

(225) 342-1418

December 22, 2011

**RFP 11-13
LOUISIANA PUBLIC SERVICE COMMISSION
REQUEST FOR PROPOSALS**

In re: Request for Proposals for outside consultant to assist Staff with the Fuel Adjustment Clause Audit of Entergy Gulf States L.L.C. (2005-2009)

The Louisiana Public Service Commission, consistent with the Commission's General Order dated November 6, 1997 ("FAC Order"), is commencing a Fuel Audit of Entergy Gulf States LLC for the years 2005-2009. By way of this Request for Proposals (RFP) the Commission is seeking proposals from independent technical consultants to assist the Commission in conducting a review of Entergy Gulf States, LLC's FAC, under the parameters of the FAC Order. Staff requests the assistance of an outside consultant to work closely with in house Legal, Auditing and Economics Staff in this review.

Bidders who submit proposals should demonstrate their familiarity with Public Utility Audits in general, and specifically Fuel or Purchase Gas Audits, as well as any other experience in reviewing annual reports of similar energy providers. All proposals shall be accompanied by a professional firm resume indicating the qualifications and experience necessary to meet the requirements of this RFP.

This request conforms with the directives of Louisiana Public Service Commission General Order decided July 21, 2004 Business and Executive Session. The General Order states in pertinent part that "Contract attorneys and consultants shall be retained by the Commission only in those instances in which the Commission has determined that such is necessary for the Commission to fulfill its constitutional mandate, due either to insufficient available manpower within existing Commission staff, or the necessity of specific areas of expertise not represented within existing Commission staff."

I. Scope of Representation

The independent consultant retained by the Commission shall assist the Commission's Legal, Audit and Economic Divisions in analyzing fuel purchases and usage by Entergy Gulf States, L.L.C for the years beginning 2005 through 2009. In performing this duty, Consultant shall review FAC filings, draft data requests and review responses, accompanying work papers and the company's financial data; review historical data involving prior audits; participate in formal status conferences, pre-trial conferences, depositions, and hearings; prepare for filing audit memoranda and/or pre-filed testimony in support of Staff's ultimate recommendations, together with exhibits supporting the memoranda and/or pre-filed testimony; and assist in the drafting of applicable motions, exceptions, briefing sheets and orders of the Commission. Additionally, the consultant shall be available to participate in informal conference calls, meetings and conferences with the Commission and its staff as well as attending any Business and Executive Sessions that the Staff deems necessary. The scope of the work shall continue through the conclusion of the docket through Commission vote, regardless of whether said vote is the result of a stipulated agreement or contested hearing recommendation.

The audit procedures as outlined by the FAC Order, shall include but not be limited to:

- a.) A review and analysis of the utility's monthly comprehensive fuel adjustment reporting requirements filed with the Louisiana Public Service Commission.
- b.) If applicable, the development and improvement of internal staff procedures to effectively monitor and evaluate a utility's performance in areas impacting the fuel and purchase power cost which are reflected in the utility's monthly fuel adjustment filings with the Commission.
- c.) A review and analysis of the utility's monthly comprehensive fuel adjustment filings to assure compliance with all pertinent state and federal regulations.

The scope of the audit will also review, as directed by the Commission:

- d.) An analysis of the utility's purchased power transactions to determine if the fixed costs embedded in energy-only priced purchases were removed for Fuel Adjustment Clause purposes;
- e.) A review of the utility's price risk management guidelines pertaining to fuel and purchased power (including policies regarding physical hedging, fixed price transactions, index transactions, fixed for floating price swaps, options to purchase, and other arrangements) to determine their propriety and a recommendation of modifications if appropriate;

- f.) A comparison of the utility's actual fuel and purchased power practices to the utility's price risk management guidelines in order to determine if the guidelines were followed;
- g.) An evaluation of the utility's short-term purchased power practices to determine if least-cost purchases were made and if generation from high-cost resources was held to the absolute minimum, consistent with reliability requirements;
- h.) A review of the analysis conducted by the utility to identify transmission constraints and the utility's efforts to eliminate or reduce those transmission constraints when cost-effective to do so;
- i.) A review of the utility's management of its purchased power agreements to determine if the utility's actions or inactions were prudent;
- j.) A review of the utility's acquisition practices concerning natural gas and nuclear fuel contracting to determine if the utility's actions or inactions were prudent; and
- k.) A quantification of the adverse impact on ratepayers, if any, for each audit topic.

Consultant shall assist Commission Staff in reporting Staff's findings in writing to the Commission, identifying any irregularities detected in the monthly fuel adjustment calculations that were incorrectly assessed and applied to Louisiana consumer billing statements or which allowed for the recovery of these unauthorized expenses by the utility. The report should also include a written or executive summary which identifies any cost included in the audit found to be in violation and a recommendation as to the appropriate methodology to be utilized by the Commission to provide for recovery of these funds.

Upon completion of the Commission's review, the Staff's audit report shall be filed in the Commission's Official Bulletin and made available for public inspection at the Commission's offices. If designated by the utility, specific information related to the purchase of fuel and/or purchase power cost which was filed with the Commission under proprietary cover shall remain confidential and for Commission use only.

II. Period of Representation

The time period estimated to complete this docket is estimated at approximately 18 months. 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

Applicant shall be experienced in analyzing the operations, books and records of utility companies for the purpose of fuel audits, be familiar with costing methodologies utilized by the LPSC, and shall be qualified to provide expert assistance with respect to the following:

(1) 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. Proposals that do not conform to the Commission's General Order dated August 4, 2004 will not be considered. 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.

(2) Applicant shall be qualified and prepared to assist in drafting and issuance of expert testimony, and cross-examination of company and intervenor witnesses with respect to all of the issues addressed in this RFP and which are likely to arise in the proceeding. Applicant shall have a full understanding and ability to analyze the proper application of the Commission's FAC Order.

(3) Applicant shall, at a minimum, be experienced in Public Utility regulations and have knowledge of: Louisiana Public Service Commission ratemaking, FAC and jurisdictional issues; and knowledge of appropriate accounting standards and practices for electric utilities.

(4) All proposals shall include a plan of action, estimated timeline, and fees and costs associated with evaluation of the audit. This will result in one proposal. However, 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

All applicants responding to the Request for Proposal shall quote their rates on an hourly basis and shall also submit a total budget, which 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.

Consideration will be given to factors which indicate degrees of competence, such as educational background and achievement, amount of practical experience in the field of public utility practice, and similar practice before this or other regulatory agencies, in addition to the applicants knowledge of Louisiana ratemaking standards and regulatory law.

V. 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.

VI. Disclaimer

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.

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. 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 30, 2012**. Information concerning billing procedures and the Commission's RFP policy may be obtained from the address listed above, or by calling (225) 342-1418.