

**State of New York  
Department of Public Service**

**The Guide**

**A Guide For Consultants Submitting Proposals Concerning the  
Review of the Adequacy of Verizon's Retail Service Quality  
Processes and Programs.**

**Case 03-C-0971**

**July 2003**

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## **I. Introduction**

The Public Service Law allows management and operations audits of major gas, electric, telephone, and water utilities in New York State. The law authorizes the Public Service Commission (the Commission) to select independent consultants to conduct these studies and further authorizes the Commission to order the respective utilities to implement the recommendations resulting from these audits. Generally, these audits are conducted by consultants selected by the Commission, and this “*Guide*” for an audit of the adequacy of the retail service quality processes and programs of Verizon New York Inc. (the Company, or Verizon) is intended to describe the manner in which this audit will be administered.

It is the Commission’s practice to send its request for proposals (RFP) to any firm or individual requesting its receipt. Since the Commission does not use an established list of qualified firms or individuals, each firm or individual submitting a proposal is required to demonstrate to the satisfaction of the Commission its qualifications and abilities to undertake the assignment.

The Commission expects this review to produce a clearly written and documented report on the adequacy of Verizon's retail service quality programs, processes, and resource allocations.

## **II. The Audit Program**

This review will be conducted by a consultant selected by the Commission. The audit process begins with the preparation of a RFP, followed by receipt of proposals (Section III), selection of a consulting firm (Section IV), and the review (Section V).

### **A. Conflicts of Interest and Ethical Conduct**

The Commission will not engage a firm with a conflict of interest, and may not engage any firm with the appearance of a conflict of interest.

The consultant’s proposal should identify each existing contract or other agreement that the consultant or its subcontractor(s) have with Verizon New York Inc. and/or its affiliates and should describe any work that it or its affiliates are doing or have done for any Verizon New York Inc. and/or its affiliates in the past two years. Similar disclosures should be made for any existing contract the consultant or its subcontractor(s) have with organizations representing Verizon’s workforce. Based on the consultant’s submission, Staff will determine if there is either an appearance of or an actual substantive conflict of interest.

The consulting firm selected, and its staff and subcontractors are expected to conduct themselves in accordance with the highest business, professional and ethical standards. Neither the consulting firm, its staff, nor any subcontractor is to offer any gift, favor, or gratuity of any value, or to make any offer of employment to any officer or employee of the Company or to any Commissioner or member of the Department of Public Service Staff (Staff) either during the audit or within two years following completion of the review. Violation of this restriction may result in immediate termination of services of the offending individual or firm, and may ban the individual or firm from future consideration by the Commission or Staff.

Finally, the consulting firm selected and any subcontractor engaged by it on the project, will be required to enter into a three-party contract (consultant, the Company and the Commission) establishing the terms of the engagement. A copy of that contract will be available on the web site of the Department of Public Service as well as upon request. The consulting firm and any subcontractors must agree that neither it nor any of its affiliates or any of its principals or employees will perform any work for the Company or its affiliates during the course of the audit and for two year after completion of the audit without written authorization by the Commission.

#### **B. The Request for Proposals**

This RFP contains the scope and objectives of the review and is based on the requirements identified in the Commission Order in Case 03-C-0971<sup>1</sup>.

Neither the Commission nor Staff maintains a list of qualified firms. Rather, the RFP is sent to any individual or firm that has requested to be on the mailing list.

The RFP will provide for an informational meeting for those individuals or firms interested in submitting a proposal, at which Staff will provide additional information on the project scope and schedule.

#### **C. Responsibilities of the Commission Staff**

The Commission is the client and through Staff, the Commission will exercise the monitoring and control necessary to achieve its objectives. Monitoring of the study will include adherence to the scope, the contractual agreement, defined procedures, schedules, and budgets. Staff's responsibilities encompass all aspects of the engagement.

The Commission will rely on Staff for periodic reports on project status, the emerging issues, and the content of the final report. Therefore, it will be necessary for Staff to monitor the work of the consultants. This could include accompanying the consultant on site visits and attendance at interviews as required.

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<sup>1</sup> Case 03-C-0971– Proceeding on Motion of the Commission to Consider the Adequacy of Verizon New York Inc.'s Retail Service Quality Processes and Programs, Issued and Effective July 11, 2003 (“Commission Order”).

