

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

The Guide

**A Guide for Consultants Submitting Proposals for
Management and Operations Audits and other Investigations**

**Prepared by the Management Audit Unit
Office of Accounting and Finance**

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I. Purpose of this Guide

Section 66(19) of the Public Service Law requires the Public Service Commission to conduct periodic management audits of New York's largest gas and electric utility companies. The scope of our Management Audit Program, includes (but is not limited to) a review of construction program planning and operational efficiency. The request for proposal (RFP) is the primary document that describes the scope, approach and other requirements that may be unique to each management audit. The law allows the Public Service Commission to select independent consultants to conduct these studies and requires the utility company to pay for the consultant's costs.

This *Guide* provides important information to assist consultants in preparing proposals in response to our periodic RFPs. The purpose of this *Guide* is to explain the important elements of our Audit Program that are necessary for you to understand in preparing the proposal, including the selection process, our preferred management audit approach and process, and the work products and deliverables.

When preparing your proposal, please keep in mind that the final report should focus on findings that evolve out of root causes and the recommendations that address major improvement opportunities. Implementation costs and benefits should be quantified, as appropriate. Each recommendation should include the implementation cost components and benefit categories that should be considered as part of implementation, if applicable. Fewer, well-defined, well-supported, but more global recommendations are more desirable than many recommendations that have lesser impact or that are not well-supported.

II. The Proposal

Your proposal will be the primary document that we will evaluate to determine if your consultant team will be interviewed as a finalist. Your proposal should comprehensively and clearly communicate your understanding of the RFP, including work scope, objectives, approach, and schedule, as well as your understanding of the additional information and requirements of this *Guide*. The proposal must convey your firm's and individual consultant experience and expertise, specifically relevant to the work scope and approach. The proposal's format and content should be as consistent as possible with the information described in the RFP and this *Guide*. Your proposal is an indication of your team's ability to communicate clearly and cogently, and will be an example of your ability to produce a well-presented final audit report.

A. Format and Content

Your proposal should be compiled as a single document and should be structured with sections, as listed below.

- 1 Introduction
- 2 Scope and Objectives
- 3 Approach, Methods, and Project Management
- 4 Audit Areas and Issues
- 5 Project Team and Responsibilities
- 6 Schedule and Budgets
- 7 Experience and Qualifications of the Individuals and Firm

1. Introduction

A short introduction should describe your proposal and your summary understanding of the scope and objectives. Please don't include generic information about the utility, the utility industry, the regulatory climate, or trends of utility costs.

2. Scope and Objectives

The Commission's audit-specific scope, objectives and deliverables are described in the RFP. The procedures that will govern the audit are described in this *Guide*. This section should describe in detail your understanding of the scope and objectives. You should describe your insight and unique experience relevant to each of the scope areas.

The Management Audit Program is guided by the principle that management practice and process improvements will lead to performance improvements. Depending upon the scope as defined in the RFP, objectives may include:

- a) Identify specific opportunities, as needed, for improving: planning, business processes and management practices, organizational design, staffing, operations, and performance management;
- b) Identify specific opportunities, as needed, to improve performance, including operational efficiency and productivity, operational reliability, organizational effectiveness, cost savings, work quality, customer service, safety and other measurable elements;
- c) Develop recommendations, as needed, for implementing changes or undertaking the studies necessary to achieve performance improvements. Where feasible, recommendations should be supported by benefit/cost analyses and any other guidance for implementation;

3. Approach, Methods, and Project Management

An explanation of the process the consultant intends to use to show its compliance with the required scope of work must be provided. Your proposal should contain how the audit will be planned, implemented, supervised and managed by the consultant's personnel, as well as the philosophy and approach to these steps. Proposals should identify specific tasks and activities that the consultant will perform. Proposals should include evaluative criteria and experience-based ideas and insight, in addition to amplifying and discussing the scope requirements described in the RFP. You should describe the methods and procedures and criteria that you propose to use.

