



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Request for Proposals for Audit Services On the

Boulder Canyon Project (aka Hoover Dam) Electric Service Contracts and Accounts

Issuance Date: July 1, 2016

Response Deadline: August 1, 2016 by 4:00p.m. PDT

I. Introduction

The Southern California Public Power Authority (SCPPA), on behalf of the Boulder Canyon Project (BCP) Electric Service Contractors (listed below), is hereby soliciting competitive proposals for Audit Services as described below in Section III.

SCPPA is interested in discovering all Respondent's capabilities related to specified Areas of Interest and associated pricing to enable informed decisions and potentially proceed to more specific negotiations on contract development with one or more qualified Respondents to this Request for Proposals (RFP).

Responses to this RFP are due on or before **4 p.m. PDT August 1, 2016** as described below in Sections III and V.

II. Background

SCPPA is a joint powers authority and a public entity organized under the California Joint Exercise of Power Act found in Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, and through the SCPPA Joint Powers Agreement, for the purposes of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation or transmission of electric energy. SCPPA also facilitates joint service contracts, at the request of its members, to aggregate like project efforts among its Members for the purposes of developing energy efficiency, demand response and resource procurement Programs or Projects to improve operating efficiencies and reduce costs.

Membership of SCPPA consists of eleven cities and one irrigation district, which supply electric energy within Southern California, including the municipal utilities of the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon, and the Imperial Irrigation District. SCPPA is governed by its Board of Directors, which consists of representatives from each of its Members. The management of SCPPA is under the direction of an Executive Director who is appointed by the Board.

For this RFP, the "BCP Electric Service Contractors" include the following entities listed below:

- **SCPPA Members:** The California cities of Anaheim, Azusa, Banning, Burbank, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon.
- **Non-SCPPA Participants:** The Metropolitan Water District of Southern California, Southern California Edison Company, Arizona Power Authority, Colorado River Commission of Nevada and City of Boulder City, Nevada.

The audit results from any service contract entered into by SCPPA pursuant to this RFP will be utilized directly by the BCP Electric Service Contractors to support their respective management needs in anticipation of the September 30, 2017, expiration of the existing BCP Electric Service Contracts. The service and work products during the term of the audit will be ordered and approved directly by one or more individuals, or an audit subcommittee, designated by the BCP Electric Service Contractors. Invoicing, billing and payments pursuant to the audit will be administered through SCPPA.

III. Scope of Services

The BCP Electric Service Contractors have expressed an interest in obtaining Audit Services to meet the needs of their constituents in preparation for the September 30, 2017 termination of the existing BCP Electric Service Contracts. Listed below are two agreements for audit services review which are available to download at site: <http://www.usbr.gov/lc/region/programs/bouldercanyon.html>

1. For the purposes of this audit, only one BCP Electric Service Contract will be reviewed (as it represents essentially the same language as the remaining fourteen individual BCP Electric Service Contracts which expire September 30, 2017):

Contract, *Contract No. DE-MS65-86WP39579 between United States Department of Energy Western Area Power Administration Boulder Canyon Project and The State of Nevada and its Colorado River Commission for Electric Service (BCP Electric Service Contract).*

2. The Boulder Canyon Project *Implementation Agreement, Contract No. 95-PAO-10616, between United States Department of Energy Western Area Power Administration and United States Department of the Interior Bureau of Reclamation and Boulder Canyon Project Electric Service Contractors (BCPIA).* This BCPIA was originally established in 1995 to resolve eleven controversial issues related to the administration of the BCP Electric Service Contracts as represented above. The BCPIA's term and associated BCPIA resolutions continue beyond September 30, 2017.

In preparation of the close out of the BCP Electric Service Contracts, the Agreed Upon Procedures are listed below. The BCP Electric Service Contractors and the two federal agency signatories are negotiating a new set of BCP Electric Service Contracts which will include some new contractors (New Schedule D Contractors) in accordance with the Hoover Power Allocation Act of 2011. The Respondent shall examine the Bureau of Reclamation (the Bureau) and the Western Area Power Administration (Western) Lower Colorado Region's annual financial information or records for the federal Fiscal Years 1995 through 2017 (Oct. 1-Sep. 30) in accordance with generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants, Government Auditing Standards promulgated by the

Comptroller General of the United States, and any other audit principles relevant to public agencies in the State of Nevada, as outlined in the Agreed Upon Procedures.

