

(225) 342-1418

December 21, 2011

RFP 11-12
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSAL (“RFP”)

DOCKET NO. U-32058- AEP Southwestern Transmission Company, Inc. and Southwestern Electric Power Company (SWEPCO), ex parte. In re: Application of AEP Southwestern Transmission Company, Inc. and SWEPCO for Recognition of AEP Southwestern Transmission Company, Inc., as a Public Utility, with all Rights and Obligations attendant thereto, including, but not limited to the Right to Own and Operate Transmission Facilities in the State of Louisiana, and with all Necessary Approvals being Granted to SWEPCO.

The Louisiana Public Service Commission (“Commission” or “LPSC”), in accordance with the requirements of the LPSC’s General Order dated August 4, 2004 regarding the selection of contract employees to represent the Commission, (“Contract Order”) issues this Request for Proposals (“RFP”) to outside consultants which will assist the Commission in reviewing the legal and jurisdictional issues related to the Commission’s review of the above referenced Joint Application which was published in the Commission’s Official Bulletin dated August 19, 2011. The Commission reserves the right to reject any proposal or decline to undertake these reviews at this time.

I. Overview

AEP Southwestern Transmission Company, Inc. (SW Transco) and SWEPCO (collectively referred to herein as “the Companies”) have filed an application on August 15, 2011 seeking a Commission Order granting approval of the Application of SW Transco to (1) operate as a electric public utility providing wholesale transmission service within Louisiana and (2) designating SW Transco as a public utility with all attendant powers, including the power of eminent domain and expropriation and (3) certifying that SW Transco main own and operate

transmission facilities in Louisiana. In addition, SW Transco and SWEPCO are seeking a determination that the Companies have complied with all applicable Affiliate transaction conditions set forth in Order U-23327. In simple terms, the transmission facilities that will be constructed and operated by SW Transco in the SWEPCO service territory are transmission facilities that would otherwise be constructed and operated by SWEPCO.

Notice of this Application was published in the Commission's Bulletin dated August 19, 2011. Interventions have been received. The application and supporting testimony can be viewed on the LPSC's web site at www.lpsc.org.

II. Scope of Representation

Applicants will be assisting Staff by reviewing the Application, including the testimony filed by the Companies in support thereof. The applicant will be expected to assist in the preparation of discovery and other tasks normally associated with the evaluation and pre-hearing process, prepare and defend direct testimony, and any answering testimony, participate in hearings, and make recommendations to the Commission. Applicants will also be assisting Staff in preparation of any post-hearing briefs or filings, assisting in the preparation of any orders, appearing and assisting in any settlement discussions, mediations, and/or stipulation hearings and attendance and testifying at the Commission's Business and Executive Session.

All proposals shall include an outline of a plan of action for conducting the investigation, the hearings, if any, as well as any appeals, together with estimated time-lines and separate fees and costs associated with each phase of the representation. 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 be accompanied by a professional firm resume indicating the qualifications and experience necessary to meet the requirements of this RFP.

III. Period of Representation

The time period ("Period of Representation") estimated to complete the Scope of representation is approximately 9-12 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 applicants must meet the following minimum requirements *in addition to those provided in* this Commission's General Order dated August 4, 2004.

Consideration will be given to factors such as educational background and achievement, practical experience in the field of public utility regulation, and similar practice before other regulatory agencies or public utility commissions.

Applicant/consultant 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.

Applicant 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 and be qualified and prepared to render expert testimony regarding and have knowledge of:

- (1) appropriate accounting standards and practices for electric utilities;
- (2) Applicable LPSC and FERC regulations;
- (3) Utility transmission construction and operation;
- (4) cost allocation methodologies for the allocation of investment and expenses among 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 among affiliates, as well as the affiliate requirements applicable to AEP set forth in Order U-23327; and
- (5) cost of capital, including capital structure, cost of debt and cost of equity; and,

V. Estimate of Costs

All proposals shall include fees and costs associated with consulting in the docket. All applicants 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, applicants shall only be allowed to charge for actual hours of work performed and costs incurred. Once selected, an applicant's rates and budget shall not be altered except by formal approval of the Commission.

VI. Conflict of Interest

Previous or current employment, which could result in a conflict of interest, shall be prominently and separately disclosed. In addition, applicants shall disclose matters in which they currently represent private clients before the Commission.

VII. Billing Guidelines

As required by the August 4, 2004 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), plus 6 copies, and e-mail an electronic copy** of the proposal to:

Attention: Lisa Boudreaux
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) 342-1418
Fax: (225) 342-5610
Email: lisa.boudreaux@la.gov

To be considered, an original, plus six copies, and the electronic copy of the proposal must be received on or before **January 19, 2012**. **Selection of a consultant is anticipated to take place at the Commission’s January 25, 2012 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) 342-1418.