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EXECUTIVE DIRECTOR
Debra A. Howland

STATE OF NEW HAMPSHIRE



PUBLIC UTILITIES COMMISSION

21 S. Fruit St., Suite 10
Concord, N.H. 03301-2429

TDD Access: Relay NH
1-800-735-2964

Tel. (603) 271-2431

FAX No. 271-3878

Website:
www.puc.nh.gov

July 24, 2015

RFP No. 2015-001

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

REQUEST FOR PROPOSALS

Management Audit of the Customer Service and Accounting Functions of
EnergyNorth Natural Gas d/b/a Liberty Utilities

To Prospective Bidder:

The New Hampshire Public Utilities Commission (NHPUC) is seeking proposals from qualified firms or individuals to conduct a targeted management audit focused on the customer service and accounting functions of Liberty Utilities.

SUBMISSION REQUIREMENTS

1. Proposals are due no later than August 21, 2015 at 4:00 p.m. at the PUC. Proposals must be submitted to:

Debra A. Howland, Executive Director
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429
2. One original signed copy, four additional paper copies, and an electronic copy of the proposal must be filed by the deadline. The electronic copy must be in PDF (portable document file) format and filed on a CD or USB drive with the paper copies. Proposals sent by via fax or email will not be accepted.
3. Bidders may submit written inquiries about this RFP by email to: RFP@puc.nh.gov no later than August 7, 2015. Inquiries and responses will be posted on the PUC's website as they are received. Please note that answers to questions are carefully considered and may require several days before they are posted. It is strongly recommended that bidders review the RFP in its entirety as soon as possible to allow the PUC time to answer questions and to allow the bidder time to complete the proposal.
4. Follow-up conferences/interviews will be scheduled as needed.
5. An Evaluation Team consisting of NHPUC Staff will be established to evaluate responses to this bid proposal.

BACKGROUND

The Commission is an administrative agency with executive, legislative and quasi-judicial powers. The Commission's prime responsibility is as an arbiter between the public utilities and their ratepayers. Proceedings in this regard address such areas as public utility rates, financing, terms and conditions of utility service, quality of service, safety and reliability, eminent domain matters, public utility exemptions from local zoning ordinances, public utility franchises, utility crossings of public lands and waters, wholesale relationships between utilities, rulemakings and consumer complaints.

Liberty Utilities acquired EnergyNorth Natural Gas and Granite State Electric Company from National Grid in July 2012. Liberty Utilities created a new presence in New Hampshire following its acquisition of EnergyNorth Natural Gas and Granite State Electric Company. As with many new or transitioning companies, Liberty has experienced growing pains which have affected its relationship with its customers and its ability to deliver the quality of service to its customers that it would like to deliver. The Commission believes the transition to a new regulatory environment has also created some challenges for Liberty with its accounting functions.

In September 2013, EnergyNorth Natural Gas customer accounts were converted from National Grid's systems to Liberty's systems. The accounts of Granite State Electric customers were converted in July 2014. While the focus of this audit is on the customer service and accounting functions of EnergyNorth, EnergyNorth and Granite State share the same systems and follow the same policies and procedures.

As part of a settlement agreement in Liberty Utilities' recent rate filing, DG 14-180, Liberty Utilities (EnergyNorth Natural Gas) Corp. d/b/a Liberty Utilities, Staff, Liberty and the Office of the Consumer Advocate agreed that a targeted audit would be conducted by an independent consultant selected by the Commission following a competitive bid process. On June 26, 2015, the Commission issued Order No. 25,797 approving the settlement. This RFP is issued consistent with the Commission's order and the approved terms of the settlement agreement. All documents filed in the rate proceeding, including the settlement agreement and the Commission's orders, can be found on the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2014/14-180.html>.

SCOPE OF SERVICES

Areas for review during the course of a targeted audit are outlined below. The scope of the audit is not limited to those areas should the consultant determine a review of related areas is appropriate. In its review, the consultant shall consider the results of the Company's Meter-to-Cash audit that is currently being conducted.

