

November 1, 2013

Re: Request for a Proposal for an Accounting Firm to Audit an Electric Supplier's Financial Statements and Connecticut Intrastate Gross Revenues

To Whom It May Concern:

The Public Utilities Regulatory Authority (PURA or Authority) is sending your firm a request for proposal (RFP) for a consultant to act as an extension of staff regarding Docket No. 07-08-17RE02, Application of Clearview Electric, Inc. for an Electric Supplier License – License Renewal.

Pursuant to §16-18a of the General Statutes of Connecticut (Conn. Gen. Stat.), the Authority is seeking a qualified consulting firm with successful experience in auditing financial statements and gross revenues. Attachments critical to the engagement are enclosed. Attachment 1 identifies the authority and required scope of the engagement. Attachment 2 provides guidelines to the consultant for the engagement. Attachment 3 provides guidelines on the proposal itself. Attachment 4 provides excerpts from the General Statutes of Connecticut. Further information on Docket No. 07-08-17RE02 and electric utility regulation in Connecticut can be found on the Authority's website at <http://www.ct.gov/pura>.

The Authority requests that 6 copies of the proposals be sent by November 22, 2013, to the Authority to the attention of Cat Nguyen at the Authority's address: Public Utilities Regulatory Authority, Ten Franklin Square, New Britain, Connecticut 06051. The Authority is requesting a proposal with the intent of having the consultant begin the engagement immediately upon being selected to do so.

PUBLIC UTILITIES REGULATORY AUTHORITY

Nicholas E. Neeley  
Acting Executive Secretary

## ATTACHMENT 1

### STATEMENT OF SCOPE, PURPOSE AND CONDITIONS

#### **Background**

In a Decision dated November 21, 2007, in Docket No. 07-08-17, Application of Clearview Electric, Inc. for an Electric Supplier License, the Public Utilities Regulatory Authority (PURA or Authority) granted Clearview Electric, Inc. (Clearview or Company) a Connecticut Electric Supplier License for five years to serve residential and commercial customers pursuant to §16-245 of the General Statutes of Connecticut (Conn. Gen. Stat.). Clearview's headquarter is located at 1201 Elm Street, Suite 3200, Dallas, TX 75270-2102. Clearview has no offices in Connecticut. On June 6, 2013, Clearview filed an application to renew its license. For the purpose of reviewing Clearview's license renewal application, the Authority seeks a consultant with accounting expertise to audit Clearview's financial statements and Connecticut intrastate gross revenues from 2008 to 2013.

#### **General Scope of the Engagement**

This engagement is authorized under Conn. Gen. Stat. §16-18a. The PURA seeks a consultant to provide auditing and accounting expertise, support, and evaluation, as needed, to the Authority staff in reviewing Clearview's application for the renewal of its Connecticut Electric Supplier License in Docket No. 07-08-17RE02. The selected consultant will assist the Authority in its audit of Clearview's Connecticut intrastate gross revenues from 2008 to 2013, which are subject to audit by the PURA pursuant to Conn. Gen. Stat. §16-49(b).

Proposals should be 10 pages or less in length, and provide a cost ceiling for consultant services which details how the ceiling is calculated, number of hours needed to perform the work, and the firm's approach to meeting the Authority's requirements for this engagement. The Authority is seeking competitive bids on this assignment. The names of the persons, and an organization chart of the personnel, who will perform the major portion of the engagement's duties should be specified in the proposal.

## ATTACHMENT 2

### ENGAGEMENT ACTIVITIES AND GUIDELINES

1. Timetable

Contractors must be prepared to commit sufficient personnel and effort in order to meet the timetable mutually agreed to between the Authority and the selected firm.

2. Authority's Use of Proposals and Contractor Work Product

During the process of evaluating the proposals, the Authority reserves the right to request additional information or clarification from any firm submitting a proposal, and to permit corrections of errors or omissions without notice to other competing firms. The Authority shall be held harmless if it or the firm retained for this or any subsequent engagement employs at any time, any technique, methodology, or procedure suggested in any proposal, regardless of whether such proposal is from the firm selected to perform the engagement. Proposals received by the Authority are subject to the Connecticut Freedom of Information Act, Conn. Gen. Stat. §1-200 et. seq.

