Pennsylvania Public Utility Commission

RFP-2016-1 Pennsylvania Universal Service Fund

Pre-Proposal Conference held October 12, 2016

Questions & Answers

1. What is the amount of the Fund?

**RESPONSE:** The projected 2016 total annual fund size is $34,068,244.37.

1. Regarding Part III-1.B.23, if a short-term loan is necessary to cover a shortfall, is the loan interest covered by the fund?

**RESPONSE:** Yes. Pursuant to 52 Pa. Code § 63.167(23), at least 60 days before short-term borrowing is necessary, the administrator shall provide formal notice to the Commission which identifies the amount, the proposed lending source and the terms and conditions of the loan. However, short-term borrowing has not been the Commission’s practice when a short-fall situation arises; rather, a reassessment of the telecommunications contributors has been undertaken. Moreover, the Fund retains a surplus “cushion” to address this type of situation. To date, no short-term loans were ever undertaken.

1. Is the Contractor responsible to obtain the loan if the Fund has a shortfall? Does the Commission offer any sort of “guarantee” of the contractor’s ability to repay such loan?

**RESPONSE**: Yes, the Contractor would have to obtain the credit line on its own. No, the Commission will not stand behind any such loan. The Commission does not guarantee financial instruments of any kind nor does the Commission extend a line of credit. See also the answer to question #2.

1. Under the current contract, how is the data collected?

**RESPONSE:** Under the current contract data is collected by online reporting and paper copy. Our regulations require that a paper copy also needs to be filed with the Secretary’s Bureau at the Pennsylvania Public Utility Commission.

1. Does the current contractor help with the transition of the new contractor?

**RESPONSE:** Yes.

1. Is the contract a firm fixed price contract, where the Commission pays a specific amount for the service, or is it a “price not to exceed” contract, where the bid price is a price maximum, but the contractor submits bills for work performed up to the maximum price?

**RESPONSE:** The contract is a “price not to exceed” contract. Contractors can only bill for work performed, up to the total contract bid price. Therefore, if the contractor does not perform work to the total contract price, it will not receive the total price bid for the contract.

1. Does the Fund Administrator pick the External Auditor?

**RESPONSE:** No. The Commission selected the External Auditor via a RFP in 2015. The contract term is for 4 years with an option for the Commission to extend the contract one additional year. The External Auditor is Hurlbert CPA, LLC.

1. Part III-1.B.25 – access to books of carrier to verify rates. Is verifying rates auditor work or contractor work?

**RESPONSE:** Contractor/Administrator work, in conjunction with Commission staff. A contractor may have to participate in conference calls with carriers and Commission staff. The contractor will not perform audits of carrier books. If there is an issue, the contractor will notify Commission staff who will obtain materials from carriers.

1. When does the current contract expire?

**RESPONSE:** June 30, 2017

1. What is the target date when the new contract is to be executed?

**RESPONSE:** The Commission would like to select the Pa USF Administrator as early as February or March 2017.

1. Will the Commission post the contact information for the Bureau of Diversity, Inclusion, and Small Business Opportunities (BDISBO)?

**RESPONSE:** BDISBO’s contact information is in the RFP. BDISBO’s Procurement Liaison is Audrey Smith at [audresmith@pa.gov](mailto:audresmith@pa.gov) and phone number (717) 346-8105.

1. Will there be an addendum to the RFP to clarify the required insurance coverage?

**RESPONSE:** In the event that there is a change, the addendum will be put on the webpage and electronic copies will be forwarded to the four known perspective bidders. The possible change would be to clarify and indicate that the contractor would have to obtain “Professional Liability Error and Omissions” insurance in the amount of $1,000,000.