1) Effectiveness and Efficiency of Account Creation and Management

- a) Management of customer requests for new service
 - 1. Timely transfer of information from the sales department
 - 2. Confirmation of customer identity, proof of residency
 - 3. Credit checks, processes to determine deposit requirements
 - 4. Identification of previous outstanding accounts
 - 5. Establishment of appropriate customer rate classification

2) Effectiveness and Efficiency of Meter Data Management

- a) Effectiveness and efficiency of meter readings (gas and electric)
 - 1. Collection, measurement and validation of customer usage data
 - 2. Automated, manual, and mobile meter readings
- b) Storage and delivery of usage data to Customer Information System
- c) Accuracy and reliability of meter readings
- d) Storage and retention of meter usage data

3) Effectiveness and Efficiency of Billing processes

- a) Monthly invoices (20 gas cycles, 20 electric cycles)
- b) Clean up of meter data to identify:
 - 1. High, low, zero, negative readings
 - 2. Non-readings; vacant with use reading; meter off with usage
- c) Preparation, validation and distribution of customer bills:
 - 1. Upload of data to Fiserv (third party) for billing processing
 - 2. Rejections / exceptions received from Fiserv for cleansing
 - 3. Validation of invoices for accuracy and completeness
 - 4. Generation and transmittal of bills by Fiserv
- d) Calculating and monitoring deposits, interest and late payment charges
- e) Estimated vs actual billings
- f) Verifying the appropriate rates are applied to customer usage
- g) Verifying proration calculations

- h) Transmittal of bills in a timely manner
 - 1. Paper bills
 - 2. Online bills and electronic delivery
 - i) Bill presentment
 - j) Processes for determining bills on hold; off cycle billings; final billings
 - k) Handling of bills with exceptions
- 4) Effectiveness and Efficiency of Payments and Collections Processes
- a) Receipt and processing of customer payments
 - b) Management of late payments, overdue accounts and hardship cases
 - c) Timely disposition of credit balances on current and former customer accounts
 - d) Disconnections / termination of services
 - e) Processing of adjustments
- 5) Effectiveness and Efficiency of Call Center
- 6) Effectiveness and Efficiency Vendor relationships
- a) Measuring and monitoring vendor performance
 - b) Change management
 - c) Incident / problem management
 - d) Communication processes with vendors
- 7) Effectiveness and Efficiency of Corporate Services / IT Support and Service
- 8) Effectiveness and Efficiency Staffing
- a) Appropriateness of staffing levels within:
 - 1. Billing groups
 - 2. Credit and collections groups
 - 3. Account initiation and management groups
 - 4. Call center

9) Accounting

- a) Policies and procedures
- b) Accounting systems
- c) Data collection
- d) External & internal controls
- e) Reporting Structure

10) Business planning

- a) Budget Process
 - 1. Operating expenses
 - 2. Capital expenditures

11) Property Records

- a) Plant accounting procedures
- b) Work order procedures
- c) Continuing property records

PROPOSAL REQUIREMENTS

Applicants are strongly encouraged to print or copy their proposals double-sided and stapled in the upper left hand corner. Proposals shall use 12 point fonts with 1" page margins. Page numbers are required. Proposals shall include the following:

1. Cover Page including contact information for project lead (Not to exceed 2 pages)
2. Summary of Proposal (Not to exceed 3 pages)
 - a. Summary of project team
 - b. Understanding of the scope of work and expected deliverables
 - c. Summary of approach
3. Qualifications and Experience (Not to exceed 5 pages)
 - a. Describe the applicant's prior experience and qualifications.
 - b. Identify key persons that will be employed in the proposed work. List each person's job title along with his/her anticipated responsibilities. Provide a resume for each person.

Resumes do not count towards the 5 page limit. During the course of the work, the Commission must approve in writing of any substitutions or changes in personnel assigned to perform the work.

c. Provide summaries of similar projects (date of project, summary of project, client name, name and phone number of contact for reference, website links to work product related to similar projects)

4. Approach and Work Plan (no more than 10 pages)

a. Overview: description of approach

b. Work plan:

1) Description of task and approach for completing the task, including a description and explanation of methodology and data sources.

2) Deliverable(s) and due dates

3) Assignment roles and man hours of individual key personnel for each task

5. Price

a. Total fixed price

b. By task in the work plan: (a) labor hours, hourly rates, and costs for all personnel (including all subcontractors); (b) direct expenses; (c) administration and overhead costs; and (d) total task cost.

c. Signature of the company official with authority to enter into a binding agreement.

6. Estimate of work to be performed in house and by sub-contractors and identify potential sub-contractors.

7. Statement of potential conflicts of interest including work performed by the firm or its subcontractors on behalf of the New Hampshire electric and gas utilities or their affiliates in the last five years.

Proposal Selection Process and Criteria

Proposals will be reviewed and evaluated by the Evaluation Team, using a four-step process, as described below.

Step 1: Assess Completeness and Responsiveness of Proposals

Proposals must be complete and delivered by the appointed deadline or they shall not receive further consideration.