The description of your proposed audit project management must include cost and schedule control. If you are selected for further consideration, we will require additional details on these topics.

4. Audit Areas and Issues

Each proposal must include a description of how the scope, audit areas and issues identified in the RFP will be examined during the audit, and show how the consulting firm's personnel will be assigned to complete the scope and meet expected deadlines. Those areas within the scope of the audit which may offer the greatest potential for cost savings, remedying operating problems, or controlling construction costs, are to be described to demonstrate a thorough understanding of those areas. The description should also indicate if and how the consultant expects to quantify the benefit of audit recommendations.

5. Project Team and Responsibilities

The proposal must include the organizational structure which should identify all personnel who will work on each aspect of the audit, their expected time commitment, as well as relevant credentials. The consultant should clearly note which individuals in the organizational structure will be dedicated and/or shared among projects and tasks. Each of the consulting firm's members who will be assigned to the specific task areas should be designated in the proposal. A resume which focuses on experience directly related to his or her assigned tasks should 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 audit, 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 business relationship with the firm is to be described, including the number of previous assignments undertaken on behalf of the firm. No other personnel can be assigned to the audit without prior written approval of Staff's Project Manager. The proposed consulting firm's personnel organization should be shown on an organization chart. This should be an all inclusive chart that illustrates how the audit is being managed, e.g., Engagement Director, Project Manager, etc. as well as identifies the assigned topic areas and /or organizational slices.

A consultant assignment matrix should also be included to show the person-day estimates. These person-day estimates should identify the individuals assigned to each area, the number of days assigned to each area, and the time associated with the various sub-categories of the area. The total person-day estimates should be the total person-day estimates necessary to complete the audit deliverables. If the consulting firm is selected as a finalist, all personnel should be available for finalist interviews.

6. Schedule and Budgets

The proposal should include a calendar (time-line) schedule showing the duration of each phase/segment of the audit. As a minimum, the calendar schedule should show the start and end dates for the following audit phases: Orientation, Work Plans, Interviews, Site Visits, Analysis, Draft Reports, Report Reviews, Three Party Meetings (if needed to discuss the Draft Report), Utility's Written Comments, and the Printing/Release of the Audit Report.

The proposal must also contain a not-to-exceed cost in which the costs of professional services, professional out-of-pocket expenses and support services¹ are separately stated, and the criteria for each defined for billing purposes. The consultant should detail all assumptions used to develop the not-to-exceed project cost. The proposal must include the current professional fee (billing) rates for each individual in a format similar to Exhibit 1, as well as, an estimate of out-of-pocket expenses for each individual. The not-to-exceed project cost should be inclusive of all expenses associated with the creation of the deliverable, including travel and incidentals.

7. Experience and Qualifications

Proposals should include a discussion of both the experience and qualifications of the individual consultants and of the firm.

- a) Experience and 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, the name and experience of each supporting consultant member who will be involved including the specific area(s) to which each will be assigned. (Please refer to II.A.5. for further instruction.)
- b) Experience and Qualifications of the Consulting Firm - The proposal should discuss the firm's specific experience. Previous engagements of a similar nature should be identified and client references for those engagements should be included in the proposal. Past projects/engagements are not relevant unless the principal participants are still in the employ of or affiliated with the firm submitting the proposal. The firm must clearly demonstrate

¹ Support services include clerical, secretarial, research and report preparation services.

its prior experience in protecting confidential/sensitive information, including, but not limited to the methods, processes and procedures which will be employed.

B. Confidential Information

If a proposal contains trade secret/confidential information, it must clearly identify the specific sections and information that is claimed to be trade secret information/confidential at the time of submission. A request for trade secret protection should be made to the Secretary of the Public Service Commission setting forth the reasons.

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.

Submitting Your Proposal

An electronic version of the proposal should be sent to the named project manager for the audit and to the Department of Public Service's Secretary at secretary@dps.state.ny.us. An original and nine (9) copies of the proposal are to be filed with:

Jaclyn A. Brillong
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. 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 III, will not be reimbursed.

