

THE CONSUMER ADVOCATE

ACTIVITY PLAN

2007 – 2008

Message from the Consumer Advocate:

I am pleased to present the Activity Plan for the Consumer Advocate which outlines the goals for the 2007/2008 fiscal year. This is a transitional plan for the one year period ending March 31, 2008. A three (3) year plan will follow for the 2008 to 2011 timeframe. This plan was prepared under my direction and in accordance with the provisions of the *Transparency and Accountability Act*.

The Consumer Advocate is classified as a Category 3 Government Entity and, as such, must prepare an activity plan taking into consideration the strategic directions of the Minister of Justice. I have taken those strategic directions into account and have determined that none are applicable at this time.

As the Consumer Advocate I am accountable for the preparation of this plan and the achievement of its goals and objectives.

A handwritten signature in black ink, appearing to read "Thomas Johnson". The signature is fluid and cursive, with a large initial "T" and "J".

Thomas Johnson, B.A., LL.B.
Consumer Advocate

Introduction/Overview

In accordance with section 117 of the *Public Utilities Act, RSNL 1990, Chapter P-47*, the Lieutenant Governor in Council may appoint a Consumer Advocate to represent the interests of domestic and general service customers in response to applications from public utilities. In accordance with section 61 of the *Automobile Insurance Act, RSNL 1990, Chapter A-22* the Lieutenant Governor in Council may appoint a consumer advocate for the purposes of a matter before the Board of Commissioners of Public Utilities. Finally, in accordance with section 3.1(8) of the *Insurance Companies Act, RSNL 1990, Chapter I-10*, the Lieutenant Governor in Council may appoint a consumer advocate for the purposes of a review by the Board of Commissioners of Public Utilities. Section 3.1(1) of the *Act* provides that the Lieutenant Governor in Council may by order direct the board to conduct a review of any aspect of insurance in the province on the terms and conditions that may be specified.

Appointments of consumer advocates are *ad hoc* in that each application or review, as the case may be, results in the appointment. Recently the Government of Newfoundland and Labrador has agreed to appoint the consumer advocate prior to the filing of the application where practicable. The Board of Commissioners has encouraged, in appropriate cases, a pre-application process whereby information concerning the nature of the application can be shared and details concerning the hearing process to be undertaken can be agreed. This approach aims to reduce the length of hearings and make the application process more efficient.

In performing his or her duties the Consumer Advocate may retain such experts and consultants as may be reasonably required. The costs of the Consumer Advocate are initially borne by the Board of Commissioners of Public Utilities and subsequently charged to the public utility or insurer(s) making the application or involved in the review as the case may be.

Values of the Consumer Advocate

Commitment

The Consumer Advocate is committed to representing domestic and general service electricity customers to ensure that the rates charged are just and reasonable and that the service provided is safe and reliable.

The Consumer Advocate is committed to representing the interests of consumers of insurance in matters for which the Consumer Advocate is appointed to ensure the fair and reasonable treatment of customers.

Vision Statement of the Consumer Advocate

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.

Mission Statement of the Consumer Advocate

The Consumer Advocate, as a category 3 government entity, has the option of adopting the Department of Justice mission indicating how it contributes to that mission, or developing its own mission. The Consumer Advocate is at arms length from the Department of Justice given that the Consumer Advocate's role is to intervene, upon appointment, in matters concerning electricity and/or insurance consumers. Accordingly, it is not appropriate to adopt the Mission Statement of the Department of Justice. The Departmental Mission is focused on the work of the Department of Justice and the Consumer Advocate does not have a direct role in the Department. Given this, the intent of the mandate, and that this transition plan is for a one year period, development of a mission with measures and indicators would be redundant of the objectives which are already developed in the current activity plan. At the time of developing a multiyear plan (2008-2011) the Consumer Advocate will give further consideration to developing its own mission statement.

Plan at a Glance

Goal 1: By March 31, 2008 and upon appointment the Consumer Advocate will represent the interests of consumers of public utilities and insurance companies in the province of Newfoundland and Labrador.

Mandate

In accordance with the rules as may be prescribed by the Board for the particular matter before it, the scope of participation may extend in appropriate cases to participating in all pre-hearing procedures, reviewing the application and evidence filed in support thereof, preparing requests for information, retaining and instructing necessary experts, cross-examining witnesses, calling witnesses on behalf of the interests of consumers and making final submissions to the Board.

Issue

In consideration of Government's strategic directions and those of the Department of Justice, the following area has been identified as the key priority of the Consumer Advocate. As this is an activity plan for one year both the goals and objectives have an annual focus.

Goals, Objectives and Measures:

Issue 1: Representation of Consumer Interests

The representation of consumer interests when applications from public utilities are received is largely determined by the nature of the application. Applications may request, for example, a rate increase, a pricing restructuring, or an increase in return on investment for capital expenditure. The development of any response to an application requires that the Consumer

Advocate solicit advice from consultants with respect to the information required to make an informed argument. Consultants with an expertise in energy supply, regulatory practice and principles and cost of capital/finance are invaluable when assessing the necessity for changes sought by electrical utilities. In matters of insurance, consultants with experts in actuarial science and cost of capital/finance are typically required.

Goal 1: By March 31, 2008 and upon appointment the Consumer Advocate will represent the interests of consumers of electrical utilities and insurance companies in the province of Newfoundland and Labrador

Measure: Representation provided

Indicators: Obtained evidence for hearings in support of the consumer position at regulatory processes;
Attended pre-hearing conferences and meetings and public hearings held by the Board of Commissioners of Public Utilities;
and
Prepared and delivered submissions as directed by the Board of Commissioners of Public Utilities to represent the interests of consumers.