
THE CONSUMER ADVOCATE

Annual Report 2017-18

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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 2017-18 Annual Report of the Consumer Advocate.

For the most part, my time was spent preparing for Newfoundland and Labrador Hydro's 2017 General Rate Application, which will not be concluded until later in 2018.

Also, on August 9, 2017, the Minister of ServiceNL directed the Board of Commissioners of Public Utilities to conduct an Automobile Insurance Review and provide a report to the Government. The hearing commenced after this reporting period and will be concluded in 2018 and be the subject of the next annual report.

Herein is my report. As the Consumer Advocate, I am accountable for the actual results reported.

A handwritten signature in blue ink that reads "Dennis Browne". The signature is written in a cursive style with a large initial "D".

Dennis Browne, QC
Consumer Advocate

Overview and Mandate

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 1-10, 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.

On October 11, 2016, Dennis Browne, QC, was appointed as the Consumer Advocate, through the Independent Appointments Commission, to represent the interests of domestic and general service electricity consumers. This appointment enables the Consumer Advocate to represent various customers before the Public Utilities Board, as the need arises, without having to seek a specific appointment to become engaged in a matter.

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, and in addition to any other appointment the Consumer Advocate may receive, to participate in specific hearings before the Public Utilities Board.

Additionally, on September 8, 2017, Dennis Browne, QC, was also appointed as the Consumer Advocate for automobile insurance matters. Under the terms of the Automobile Insurance Act, a Consumer Advocate is appointed for automobile insurance matters, including representing consumers in hearings before the Board of Commissioners of Public Utilities in reviewing automobile insurance matters. The appointment is made under terms and conditions acceptable to the Minister of Service Newfoundland and Labrador and the Consumer Advocate may retain such experts and consultants as may reasonably be required for the purpose of carrying out duties.

Under the terms of the Insurance Companies Act appointment, in performing his duties, the Consumer Advocate may retain such experts and consultants as may be reasonably required. 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.

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.

Highlights and Accomplishments

For the period April 1, 2017 to March 31, 2018, consumers' interests were represented in applications before the Public Utilities Board, but for the most part pertained to Newfoundland and Labrador Hydro's 2017 General Rate Application. This case was prepared in 2017 and will conclude in 2018 into the next reporting period.

Also, on September 13, 2017, the Consumer Advocate was appointed under the authority of Section 61 of the Automobile Insurance Act and subsection 3.1(8) of the Insurance Companies Act, pursuant to OC2017-290, as Consumer Advocate for automobile insurance matters, including representing consumers during the upcoming Board of Commissioners of Public Utilities' review of automobile insurance. The appointment was effective from September 8, 2017, for a term of eighteen (18) months. That case commenced before the Public Utilities Board after this reporting period.

On January 4, 2018, an Application was filed by the Consumer Advocate to delay the commencement of NL Hydro's General Rate hearing until Hydro filed further evidence regarding future rate increases and details regarding anticipated costs and benefits of off-island purchases and an additional Cost of Service Study. Newfoundland Power concurred with the Application in part. The Public Utilities Board granted the application in ordering Hydro to file some of the information requested by the Consumer Advocate.

On April 5, 2018, the Consumer Advocate filed an Application requesting clarification of the jurisdiction of the Board of Commissioners of Public Utilities to determine certain aspects of Hydro's General Rate Application. By Order-in-Council OC2013 342 the Muskrat Falls Exemption Order was declared exempting the Public Utilities Board from exercising its jurisdiction over Hydro in respect of any activity and any expenditures, payments or compensations related to Muskrat Falls and the transmission facilities of Muskrat Falls until the Muskrat Falls Project was complete. The Board considered this Application and decided it would not issue a decision pending further evidence which could be adduced during the GRA hearing.

Results from NL Hydro's General Rate Application will be reported upon during the next reporting period.

Report on Performance

Issue 1: Representation of Consumer Interests in Energy Matters

The representation of consumer interests when applications from public utilities are received is determined by the nature of the application. Given that the role of the Consumer Advocate is to act as intervener on appointment, it is not possible to forecast particular applications which may involve the Consumer Advocate’s participation over the Activity Plan period. Applicants may request, for example, a rate increase, a pricing restructuring, or an increase in return on investment for capital expenditure. There may be specific further appointments from Government.

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 applications from electrical utilities.