Step 2: Score Responsive Proposals

Cost is a consideration but may not be the determining factor in the Evaluation Team's decision. In addition to cost, the Evaluation Team will consider the following criteria:

1. Quality of the proposal in terms of organization, quality of the presentation as well as thoroughness and practicality of the proposed approach in meeting the objectives described in this RFP.
2. Experience of key personnel who have successfully completed similar projects or studies. Key areas of experience include development and deployment of management audits targeted to utility customer service and accounting functions.
3. Proposed staffing plan of bidder, including the number and type of person-hours allocated to each Task, shall be judged in terms of its appropriateness for the proposed Work plan; availability and accessibility of consultants will be taken into account, as well.
4. The bid amount should be appropriate to the level of effort and broken out by the main tasks identified above.
5. Any other considerations the Evaluation Team may deem appropriate in light of its objectives and review of proposals received.

Step 3: Conduct interviews as needed

Step 4: Select contractor

General Bid Conditions

1. Bids must be typed. Original and 4 copies of the bid must be submitted, along with an electronic copy in PDF format. Bids that are incomplete or unsigned will not be considered. The deadline for submitting bids is 4:00 p.m. August 21, 2015. Bids must be addressed to Debra Howland, Executive Director, New Hampshire Public Utilities Commission, 21 S. Fruit Street, Suite 10 Concord, NH 03301-2429.
2. The Commission reserves the right to reject or accept any or all bids, to reject or accept all or any part of any bid, to determine what constitutes a conforming bid, to waive irregularities that it considers not material to the bid, to award the bid solely as it deems to be in the best interest of the State, to contract for any portion of the bids submitted and to contract with more than one bidder if necessary.
3. Bidders may submit written inquiries about this RFP by e-mail to: RFP@puc.nh.gov no later than August 7, 2015. Please note that answers to questions are carefully considered and may require several days before they are posted. It is strongly recommended that bidders review the RFP in its entirety as soon as possible to allow the PUC time to answer questions and to allow the bidder time to complete the proposal.

4. The Commission reserves the right to request additional information from any or all parties submitting proposals to assist in its evaluation process.
5. If the reviewers determine it is necessary to revise any part of this RFP, or to provide additional data to clarify any of its provisions, an addendum will be mailed to all Respondents who have been sent a copy of the RFP and others who have requested to be placed on the bidders list.
6. The Commission shall not be responsible for any costs incurred by any party in preparation of any proposal submitted in response to this RFP.
7. All parties submitting proposals shall be Equal Opportunity Employers. Funding recipients will be expected to comply with all federal, state, and local laws respecting non-discrimination in employment.
8. If an applicant's proposal is selected, any subsequent material changes or modifications to the overall program budget or key program personnel must be submitted for approval.
9. Selection of the successful consultant(s) will be announced on or about September 9, 2015.
10. All information relating to this bid (including but not limited to fees, contracts, agreements and prices) are subject to the laws of the State of New Hampshire regarding public information. RSA 21-I:13-a, II provides that "No information shall be available to the public, the members of the general court or its staff, notwithstanding the provisions of RSA 91-A:4, concerning specific invitations to bid or other proposals for public bids, from the time the invitation or proposal is made public until the bid is actually awarded, in order to protect the integrity of the public bidding process." If any applicant asserts that any portion of its application is exempt from public disclosure as "confidential, commercial, or financial information" pursuant to RSA 91-A:5, after contracting decisions are made, it should provide support for such claim as part of the application, explaining what measures the applicant has taken to keep such information confidential and the privacy or competitive business interest that would be harmed if such information were to be publicly released. The Commission would then determine, if needed, whether such information qualifies under the law (RSA 91-A) for exemption from public disclosure.

CERTIFICATES

Bidders will be required to provide the following certificates prior to entering into a contract:

- Secretary of State's Office Certificate of Good Standing ("CGS")
 - Individuals contracting in their own name do not need a CGS. Business organizations and trade names need a CGS, except for nonresident nonprofit corporations
- Certificate of Vote /Authority ("CVA")
 - Individuals contracting in their own name do not need a CVA. Business entities and trade names need a CVA.
- Certificate of Insurance
 - Certificate of Insurance form attached with insurance coverage required under the contract. Modifications of insurance coverage will be specified in the contract.

- Workers' Compensation
 - Contractor must demonstrate compliance with or exception from RSA 281-A (and if applicable, RSA 228:4-b and RSA 21-I:80, and any other applicable laws or rules).

FORM OF CONTRACT

1. The terms and conditions set forth in Attachment 1 (Form P-37) General Provisions Agreement are part of the proposal and will apply to any contract awarded the bidder.

2. Any contract resulting from this bid proposal shall not be deemed effective until it is signed by the NHPUC.

3. Any contract awarded from this Request for Proposal will expire on September 30, 2016. The NHPUC at any time, in its sole discretion, may terminate the contract, or postpone or delay all or any part of the contract, upon written notice.

4. The selected vendor must agree to maintain confidential all information to which it has access until it is instructed otherwise by the NHPUC.