

NEWFOUNDLAND AND LABRADOR  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

**REQUEST FOR PROPOSALS TO PROVIDE  
FINANCIAL CONSULTING SERVICES**

**TERMS OF REFERENCE**

January 25, 2019

**1. PURPOSE**

The Board of Commissioners of Public Utilities of Newfoundland and Labrador ("the Board") is seeking proposals for the provision of professional financial consulting services for a five-year period. The services to be provided will include a core level of recurrent work with respect to the Board's mandate for regulation of public utilities as well as other requirements that may arise from time to time.

**2. BACKGROUND**

Description

The Board operates as a quasi-judicial regulatory agency responsible for the regulation of public utilities, automobile insurance rates, certain motor carriers, and establishing prices of petroleum products in accordance with the following legislation:

*Public Utilities Act, R.S.N.L. 1990,*  
*Electrical Power Control Act, R.S.N.L. 1990,*  
*Automobile Insurance Act, R.S.N.L. 1990,*  
*Insurance Companies Act, R.S.N.L. 1990,*  
*Petroleum Products Act, S.N.L 2001 and*  
*Motor Carrier Act, R.S.N.L. 1990.*

Pursuant to the provisions of the *Public Utilities Act*, the Board is responsible for the general supervision of public utilities, and must satisfy itself by means of examinations and inquiries that these utilities are in compliance with the legislation and with Orders of the Board. Any observed violations may be investigated further, and compliance can be enforced.

The Board

In accordance with the *Public Utilities Act*, the Board consists of four full-time Commissioners, one of whom is designated as Chairperson and another as Vice-Chair. There are 13 full-time staff members.

Industry

Newfoundland Power Inc. ("Newfoundland Power") is the principal distributor of electricity in the Province, providing service to more than 267,000 customers, or approximately 88% of all electricity customers in the Province. Newfoundland Power generates about 7% of the energy sold to its customers and purchases the balance from Newfoundland and Labrador Hydro ("Hydro"). Total sales revenue for 2017 amounted to approximately \$668.4 million on

a weather-adjusted basis. Newfoundland Power has an approved 2019 Capital Budget of \$93.3 million and an approved average rate base for the year ending December 31, 2017 of \$1.09 billion.

Hydro has the principal responsibility for generation and transmission of power in the Province and sells most of its power to Newfoundland Power and to several industrial customers. It also sells directly to over 38,000 customers living in rural communities of the province who are not serviced by Newfoundland Power. Total sales revenue for 2017 was \$566.8 million. Hydro has an approved 2019 Capital Budget of \$116.1 million and an approved forecast average rate base for 2014 of \$1.6 billion.

### **3. ELIGIBILITY**

Before preparing a proposal for the provision of financial consulting services to the Board proponents are advised to ensure that their firm can meet the following eligibility criteria. The required qualifications are:

- i) Well-developed professional auditing techniques and a sound system of control and review of audit work performance.
- ii) Substantial resources in the fields of public utility accounting, taxation, auditing and management consulting.
- iii) Provincially based expertise.
- iv) Experience in comprehensive auditing will be an asset.

### **4. DISCLOSURE OF CONFLICT**

The Board requires that any possible conflict of interest be reported. Failure to report any such conflict may be cause for disqualification. The Board requires disclosure by candidates of any financial consulting work undertaken, within the past three years, for Newfoundland Power and/or Hydro and any of their subsidiaries.

### **5. SCOPE AND REQUIREMENTS**

The range of services to be provided will vary from year to year, but will include a core level of activities relating to the annual financial reviews and compliance audits of the public utilities regulated by the Board in accordance with the Board's responsibilities under the *Public Utilities Act* and the *Electrical Power Control Act*.

The Board may also assign other projects related to specific utility applications before the Board, or with respect to special projects initiated by the Board. In addition, the financial consultant may be required to provide expert testimony at hearings before the Board.

Any project that is in progress at the time this contract is awarded will be completed by the party to which it has been assigned. After the completion of any such project, the scope or the requirements will be as stated in this request.

## 6. TERM OF ENGAGEMENT

It is expected that the successful firm will be engaged for a period of five years commencing April 1, 2019. The appointment will be on an annual basis with potential renewal based on performance every year over the five-year period. The Board reserves the unqualified right not to reappoint annually. Where the Board determines that it is necessary and appropriate the Board may extend the contract beyond the initial five-year term.

## 7. PROPOSAL CONTENT

The Board will require prior approval of each project and a separate budget and engagement letter will be required for each project or activity undertaken by the consultant at the request of the Board.

The Board's policy is to reimburse for all reasonable out-of-pocket expenses incurred by its consultants in performing the services required, including but not limited to travel by the most economical means, accommodations, and other disbursements customary in engagements of this nature in accordance with Board policies.