Your proposal must contain a description of all relevant work associated with the scope of the audit which the consulting firm has completed and a listing of those audit reports produced by it which are in the public domain. A single copy of one or more of the firm's most recent audit reports (and an electronic copy if available), 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.

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 RFP. Any questions concerning the preparation of the proposal should be directed to the Staff Project Manager: not to the utility.

III. The Selection Process

The selection process will consist of an evaluation of the proposals in two steps: an initial review of proposals and an interview of personnel from consulting firms selected from the initial review. Following Commission action, any firm not selected may request and receive a confidential assessment.

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 the consulting firm's 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 personnel 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 experience of the consulting firm in conducting similar audits is relevant, but only to the extent those audits were conducted by individuals currently with the firm. The resumes provided will be carefully reviewed to judge the experience and abilities of the consulting firm's personnel.

The cost of the audit will be analyzed from the perspective of the number of person days proposed, and the billing rates of the proposed staff. The estimated person days will be evaluated based on the scope of the audit and the proposed approach.

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 audit report of similar quality. Reports produced by the personnel proposed for the audit on previous assignments will be similarly reviewed.

The proposal submitted must clearly demonstrate an understanding of utility functions which require intensive examination versus those which probably will need less rigorous examination. Suggestions of those functions at the utility to be audited which may be most likely to produce opportunities to reduce costs or improve performance will be carefully considered.

B. Finalist Interview of Consulting Firm's Personnel

Those firms selected for further consideration may be required to arrange for a location in Albany, NY for finalist interviews. The agenda should include a short presentation by the engagement manager or project manager of the proposal, including a brief discussion of scope, approach, methods, procedures, and project management. This schedule will include opportunities for Staff to talk with each of your consultants, most likely in small groups that correspond to a specific scope area team. The engagement manager and project manager may be present for these small group discussions. Each individual consultant should be prepared to

discuss his or her relevant experience and to provide relevant writing samples, if requested. 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.

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 capability of the proposed personnel to function as a team. Of equal importance is the proposed team's understanding of the scope of the audit. 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 finalist interview copies of recent work products and associated references for each consultant in those areas in which the person is proposed. It is anticipated that references will be contacted prior to the finalist interviews.

Department staff will review systems and methods which the firm has developed to manage and control the audit and will discuss the manner in which these systems can be used to assist Staff in its project oversight responsibilities. Specific forms, logs, or manuals which will be used to manage the audit are to be made available for staff review.

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, and appropriate cross references to an indexed copy of the final report, bulk file items, and other work papers. In addition to a description of the work-paper system, each firm is to make available examples of such a system. These examples should allow Staff to trace a statement in a sample final report to the original source document.

IV. The Audit

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 audit. This is a three-party agreement that will also be signed by representatives of the Company and Department of Public Service, and sets forth the responsibilities of each of the parties. A copy of that contract will be made available upon request.

B. Responsibilities of the Parties

The Commission is the client and through Department of Public Service Staff, the Commission will monitor the study including adherence to the scope, the contractual agreement,

defined procedures, work plans, 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, the content of the final audit report, as well as an understanding of the management and operations of the utility being audited. Therefore, it will be necessary for Staff to be closely involved in the work of the consultants. This will include accompanying the consultant on site visits and attendance at selected interviews. Staff may request that the individual consultant assigned to each task area discuss his or her progress with Staff at least weekly. The consulting firm's willingness to work with Staff in this manner should be reflected in its proposal and will be a factor in the selection process.

1. Department Staff

Staff has overall responsibility for the day-to-day management of the audit and will work closely with both the consultant and the Company and facilitate coordination between the consultant and the Company. A Staff project manager will be assigned and additional Department staff may also be assigned. 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 audit, developing the findings, conclusions and recommendations, and producing the draft and final audit reports.

3. Company

The utility will designate a senior officer to coordinate the Company's effort who should have sufficient authority to make and implement decisions. The utility will also have a day-to-day project manager to work with Staff and the consultant's project manager.