**D. Office Space and Equipment**

It is the responsibility of Verizon to provide suitable office space with file cabinets, telephones, access to copying facilities, and fax machines for use of the consultant and Staff during the course of the review.

<b>III. Proposals</b>
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The proposal submitted by the individual consultant or firm is the document that Staff will use to make its initial judgment regarding the consultant's qualifications, understanding of the Commission's scope and objectives, and the ability to undertake the project. The proposal is also an indication of the consultant's ability to present its thoughts clearly, concisely, and cogently, and will be an indication of the consultant's ability to produce a final report.

The original and 9 copies of the proposal are to be filed with:

Jaclyn A. Brillling  
Acting Secretary  
New York State Department of Public Service  
3 Empire State Plaza  
Albany, New York 12223-1350

Those submitting proposals do so entirely at their own expense. There is no expressed or implied obligation by the Commission to reimburse any firm or individual. Whether selected to perform work or not, any costs incurred in preparing or submitting the proposal or responding to any additional information requested by Staff, or for participating in the selection interviews described in Section IV, will not be reimbursed.

Submission of any proposal indicates acceptance of the conditions contained in the RFP and this *Guide* unless clearly and specifically noted otherwise in the proposal. The Public Service Commission reserves the right to reject any and all proposals submitted in response to its request.

**A. Design and Content**

The proposal, which is to be bound as a single document,<sup>2</sup> must contain a description of relevant projects that the consulting firm has completed. A single copy of one or more of the firm's most recent publications, presentations or other documents should be submitted along with the proposal. Preferably, such documents should be of a final nature concerning the same subject area as this proposal, and be of similar complexity.

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<sup>2</sup> As discussed in Section III (B), any material claimed to be confidential should be clearly identified and include an explanation of the specific reasons why confidentiality is claimed.

The proposal must contain the following sections, which will be discussed in more detail below:

1. Introduction
2. Scope and Objectives
3. Approach, Methods, Procedures, and Project Management
4. Areas and Issues for Review
5. Consulting Staff Organization
6. Schedules and Budgets
7. Qualifications of the Firm
8. Exhibits

1. Introduction

The introduction should include a short section describing the purpose of the proposal. A demonstration of the consultant's understanding of the specific issues relevant to the audit is required.

2. Scope and Objectives

The Commission's scope and objectives are described in the RFP. The procedures that will govern the review are described in this Guide. In this section of the proposal the consultant is to confirm in its words its understanding of the scope and objectives. The consultant should demonstrate the process the consultant intends to use to evaluate Verizon's retail service quality programs, processes and resource allocations (collectively, service quality efforts). Proposals should identify specific tasks and activities that the consultant would perform. At a minimum, the proposal should address the methods and procedures to be employed and the criteria to be used in reviewing Verizon's retail service quality efforts. The consultant's proposal should describe the underlying approach to be utilized in performing this evaluation to allow Staff to understand fully how the consultant would perform the evaluation.

3. Approach, Methods, Procedures, and Audit Management

An explanation of the process the consultant intends to use to demonstrate its compliance with the required scope of work must be provided. It should contain how the review will be planned, implemented, supervised and managed by the consultant's staff, as well as the philosophy and approach to these steps. The methods and procedures to be employed and the criteria to be used in its evaluations should also be addressed to allow Staff to fully understand how the consultant will perform the review.

The scheduling and project management systems to manage and control the project are to be described in this portion of the proposal.

#### 4. Areas and Issues for Review

The proposal must include a description of how the scope and issues identified in the Commission Order will be examined during the audit, and show how the consultant's staff will be assigned to complete the scope and meet expected deadlines.

#### 5. Consultant Staff Organization

The proposal must include the organizational structure for the engagement and the resources that will be involved in the review. The organizational structure should identify personnel who will work on each aspect of the evaluation, their expected time commitment, and relevant credentials. The consultant should note which resources in this organizational structure will be dedicated to which aspects of the project and which resources will be shared. Each of the consulting staff members who will be assigned to the specific task areas must be designated in the proposal and what percentage of that consultant's time would be allocated to the project must be specified. A resume which focuses on experience directly related to his or her areas must be included for each individual. Descriptions of an individual's experience should include his or her responsibilities in previous assignments which are relevant to the scope and objectives of the review, whether that experience was gained during the period of employment with the proposing consulting firm, and whether the proposed team has worked together on previous assignments. For those individuals proposed who are not employees of the firm, the nature of their commercial relationship with the firm is to be described, including the number of previous assignments undertaken on behalf of the firm. Each consultant should be prepared to discuss his or her experience in telephone service quality management and measurement. No other personnel can be assigned to the review without prior written approval of Staff. If the consulting firm is selected as a finalist, personnel should be available for finalist interviews

