



STATE OF DELAWARE

PUBLIC SERVICE COMMISSION
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DOVER, DELAWARE 19904

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DATE: February 17, 2016

SUBJECT: Contract STA16120PSCCUCRATE - Questions & Responses

The Public Service Commission received the questions noted below regarding the "Request For Proposals" issued on February 5, 2016. All answers to these questions are also noted below.

Question 1:

Under Task 1, is it envisioned that the consultant will be sponsoring cost of service and rate design testimony?

Answer:

Yes, it is envisioned that the consultant will be the primary sponsor of the cost of service and rate design testimony. The Public Service Commission Staff ("Staff") may offer additional testimony regarding a specifically identified issue or issues related to cost of service and/or rate design.

Question 2:

Under Task 2, is it envisioned that the consultant will be sponsoring revenue requirement testimony and to what extent? Will the consultant be addressing specific (to be determined) issues in testimony or primary serve an advisory role and administer the revenue requirement model? Will testimony by the consultant be required to present the revenue requirement model?

Answer:

Yes, it is envisioned that the consultant will be sponsoring the revenue requirement testimony which would include the administration and presentation of the revenue

requirement model. Staff may offer additional testimony regarding a specifically identified issue or issues related to revenue requirement.

Question 3:

Is there a statutory timeline or procedural (or project) schedule that is available to use to help guide our estimate for the time frame of the project?

Answer:

Yes, as an example of the estimated time frame for this project, we are providing a copy of the procedural schedule for a recent base rate increase case that Artesian Water Company filed. (See Attachment 1). The pace of this case will be similar in nature. Under Delaware law a proposed rate change will automatically take effect 7 months after a rate case has been filed. The Commission and its Staff make every attempt to finalize decisions on applications for base rate increases within the seven-month time frame. However, given the Commission's workload and the time availability of its members and its Staff, it is not always feasible to complete a base rate increase case within that time frame. Hence, consultants should be available and able to participate in this project for up to approximately 18 months.

Question 4:

Is there already a pre-existing revenue requirement model that just needs to be administered by the consultant, or does the consultant have to design a model from scratch?

Answer:

Although Staff has its own revenue requirement models, Staff does not have a pre-existing revenue requirement model which the consultant must use. In similar past projects, Staff has found that experienced public utility consultants have usually already designed their own revenue requirement model that they prefer to use—one that can be customized for the needs of each particular company.

Question 5:

For proposals that are received through electronic email, does the same deadline (4:00 EDT on 2/23/16 per paragraph 3) apply?

Answer:

Yes, all proposals should be received by 4:00 p.m. EST on February 23, 2016, including all submissions sent via electronic mail.

Question 6:

Should any Delaware state contracts within the last 5 years be included as a separate list within Attachment 5 (i.e. Attachment 5-2) or should it be placed in a different section of the proposal?

Answer:

Yes, any Delaware state contracts that have been held by your organization within the last 5 years should be included as a separate list within Attachment 5 (i.e., attached as Attachment 5-2 or as Attachment 5A).

Question 7:

Is it okay to leave off the fax numbers of the references in Section 5 [Attachment 5] if that information is not readily available to us?

Answer:

Yes, you may omit facsimile numbers as long as you include a business phone number and/or email address.

Question 8:

Questions re. task quotes.

- (a) Section II, Paragraph Last, Page 2: "A bidder shall provide a quote and estimated time schedule for any combination of tasks"
- (b) Section II, Paragraph 3rd Full, Page 2: "The successful offeror(s) will be required to analyze the filing made by the Company and to assist in the development of cross-examination of the utility's prefiled testimony and exhibits; to develop, present, and stand cross-examination on direct testimony regarding the Company's filing; and to assist Commission Staff's rate counsel, as needed, in the briefing and presentation of Staff's case to the Hearing Examiner and the Commission. This may also include preparing and assisting Staff's rate counsel in cross-examination of rebuttal testimony as may be deemed necessary. Professional assistance will also be required in the post-hearing phases of the proceeding, which may include the preparation of explanations, summaries, schedules, and exhibits as required by the Hearing Examiner, Commission Staff's rate counsel, or by Commission Staff."
- (c) Section IV, Paragraph D7I, Page 22: "The Commission Staff will require a payment schedule based on defined and measurable milestones."

Please clarify (1) whether the quote per task referenced in (a) is to be a single all-inclusive quote or to be further broken down by, e.g., fees and expenses and/or the subtasks listed in (b) and (2) whether the estimated time schedule referenced in (a) refers to the defined and measurable milestones referenced in (c).

Answer:

Please provide both a single, all-inclusive quote for each Task you intend to provide (i.e., for Task 1, 2, 3, and/or 4, which are listed on page 3 of the "Request for Proposals") as well as a further breakdown of the time, fees, and expenses needed to complete each necessary component of the Task(s). See Attachment 2 for an example.

The estimated time schedule provided by the offeror will not be used as a payment schedule. The reference to "defined and measurable milestones" means certain defined tasks or work products that a vendor completes each month before it may request payment. Vendors will be required to submit to the Commission on a monthly basis invoices that detail all performed work and incurred expenses (plus supporting receipts) for the billing period.

Question 9:

Regarding Attachment 5, please clarify whether business references requested are (a) vendors of the offeror or (b) clients of the offeror.

Answer:

Business references can include vendors and clients of the offeror.

Question 10:

Section II, Paragraph 2nd full, Page 2: "Staff will be available to perform field examination tasks and work with or, if needed, on behalf of the consultant(s) in the preparation and presentation of testimony and exhibits. Additionally, Commission Staff may participate in certain areas of the case, which may be incorporated in the consultant's case presentation package."

