

MISSISSIPPI PUBLIC UTILITIES STAFF

REQUEST FOR PROPOSALS

**REVIEW OF THE RECOVERY OF COSTS THROUGH THE PURCHASED GAS
ADJUSTMENT CLAUSE (“PGA”) THROUGH RETAIL BILLING, AND
PERFORM ANNUAL FINANCIAL AUDIT OF THE OVER OR UNDER
RECOVERY OF THE PGA OF ATMOS ENERGY CORP., CENTERPOINT
ENERGY MISSISSIPPI GAS, AND SPIRE MISSISSIPPI INC NATURAL GAS
DISTRIBUTION COMPANIES**

Authorized by

Mississippi Public Utilities Staff

Closing Date – December 15, 2017

TABLE OF CONTENTS

<u>SECTION</u>	<u>TITLE</u>
1	INTRODUCTION
2	ELIGIBLE PROPOSERS
3	AUTHORITY
4	ANTICIPATED SCHEDULE OF ACTIVITIES
5	COMPENSATION
6	QUESTIONS
7	PROPOSAL REQUIREMENTS
8	PROPOSAL CONTENTS
9	CONDITIONS
10	SOLE POINT OF CONTACT
11	SELECTION CRITERIA
12	REVIEW OF PROPOSALS
13	CONTRACT TERM

<u>ATTACHMENTS</u>	<u>TITLE</u>
A	STATEMENT OF WORK

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REVIEW OF THE RECOVERY OF COSTS THROUGH THE PURCHASED GAS ADJUSTMENT CLAUSE (“PGA”) THROUGH RETAIL BILLING, AND PERFORM ANNUAL FINANCIAL AUDIT OF THE OVER OR UNDER RECOVERY OF THE PGA OF ATMOS ENERGY CORP., CENTERPOINT ENERGY MISSISSIPPI GAS, AND SPIRE MISSISSIPPI INC NATURAL GAS DISTRIBUTION COMPANIES

SECTION 1 – INTRODUCTION

The Mississippi Public Utilities Staff (“Staff” or “MPUS”) is issuing a request for proposals (“RFP”) to acquire professional technical consulting services for the evaluation of and opinions on issues related to the recovery of costs through each Company’s purchased gas adjustment clause (“PGA”) through retail billing, and to perform a financial audit of the over or under recovery of the PGAs, for Atmos Energy Corporation (“Atmos”), CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Mississippi Gas (“CenterPoint”) and Spire Mississippi Inc. (“Spire”), formerly Willmut Gas Company, natural gas distribution companies (collectively, “Companies”) associated with Docket No. 2008-AD-270.

Consulting services will begin on February 1, 2018 (anticipated), and end on March 31, 2020 (anticipated). A single firm may submit a proposal or a team of firms may partner and submit a combined proposal, provided the proposal meets the requirements contained in Section 8 of this RFP. If the team approach is chosen, the team must designate a single point of contact that will communicate with the Staff and coordinate activities among the other firms that comprise the team.

SECTION 2 – ELIGIBLE PROPOSERS

Proposers **must be licensed certified public accountants that** have a minimum of five years experience providing services similar to those described in the Statement of Work, which is incorporated herein as Attachment A, and specific to the public utilities market. An entity or company in existence for fewer than five years is eligible to submit a proposal if key personnel on the proposal team have the minimum required experience. Proposers who do not meet this requirement are not eligible for award.

SECTION 3 – AUTHORITY

This RFP is issued pursuant to Mississippi Code Ann. § 77-2-3.

SECTION 4 – ANTICIPATED SCHEDULE OF ACTIVITIES

Deadline for submission of proposals
Contract execution (anticipated)

December 15, 2017
February 1, 2018

Disclaimer: Dates are subject to change at the Staff's discretion

SECTION 5 – COMPENSATION

Compensation for the services outlined in Attachment A will be based on an hourly fee that will cover all expenses except travel. Expenses for approved travel will be reimbursed in accordance with rules of the State of Mississippi for reimbursing employee travel expenses. Unless otherwise approved in writing by the Staff, payments will be made based on the invoicing and payment terms of the resulting contract.