### Proposals should include:

- (i) a description of the special expertise or qualifications of your firm to provide the financial consulting services requested;
- (ii) a description of the experience of the firm in providing services similar to those being requested by the Board;
- (iii) the names and qualifications of locally based individuals that will be assigned to perform the required services;
- (iv) information regarding any advisory services that may be available to the Board on "routine" matters. These may include staff assistance and/or publications relating to matters such as public utility accounting, taxation, auditing and management consulting; and
- (v) hourly rates proposed, as set out in Schedule A, for services to be rendered by each assigned person should be set out for each year of the five-year term on the basis of expertise. Where rates change over the five-year term, proposals must set out the percentage change each year.

## 8. PROPOSAL EVALUATION

Proposals will be evaluated on the basis of the following factors:

- (i) educational, professional and technical qualifications of personnel assigned;
- (ii) the experience of the firm in providing services similar to those being requested by the Board;
- (iii) provincial based expertise;
- (iv) the quality of the proposal and the extent to which it demonstrates insights into how the responsibilities to be assigned can be successfully executed;
- (v) access to an appropriate level of resources and support services;
- (vi) the absence of conflict of interest; and
- (vii) rates.

## 9. MONITORING PERFORMANCE

During the five-year term of engagement, the evaluation of the consultant's performance will be based on but not necessarily limited to the following criteria:

### (a) Adherence to Proposed Fees

For all projects the consultant must keep account of actual time spent by assigned personnel on each major task and submit to the Board upon completion of each major task a schedule which compares the actual time spent to time budgeted. The cost of this accounting of time shall be considered to be included in the hourly rate quoted under this proposal.

Where a project is expected to take longer than one month the consultant may be required to provide progress reports.

### (b) Persons Assigned

For the initial year of the engagement, the persons assigned should be those originally proposed. Any subsequent changes to the assigned personnel must be approved by the Board. The Board expects that the most senior of the assigned personnel be accessible to the Board as reasonably required.

(c) Deadlines

The deadlines established for work assigned to the consultant will be rigorously imposed. Failure to meet deadlines will be an important component of the Board's evaluation of performance.

(d) Quality

Annual renewal of the engagement will depend upon the maintenance of the highest quality of work in all of the services performed for the Board.

## 10. DOCUMENTS AVAILABLE

Copies of relevant legislation, orders of the Board and other information are available upon request or may be accessed by following the appropriate links on the Board's website at [www.pub.nl.ca](http://www.pub.nl.ca).

## 11. CONDITIONS

It is possible that the Board's consideration of the proposals submitted in response to this invitation will lead to the selection of two or more firms, rather than a single firm, to provide the services being requested. It is also possible that the decision of the Board will be to refrain from any appointment at this time.

Any major change in the responsibilities of the Board may lead to a further invitation for proposals and the termination of any arrangement that may be established pursuant to the present invitation.

The Board makes no claim, expressed or implied, with regard to the volume of work that may result from the acceptance of a proposal for the provision of these professional services. The Board reserves the exclusive right to accept or reject any or all proposals.

The Board reserves the right to discuss any or all proposals directly with the proponent's and to request additional information from any or all proponents.

The Board will not be liable for any fees, expenses or other costs incurred by the proponents in the presentation of their response to this request for proposals.

## 12. **PROCESS**

### Closing Date and Time

Four paper copies of the proposals must be delivered to Ms. Cheryl Blundon, Director of Corporate Services and Board Secretary, no later than 3:00 P.M., on Monday, February 18, 2019.

For mail or courier delivery the envelope should be sealed and clearly marked and addressed as follows:

PROPOSAL FOR FINANCIAL CONSULTING SERVICES

Director of Corporate Services & Board Secretary  
Board of Commissioners of Public Utilities  
P. O. Box 21040  
Suite E-210, 120 Torbay Road  
St. John's, NL  
A1A 5B2

To meet the February 18, 2019 submission deadline, electronic submissions may be emailed to [cblundon@pub.nl.ca](mailto:cblundon@pub.nl.ca) . Where electronic submissions are filed, proponents will be required to file the required number of paper copies.

### Additional Information

Additional information can be provided, if necessary, by telephone or by interviews. In order to arrange such an interview, please contact Ms. Cheryl Blundon, Director of Corporate Services and Board Secretary, at (709) 726-8600.

### Selection Committee

A short list of eligible candidates may be interviewed as part of the selection process. If selected to make an oral presentation it is expected that persons who would be assigned to provide financial consulting services to the Board will make the presentation.

### Decision

The appointment is expected to be made prior to March 11, 2019 to take effect on April 1, 2019.

Board of Commissioners of Public Utilities  
 Financial Consultants Fee Proposals  
 Proposed starting April 1, 2019

	Hourly Rates				
Staff *	Year One	Year Two	Year Three	Year Four	Year Five
Partner					
Principal					
Senior Manager					
Manager					
Senior Accountant/Advisor					
Junior Accountant/Advisor					
Student					
Admin					

Percentage rate increase	Base	1	2	3	4
1.					
2.					
3.					
4.					

\* Proponents may modify Schedule A to reflect their structure, but as a minimum the Board requires rates quoted for each of the above staff/equivalents.