The most significant priority for the Consumer Advocate over the next three years will be to work with consumers, utilities, the industrial customers and the Board of Commissioners of Public Utilities in devising a plan to address the cost of energy resulting from the Muskrat Falls project. The objective will be to alleviate the financial burden facing consumers resulting from this project. The Consumer Advocate will work on behalf of consumers in coping with rate pressures related to electricity service. The objective will be affordable electricity.

The focus of the Consumer Advocate is consistent over the three years of the Activity Plan. Each year the Consumer Advocate will report on the results of the following objective.

Objective: Upon appointment, the Consumer Advocate will represent the interests of consumers of electricity in the Province of Newfoundland and Labrador

Indicators	Actual Results
Represented consumers at regulatory processes.	<p>The Consumer Advocate represented consumers at NL Hydro’s 2017 General Rate Application (Hydro’s GRA).</p> <p>Specific work included:</p> <ul style="list-style-type: none"> • Retained experts on rate design to devise evidence to present to the PUB. • Retained an accountant to review financial evidence. • Issued through experts and others Requests for Information delving into the content Hydro’s GRA.

	<ul style="list-style-type: none"> • Attended pre-hearing conferences and similar at the Public Utilities Board. • Instructed experts to find means to lessen the impact of the GRA on consumers. • Attended settlement conferences in furtherance of consumer objectives. • Studying NL Hydro’s Fuel Price Projection Proposals re Holyrood. • Presented evidence to the PUB in furtherance of the consumer’s position.
<p>Attend pre-hearing conferences and meetings and public hearings held by the Board of Commissioners of Public Utilities.</p>	<p>The Consumer Advocate attended pre-hearing conference, settlement conference and meetings pertaining to Hydro’s GRA:</p> <ul style="list-style-type: none"> • Attended PUB ordered settlement conferences in furtherance of consumer objectives. • Attended pre-hearing conferences and meetings at the Public Utilities Board. • Reviewed NL Hydro’s submissions re Rate Mitigation Options. • Discussions with other intervenors including NL Power in reference to same. • Reviewing Grant Thornton’s March 2017 Clients Focus on Rate Stabilization Plan issues test year and projections. • Reading various reports from experts in reference to these matters. • Prepared and delivered submissions as directed by the Board of Commissioners of Public Utilities in representing the interests of consumers. • Attending pre-hearing meetings and public hearings. • Reviewing energy supply monthly reports.

	<ul style="list-style-type: none"> • Reviewing PUB’s Requests for Information and drafting questions pursuant to that application. • Attended pre-hearing conferences in September 2017 and reviewing Requests for Information as filed by other intervenors and review of experts Requests for Information. • Studying expert evidence reports prior to submission to the PUB and formatting report for delivering to the PUB of experts and others. • Reading settlement issues list as forwarded by the PUB and meeting to discuss same with experts and others.
<p>Prepared and delivered submissions as directed by the Public Utilities Board.</p>	<p>The Consumer Advocate prepared and delivered submissions to the Public Utilities Board as follows:</p> <ul style="list-style-type: none"> • The Board of Commissioners of Public Utilities – Pre-filed Evidence of C. Douglas Bowman for the Consumer Advocate – December 4, 2017. • Consumer Advocate Application/Submission re Public Utilities Board Order to Delay Proceedings Pending Additional Information from NL Hydro - January 4, 2018. • NL Hydro 2017 GRA – Consumer Advocate – Requests for Information – October 6, 2017 – CA-NLH-001 to CA-NLH-160. • NL Hydro’s GRA – Consumer Advocate – Requests for Information – November 6, 2017 – CA-NLH-161 to CA-NLH-224. • NL Hydro’s GRA – Consumer Advocate – Requests for Information – December 22, 2017 – CA-NLH-225 to CA-NLH-247. • NL Hydro’s GRA – Consumer Advocate – Requests for Information – March

	29, 2018 – CA-NLH-248 to CA-NLH-288.
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Issue 2: Represented Consumers in Reviewing NL Power’s 2018 Capital Budget Application and NL Hydro’s 2018 Capital Budget Application.