SECTION 6 – QUESTIONS

The Staff will accept questions and requests for clarification by e-mail or telephone to the attention of:

Virden Jones

Executive Director

Mississippi Public Utilities Staff

Post Office Box 1174

Jackson, MS 39215

601-961-5800

Virden.Jones@psc.state.ms.us

Legal questions may be directed to:

Chad Reynolds

General Counsel

Mississippi Public Utilities Staff

Post Office Box 1174

Jackson, MS 39215

601-961-5471

Chad.Reynolds@psc.state.ms.us

Please Note: Mr. Jones and Mr. Reynolds are the only permitted points of contact. Contact or attempted contact with other MPUS or Mississippi Public Service Commission (“Commission”) employees, including Commissioners, may result in a proposer’s immediate disqualification.

The Staff will post additional information, RFP modifications, and addenda on the Commission website at: <http://www.psc.state.ms.us/executive/rfp.html>. Proposers should check the website often to ensure they have the most current information.

SECTION 7 – PROPOSAL REQUIREMENTS

Proposals must be filed with the Staff before 5:00 p.m. on December 15, 2017. Proposals submitted in response to this request must meet all requirements in this RFP to be considered for selection. Please send all proposals to the address or e-mail listed below:

Mississippi Public Utilities Staff

Post Office Box 1174

501 North West Street

Suite 201A, Woolfolk Building

Jackson, Mississippi 39215

Chad.Reynolds@psc.state.ms.us

Please Note: The MPUS will NOT accept a U.S. Postal Service postmark, round validation stamp, mail receipt with the date of mailing stamped by the U.S. Postal Service, a dated shipping label, invoice or receipt from a commercial carrier, or any other documentation as proof of timely submission of any proposal. The Staff will accept ONLY the Staff's official date stamp as evidence of timely submission. The Staff assumes no responsibility, under any circumstances, for the receipt of a proposal after the time and date of the deadline established in this RFP.

Appearance

The proposal submission must include an information sheet that clearly states the name of the proposer; the name, address, e-mail address and telephone number of the proposer's point of contact; and the RFP title. The information sheet must be the first page of the proposal. All parts of the proposal after the information sheet must be submitted in an envelope or other sealed container that is marked with the proposer's name, the RFP title, and "CONFIDENTIAL."

Proposals must be written only on 8 ½" x 11" white paper using double or 1.5 spacing, and 12-point or larger Times New Roman font.

Proposals must include all required attachments and certifications. The Staff will not accept attachments and certifications submitted after the deadline. Failure to provide all required information will make the proposal non-responsive and thus disqualified from consideration.

Proposals must be free of any extrinsic items.

SECTION 8 – PROPOSAL CONTENTS

Proposals must include the contents outlined below, with each section marked by index tab. Within each section, pages must be consecutively numbered. The Staff may reject a proposal that fails to include the required contents.

Statement of the Requirements

Each proposer must state succinctly its understanding of this RFP's requirements and describe how it would perform the tasks in Attachment A. Each proposer must demonstrate the capability to prepare testimony consistent with these tasks, should testimony be deemed necessary by the Staff. If a proposer believes there are additional tasks needed to accomplish the Staff's goals, the proposer must identify the additional tasks, explain why they are needed, and explain how the proposer would perform them.

Competence and Knowledge

Each proposal must demonstrate the competence and knowledge to fulfill the requirements identified in Attachment A. The proposal should also describe any prior experience in providing similar services. The proposal should describe the processes and procedures that the proposer intends to use to provide these services, and an organizational chart identifying the functions and reporting relationships of the personnel who would be assigned to the work.

Qualifications

Proposals **must** demonstrate that the firm or firms have minimum of five years' experience providing

services similar to those described in Attachment A and specific to the public utilities market. An entity or company in existence for fewer than five years is eligible to submit a proposal if key personnel on the proposal team have the minimum required experience. A detailed resume must be provided for each person a proposer identifies to perform the work described in this RFP, describing the services he/she would perform and his/her qualifications and experience, including testifying or participating in matters before FERC and/or state utility commissions.

