

PROJECT NO. 45273

RULEMAKING PROCEEDING TO	§	PUBLIC UTILITY COMMISSION
ADD 16 TEXAS ADMINISTRATIVE	§	
CODE SUBCHAPTER E, §27.170 TO	§	OF TEXAS
ESTABLISH A PROCEDURE	§	
IDENTIFYING CONTRACTS THAT	§	
REQUIRE ENHANCED CONTRACT	§	
MONITORING	§	

**ORDER ADOPTING NEW §27.170
AS APPROVED AT THE SEPTEMBER 8, 2016 OPEN MEETING**

The Public Utility Commission of Texas (commission) adopts new Subchapter E. Enhanced Contract Monitoring, §27.170, relating to Enhanced Contract Monitoring Procedure without changes to the proposed text as published in the April 8, 2016 issue of the *Texas Register* (41 TexReg 2557). The adopted new section will establish a procedure identifying contracts that require enhanced contract monitoring pursuant to Texas Government Code §2261.253, which was added by Senate Bill 20 (84th Leg). Project Number 45273 is assigned to this proceeding.

A public hearing on the new Subchapter E. Enhanced Contract Monitoring, §27.170, relating to Enhanced Contract Monitoring Procedure was not requested.

The commission did not receive any comments on the proposed new section.

The new section is adopted under the Public Utility Regulatory Act, Texas Utilities Code Annotated §14.002 and §14.052 (West 2007 and Supp. 2016) (PURA) which provides the commission with the authority to make and enforce rules reasonably required in the exercise of its powers and jurisdiction.

Cross Reference to Statutes: Public Utility Regulatory Act §14.002 and §14.052.

Subchapter E. ENHANCED CONTRACT MONITORING.**§27.170. Enhanced Contract Monitoring Procedure.**

- (a) The commission shall assess each contract to determine whether enhanced contract monitoring is necessary.
 - (1) The commission shall use the following factors to determine whether enhanced contract monitoring is necessary:
 - (A) the complexity of the services,
 - (B) the contract amount,
 - (C) whether the services or contractor are new or changed significantly,
 - (D) whether the project involved is a high profile project, and
 - (E) any other factors that may impact the project.
 - (2) Projects deemed medium or high risk shall be co-monitored by contract and program staff and may involve additional team members such as legal, fiscal, and auditing staff members.
- (b) If a contract is determined to need enhanced monitoring, the commission will require the vendor to provide specific programmatic information on a scheduled basis to determine if performance measures are being met.
 - (1) Programmatic reports shall include information related to the performance measures in the contract, as well as any other deliverables.
 - (2) Enhanced monitoring may also include site visits, additional meetings with the vendor's staff and other documentation determined to assess progress by the agency towards meeting performance requirements.

- (c) The director of fiscal division shall notify agency executive staff of contracts needing enhanced monitoring through this process.

- (d) This process does not apply to interagency agreement, interlocal agreement, a memorandum of understanding with another state agency, or a contract for which there is not a cost.

This agency hereby certifies that the adoption has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority. It is therefore ordered by the Public Utility Commission of Texas that §27.170 relating to Enhanced Contract Monitoring Procedure is hereby adopted with no changes to the text as proposed.

Signed at Austin, Texas the _____ day of September 2016.

PUBLIC UTILITY COMMISSION OF TEXAS

DONNA L. NELSON, CHAIRMAN

KENNETH W. ANDERSON, JR., COMMISSIONER

BRANDY MARTY MARQUEZ, COMMISSIONER