
THE CONSUMER ADVOCATE

Annual Report April 1, 2021 to March 31, 2022

Table of Contents


Message from the Consumer Advocate	i
Overview.....	1
Highlights and Accomplishments.....	1
Report on Performance.....	2
Opportunities and Challenges Ahead.....	5
Financial Statements	6

Message from the Consumer Advocate

In keeping with the requirements of a Category 3 Entity under the **Transparency and Accountability Act**, I am pleased to present the 2021-22 Annual Report of the Consumer Advocate for April 1, 2021 to March 31, 2022.

The focus of the Consumer Advocate's efforts at the Board of Commissioners of Public Utilities (the PUB) has been to keep electricity rates stable and affordable. This vigilance was required due to anticipated rate increases after the Muskrat Falls Project comes on stream. Rate mitigation efforts continue.

This Annual Report was prepared under my direction and, as Consumer Advocate, I am responsible for the actual results reported.

A handwritten signature in cursive script that reads "Dennis Browne".

Dennis Browne, K.C.
Consumer Advocate

Overview

In accordance with section 117 of the **Public Utilities Act**, (the PUB Act) the Lieutenant-Governor in Council may appoint a consumer advocate to represent the interests of domestic and general service electricity customers in response to applications from public utilities.

The Consumer Advocate represents electricity consumers in applications or hearings before the PUB. Section 70 requires that public utilities submit any proposed rate changes to the PUB for approval. In accordance with Section 41 of the PUB Act, the PUB receives capital budget applications from public utilities annually. As capital budget and rate applications have a direct bearing on electricity rates which consumers will eventually pay, the Consumer Advocate is tasked to engage with expert consultants in energy supply, regulatory practice, and capital/finance costs when assessing applications brought before the PUB by utilities. The Consumer Advocate also, from time-to-time, represents electricity consumers in other general matters arising outside the processes for applications and hearings. The PUB includes the Consumer Advocate on most correspondence from utilities, including many matters that do not result in an application or hearing.

Upon appointment, the Consumer Advocate prepares a budget for approval by the Minister of Justice and Public Safety in matters pertaining to electricity. After the budget has been approved, the Consumer Advocate, renders detailed statements of account to the PUB.

The Consumer Advocate is appointed under paragraph 9(2) of the **Independent Appointments Commission Act**. The current Consumer Advocate, Dennis Browne, QC, originally was appointed on October 11, 2016 through the Independent Appointments Commission. Under the terms of the appointment, the Consumer Advocate represents the interests of domestic and general service customers on terms acceptable to the Minister of Justice and Public Safety, in addition to any other appointment the Consumer Advocate may receive which require consumer representation.

Mandate

The Consumer Advocate deals with only one Line of Business which is to fulfill the Mandate as required through the appointment as Consumer Advocate established in Section 117 of the **Public Utilities Act**. This is to represent domestic and general electricity customers before the PUB in accordance with the **Public Utilities Act** and associated regulations. This includes reviewing the utilities' applications, reviewing the evidence in support thereof, preparing requests for information and attending pre-hearing procedures, retaining and instructing necessary experts, attending public hearings, cross-examining witnesses, calling witnesses on behalf of the interests of consumers, and making final submissions to the PUB.

Vision

A regulatory environment in which consumers are well-served and are afforded fair and reasonable treatment in accordance with the legislation and provincial policy pertaining thereto and sound public utility practices, as appropriate.

Highlights and Accomplishments

For the period April 1, 2021 to March 31, 2022, consumers' interests were represented in applications before the PUB. Consumer intervention was required in a multitude of utility-based applications including Newfoundland Power's General Rate Application, Capital Budget Applications, Reliability and Resource Adequacy Review, Capital Budget Guidelines, Electrification, Conservation and Demand Management Issues.

