

Louisiana Public Service Commission



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Deputy Undersecretary

March 7, 2023

VIA EMAIL

RFP 23-11

Docket No. U-36660, 1803 Electric Cooperative, Inc., ex parte. In re: Formula Rate Plan Annual Report based upon the test year ending December 31, 2022; and

Docket TBDs, 1803 Electric Cooperative, Inc., ex parte. In re: Formula Rate Plan Annual Reports.

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 Thursday, April 6, 2023 at 12:00 p.m. Selection of consultants is anticipated to take place at the Commission's April 2023 Business and Executive Session.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "KB", written over a light blue circular stamp.

Kathryn Bowman
Executive Counsel

Encl.

cc.: Brandon M. Frey, Executive Secretary
Justin Bello, Staff Attorney

RFP-23-11
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS
March 07, 2023

Docket No. U-36660, 1803 Electric Cooperative, Inc., ex parte. In re: Formula Rate Plan Annual Report based upon the test year ending December 31, 2022; and

Docket TBDs, 1803 Electric Cooperative, Inc., ex parte. In re: Formula Rate Plan Annual Reports.

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 1803 Electric Cooperative, Inc.’s (“1803” or the “Company”) Formula Rate Plan Annual Report (“FRP Test Year”) pursuant to Commission Order No. U-36268, as well as each Annual Report filed thereafter, as further explained below.

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 April 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

Order No. U-36268 provides 1803 with a 3-year FRP beginning with Test Year 2023; however, Order No. U-36268 also required 1803 to file a report with the Commission on or before January 31 of each year, beginning in 2023 containing a calculation of the Cooperative’s revenue requirement.¹ Therefore, this RFP seeks a consultant to review each of the three upcoming Test Years to be filed, beginning with the 2023 Test Year, but also to assist (as necessary) with a limited review of 1803’s filing docketed as Docket No. U-36660. Commission Auditing Staff will be conducting the review of 1803’s 2022 financials based on the timing requirements contained in the FRP. However, Applicant is being retained to familiarize his/herself with this year’s filing as it is the first test year filing.

Pursuant to Order No. U-36268, Staff has until April 15th of each filing year to review 1803’s filed report and identify any error(s) in the application of the principles and procedures or otherwise disagree with any of 1803’s computations, revenue, or costs included therein. Given this short

¹ Based on the language in the Stipulated Settlement accepted in Order No. U-36268, 1803’s actual FRP is to begin in 2024 with Test Year 2023.

turnaround from 1803's filing to Staff's review/errors identified, Staff is of the opinion that an Applicant should be retained now.

II. Scope of Representation

In assisting Staff, Applicant shall assist in the review and analysis of each annual filing for the 3 Test Years, as well as the limited review of the 2023 filing. In performing this duty, Applicant shall review the annual report 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 each year's 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 annual filing through Commission vote, regardless of whether said vote is the result of a stipulated agreement or contested hearing recommendation.

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 is approximately 4 months per annual review. This is merely an estimate 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 electric cooperatives, for the purpose of establishing rates and reviewing annual reports of an FRP.

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, 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 1803, including Order Nos. S-35709, U-35927, and U-36268.

All proposals shall include a plan of action, estimated timeline, and fees and costs associated with completing the Scope of Representation contained herein. 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, 1803 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:

Kimberly N. O'Brian
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 **Thursday, April 6, 2023 at 12:00 p.m.** Selection of consultants is anticipated to take place at the Commission's April 2023 Business and Executive Session, which is currently scheduled for April 26, 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.