The Bureau and Western have the following accounting records readily available in electronic format:

1. Financial statements, trial balances, general ledger transaction line item details for applicable funds, accounts or sub-accounts under review.
2. Detailed schedules and calculation worksheets that back up general ledger transaction details for the entire audit period.
3. Supporting documents (invoices, receipts, signature approvals) up to seven years prior to the audit start date.

Respondents may sample and review supporting documents up to seven years prior to the audit start date; for earlier years, respondents should assume they will be limited to recalculation, data analytics, test of controls and other applicable audit procedures that do not require the sampling or review of supporting documents.

Bids for this Scope of Services shall include a proposal to commence work immediately and complete the audit within six months of commencement, and Respondents must have the resources to meet this schedule.

IV. Agreed Upon Procedures

1. Research, reconcile, analyze and prepare a report regarding replacements and repayable advances. Specific efforts should be employed to ensure completeness and accuracy in accordance with BCPIA and associated resolutions.
2. Prepare a comprehensive report of the Colorado River Dam Fund cash balances as of September 30, 2016 and research and determine any requirements of those funds as well as sources of funds (i.e., working capital fund advances, undelivered orders, sequestered funds, multi-year project funding, operating amounts), and determine which funds can/should be returned to the BCP Electric Service Contractors.
3. Research, evaluate/analyze, reconcile and prepare a report to verify the accuracy of the balance of the Post-Retirement Benefits (PRBs) funds.
4. Research and confirm the BCP Electric Service Contractors have not incurred any costs related to the Hoover By-Pass Bridge through the BCP rate process. Determine the appropriateness of operation and maintenance charges to the BCP Electric Service Contractors since October 2010 related to the Bridge Plaza and parking area on or near the former A&N Switchyard site.
5. Research, reconcile, analyze and prepare a report regarding the Power Repayment System Study (PRSS). Include analysis of internal fiscal controls and project financial statements for both federal agencies that are signatories to the agreements in Section III.
6. Review procedures and determine if materially correct for transition to the new BCP Electric Service Contracts effective October 1, 2017. This would include funds management between the existing contractors' contributions to cash accounts, obligations, debt, working capital fund advances and operating amounts to the establishment of New Post 2017 Hoover Contract allottees' (Schedule D contractors) funding requirements for the BCP.

7. Include a ten day test period after the end of September 2017 to review final balances of these accounts, the sources of funds in item 2 above, and to verify repayable advance balance for Schedule D contractors.

Tentative Timeline / Schedule*

SCPPA RFP for Audit Services Selection Process	
Schedule of Requirements	Target Date(s)
Issue RFP	July 1, 2016
Pre Award Conference	July 19, 2016
Responses Due	4 p.m. PDT August 1, 2016
Review of Responses	August 1-31, 2016
Interviews (if necessary)	Week of August 22-26, 2016
Selection of Respondent(s)	September 1, 2016

*Timeline/Schedule is subject to change.

V. Proposal Submission Required Elements

1. Transmittal Letter Content:

- a. A brief statement of the Respondent's understanding of the work to be done and commitment to perform the work as scheduled, including:
 - i) statement of work specifications; and
 - ii) reference to any proposed contractual terms and conditions required by the Respondent; and
 - iii) a summary of exceptions taken to the RFP requirements; and
 - iv) any and all expectations from SCPPA including, but not limited to: requirements definitions, strategy refinement, and staffing requirements to support the proposed project or program implementation.
- b. An officer authorized to bind must sign the proposal on behalf of the Respondent and must include the following declarations on the transmittal letter:

“This proposal is genuine, and not sham or collusive, nor made in the interest or in behalf of any person not herein named; the Respondent has not directly or indirectly induced or solicited any other Respondent to put in a sham bid, or any other person, firm or corporation to refrain from submitting a proposal; and the Respondent has not in any manner sought by collusion to secure for themselves an advantage over any other Respondent.”

2. **Respondent Information:** Respondent shall be an established licensed CPA firm providing the type of services requested under this solicitation for over five years, and shall have conducted these types of services with the past year.