Implementation plans, software programs, and other system applications developed or purchased by the contractors in connection with this engagement shall be available for use by the Authority at no additional cost for an unlimited time after the completion of this engagement.

3. Notification of Award

You agree to not make any press announcement or release a news release or announcement concerning your selection for the engagement prior to the Authority's public release of said information or in the alternative, without the written approval of the Authority.

4. Other Authority Rights

By its solicitation of proposals the Authority does not forfeit its right to reject any or all proposals submitted as a result of this RFP.

The Authority may terminate the selected firm's engagement at any time with or without cause, upon 10 days written notice. The selected firm, by acceptance of the engagement, waives any rights to claim damages as a result of such termination.

The Authority will be the final arbiter of all disputes arising from engagement-related matters.

5. Costs of Preparing Proposals

Any firm submitting a proposal in response to this RFP does so at its own expense. It is understood that the selected firm will not include proposal costs, or any costs incurred prior to the engagement award, as reimbursable costs related to the engagement itself.

6. Authority Staff Participation

The Authority will exercise such monitoring and controls as are appropriate and necessary to achieve the desired and agreed-upon product from the consultant. In addition, a member (or members) of the Authority staff may attend selected interviews, and may participate in review and analysis, data gathering, and report preparation of one or more areas of the Company.

7. Reporting Procedures

The selected firm and the Authority will meet as necessary, as determined by the Authority, or upon request of the selected firm, to discuss the progress of the engagement.

8. Access to Information Sources

The selected firm will have access to the official books and records of the Authority germane to the audit's objectives. Further, it is expected that the selected firm's legitimate informational needs will be both promptly and voluntarily met by the Company, but, if necessary, the statutory rights of the Authority to conduct an audit, investigation, or review of the books, records, plant and equipment of the Company will be invoked in the performance of the engagement.

9. Hearings

In addition to providing analysis and supportive written materials, the selected consultant may, as noted, be called upon to participate in public hearings and the cross-examination of witnesses in the docket. However, the consultant, as an extension of staff, will not be required to offer testimony.

10. Work Products

The consultant work products shall be considered public documents and shall be made available for public inspection and distribution as required. The Authority expects that draft contributions to the draft decision will be submitted to the Authority for review and approval in accordance to the Authority's time schedule for this engagement.

11. Work Papers

At the conclusion of the engagement, the selected firm shall make copies of significant work papers and source documents available to the Authority, if so requested.

12. Cost

An estimated cost ceiling, based on your firm's hourly rates for consulting services to be provided in the engagement as well as participation in hearings, must be included in the proposal.

13. Payment

The selected firm will submit monthly invoices to the Authority. It will be necessary to submit supporting documents such as detailed time sheets, expense reports, and vouchers for lodging and transportation, to the Authority for review and submittal to the Company. Invoices must separately indicate (1) professional service fees, (2) travel and lodging, and (3) all other costs.

For professional service fees, invoices must identify the individuals for whom services are being billed, the number of hours being billed, detail of the activities worked on, the hourly billing rates, and the total fees. Unit personnel will review such charges and submit them to the affected utilities for payment.

The Authority will be the final arbiter of all disputes regarding cost and payment.

In accordance with Conn. Gen. Stat. §16-18a, all expenses of the engagement shall be borne by Clearview Electric Inc. The Authority, not Clearview Electric Inc., is the client of the engagement.

## ATTACHMENT 3

### PROPOSAL GUIDELINES

#### 1. Organization of Project Team

The names of the persons who will perform the major portion of the engagement's duties should be specified in the proposal. Such individuals should be available for Authority interview, if called upon, subsequent to the Authority's review of the proposal. Proposals should include organization charts with the names of such personnel and their areas of responsibility. The Authority must be notified in writing of any changes in the personnel originally proposed to perform the engagement. The Authority may reject any proposed replacements that, in the opinion of the Authority, are insufficiently qualified to perform the assigned tasks.

