the company; prepare for filing an audit memorandum and/or pre-filed testimony in support of Staff's ultimate recommendation(s), including any exhibits supporting the same; and assist in the drafting of applicable motions, exceptions, briefing sheets and orders of the Commission. Additionally, the Applicant shall be available to participate in meetings and conference calls, conferences with the Commission and its Staff, as well as attending any Business and Executive Sessions that the Staff deems necessary. The scope of work provided herein shall continue through the conclusion of the docket through a Commission vote.

Upon completion of the audit, Staff's memorandum and/or testimony shall be re-published in the Commission Official Bulletin for intervention and comment. Should any issues be identified that require an evidentiary hearing, or upon the Commission's own motion, this matter may be scheduled for a hearing before an administrative law judge. Thus, any proposals submitted in response to this RFP shall contemplate the potential of a hearing.

All proposals shall include an outline of a plan of action for conducting the review of the current application as well as the anticipated certification filing. 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 qualify, all Applicants must have requisite knowledge of the topics listed below, in addition to those provided in this Commission's General Order dated November 10, 2014.

- 1) Appropriate accounting standards and practices for electric utilities;
- 2) Experience in analyzing the operations, books and records of electric utilities for the purposes of audits, including familiarity with costing methodologies utilized by the LPSC, and environmental regulations applicable to electric utilities.
- 3) A full understanding and ability to analyze the proper application of the Commission's FEAC Order.

Applicants shall also, at a minimum, be experienced in participating in cases involving public utility regulation, or other regulatory issues on administrative and judicial levels, including the presentation of direct testimony or report and recommendations, assistance in developing cross examination of adverse witnesses, and the analysis of comments and exceptions to proposed recommendations. Consideration is given to indicia of competence such as previous experience in complex cases, publications, educational achievement, and other previous employment suggesting competence in regulatory matters involving the above areas; significant personal experiences before regulatory agencies such as the SEC, FERC, FCC, or other similar entities may be a favorable factor. Firm size may be considered in matters likely to be prolonged, complex, or involving multiple forums.

All proposals shall include a plan of action, estimated timeline, and fees and costs associated with completing the scope of representation described above, including potential certification proceeding(s). 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 direct costs associated with Applicants services in all anticipated dockets described above. Applicants responding to this RFP shall quote their rates on an hourly basis, and shall submit a total budget, separating professional fees from direct costs. Along with providing the above, Applicants should provide an overview of the estimated costs in the summary of the bid proposal.

Applicants shall only be allowed to charge for actual hours of work performed and costs incurred. Once selected, an Applicant's hourly 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 any offer and does not have to accept the lowest bid amount. 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), 3 copies, and e-mail an electronic copy** of the proposal to:

Jessica Aucoin
Louisiana Public Service Commission
Office of Executive 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: jessica.aucoin@la.gov
kathryn.bowman@la.gov

To be considered, an original, three copies, and the electronic copy of the proposal must be received on or before **Thursday, April 2, 2020 at 4:30 p.m.** Selection of consultants is anticipated to take place at the Commission’s April 2020 Business and Executive Session, which is currently scheduled for April 15, 2020 at Cypress Bend Resort in Many, La. Information concerning billing procedures and the Commission’s RFP policy may be obtained from the address listed above, or by calling (225) 342-9888.