The utility will 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.

The utility will provide suitable office space and equipment, including file cabinets, telephones, PCs, high speed internet access, printers and copiers. If you anticipate the need for additional equipment, please identify these in your proposal.

C. Orientation

The onsite audit work begins with a series of orientation meetings, interviews and document requests. The purpose of the orientation is to gain sufficient background and perspective to prepare the detailed audit work plans.

D. Preparation of Work Plans

The consultant is required to submit detailed work plans for approval by Department staff before in-depth work begins. This aids in achieving a mutual understanding of the issues and areas to be examined in the audit, and will give Staff and the consulting firm a written document to guide the audit.

The work plans must include the tasks to be performed, the individuals assigned to those tasks, and the schedule for their completion. The work plans also should contain a list of any preliminary issues identified during the orientation, a preliminary list of individuals to be interviewed, documents to be reviewed, questions to be asked, evaluative criteria, a description of what will be examined and the manner in which it will be analyzed, detailed audit activities and facilities to be visited.

E. Managing the Audit

The consultant's audit manager is responsible for the efficient conduct of the audit, 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 made available to Staff in an organized electronic format. We encourage the consultant to develop a database of non-sensitive material received during the course of the audit to which Staff will be given both on-site and off-site access. At the conclusion of the audit, a copy of the report indexed to the supporting documents should also be made available to Staff.

2. Audit Documentation and Reporting

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

Other written reports or documentation as detailed below will also be necessary during the course of the audit. These reports must also be prepared for electronic access:

- a) A report of interviews and site visits scheduled, if applicable, for the following week. As a minimum, this report should include the interviewee, interviewer, topic/areas of focus, date, time and location. As this report is updated, it will also serve as a report on interviews conducted.

- b) A monthly report of person-days expended by activity in each task area. This is a progress report relative to the calendar (time-line) schedule requested in Section IIA.6 (Schedules and Budgets) and should show the original estimate, time spent during the current month and to-date, estimated time to complete, and percent completed.
- c) A weekly document request report (log) showing documents requested and date received. This log should also be kept on-site at the utility.
- d) Interview summaries. As a minimum, the interview summaries should include the names of the interviewee and interviewer, the title and organization of the interviewee, documents requested and items discussed.
- e) Documents (other than trade secrets) in a document database.

3. Invoice Approval

Although the subject of the audit and the party responsible for payment is the utility, the Commission is the client. Thus, it is Staff's responsibility to review the consultant's invoices before authorizing payment by the utility. 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.

Staff will verify the charges through an examination of appropriate supporting documents such as time sheets, trip reports, and other supporting documentation as needed. Copies of these records must be provided to Staff along with the invoice.

For billing purposes, the professional billing rate should be an all inclusive rate that captures both the professional fee and out-of-pocket expenses for each individual, as previously mentioned in section II A. 6., and which rolls up to the not-to-exceed project cost. The not-to-exceed project cost should also be inclusive of all expenses associated with the creation of the deliverables, including support services and incidentals. The intended method of billing for clerical, secretarial, research, and all report preparation services must be explained. An example of the invoice detail that is to be reported and billed is shown in Exhibit 2. Staff will audit all invoices and no payment will be made by the utility until authorized by Staff.

Payments under the contract will be made according to the schedule of deliverables; however, 15% of professional fees will be retained until Staff approves the detailed work plans. With the approval of the work plans the incremental 5% of professional fees that were withheld pending approval of the work plans 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 and delivered an acceptable draft audit report to the Department, no more than 75% of the professional fees, will be paid to the consultant. Proposals should identify key milestones for payment. Please refer to Exhibit 2-2 to see how professional fees will be retained.

F. Developing Findings, Conclusions and Recommendations

It will be the responsibility of the consultant to fully develop the findings, conclusions and recommendations. Recommendations should consider cost benefit or risk benefit analyses, ***where appropriate***. All finding, conclusions and recommendations are subject to Staff's review for completeness.