#### 6. Schedules and Budgets

The proposal is to include a schedule/timeline showing dates for all important milestones such as project start, time on-site, involvement of interested parties, and draft and final reports for the project. The proposal must also contain a not-to-exceed cost in which the costs of professional services and out-of-pocket expenses are separately stated, and the criteria for each defined for billing purposes. The current professional fee (billing) rates for each individual must also be stated. An example of the invoice detail that is to be reported and billed is shown following page in Exhibit 3-1. Staff will audit all invoices and no payment will be made until authorized by Staff as being compliant with the contract. For purposes of establishing an expense budget and determination of expenses chargeable to the project, we suggest your proposal set forth a per diem rate for expenses. These per diem rates would be for all expenses (excluding hotel and inter-city transportation).

The cost for all draft reports is to be included in the not-to-exceed cost. However, the cost of printing the final report is not to be included in the not-to-exceed cost. If Staff determines that the consultant should provide printed copies of the final report, the consultant will be reimbursed for its costs of printing the final report.

## 7. Qualifications

Proposals should include a discussion of the following: A) qualifications of the individual consultants to be assigned; and, B) qualifications of the firm.

A) Qualifications of Individual Consultants - Provide a detailed description of the experience and qualifications for all consultants who will be assigned to the project. The proposal should identify the lead consultant and the name and credentials of each consultant team member who will be involved and the specific area(s) to which they will be assigned and responsible. At the finalist interviews, each consultant should be prepared to discuss his/her experience in telecommunications service quality and his/her specific area of expertise, as applicable.

B) Qualifications of the Consulting Firm - The proposal should discuss the firm's specific experience in telecommunications service quality programs. Previous engagements of a similar nature should be identified and client references for those engagements should be included in the proposal. The firm must clearly demonstrate its prior experience in protecting confidential/sensitive information, including, but not limited to the methods, processes and procedures which will be employed. The principal participants of the engagement must be in the employ of the firm(s) submitting the proposal.

**Exhibit 3-1**

**Sample Invoice**

*Ocean Breeze Associates*  
 172 Leisure Lane  
 Hilton Head, South Carolina

February 10, 2004

John R. Coleman  
 SQ Audit Project Manager  
 Office of Communications  
 Department of Public Service  
 3 Empire State Plaza  
 Albany, New York 12223-1350

Dear Mr. Coleman:

This constitutes our invoice for professional fees and expenses incurred during January 2003 on the Verizon Retail Service Quality Audit.

<u>Staff</u>	<u>Days</u>	<u>Rate</u>	<u>Fees</u>	<u>Expenses</u>	<u>Total</u>
Hector Lopez	7	\$xxx	\$x,xxx	\$ xxx.xx	\$ x,xxx.xx
Susan Jones Smith	3	xxx	xxx	xx.xx	x,xxx.xx
Robert Fields	2.5	xxx	x,xxx	xx.xx	x,xxx.xx
Liam O'Leary	5	xxx	x,xxx	xxx.xx	x,xxx.xx
Helen Roberts	8	xxx	x,xxx	xxx.xx	x,xxx.xx
Alan Cohen	<u>11</u>	xxx	<u>x,xxx</u>	<u>xxx.xx</u>	<u>x,xxx.xx</u>
Subtotal	36.5		xx,xxx	x,xxx.xx	xx,xxx.xx

Firm Expenses

Supplies	\$ xxx.xx
Telephone	xx.xx
Secretarial/Office Support	<u>xx.xx</u>
Subtotal	\$ xxx.xx

Invoice Total \$xx,xxx.xx

I certify that the above charges are correct and just and have not been previously billed, except as indicated, and that payment therefore has not been previously received by Ocean Breeze Associates.