#### 2. Approach

The general approach to be used to achieve the objectives of the engagement should be briefly described.

#### 3. Legal Compliance

All firms shall certify that the performance of the engagement will be in compliance with all federal and Connecticut laws, including all labor laws and all anti-discrimination legislation.

All firms submitting a proposal in response to this request, and all potential subcontractors to such firms shall certify that: (1) the prices quoted have not been knowingly disclosed to any competitor or any other potential bidder; (2) such prices have been determined independently without communication, agreement, or collusion with such competitors or potential bidders; (3) no attempt has been made to persuade any such competitor or potential bidder to submit or not to submit a proposal; and (4) no other actions of any kind have been taken which might be perceived as having the purpose of restricting or discouraging competition.

#### 4. Insurance

Your firm shall be expected to secure and maintain, at no cost or expense to the Authority, professional liability insurance or Comprehensive General Liability Insurance (CGL) to insure against damages and costs resulting from, but not limited to, negligent acts, errors, and omissions in the performance of any engagement agreement resulting from this RFP. If such policy contains a deductible clause, your firm shall be liable to the extent of the deductible amount. The State requires consultants to carry adequate insurance. Proof of insurance

shall be provided to the Authority no later than the date of execution of any agreement.

5. Indemnity

Your firm shall be expected to indemnify and shall defend and hold harmless the State, its officers, and its employees from and against any and all suits, actions, legal or administrative proceedings, claims, demands, damages, liabilities, monetary loss, interest, attorney's fees, costs and expenses of whatsoever kind or nature arising out of the performance of this engagement, including those arising out of injury to or death of Contractor's employees or subcontractors, whether arising before, during, or after completion of the services hereunder and in any manner directly or indirectly caused, occasioned or contributed to in whole or in part, by reason of any act, omission, fault or negligence of Contractor or its employees, agents or subcontractors.

6. Page Numbering

The pages of the proposals should be sequentially numbered for accurate referencing.

## ATTACHMENT 4

### Excerpts from General Statutes of Connecticut

#### **Sec. 16-18a. Consultants: Retention, expenses, findings and recommendations.<sup>1</sup>**

(a) In the performance of their duties the Public Utilities Regulatory Authority and the Office of Consumer Counsel may retain consultants to assist their staffs in proceedings before the authority by providing expertise in areas in which staff expertise does not currently exist or when necessary to supplement existing staff expertise. In any case where the authority or Office of Consumer Counsel determines that the services of a consultant are necessary or desirable, the authority shall (1) allow opportunity for the parties and participants to the proceeding for which the services of a consultant are being considered to comment regarding the necessity or desirability of such services, (2) upon the request of a party or participant to the proceeding for which the services of a consultant are being considered, hold a hearing, and (3) limit the reasonable and proper expenses for such services to not more than two hundred thousand dollars for each agency per proceeding involving a public service company, telecommunications company, electric supplier or person seeking certification to provide telecommunications services pursuant to chapter 283,<sup>1</sup> with more than fifteen thousand customers, and to not more than fifty thousand dollars for each agency per proceeding involving such a company, electric supplier or person with less than fifteen thousand customers, provided the authority or the Office of Consumer Counsel may exceed such limits for good cause. In the case of multiple proceedings conducted to implement the provisions of this section and [sections 16-1, 16-19, 16-19e, 16-22, 16-247a to 16-247c, inclusive, 16-247e to 16-247i, inclusive, 16-247k and subsection \(e\) of 16-331](#), the authority or the Office of Consumer Counsel may exceed such limits, but the total amount for all such proceedings shall not exceed the aggregate amount which would be available pursuant to this section. All reasonable and proper expenses, as defined in subdivision (3) of this section, shall be borne by the affected company, electric supplier or person and shall be paid by such company, electric supplier or person at such times and in such manner as the authority or the Office of Consumer Counsel directs. All reasonable and proper costs and expenses, as defined in subdivision (3) of this section, shall be recognized by the authority for all purposes as proper business expenses of the affected company, electric supplier or person. The providers of consultant services shall be selected by the authority or the Office of Consumer Counsel and shall submit written findings and recommendations to the authority or the Office of Consumer Counsel, as the case may be, which shall be made part of the public record

