



Louisiana Public Service Commission

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Deputy Undersecretary

February 7, 2023

VIA EMAIL

RFP 23-07

Docket No. U-36658, Atmos Energy Corporation, ex parte. In re: Application for renewal of Rate Stabilization Clause Rider.

To all LPSC qualified consultants:

Enclosed please find a Request for Proposals (“RFP”) for an **outside consultant** 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. 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 (2) two copies and an electronic copy must be received on or before Friday, March 3, 2023 at 12:00 p.m. Selection of consultants is anticipated to take place at the Commission’s March 2023 Business and Executive Session.

If you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,

Kathryn Bowman
Executive Counsel

Encl.

cc.: Brandon M. Frey, Executive Secretary
Arvind Viswanathan, Staff Attorney

RFP-23-07
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS
February 7, 2023

Docket Nos. U-36658, Atmos Energy Corporation, ex parte. In re: Application for renewal of Rate Stabilization Clause Rider.

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 (“Contract Order”) issues this Request for Proposals seeking an **outside consultant** to assist Commission Staff in the review and analysis of Atmos Energy Corporation’s (“Atmos” or the “Company”) request to renew its Rate Stabilization Clause Rider (“RSC”).

Deviations from the requirements contained herein, or conditional bid amounts, shall result in rejection of the proposal as non-conforming. Consideration of qualifying proposals received are anticipated to be on the Commission’s March 2023 Business and Executive Session (“B&E”). Should an Applicant be selected at the Commission’s B&E, this RFP and the Applicant’s proposal shall constitute the contract between the parties, including all terms and conditions. The Commission will not accept new terms, conditions, or proposals once an Applicant has been retained.

I. Overview

In accordance with the stipulated settlement accepted in Order No. U-35535, Atmos was granted a 3-year RSC beginning with Test Year 2020. In the current Docket, Atmos is requesting a three-year renewal of the RSC, with modifications to “adjust to Atmos’s specific characteristics and circumstances, which are constantly changing, so that the Company’s financial integrity is maintained.”¹ The modifications requested by Atmos are:

- 1) allowing the Company to use its actual capital structure to adjust rates;
- 2) an updated return on equity of 10.85%;
- 3) the removal of the Company’s not-to-exceed operation and maintenance expense (“O&M”) benchmark provision established in Docket No. U-35122;² and
- 4) an update to the Extraordinary Cost Provision in the RSC to provide more certainty and transparency regarding when that provision should be used.

This RFP seeks to hire an outside consultant to not only review the request to renew the RSC, along with the modifications requested by Atmos, but also Atmos’ RSC in its entirety and whether

¹ See Atmos’ Application, page 3, paragraph VI.

² Atmos has recently requested two exemptions from the O&M benchmark provision. See Docket Nos. S-36246 and S-36618.

any additional modifications should be recommended. Further, this RFP seeks to retain a consultant to review the annual report RSC filings, should the Commission approve a three-year extension.

II. Scope of Representation

In assisting Staff, Applicants will review and analyze Atmos' application, including the pre-filed testimony of three witnesses and the Company's request for modifications outlined above. While Applicants shall consider Atmos' modifications, the Company's entire RSC should be reviewed to determine whether any other modifications should be made. Such a review would include a review of all terms and conditions of the RSC, including but not necessarily limited to, the extraordinary clause provision, the currently approved rate of return, the Company's capital structure, the O&M benchmark cap, and whether Atmos should have an earnings bandwidth.

In assisting Staff with the above, Applicants will assist in the following activities: draft, review, and analyze discovery and associated responses; review accompanying workpapers and Atmos' financial information in support of its requests; review and research, as necessary, prior Commission Orders dictating certain components of Atmos' RSC; participate in formal status conferences, pre-trial conferences, depositions, and hearings; prepare for filing a recommendation and direct testimony on Atmos' application and cross-answering testimony, if necessary, together with exhibits supporting the same; assist in the review and analysis of stipulation terms; testify before an administrative law judge, whether in a contested or stipulated hearing; and assist in the preparation of briefing materials for Staff and the Commissioners. This scope is meant to be illustrative and is not intended to exclude any other activities that may be necessary to conclude this Docket, which shall be through Commission vote, regardless of whether said vote is the result of a stipulated agreement or contested hearing recommendation.

Applicants should also become familiar with Commission Docket No. X-35937³ and be prepared to adhere to any recommendations and/or Commission Orders that result from said Docket.