3. Provide legal name of Company or Individual, physical street address, the name(s) and title(s) of the individual(s) authorized to represent the Respondent, including telephone number(s) and email address(es).
4. **Proposal:** Proposals must include a description of the proposed project or program, how it meets (or does not meet) each of the objectives of this RFP, and a detailed description addressing all of the Section III: Scope of Services and Section IV: Agreed Upon Procedures. Respondents may also include additional services, products, tasks, task elements and/or functions that may not be part of or included in the RFP, but are deemed by the Respondent to be pertinent and potentially valuable to SCPPA or the BCP Electric Service Contractors. SCPPA will have full discretionary authority to consider, accept and/or reject without cause such supplemental information that is not directly requested, included in or made part of the RFP.
5. **Schedule and Fees:** The Firm Fixed Price Agreement in all Proposals should be made based on good faith estimates of the requirements defined in this RFP. Please include all necessary details of specific examples or estimates of the total bid cost. No hourly rates, time and material pricing proposals will be accepted.

SCPPA requests Respondents provide two combinations of fee and schedule proposals:

- a. A firm fixed fee if all contracted work is completed by February 1st, 2017
- b. A firm fixed fee if contracted work is allowed to continue past February 1st, 2017.

Both proposals should include realistic schedule expectations and end dates. Each firm fixed fee should include an itemized breakdown of costs by task number (with a separate line item for travel expense) so that reviewers may identify the expenses associated with each task. SCPPA reserves the right to adjust the scope of tasks to be performed based on the itemized expenses.

6. **Experience:** Respondent shall clearly identify project participants and management team, including:
 - a. Describe your firm's experience as may be applicable to this RFP, your organizational structure, management qualifications, and other contract related qualifications, including number of years firm has been in business.
 - b. Specify key employees and describe their qualifications, experience and duties related to this RFP, including the office location(s) where work will be performed, in addition to the physical street address referenced above.
 - c. Provide a commitment statement for the retention and use of key employees as proposed, their availability to initiate and sustain the proposal, as well as planned supplemental employees if key personnel are not available to assure project delivery.
 - d. State whether Respondent will use subcontractors to perform services pursuant to the contract. Should the use of subcontractors be offered, the Respondent shall provide the same assurances of competence for the subcontractor, plus the demonstrated ability to manage and supervise the subcontracted work. Subcontractors shall not be allowed to further subcontract with others for work. The provisions of any contract resulting from this RFP shall apply to all subcontractors in the same manner as to the Respondent.

- e. Respondent shall indicate any and all pending litigation that could affect the viability of Respondent's proposal, continuance of existing contracts, operation or financial stability.

7. References:

- a. Describe whether the Respondent has, within the last five (5) years, rendered any service to SCPPA, to any of SCPPA's Members, BCP Electric Service Contractors, the United States Bureau of Reclamation's Lower Colorado Region, or the United States Department of Energy Western Area Power Administration Desert Southwest Region either as a contractor or subcontractor, either under the current Respondent's name or any other name or organization. If so, please provide details (status as prime or subcontractor, brief description of the contract, contract start and end date, the contract administrator name, and total actual contract expenditures).
- b. If the Respondent has not rendered any service within the last five (5) years to SCPPA, BCP Electric Service Contractors, the United States Bureau of Reclamation's Lower Colorado Region, or the United States Department of Energy Western Area Power Administration Desert Southwest Region, then please provide references over that period with the details described above including the counterparty for which services were provided.
- c. Identify existing related or relevant projects or programs which Respondent developed and/or operates that would demonstrate Respondent's capabilities in this area.
- d. Describe relevant program development and implementation experience, approach, and provide a list of references for similar projects completed.

8. Conflicts of Interest/Independence:

In connection with any actual or possible conflict of interest, Respondent must disclose the existence of any personal or financial interest(s) in SCPPA, its Members, the BCP Contractors, the Bureau, and/or Western, and any personal or financial relationship with any of their employees.

After disclosure of the interest and all material facts, and after any discussion with the interested person(s), SCPPA shall decide if a conflict of interest exists. For example, SCPPA may decide that a conflict of interest exists where, because of existing or planned activities or because of relationships with other persons, (i) the Respondent is unable or potentially unable to render impartial assistance or advice to SCPPA, (ii) the Respondent's objectivity in performing the Audit Services is or might be otherwise impaired, or (iii) the Respondent has or may have an unfair competitive advantage.

Successful Respondents will be required to comply with Rules 3520 and 3526 of the Public Company Accounting Oversight Board (PCAOB), as outlined in Exhibit A. For purposes of this RFP and subsequent contract, "client" should include SCPPA, its Members, the BCP Contractors, the Bureau, and Western.

