

THE CONSUMER ADVOCATE

ACTIVITY PLAN

2011-2014

Message from the Consumer Advocate:

Pursuant to section 7 of the *Transparency and Accountability Act* (Act), I am pleased to present the Activity Plan for the Consumer Advocate which outlines objectives for the 3 year period commencing April 1, 2011 and ending March 31, 2014.

This plan was prepared under my direction and in accordance with the provisions of the *Act*.

The Consumer Advocate is planning 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 to the role of the Consumer Advocate at this time.

As the Consumer Advocate, I am accountable for the preparation of this Activity Plan and the achievement of its objective.

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 electricity 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.

Typically, the appointment of the Consumer Advocate arises upon an application or review, as the case may be. Recently the Government of Newfoundland and Labrador has appointed the Consumer Advocate by way of order in council to represent the interests of domestic and general service electricity customers on a one year basis so as to permit the Consumer Advocate to become involved in matters concerning utility customers as the need arises without having to seek a specific appointment by order in council in order to become engaged in a matter. Under the terms of the appointment the Consumer Advocate is appointed on a one-year basis to represent the interests of domestic and general service customers on terms acceptable to the Minister of Justice, in addition to any other appointment the Consumer Advocate may receive, to participate in specific hearings before the Public Utilities Board.

In performing his 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 ensures the effective representation of domestic and general service customers of electricity in the Province of Newfoundland and Labrador.

The Consumer Advocate ensures the effective representation of consumers of insurance in the Province of Newfoundland and Labrador in respect of matters for which the Consumer Advocate is appointed.

Primary Clients

As Consumer Advocate, I serve domestic and general service electricity customers and consumers of insurance in respect to matters for which I am appointed.

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 of the Consumer Advocate

The Consumer Advocate is an independent arms-length party which participates as an intervenor before the Board of Commissioners of Public Utilities (Board). 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. The Consumer Advocate has not developed its own mission statement for this planning cycle as to do so would be redundant of the objective which is already developed in the current activity plan.

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

The strategic directions of Government and those of the Department of Justice have been considered and none are applicable at this time. The following area has been identified as the key priority of the Consumer Advocate.

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. Given that the role of the Consumer Advocate is to act as intervenor on matters for which he is appointed which may come before the Board, it is not possible to forecast the particular matters which may involve the Consumer Advocate's participation over the period of this Activity Plan. 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. The focus of the Consumer Advocate is consistent over the three years of the Plan. Each year the Consumer Advocate will report on the results of the 2011-12, 2012-13 and 2013-14 objectives.

Objective: Upon appointment the Consumer Advocate will have represented the interests of consumers of electrical utilities and insurance companies in the province of Newfoundland and Labrador

Measure: Consumer interests represented

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.