(b) Notwithstanding any provision of the general statutes, the authority and the Office of Consumer Counsel shall not retain any consultant under subsection (a) of this section in connection with any proceeding involving telecommunications if

such consultant, at the time the consultant would be retained, is serving as a consultant to a certified telecommunications provider or a telephone company that would be affected by such proceeding, unless each party and intervenor to such proceeding agrees in writing to waive the provisions of this subsection.

(c) The Department of Energy and Environmental Protection, in consultation with the Public Utilities Regulatory Authority and the Office of Consumer Counsel, may retain consultants to assist its staff by providing expertise in areas in which staff expertise does not currently exist or to supplement staff expertise for any proceeding before or in any negotiation with the Federal Energy Regulatory Commission, the United States Department of Energy, the United States Nuclear Regulatory Commission the United States Securities and Exchange Commission, the Federal Trade Commission or the United States Department of Justice. The Public Utilities Regulatory Authority, in consultation with the Office of Consumer Counsel, may retain consultants to assist its staff by providing expertise in areas in which staff expertise does not currently exist or to supplement staff expertise for any proceeding before or in any negotiation with the Federal Communications Commission. All reasonable and proper expenses of any such consultants shall be borne by the public service companies, certified telecommunications providers, holders of a certificate of video franchise authority, electric suppliers or gas registrants affected by the decisions of such proceeding and shall be paid at such times and in such manner as the authority directs, provided such expenses (1) shall be apportioned in proportion to the revenues of each affected entity as reported to the authority pursuant to [section 16-49](#) for the most recent fiscal year, and (2) shall not exceed two and one-half million dollars per calendar year, including any appeals thereof, unless the authority finds good cause for exceeding the limit. The authority shall recognize all such expenses as proper business expenses of the affected entities for ratemaking purposes pursuant to [section 16-19e](#), if applicable.

<sup>1</sup> As amended by Public Act No. 13-298: [An Act Concerning Implementation Of Connecticut's Comprehensive Energy Strategy And Various Revisions To The Energy Statutes.](#)

**Sec. 16-49. Expenses of the Department of Energy and Environmental Protection's Bureau of Energy, the Office of Consumer Counsel and the operations of the Public Utilities Regulatory Authority. Assessment of regulated companies.**

(b) On or before July 15, 1999, and on or before May first, annually thereafter, each company shall report its intrastate gross revenues of the preceding calendar year to the Public Utilities Regulatory Authority, which amount shall be subject to audit by the authority. For each fiscal year, each company shall pay the authority the company's share of all expenses of the department's Bureau of Energy, the Office of Consumer Counsel, and the operations of the Public Utilities Regulatory Authority for such fiscal year. On or before September first, annually, the authority shall give to each company a statement which shall include: (1) The amount

appropriated to the department's Bureau of Energy, the Office of Consumer Counsel and the operations of the Public Utilities Regulatory Authority for the fiscal year beginning July first of the same year; (2) the total gross revenues of all companies; and (3) the proposed assessment against the company for the fiscal year beginning on July first of the same year, adjusted to reflect the estimated payment required under subdivision (1) of subsection (c) of this section. Such proposed assessment shall be calculated by multiplying the company's percentage share of the total gross revenues as specified in subdivision (2) of this subsection by the total revenue appropriated to the department's Bureau of Energy, the Office of Consumer Counsel and the operations of the Public Utility Regulatory Authority, as specified in subdivision (1) of this subsection.