Very truly yours,

Herbert Fowler  
 Vice President

**B. Freedom of Information**

With certain specified exceptions, New York State's Freedom of Information Law (FOIL), Public Officers Law §§ 84-90, requires the Commission to provide the public with copies of an agency's records upon request. While it has not been Staff's practice to routinely release copies of proposals submitted, those submitting proposals should be aware that upon receipt the proposals become an agency record. Accordingly, in response to a request under FOIL, the Commission could be required to make copies of any proposal available to the public. **If a bidder desires any part of its proposal to be kept confidential, it must clearly identify the specific sections and/or proposal information that is claimed to be proprietary at the time of submission.** A request for protection should be made to the Secretary of the Public Service Commission setting forth the reasons. Any request for confidentiality will be subject to the requirements of the State Freedom of Information Law (FOIL). Failure to request protection at the time the proposal is submitted may result in public disclosure of the information submitted.

Any data, reports or other information, which the Company presents to the consultant on a proprietary basis, shall be identified as proprietary in the consultant's draft and final reports provided to Staff. Parties to Case 03-C-0971 (other than Staff and the Company) who wish to review the proprietary reports must sign a protective agreement. Redacted versions of the draft and final reports will be made available to those parties who wish a copy, but have not signed a protective agreement.

<b>IV. The Selection Process</b>
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The selection process will consist of an evaluation of the proposals in two steps: an initial review of proposals and an interview of consultant staff of those firms selected from the initial review.

**A. Review of Proposals**

The proposals will be reviewed and evaluated by Staff for conformity with the RFP, this Guide and for substantive content. The proposal must provide a clear demonstration of its understanding of the objectives and deliverables identified in the RFP. Staff may request additional information or clarification and may permit correction of errors or omissions under certain circumstances.

In evaluating the proposals, weight will be given to the experience and ability of the consulting firm's staff in conducting relevant audits, to the experience and ability of the individual(s) designated to manage the audit, and to the proposed approach and methods.

The cost of the audit will be analyzed from the perspective of the number of staff days proposed, and the billing rates of the proposed staff.

The ability of the consulting firm to prepare a proposal that is clearly written, concise yet complete, and well organized will be considered a strong indication of the firm's ability to produce a final report of similar quality.

The proposal submitted must clearly demonstrate an understanding of functions used in providing and maintaining retail telecommunication services relating to the subject of this audit.

Although the selection of those firms that will receive further consideration is dependent on the quality of the proposal, the Commission may not select a high cost proposal when a lower cost proposal is acceptable.

## **B. Interview of Consultant Staff**

Those firms selected for further consideration may be required to arrange a location in Albany or New York City for interviews of the individuals to be assigned to the audit. The standard agenda should include a short presentation of the consultant's proposal, and a discussion of scope, approach, methods, procedures, and project management with the designated engagement manager. Staff may also interview each of the professional staff separately at that time to discuss his or her areas of expertise.

### 1. Evaluation Criteria

The areas to be evaluated during the interviews include the experience, ability, and expertise of personnel, the ability of the audit manager, and the ability of the proposed staff to function as a team. Of equal importance is the proposed team's understanding of the scope of the engagement and of the proposed methods and approaches. Serious deficiencies in any of these categories could be sufficient cause for a firm not being selected, regardless of its strengths in other areas.

### 2. Document Requirements

The firms under consideration will be requested to submit in advance of the interview copies of recent work products by each professional staff member in those areas in which the person is proposed to be assigned.

Each firm will be required to describe in writing how it proposes to document the findings and conclusions in its report. At a minimum, the work papers should identify sources of information, nature and extent of the work done and conclusions reached. The firm should be prepared for an audit by Staff of work papers in any scope area during or after the audit.

**C. Recommendation to the Commission**

Based on the process described above, Staff will present a recommendation to the Commission to select the firm, which in Staff's judgment, is best qualified to perform the review.

<b>V. The Project</b>
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**A. Contracting Procedures**

The firm selected by the Commission will be required to sign a standard Commission-approved agreement that will govern the conduct of the review. This three-party agreement is also to be signed by representatives of the Company and the Staff, and sets forth the responsibilities of each of the parties. A copy of that contract will be posted to the web site of the Department of Public Service and also made available upon request.

**B. Responsibilities of the Parties**1. Commission Staff

Staff has overall responsibility for the day-to-day management of the project and will work closely with both the consultant and the Company to stay abreast of the review and facilitate coordination between the consultant and the Company. Staff has the responsibility to review the consultant's work and may participate in all the project activities, including, but not limited to, interviews and field visits.