In the 2022 General Rate Application, Newfoundland Power was seeking to increase its rate of return on profits from 8.5 percent to 9.8 percent. The Consumer Advocate was active in opposing this application. The Consumer Advocate was successful in negotiating a settlement, which would see no rate increase for Newfoundland Power's ratepayers but rather a 1.1 percent rate decrease. This was the best result for the ratepayers of the province.

Report on Performance

The representation of consumer interests when utility applications are received by the Public Utilities Board is determined by the nature of the application. Given that the role of the Consumer Advocate is to act as intervenor on appointment, it is not possible to forecast particular applications which may involve the Consumer Advocate's participation.

The development of any response to a PUB application requires that the Consumer Advocate solicit advice from consultants with respect to the information required to make an informed representation. Consultants with an expertise in energy supply, regulatory practice and principles and cost of capital/finance are invaluable when assessing of utility applications from utilities.

The continuing priority for the Consumer Advocate is to work with consumers, utilities, industrial customers, the PUB and Government to address the cost of energy resulting from the Muskrat Falls Project. The objective is to alleviate financial burdens on consumers which may result from this project. Continued rate mitigation efforts ensure affordable electricity for consumers.

Issue 1: Representation of Consumer Interests in Energy Matters

Objective: By March 31, 2022, upon appointment, the Consumer Advocate will have represented the interests of consumers of electricity in the province of Newfoundland and Labrador.

Indicators	Actual Results
Represented consumers at regulatory processes.	In 2021-22, the Consumer Advocate advanced the best interests of consumer in various applications before the PUB, including Newfoundland Power's General Rate Application increase. The Consumer Advocate was successful in opposing a

	<p>proposed rate increase and achieved a rate decrease, which will benefit consumers by reducing the amounts they will pay for electricity. Also in January 2022, the PUB issued long-awaited provisional Capital Budget Guidelines which, when applied correctly, require proof of best practices from a utility, prior to capital spending approvals by the PUB. The release of these updated Guidelines has long been advocated by the Consumer Advocate and is anticipated to benefit consumers by improving the process by which the PUB hears applications. This should result in eventual cost savings for consumers. .</p>
<p>Attended pre-hearing conferences and meetings and public hearings held by the Board of Commissioners of Public Utilities.</p>	<p>In 2021-22, the Consumer Advocate brought the interests of consumers to the attention of the public and represented the public before the PUB in Newfoundland Power's General Rate Application increase made to the PUB and other applications. General Rate Application Review, which happens every three years. During this reporting period, the Consumer Advocate participated in two Capital Budget Applications The Capital Rate Application requires extensive review and research and the participation of rate design experts and cost of capital experts and extended for most of the second half of 2021.</p>
<p>Prepared and delivered submissions to the Public Utilities Board.</p>	<p>The Consumer Advocate prepared and delivered submissions to the PUB during 2021-22. This included retaining experts to oppose Newfoundland Power's General Rate Application to the PUB to increase rates. The retention and engagement with expert consultants in energy supply, regulatory practice, and capital/finance costs to assess applications of utilities before the PUB is within the mandate of the Consumer Advocate and is used when necessary in order to represent the best interests of consumers. The Consumer Advocate continues to oppose Newfoundland Power's increase capital spending. The Consumer Advocate pursued these matters through initiatives, including the new provisional Capital Budget Guidelines, the release of which, resulted from the efforts of the Consumer Advocate. All submissions in reference to</p>

	consumer protection matters are made in writing to the PUB.
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Opportunities and Challenges Ahead

The Consumer Advocate will represent the interests of the consumers of Newfoundland and Labrador, specifically in relation to regulatory issues before the PUB. This will include the Capital Budget Applications wherein Newfoundland Power makes applications for increases to their capital spending. This can be costly for ratepayers and requires intervention from the Consumer Advocate. In terms of rate mitigation, the Consumer Advocate is participating in the review of the PUB and legislation under the PUB's mandate. This initiative was announced in November 2021 and is an ongoing effort by the Government of Newfoundland and Labrador. The Consumer Advocate intends to provide a submission to the review. One of the items will be to request government consider a restructuring of the PUB to enhance accountability and ensure the PUB operates in accordance with best practices of other utility boards across Canada. The Consumer Advocate's submission will also advocate for capital budget thresholds and to promote performance-based regulation legislation. The Consumer Advocate makes submissions on behalf of consumers to assist in rate mitigation efforts. Fairness and checks and balances are in the best interests of ratepayers. The electricity system in this Province exists for one purpose and that is to serve the needs electricity consumers.