9. Disciplinary Actions/Suspensions/Debarment:

Respondent must disclose whether, during the past five (5) years, it, or any of its principals or employees, has been the subject of any investigation, disciplinary action, settlement in lieu of discipline, or any pending

administrative action, from any regulatory body, licensing board or professional organization. If so, provide details about the nature of the action, including the names of all employees, affiliates, and principals implicated and the name of the regulatory body, licensing board or professional organization, date, nature of and reason for the investigation, discipline, settlement or pending administrative action.

Respondent must disclose whether it, or any of its principals or employees, has been debarred or suspended from contracting with any public entity. If so, identify the public entity and the name and current phone number of a representative of the public entity familiar with the debarment or suspension, and state the reason for or circumstances surrounding the debarment or suspension, including but not limited to the name(s) of the principal(s) debarred or suspended and the period of time for such debarment or suspension.

VI. Proposal Submission Delivery Requirements

An initial Respondents' conference for interested parties and potential Respondents to ask questions related to this RFP will be held on July 19, 2016 at 9:00 am at the Bureau of Reclamation Regional Office, 100 Date Street Boulder City NV 89005. Please contact Jolaine Saxton at (702) 293-8438 prior to attending and to receive a call-in number for teleconference.

One (1) hard copy of your response, including a transmittal letter of authentic offer with wet-ink authority signature, and any supporting documentation should be delivered no later than 4:00 pm PDT on August 1, 2016 to:

Southern California Public Power Authority
RFP: Boulder Canyon Project (aka Hoover Dam) Electric Service
Contracts and Accounts
Attention: Katherine Ellis
1160 Nicole Court
Glendora, California 91740

One (1) electronic copy of your proposal should also be delivered to the address above, preferably e-mailed to kellis@scppa.org, or alternatively on a USB flash drive no later than the time and date referenced above.

No contact should be made with the Board of Directors, committees or working group representatives, or SCPPA Members or BCP Electric Service Contractors concerning this RFP.

All information received by SCPPA in response to this RFP is subject to the California Public Records Act and may be subject to the California Brown Act and all submissions may be subject to review in the event of an audit.

VII. Proposal Terms and Conditions

1. SCPPA reserves the right to cancel this RFP at any time, reject any and all proposals and to waive irregularities.
2. SCPPA shall determine at its sole discretion the value of any and/or all proposals including price and non-price attributes.
3. Proposals may be sub-divided or combined with other proposals, at SCPPA's sole discretion.
4. SCPPA shall perform an initial screening evaluation to identify and eliminate any proposals that are, for example, not responsive to the RFP, do not meet the minimum requirements set forth in the RFP, are not economically competitive with other proposals, or are submitted by Respondents that lack appropriate creditworthiness, sufficient financial resources, or qualifications to provide dependable and reliable services for this RFP.
5. SCPPA reserves the right to submit follow up questions or inquiries to request clarification of information submitted and to request additional information from any one or more of the Respondents.
6. SCPPA reserves the right, without qualification and in its sole discretion, to accept or reject any or all proposals for any reason without explanation to the Respondent, or to make any award to that Respondent, who, in the opinion of SCPPA, will provide the most value to SCPPA and the BCP Electric Service Contractors.
7. SCPPA may decline to enter into any potential engagement agreement or contract with any Respondent, terminate negotiations with any Respondent, or to abandon the request for proposal process in its entirety.
8. SCPPA reserves the right to make an award, at its sole discretion, irrespective of price or technical ability, if SCPPA determines that to do so would result in the greatest value to SCPPA and the BCP Electric Service Contractors.
9. Those Respondents who submit proposals agree to do so without legal recourse against SCPPA, its Members, the BCP Electric Service Contractors, their directors, officers, employees and agents for rejection of their proposal(s) or for failure to execute or act on their proposal for any reason.
10. SCPPA shall not be liable to any Respondent or party in law or equity for any reason whatsoever for any acts or omissions arising out of or in connection with this RFP.
11. SCPPA shall not be liable for any costs incurred by any Respondents in preparing any information for submission in connection with this RFP process or any and all costs resulting from responding to this RFP. Any and all such costs whatsoever shall remain the sole responsibility of the Respondent.
12. SCPPA may require certain performance assurances from Respondents prior to entering into negotiations for work that may result from this RFP. Such assurances may potentially include a requirement that Respondents provide some form of performance security.