2. Consultant

The consultant is responsible for performing the review, developing the findings and conclusions, and producing the draft and final audit reports. A senior member, the audit manager, of the consultant's organization will be designated to address issues.

3. Company

The Company is to designate a senior officer to coordinate the Company's effort. The senior officer will be kept abreast of the progress and issues of the review so that he or she will be able to ensure there is appropriate planning, direction, and corporate commitment to the project. The senior officer should be well informed in his/her designated areas and have sufficient authority to make and implement decisions.

The senior officer, or his/her designee shall make arrangements for the coordination of day-to-day matters, such as arranging interviews and site visits and coordinating the Company's response to information requests.

### C. Managing the Review

The consultant's project manager is responsible for the efficient conduct of the review, its compliance with the prescribed scope, and its adherence to the established schedules and budgets.

#### 1. Audit Trail and Work Papers

All work papers, interview notes, statistical analyses, and other supporting documents developed or obtained during the course of the audit are to be available to the Commission Staff. At the conclusion of the audit, a copy of the report indexed to the supporting documents is to be furnished to the Commission Staff. All supporting documents, with the exception of interview notes, and all documents obtained by the consultant during the audit are to be turned over to Commission Staff at the completion of the audit. Interview notes must be retained by the consultant for at least six years after the completion of the report and must be made available to Commission Staff. The consultant shall not copyright any material developed during the course of the project.

#### 2. Documentation and Reporting

The consultant is required to report to Staff on its continuing progress. These reports are not limited to reporting against the schedule and budget, but are also to include reporting on developing issues, findings, and likely conclusions. A midpoint status meeting with Staff will be expected and should appear in the consultant's proposed schedule under Section III A (6).

Other written reports or documentation as detailed below will also be necessary during the course of the review. These reports must be prepared for distribution electronically:

- a) A report of interviews and site visits scheduled, if applicable, for the following week. As this report is updated, it will also serve as a report on interviews conducted,
- b) A monthly report of staff-days expended by activity in each task area, and
- c) A document request report (log) kept on-site at the utility showing data requested and date received.

#### 3. Invoice Approval

Although the subject of the study and the party responsible for payment is the Company, the Commission is the client. Thus, it is Staff's responsibility to audit the consultant's invoices before authorizing payment by the Company. It is normal practice for consultants to submit invoices once a month. Firms which have a different practice should explain how often invoices would be submitted.

The auditor will verify the charges through an examination of appropriate supporting documents such as time sheets, expense reports, vouchers for transportation and lodging, invoices supporting fees for sub-contractors, and invoices supporting other out-of-pocket expenses. Copies of these records must be made available to Staff along with the invoice.

The consultant shall provide a not-to-exceed cost in which the cost of professional services and out-of-pocket expenses are separately stated. The proposal must include the current professional fee rates for each individual. The consultant should detail any assumptions going into the price bid. The not-to-exceed cost shall be inclusive of all expenses associated with the creation of the deliverables, including travel and incidentals. Payments under the contract will be made according to a negotiated schedule of deliverables, however, 15% of professional fees will be retained until Staff approves the detailed workplan. With the approval of the workplan the incremental 5% of professional fees which were withheld pending approval of the workplan will be released and subsequently, 10% of professional fees will be retained until Staff determines that all deliverables have been provided to Staff. Furthermore, until such time as the consultant has completed its draft report and delivered it to the Department for its review, no more than 75% of the budgeted professional fees, will be paid to the consultant. Proposals should identify key milestones for payment.

**D. Developing Findings, Conclusions and Recommendations**

It will be the responsibility of the consultant to fully develop the findings and conclusions, subject to a Staff review for completeness.

**E. Initial Draft Report and Final Report**

The final report is to be written at a level that assumes a fundamental understanding of common utility terminology and operations. It is intended for an audience consisting of interested parties, the Commissioners, Staff and Company management, and highly technical terms, jargon, and acronyms are not to be used.

In addition to the final reports identified above, consultants must also be prepared to submit an initial draft report for Staff review. The initial draft report will be reviewed for adherence to the scope identified in the RFP. With Staff's approval, the consultant will present a revised draft report to Verizon for factual accuracy, and, subsequently, to the parties in Case 03-0971 for their comment before the report is made final.