The future may bring challenges for ratepayers. Ratepayers are seeking basic fairness before the PUB. Capital budget applications from utilities are exceeding 100 million annually, which is passed on to consumers. The Consumer Advocate sees a need for the PUB to hold full public hearings and to hold the utilities to account and ensure ratepayers money is being spent appropriately and prudently. New challenges will include containment of utility Capital Budget expenditures. The Consumer Advocate will continue to deal constructively with rate mitigation endeavors.

Financial Statements

Upon appointment, the Consumer Advocate prepares a budget for approval by the Minister of Justice and Public Safety in matters pertaining to electricity. After the budget has been approved, the Consumer Advocate, in matters of electricity, renders detailed statements of account to the PUB, which pays the account. Separate audited financial statements are not required of the Consumer Advocate. Expenses paid through the PUB are included as a separate line item in its budget, which is audited by a private auditor.

1. Reference to Newfoundland Power 2021 Capital Budget Application

Invoice No. 16046 (April 7, 2021 – May 18, 2021)

i)	Professional Fees of the Consumer Advocate	\$12,656.25
ii)	Professional Fees of Legal Counsel to Consumer Advocate	\$6,210.00
iii)	Professional Fees of Legal Counsel to Consumer Advocate	\$8,610.00
iv)	Disbursements (including experts)	\$6,746.91
v)	HST (i), (ii), (iii), & (iv)	\$4,224.48
	Total	\$38,447.64

2. Reference to Newfoundland and Labrador Hydro-Reliability and Resource Adequacy Review

Invoice No. 16170 (June 8, 2021 – June 9, 2021)

i)	Professional Fees of the Consumer Advocate	\$2,756.25
ii)	Professional Fees of Legal Counsel to Consumer Advocate	\$2,272.50
iii)	Disbursements (including experts)	\$3,875.72
iv)	HST (i), (ii) & (iii)	\$773.17
	Total	\$9,677.64

3. Reference to Newfoundland Power 2021 Capital Budget Application/Application for Leave to Appeal to the Court of Appeal

Invoice No. 16217 (June 11, 2021 – June 29, 2021)

i)	Professional Fees of the Consumer Advocate	\$2,812.50
ii)	Professional Fees of Legal Counsel to Consumer Advocate	\$1,867.50
iii)	Professional Fees of Legal Counsel to Consumer Advocate	\$3,937.50
iv)	Disbursements (including experts)	\$908.88
v)	HST (i), (ii), (iii), & (iv)	\$1,324.94
	Total	\$10,851.32

4. Reference to Capital Budget Guidelines Review

Invoice No. 16240 (April 28, 2021 – July 7, 2021)

i)	Professional Fees of the Consumer Advocate	\$4,162.50
ii)	Professional Fess of Legal Counsel to Consumer Advocate	3,217.50
iii)	Disbursements (including experts)	9,684.50
iv)	HST (i), (ii) & (iii)	\$1,134.68
	Total	\$18,199.18

5. Reference to Newfoundland Power 2022/23 Capital Budget Application

Invoice No. 16262R (May 21, 2021 – July 13, 2021)

i)	Professional Fees of the Consumer Advocate	\$11,475.00
ii)	Professional Fees of Legal Counsel to Consumer Advocate	427.50
iii)	Disbursements (including experts)	\$34,222.56
iv)	HST (i), (ii) & (iii)	\$4,800.01
	Total	\$50,925.07