Compensation

Each proposal shall propose its fixed price and its rates to provide the services identified in Attachment A. If additional work is required to meet the Staff's goals, the proposal should identify the additional work and the associated price to accomplish that work. The Staff encourages, but does not require, proposers to demonstrate how elements of the price correspond to elements of the proposed work plan.

References

Each proposal must provide at least three references per firm with contact information. The Staff prefers references from clients for whom the proposer has performed similar work, including other state utility commissions and/or gas/electric utilities. The Staff, the Commission, and their employees may not serve as references.

Statement Regarding Potential Conflicts of Interest and Prohibited Relationships

Proposers must be neutral and impartial, must not advocate specific positions to the Staff, and must not have a direct financial interest in the provision of electric or gas service in the state of Mississippi. Proposers must identify any personal or business relationships with the Companies, their parent companies and/or subsidiaries. Proposers must also identify all engagements that they or their affiliates performed for any party within the last five years that pertain to said utilities. Proposers must identify the extent, nature, and length of these relationships or engagements. Entities having a conflict of interest, as determined by the Staff, will not be eligible for contract award.

If a proposer does not have any known or potential conflict of interest, the proposal should include such a statement. Failure to provide either a statement regarding potential conflicts of interest or a statement that no potential conflicts exist could automatically disqualify the proposer. This statement must be signed before a notary public by the highest ranking officer of proposer's entity having responsibility for vetting corporate conflicts of interest, such as a corporate Executive Vice President, rather than the head of an operating or regional unit of the firm.

The Staff will determine whether a conflict of interest or the perception of a conflict of interest exists from the perspective of a reasonable person uninvolved in the matters covered by the resulting contract. The Staff is the sole arbiter of whether a conflict or the appearance of a conflict of interest exists. The Staff encourages proposers to provide complete disclosure of matters that might be considered a conflict of interest. Completeness of disclosure may be a factor in evaluating proposals. Each proposer also should address how the proposer intends to ensure that no interest arising or potentially arising as a result of its activities or those of its parent, affiliate or other related entity will conflict with proposer's duty should it be selected to provide these services.

Proposers must identify any lobbyists registered with the Mississippi Secretary of State and their compensation, and must include a statement of what involvement, if any, the lobbyists will have in

connection with 1) this engagement and 2) public utility legislation and policy.

Required Certifications

Proposals must contain a statement certifying that the proposer:

- has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this proposal;
- has not received compensation from the Staff, or any agent, employee, or person acting on the Staff's behalf for participation in the preparation of this proposal; and
- acknowledges that any contract may be terminated and payment withheld if the certification is inaccurate.

SECTION 9 – CONDITIONS

- All proposals and copies of proposals become the property of the Staff upon receipt.
- The Staff reserves the right to reject any or all proposals, and to amend or cancel this RFP at any time.
- Neither the Staff nor the State of Mississippi will reimburse a proposer for any costs related to preparing its response to this RFP under any circumstances.
- The Staff may request a best and final offer, an oral presentation, or other additional information from one or more proposers.
- The Staff reserves the right to negotiate all or portions of any proposal tentatively selected for award, including the proposed fee.
- Proposers understand and agree that no public disclosures or news releases pertaining to this RFP, subsequent contract, or any results or findings based on information provided or obtained to fulfill the requirements of this RFP or subsequent contract shall be made without prior written approval of the Staff.
- Proposers understand that any proposal may be withdrawn in writing before deadline for receipt of proposals. The Staff will not return withdrawn proposals.
- Proposers further agree that any proposal that is not timely withdrawn shall constitute an irrevocable offer for a period of 90 days from the RFP closing date, or until the Staff has made a selection, to provide the services set forth in Attachment A.

SECTION 10 – SOLE POINT OF CONTACT

This RFP is issued by the Staff, which is the sole point of contact in the State of Mississippi for issues regarding this RFP.