13. SCPPA Members, or BCP Electric Service Contractors, either collectively or individually may contact Respondents to discuss or enter into negotiations regarding a proposal. SCPPA is not responsible or liable for individual Members or BCP Electric Service Contractors interactions with the Respondent which are not entirely conducted through SCPPA or at SCPPA's option or election to engage the Respondent as defined within the RFP.
14. Submission of a Proposal constitutes acknowledgement that the Respondent has read and agrees to be bound by the terms and specifications of this RFP and any addenda subsequently issued by SCPPA.
15. Information in this RFP is accurate to the best of SCPPA's and the BCP Electric Service Contractors' knowledge but is not guaranteed to be correct. Respondents are expected to complete all of their due diligence activities prior to entering into any final contract negotiations with SCPPA.
16. SCPPA reserves the right to reject any Proposal for any reason without cause. SCPPA reserves the right to enter into relationships with more than one Respondent, can choose not to proceed with any Respondent with respect to one or more categories of services, and can choose to suspend this RFP or to issue a new RFP that would supersede and replace this RFP.

VIII. Additional Requirements for Proposal

1. **Insurance, Licensing, or other Certification:** If selected, the Respondent will be required to maintain sufficient insurance, licenses, or other required certifications for the type of work being performed. SCPPA or its Members or the BCP Electric Service Contractors may require specific insurance coverage to be established and maintained during the course of work and as a condition of award or continuation of contract.
2. **SCPPA-Furnished Property:** SCPPA's or any BCP Electric Service Contractors' utility drawings, specifications, and other media furnished for the Respondent's use shall not be furnished to others without written authorization from SCPPA or the applicable BCP Electric Service Contractors.
3. **Contractor-Furnished Property:** Upon completion of all work under any agreement developed as a result of this RFP, ownership and title to reports, documents, drawings, specifications, estimates, and any other document produced as a result of the agreement shall automatically be vested to SCPPA and no further agreement will be necessary for the transfer of ownership to SCPPA. SCPPA has the sole right to distribute, reproduce, publish, license, or grant permission to use all or a portion of the deliverable documentation, work product or presentations as it determines in its sole discretion.

EXHIBIT A**Rule 3520. Auditor Independence**

A registered public accounting firm and its associated persons must be independent of the firm's audit client throughout the audit and professional engagement period.

Note 1: Under Rule 3520, a registered public accounting firm or associated person's independence obligation with respect to an audit client encompasses not only an obligation to satisfy the independence criteria applicable to the engagement set out in the rules and standards of the PCAOB, but also an obligation to satisfy all other independence criteria applicable to the engagement, including the independence criteria set out in the rules and regulations of the Commission under the federal securities laws.

Note 2: Rule 3520 applies only to those associated persons of a registered public accounting firm required to be independent of the firm's audit client by standards, rules or regulations of the Board or Commission or other applicable independence criteria.

[Effective pursuant to SEC Release No. 34-53677, File No. PCAOB-2006-01 (April 19, 2006); and SEC Release No. 34-72087, File No. PCAOB-2013-03 (May 2, 2014)]

Rule 3526. Communication with Audit Committees Concerning Independence

A registered public accounting firm must -

- (a) prior to accepting an initial engagement pursuant to the standards of the PCAOB -
 - (1) describe, in writing, to the audit committee of the potential audit client, all relationships between the registered public accounting firm or any affiliates of the firm and the potential audit client or persons in financial reporting oversight roles at the potential audit client that, as of the date of the communication, may reasonably be thought to bear on independence;
 - (2) discuss with the audit committee of the potential audit client the potential effects of the relationships described in subsection (a)(1) on the independence of the registered public accounting firm, should it be appointed the potential audit client's auditor; and
 - (3) document the substance of its discussion with the audit committee of the potential audit client.
- (b) at least annually with respect to each of its audit clients -
 - (1) describe, in writing, to the audit committee of the audit client, all relationships between the registered public accounting firm or any affiliates of the firm and the audit client or persons in financial reporting oversight roles at the audit client that, as of the date of the communication, may reasonably be thought to bear on independence;

- (2) discuss with the audit committee of the audit client the potential effects of the relationships described in subsection (b)(1) on the independence of the registered public accounting firm;
 - (3) affirm to the audit committee of the audit client, in writing, that, as of the date of the communication, the registered public accounting firm is independent in compliance with Rule 3520; and
 - (4) document the substance of its discussion with the audit committee of the audit client.
- [Effective pursuant to SEC Release No. 34-58415, File No. PCAOB-2008-03 (August 22, 2008); and SEC Release No. 34-72087, File No. PCAOB-2013-03 (May 2, 2014)]