6. Reference to Newfoundland Power 2022/23 General Rate Application

Invoice No. 16308 (May 28, 2021 to August 2, 2021)

i)	Professional Fees of the Consumer Advocate	\$11,418.75
ii)	Professional Fees of Legal Counsel to Consumer Advocate	\$14,692.50
iii)	Disbursements (including experts)	\$652.78
iv)	HST (i), (ii) & (iii)	\$4,014.61
	Total	\$30,778.64

7. Reference to Newfoundland Power 2022/23 Capital Budget Application

Invoice No. 16340 (August 4, 2021 – August 19, 2021)

i)	Professional Fees of the Consumer Advocate	\$9,281.25
ii)	Disbursements (including experts)	\$232.03
iii)	HST (i) & (ii)	\$1,426.99
	Total	\$10,940.27

8. Reference to Newfoundland Power 2021 Capital Budget Application

Invoice No. 16395 (September 10, 2021)

i)	Disbursements (including experts)	\$1,687.50
ii)	HST (i)	\$253.13
	Total	\$1,940.63

9. Reference to Newfoundland Power 2022/23 Capital Budget Application

Invoice No. 16397 (September 10, 2021)

i)	Disbursements (including experts)	\$17,050.00
ii)	HST (i)	\$2,557.50
	Total	\$19,607.50

10. Reference to Newfoundland Power 2022/23 General Rate Application

Invoice No. 16402 (August 30, 2021 – September 7, 2021)

i)	Professional Fees of the Consumer Advocate	\$1,012.50
ii)	Professional Fess of Legal Counsel to Consumer Advocate	\$8,100.00
iii)	Disbursements (including experts)	\$25,867.81
iv)	HST (i), (ii) & (iii)	\$3,034.55
	Total	\$38,014.86

11. Reference to Consumer Advocate Annual Report-April 1, 2020 to March 31, 2021

Invoice No. 16443 (May 28, 2021 – September 22, 2021)

i)	Professional Fees of the Consumer Advocate	\$2,418.75
iii)	Disbursements (including experts)	\$60.47
iv)	HST (i) & (ii)	\$371.88
	Total	\$2,851.10

12. Reference to Newfoundland Power 2022/23 Capital Budget Application

Invoice No. 16466 (July 23, 2021 – October 7, 2021)

i)	Professional Fees of Legal Counsel to Consumer Advocate	\$5,687.50
ii)	Disbursements (including experts)	\$2,639.69
iii)	HST (i) & (ii)	\$1,249.08
	Total	\$9,576.27

13. Reference to Newfoundland Power 2022/23 Capital Budget Application

Invoice No. 16467 (September 13, 2021 – September 24, 2021)

i)	Professional Fees of the Consumer Advocate	\$6,637.50
ii)	Disbursements (including experts)	\$53,203.44
iii)	HST (i) & (ii)	\$7,401.15
	Total	\$67,242.09

14. Reference to Newfoundland Power 2022/23 General Rate Application

Invoice No. 16478 (September 27, 2021 – October 13, 2021)

i)	Professional Fees of the Consumer Advocate	\$5,175.00
ii)	Professional Fees of Legal Counsel to Consumer Advocate	\$4,140.00
iii)	Disbursements (including experts)	\$1,552.87
iv)	HST (i), (ii) & (iii)	\$1,630.18
	Total	\$12,498.05

15. Reference to NL Hydro 2022 Capital Budget Application

Invoice No. 16484 (September 9, 2021 – October 20, 2021)

i)	Professional Fes of the Consumer Advocate	2,362.50
ii)	Professional Fees of Legal Counsel to Consumer Advocate	6,930.00
iii)	Disbursements (including experts)	11,393.31
iv)	HST (i), (ii) & (iii)	\$1,428.73
	Total	\$22,114.54

16. Reference to Newfoundland Power 2021 Capital Budget Application

Invoice No. 16526 (July 6, 2021 to October 26, 2021)

i)	Professional Fees of the Consumer Advocate	\$6,637.50
ii)	Disbursements (including experts)	\$28,165.94
iii)	HST (i) & (ii)	\$1,845.52
	Total	\$36,648.96