Your cost benefit analyses should follow the following model:

- For a recommendation that is expected to have quantifiable net dollar benefits, define known cost components and quantify as many as feasible. Define all benefit components and quantify as many as feasible.
- For a recommendation that does not have quantifiable benefits, but nevertheless is desirable (improved performance, good management practices, etc.), define all cost components and quantify as many as feasible. Define all benefit components.
- At a minimum, sufficiently define as many benefit and cost components as feasible so that if/when more information becomes available, those components can be more readily quantified.

Cost component considerations:

- Labor, materials, equipment, systems, training and development, etc.
- One-time and recurring costs
- O&M (expenses) and capital costs
- Estimated implementation durations (months or years) and quantified dollar benefit and cost streams, as appropriate

Benefit component considerations:

- Increased productivity
- Improved reliability
- Reduced expenses
- Reduced capital requirements
- Reduced FTEs
- Improved practices and processes
- Improved schedule adherence
- Improved work quality
- Optimized organizational structures
- Etc.

G. Audit Report

The audit report should be written for Staff as the primary target audience. The report should assume a fundamental understanding of common utility terminology and operations. The report may also have a much broader audience, and as such, technical terms, industry jargon, and acronyms may be used but should be defined.

The final audit report should explain in detail any opportunities and recommendations for improvements. The audit report should not dwell on a description of the functions, processes, etc. which are appropriately managed. A simple statement to the effect that a function or organizational unit is performing properly, appropriately, and efficiently along with a brief factual description of its operation is sufficient. However, if the consultant finds a “best practice” or any other exceptionally well-performed function, practice, etc., that should be highlighted.

The audit report is the result of a series of written work products:

1. Emerging Issues/conclusions - Prior to the submission of the initial draft audit report, but not later than the midpoint of the audit, the consultant will prepare an informal written summaries of emerging issues for the Department Staff’s review.
2. Initial Draft Report - The initial draft report will be reviewed by Staff for adherence to the scope in the RFP and the work plans.
3. Revised Draft - After any necessary changes by the consultant, the second draft report will be reviewed by Staff and returned to the consultant.
4. The Final Draft - The next draft will reflect final corrections that the consultant chooses to make, and will be submitted to Staff for final review.
5. Printing - The cost for all *draft* reports should be included in the proposal’s not-to-exceed cost, as well as the cost of printing 10 hardcopies of the final report. These ten copies must be overnight expressed to the Commission, in addition to the PDF e-mail file of the final report you must supply.
6. Release by the Commission - Upon release by the Commission, generally following the Session at which it was considered, the final audit report may be a public document. Staff will determine if and when to release the final audit report.

H. Testimony in Commission Proceedings

If testimony by the consultant is requested by the Commission or Staff, the consultant must agree to provide the needed testimony at its standard rates for consulting services. The consultant will be reimbursed for travel and out-of-pocket expenses.

I. Conflicts of Interest and Ethical Conduct

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

Each consulting firm, or any of its principals, or any of its affiliates, or any subcontractor, must disclose all previous work performed for the utility to be audited, including any existing contracts or agreements. Such disclosure may not necessarily disqualify an individual or firm.

An appearance of a conflict of interest may also exist if the consulting firm, or any of its principals, affiliates, or subcontractors have performed work for other organizations associated with the utility industry in New York State, such as, but not limited to, the Energy Association of New York State and New York State Independent System Operator, during the five-year period preceding the date of the proposal. The proposal must describe any relationships which may constitute the appearance of a conflict of interest.

The proposal should identify each existing contract or other agreement that the consultant or its subcontractor(s) have with the utility and/or its affiliates and should describe any work that it or its affiliates/subcontractors are doing or have done for the utility and/or its affiliates. Similar disclosures should be made for any existing contract the consultant or its subcontractor(s) have with organizations representing the utility's workforce. Department staff will determine if there is either an appearance of or an actual substantive conflict of interest.