Should the Commission approve a three-year extension of Atmos' RSC, Applicant shall assist in the review and analysis of each annual RSC filing for the 3 Test Years. In performing this duty, Applicant shall review the RSC filing and accompanying workpapers; assist Commission Staff in drafting and responding to discovery; participate in formal status conferences, pre-trial conferences, depositions, and hearings; prepare for filing a recommendation and direct testimony on Atmos' RSC annual review and cross-answering testimony, if necessary, together with exhibits supporting the same; assist in the review and analysis of stipulation terms; testify before an administrative law judge, whether in a contested or stipulated hearing; and assist in the preparation of briefing materials for Staff and the Commissioners. The scope of the work shall continue through the conclusion of each RSC filing docket through Commission vote, regardless of whether said vote is the result of a stipulated agreement or contested hearing recommendation.

³ Louisiana Public Service Commission, ex parte. Prudence Investigation of Atmos Energy Corporation's System Integrity Improvement Program, including an Analysis of Reasonable Cost Recovery Mechanism.

The Commission and its Staff shall have the right to determine how the scope of representation 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.

II. Period of Representation

The time period estimated to complete the review and analysis of Atmos' Application is estimated at approximately 12 months and approximately 5 months per annual review of the RSC, should it be renewed. This is merely an estimate and may vary greatly depending upon whether the matter is contested, and as such the Commission makes no representations as to the accurateness of the Period of Representation.

III. Minimum Requirements

To qualify, all Applicants must have requisite knowledge of the topics listed in this RFP, in addition to those provided in the Commission's Contract Order. 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, similar practice before this or other regulatory agencies, and knowledge of Louisiana ratemaking standards and regulatory law. Applicants shall at a minimum be experienced in analyzing the operations, books, and records of utility companies, particularly natural gas public utilities, for the purpose of establishing rates and an RSC.

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, as well as the ability to conduct a cost of capital study;
- G. Just and reasonable costs and prudent investments associated with providing reliable and quality service as recommended by NARUC;
- H. Depreciation and taxation; and
- I. Prior Commission Dockets regarding Atmos, including Order No. U-35535, which dictates the terms of the RSC, Order No. U-35122, which established the O&M benchmark cap, and Docket No. X-35937, which is a review of Atmos' System Integrity Improvement Program.

All proposals shall include a plan of action, estimated timeline, and fees and costs associated with completing the Scope of Representation contained herein. While Applicants may separate the fees and costs by the RSC renewal review and the RSC annual filings review, Staff will take the total fees and cost as one proposal. 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 RFP. Applicants will only be considered if proposals meet all of the requirements of this RFP and the Commission's Contract Order.

IV. Estimate of Cost

Applicants shall provide an overview of the estimated costs in the summary of the bid proposal. All proposals shall include fees and direct costs (expenses) in order to provide the services 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.

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.

V. Conflict of Interest

Applicants shall prominently and separately disclose current, as well as past, employment which could possibly result in a conflict of interest. Potential conflicts could include, but are not to be limited to, employment with regulated utilities, affiliates of regulated utilities, consumer advocacy groups, or any other party that comes before the Commission. In addition, Applicants shall disclose matters in which they currently represent clients before the Commission.

VI. Billing Guidelines

As required by the November 10, 2014 General Order, all bills will be rendered to the Commission 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. Pursuant to La. R.S. 45:1180, Atmos is the ultimate responsible party for payment of services provided pursuant to this RFP; therefore, timely submittal of invoices to the Commission facilitates timely payments to Applicant.

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.

VII. 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 a B&E, if such action is found by the LPSC to be in the public interest. Pursuant to the Contract General Order, 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.

VIII. Submission of Proposals

Interested parties should submit the **original (hard copy), 2 copies, and e-mail an electronic copy** of the proposal to:

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Kathryn H. Bowman
Louisiana Public Service Commission
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.obrian@la.gov
kathryn.bowman@la.gov

To be considered, an original, two copies, and the electronic copy of the proposal must be received on or before **Friday, March 3, 2023 at 12:00 p.m.** Selection of consultants is anticipated to take place at the Commission's March 2023 Business and Executive Session, which is currently scheduled for March 15, 2023. Information concerning billing procedures and the Commission's RFP policy may be obtained from the address listed above, or by calling (225) 342-9888.