17. Reference to Newfoundland Power 2022/23 General Rate Application

Invoice No. 16543 (October 22, 2021 to November 8, 2021)

i)	Professional Fees of the Consumer Advocate	\$12,993.75
ii)	Professional Fees of Legal Counsel to Consumer Advocate	\$17,797.50
iii)	Professional Fees of Legal Counsel to Consumer Advocate	\$87.50
iv)	Disbursements (including experts)	\$6,481.97
v)	HST (i), (ii), (iii), & (iv)	\$4,929.11
	Total	\$42,289.83

18. Reference to Newfoundland Power 2022/23 Capital Budget Application

Invoice No. 16558 (October 4, 2020 – November 9, 2021)

i)	Professional Fees of the Consumer Advocate	\$3,881.25
ii)	Professional Fees of Legal Counsel to Consumer Advocate	\$35.00
iii)	Disbursements (including experts)	\$23,292.91
iv)	HST (i), (ii) & (iii)	\$3,912.63
	Total	\$31,121.79

19. Reference to Newfoundland Power 2022/23 Capital Budget Application

Invoice No. 16571 (November 22, 2021)

i)	Disbursements (including experts)	\$37,750.00
ii)	HST (i)	\$5,662.50
	Total	\$43,412.50

20. Reference to Newfoundland Power 2022/23 General Rate Application

Invoice No. 16592 (November 9, 2021 – November 23, 2021)

i)	Professional Fees of the Consumer Advocate	\$19,687.50
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	\$20,610.00
iii)	Disbursements (including experts)	\$123,672.85
iv)	HST (i), (ii) & (iii)	\$23,058.06
	Total	\$187,028.41

21. Reference to Capital Budget Application Guidelines Provisions, January 2022

Invoice No. 16696 (January 5, 2022 – January 7, 2022)

i)	Professional Fees of the Consumer Advocate	\$2,250.00
ii)	Disbursements (including experts)	\$56.25
iii)	HST (i) & (ii)	\$345.94
	Total	\$2,652.19

22. Reference to NL Hydro 2022 Capital Budget Application

Invoice No. 16728 (October 22, 2021 – November 15, 2021)

i)	Professional Fees of Legal Counsel to the Consumer Advocate	\$1,102.50
ii)	Disbursements (including experts)	\$3,657.56
iii)	HST (i) & (ii)	\$301.51
	Total	\$5,061.57

23. Reference to Newfoundland Power 2022/23 General Rate Application

Invoice No. 16729 (January 18, 2022)

i)	Professional Fees of the Consumer Advocate	\$393.75
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	270.00
iii)	Disbursements (including experts)	\$16.59
iv)	HST (i), (ii) & (iii)	\$102.05
	Total	\$782.39

24. Reference to Newfoundland Power and NL Hydro-Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 1021-2025

Invoice No. 16798 (January 20, 2022 – February 8, 2022)

i)	Professional Fees of the Consumer Advocate	\$9,562.50
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	\$2,092.50
iii)	Disbursements (including experts)	\$10,751.38
iv)	HST (i), (ii) & (iii)	\$2,798.46
	Total	\$25,204.84

25. Reference to Newfoundland Power 2022/23 Capital Budget Application

Invoice No. 16800 (December 20, 2021 – February 8, 2022)

i)	Professional Fees of the Consumer Advocate	\$3,262.50
ii)	Disbursements (including experts)	\$17,003.74
iii)	HST (i) & (ii)	\$3,3039.94
	Total	\$23,306.18

26. Reference to Newfoundland Power 2022/23 General Rate Application

Invoice No. 16803 (February 17, 2022 – February 25, 2022)

i)	Professional Fees of the Consumer Advocate	\$675.00
iii)	Disbursements (including experts)	\$16.87
iv)	HST (i), (ii) & (iii)	\$103.78
	Total	\$795.65