Please explain/describe (1) the field examination tasks that staff will be available to perform and (2) the areas of the case in which staff may participate. Please clarify/specify to what "case presentation package" refer.

Answer:

Staff typically performs an audit of the utility's books and records in an effort to determine the accuracy of the utility's test year and test period actual books and records. This includes a review of selected general ledger primary and sub-accounts. Staff may request invoices, journal entries, expense ledgers and other documents to conduct the audit. Additionally, Staff typically requests that the utility provide a plant tour of projects associated with the base rate increase case.

Staff may offer additional testimony regarding a specifically identified issue or issues in any aspect of the case. This may include, but is not limited to, tariff issues, rate case expenses, regulatory asset recovery issues, charitable donations, and professional and association fees.

"Case presentation package" refers to the development of the offeror's written testimony and supporting schedules.

Question 11:

Section II, Paragraph 3rd full, Page 2: "The successful offeror(s) will be required ... to develop, present, and stand cross-examination on direct testimony regarding the Company's filing ..."

Will the development, presentation and defense of surrebuttal testimony by the offeror be required?

Answer:

Filing written sur-rebuttal testimony is not permitted in base rate increase cases; however, the offeror will need to assist Staff (i) in developing data requests in response to Chesapeake Utilities Corporation's rebuttal testimony, (ii) developing cross examination questions in response to Chesapeake Utilities Corporation's rebuttal testimony, and (iii) be prepared to handle cross examination questions that cover the offeror's own direct, prefiled testimony.

Respondent: Jason R. Smith

Attachment 1

**PSC Docket No. 14-132
Artesian Water Company Base Rate Case
Final Procedural Schedule (June 2, 2014)**

Date	Activity
April 11, 2014	AWC files Application for rate increase, et al.
May 13, 2014	Commission enters opening order
May 19, 2014	AWC publishes notice of Application in <i>The News Journal & Delaware State News</i> newspapers
June 10, 2014	AWC may implement rate increase intended to produce \$2.5 in intrastate operating revenues pursuant to 26 Del. C. §306(b)
June 23, 2014	Deadline for filing petitions to intervene
June 30, 2014	AWC files Supplemental Testimony
July 1, 2014	Public Notice of Public Comment Sessions published in Newspapers
July 7, 2014	Staff/DPA/Intervenor Data Requests due to AWC
July 24, 2014	Public Comment Session, Kent County, PSC, Dover 6pm
August 8, 2014	AWC Responds to Staff/DPA/Intervenor Data Requests
July 29, 2014	Public Comment Session, NCC County, Carvel Bldg, Wilmington, 7pm
July 31, 2014	Public Comment Session, Sussex County (Cape Henlopen HS), 7pm
August 1, 2014	Deadline for Receipt of Written Public Comments
August 15, 2014	Staff/DPA/Intervenor Follow-up Data Requests to AWC
August 27, 2014	AWC Responds to Staff/DPA/Intervenor Data Requests
Sept 9, 10, 11, 2014	Staff/DPA Audit
September 24, 2014	Staff/DPA/Intervenor File Direct Testimony
September 30, 2014	AWC Data Requests Due to Staff/DPA/Intervenor
October 14, 2014	Staff/DPA/Intervenor Responses to AWC Data Requests
October 18-31, 2014	Informal follow-up discovery on Staff/DPA/Intervenor Responses
October 27, 2014	AWC Files Rebuttal Testimony
November 6, 2014	Staff/DPA/Intervenor Rebuttal Data Requests to AWC
November 13, 2014	AWC Responds to Rebuttal Data Requests

November 10, 2014	AWC implements 2nd Temporary Rate Increase
December 2, 2014	Pre-Hearing Conference Call Between Parties & Hearing Examiner re Case Status, Scheduling, etc.-10 am
December 8-9, 2014	Evidentiary Hearings: NCC County, Carvel Bldg, Wilmington; 9am-6pm
TBD	Simultaneous Opening Briefs
TBD	Simultaneous Reply Briefs
TBD	Hearing Examiner's Report
TBD	Briefs on Exceptions
TBD	Commission Deliberation and Order

Attachment 2

IX. PRICE

\$23,770 is the maximum total cost.

APRIL 29, 2013
 PROPOSAL TO PROVIDE RATE OF RETURN CONSULTING SERVICES
 TO THE DELAWARE PUBLIC SERVICE COMMISSION (PSC)
 RE: PSC DOCKET NO. 13-115 DELMARVA POWER & LIGHT COMPANY

CONSULTING SERVICES	HOURS	
	ALR	JAR
1) Prepare interrogatories	8	4
2) Review interrogatory responses If necessary, prepare follow-up interrogatories	8	4
3) Prepare expert rate of return testimony	40	8
4) Write cross-examination questions and assist during cross-examination	8	2
5) Prepare for cross-examination	8	4
6) Submit to cross-examination on direct and surrebuttal testimony	8	8
7) Assist in the preparation of legal briefs	8	2
8) Undefined contingencies	8	4
Total Consulting Services	96	36

EXPENSES

1) Travel to Delaware	\$300
2) Hotel (2 nights at \$120)	\$240
4) Meals	\$90
5) Express Mail/Copies/Fax/Misc	\$100
TOTAL EXPENSES	\$730

TOTAL SERVICES AND EXPENSES (NOT TO EXCEED) \$730

PROPOSAL TO PROVIDE RATE OF RETURN CONSULTING SERVICES
 RE: PSC DOCKET NO. 11-528 DELMARVA POWER & LIGHT COMPANY

NAME	BILLING RATE	HOURS	EXPENSES	TOTAL
	\$ 165	96	\$ 365	\$ 16,205
	\$ 200	36	\$ 365	\$ 7,565
TOTAL (NOT TO EXCEED)		132	\$ 730	\$ 23,770