The consulting firm selected, and its team and subcontractors, must adhere to the highest business, professional and ethical standards. Neither the consulting firm, its personnel, nor any subcontractor shall offer any gift, favor, or gratuity of any value, or make any offer of employment to any officer or employee of the utility or to any Commissioner or staff of the Department of Public Service either during the audit or within two years following its completion. 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.

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 utility and the Department). A copy of a generic contract will be available upon request, and we do not anticipate any substantive changes. Furthermore, 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 utility or its affiliates during the course of the audit and for two years after completion of the audit without written authorization by the Commission.

Exhibit 1

Sample Person-Days and Fee Estimates

Redi-Kilowat Electric Company
Management and Operations Audit
Person-days and Fee Estimates

Exhibit 2-1

Steps/Tasks	Individual Personnel					Orientation	Discovery	Analysis	Report Writing	Total
	*	*	*	*	*					
I. Orientation	3	10				2	6	2	3	13
II. Technical Review										
A. Organization		10				1	2	5	2	10
B. Corporate Planning			5	20		2	7	10	6	25
C. Engineering & Constr.			5	20		2	10	8	5	25
D. Fuels Mgt. & Gas Supply			5	35		3	10	19	8	40
E. T&D		5	30			3	12	15	5	35
F. Power Production				20	20	3	15	17	5	40
G. Financial Systems	5	25	11			3	14	18	6	41
H. Work Force Mgt		5	5	30		4	26	5	5	40
I. Customer Services	25	15				3	18	14	5	40
J. External Relations					5		3	1	1	5
K.										
L.										
M.										
N.										
O.										
P.										
Sub-total	33	70	61	125	25	26	123	114	51	314
III. Report Preparation	3	15								18
IV. Project Mgt.	4	35								39
TOTAL DAYS	40	120	61	125	25					371
BILLING RATE \$/DAY										
TOTAL FEES										

* Names of individual consultants

Note: These numbers are for illustrative purposes only and bear no relation to actual time requirements you will estimate.

Exhibit 2

Sample Invoice

Management Audit Project Manager
Office of Accounting and Finance
New York State Department of Public Service
3 Empire State Plaza
Albany, New York 12223-1350

Dear XXXXX:

This is our invoice for professional fees and expenses incurred during July 2007 for Utility X's Management Audit, payable by Utility X, after Staff's approval.

CONSULTANT	MONTH	HOURS WORKED	HOURLY FEE RATE	TOTAL PROFESSIONAL FEES	ALL INCLUSIVE RATE	TOTAL FEES INCLUDING EXPENSES	FEES AND EXPENSES TO DATE
Consultant A	July	115	260	\$29,900.00	\$299.00	\$34,385.00	\$68,770.00
Consultant B	July	30	240	\$7,200.00	\$276.00	\$8,280.00	\$12,420.00
Consultant C	July	94	240	\$22,560.00	\$276.00	\$25,944.00	\$51,888.00
Consultant D	July	58	225	\$13,050.00	\$258.75	\$15,007.50	\$30,015.00
Consultant E	July	0	225	\$0.00	\$258.75	\$0.00	\$11,385.00
Consultant F	July	66	240	\$15,840.00	\$276.00	\$18,216.00	\$36,432.00
Consultant G	July	10	225	\$2,250.00	\$258.75	\$2,587.50	\$7,762.50
Consultant H	July	44	60	\$2,640.00	\$0.00	\$0.00	\$2,640.00
SUB TOTALS		417		\$93,440.00		\$104,420.00	\$221,312.50
TOTAL FEES						\$104,420.00	\$221,312.50
SUPPORT CHARGES						\$2,500.00	\$4,500.00
TOTAL MONTHLY INVOICE AMOUNT FOR JULY						\$106,920.00	\$225,812.50
Less 10% of Professional Fees						\$9,344.00	\$14,016.00
TOTAL MONTHLY INVOICE AMOUNT TO PAY						\$97,576.00	\$211,796.50

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