SECTION 11 – SELECTION CRITERIA

The Staff will evaluate proposals and make the contract award on the basis of the proposer's demonstrated knowledge, competence, and qualifications to provide the services outlined in Attachment A. The criteria are listed in their order of importance.

- **Understanding of the scope of work in this RFP**
- **Qualifications and relevant experience**
- **Proposed compensation**
- **References**

SECTION 12 – REVIEW OF PROPOSALS

The Staff will begin proposal evaluation as soon as practicable after the submission deadline. The Staff will notify each proposer in writing of the final action taken. The Staff will begin contract negotiations shortly after notification. The successful proposer may offer changes to these terms or additional terms during the negotiation process, but the Staff may reject them. The parties will negotiate a final schedule for performance that will be incorporated into the final contract.

SECTION 13 – CONTRACT TERM

The awarded contract will have a term beginning February 1, 2018 (anticipated), and ending March 31, 2020 (anticipated).

ATTACHMENT A

STATEMENT OF WORK

The contractor or team of contractors (hereinafter “Contractor”) will provide consulting services to the Staff on an ongoing basis until March 31, 2020 (anticipated), providing an evaluation of and opinions on issues related to the recovery of costs through PGAs of the three major natural gas distribution companies serving the State of Mississippi: Atmos, CenterPoint and Spire (“Companies”), and performing a financial audit of the over or under recovery of the PGAs associated with Docket No. 2008-AD-270.

These Companies are permitted to recover specified costs associated with the purchase of natural gas. The Mississippi Code Annotated 1972, in conjunction with certain FERC accounting rules and regulations, identifies costs allowed to be recovered through the PGA through retail billings. The MPUS is charged with ongoing monitoring and auditing of these PGAs. The Contractor will provide an audit of the special purpose PGA schedules for the twelve month periods ending September 30, 2017; September 30, 2018; and September 30, 2019, for each utility.

Audit of the PGA Schedule for the Twelve Month Periods Ended September 30, 2017; September 30, 2018; and September 30, 2019

Contractor duties will include:

- Performance of audit services, as requested by the MPUS in accordance with auditing standards generally accepted in the United States of America, in order to express an opinion on the Companies' special purpose PGA Schedules for the twelve month periods ending September 30, 2017, September 30, 2018, and September 30, 2019;
- Communication directly with the MPUS and Companies' management regarding the results of testing procedures;
- Addressing with the MPUS and Companies' management any accounting and financial reporting issues relating to the Schedules;
- Anticipating and responding to concerns of the MPUS and Companies' management; and
- Addressing other audit-related projects as they arise and upon request of the MPUS.

Pursuant to professional standards, the Contractor will communicate in its report to the Staff the following:

- Auditors' responsibility under Generally Accepted Auditing Standards and Contractor's compliance with Mississippi Code Annotated 1972, Section 77-3-45, and the Mississippi Public Utilities Rules of Practice and Procedure,
- Client's responsibility of maintaining internal controls,
- Potential effect on the Schedules of any significant risks and exposures relating to the Schedules and how they are disclosed,
- All required communications, including significant/critical accounting policies and alternative treatments within the framework of complying with the Mississippi Code Annotated 1972, Section 77-3-45, and the Public Utilities Rules of Practice and Procedure,

- Auditors' judgment about the quality, not just the acceptability, of the Companies' accounting principles and policies as applied in their financial reporting for the Schedules,
- Any alternative treatments within the reporting framework for accounting policies and practices related to material items that were discussed with the Companies' management,
- Any significant difficulties encountered in the audit,
- Any disagreements with the Companies' management,
- Any other matters significant to oversight of the financial reporting practices by those charged with governance,
- Any matters arising from the audit that were discussed with, or the subject of correspondence with, the Companies' management,
- The business conditions that might affect risk or discussions regarding accounting practices or application of accounting standards,
- Any corrected and uncorrected misstatements,
- Major issues discussed with the Companies' management prior to retention,
- Any consultations with other accountants,
- A description of the written representations the auditor requested (or a copy of the representation letter),
- Any internal control deficiencies, and
- Any findings related to fraud or illegal acts.