Indicators	Actual Results
Obtain evidence for hearings in support of the consumer position a during regulatory processes.	Studying these applications and reviewing costs of capital expenditure proposals.
The Consumer Advocate attended pre-hearing conferences, settlement conferences and meetings and public hearings held by the Board of Commissioners of Public Utilities.	Capital budget applications pertaining to “Paper Hearing” and therefore do not follow the indicator format as would apply to general rate hearings. Drafting Requests for Information re various proposed expenditures. Reviewing capital costs with experts.
Prepared and delivered submissions as directed by the Public Utilities Board with respect to customers.	<ul style="list-style-type: none"> • Consumer Advocate Requests to NL Hydro for Information – CA-NLH-001 to CA-NLH-004 – September 6, 2017. • Consumer Advocate Requests to NL Hydro for Information – CA-NLH-005 to CA-NLH-006 – September 7, 2017. • Consumer Advocate Requests to NL Hydro (Terminal Station) for Information – CA-NLH-001 to CA-NLH-003. • Consumer Advocate Requests to NL Power for Information – CA-NP-001 to CA-NP-015 – August 9, 2017. • Consumer Advocate Requests to NL Power for Information – CA-NP-016 to CA-NP-018 – August 18, 2017. • Consumer Advocate Requests to NL Power for Information – CA-NP-019 to CA-NP-024 – September 6, 2017.

Opportunities and Challenges Ahead

In 2018, the Public Utilities Board will decide NL Hydro's 2017 General Rate Application.

In the Fall of 2018 Newfoundland Power's General Rate Application will be heard by the Public Utilities Board.

In 2018, the Board of Commissioners of Public Utilities will complete the Automobile Insurance review in which the Consumer Advocate is participating.

In 2018, the Government appointed the Consumer Advocate to represent ratepayers before the Muskrat Falls Commission of Inquiry.

In all of the above matters, the Consumer Advocate continues to represent the interest of the consumers of the Province.

Financial Statements

Upon appointment, the Consumer Advocate prepares a budget for the approval of the Minister of Justice and Public Safety in matters pertaining to electricity. For matters pertaining to insurance, the Minister of Service NL has budget approval authority. After the budget has been approved, the Consumer Advocate, in matters of electricity, renders detailed statements of account to the Public Utilities Board which pays the account. For matters of insurance the same process is followed. However, on occasion the Consumer Advocate will be appointed to intervene or participate in a non-Public Utilities Board insurance related matter, in which case Service NL both approves the budget and pays the account. Separate audited financial statements are not required of the Consumer Advocate. Expenses paid through the Public Utilities Board are included as a separate line item in its budget, which is audited by a private auditor. Expenses paid through Service NL are included in the professional services section of its budget; audited financial statements are a requirement at the government level and are made through the public accounts process.

1. Newfoundland and Labrador Hydro 2017 Capital Budget Supplemental Application – Repair and Advanced Overhaul of the Happy Valley Gas Turbine – Review Schedule

Invoice Date: May 12, 2017 (Invoice No. 13187)

i)	Professional Fees of the Consumer Advocate	\$ 337.50
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	0
iii)	Disbursements (including experts)	8.44
iv)	HST (i), (ii) & (iii)	51.90
	Total	\$ 397.84

2. Newfoundland and Labrador Hydro – Amended General Rate Application – Compliance Application – Order No. P.U. 49 (2016)

Invoice Date: May 19, 2017 (Invoice No. 13209)

i)	Professional Fees of the Consumer Advocate	\$ 4,691.25
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	0
iii)	Disbursements (including experts)	117.28
iv)	HST (i), (ii) & (iii)	721.28
	Total	\$ 5,529.81

3. Approval of Capital Expenditures Supplemental to Newfoundland Power Inc.'s 2017 Capital Budget Application – Rose Blanche Hydroelectric Plant

Invoice Date: May 25, 2017 (Invoice No. 13221)

i)	Professional Fees of the Consumer Advocate	\$ 787.50
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	0
iii)	Disbursements (including experts)	19.69
iv)	HST (i), (ii) & (iii)	121.08
	Total	\$ 928.27

4. Newfoundland and Labrador Hydro – 2017 Capital Budget Supplemental Application – Refurbishment of Bay d’Espoir Penstock 2 and Bay d’Espoir Unit 3 Turbine Major Overhaul

Invoice Date: May 26, 2017 (Invoice No. 13222)

i)	Professional Fees of the Consumer Advocate	\$ 225.00
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	0.00
iii)	Disbursements (including experts)	5.63
iv)	HST (i), (ii) & (iii)	34.59
	Total	\$ 265.22

5. Newfoundland and Labrador Hydro – Acceleration of TL267 – Monthly Status Update Reports

Invoice Date: May 30, 2017 (Invoice No. 13227)

i)	Professional Fees of the Consumer Advocate	\$ 472.50
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	0
iii)	Disbursements (including experts)	11.81
iv)	HST (i), (ii) & (iii)	72.65
	Total	\$ 556.96

6. Newfoundland Power’s 2018 Capital Budget Application

Invoice Date: August 21, 2017 (Invoice No. 13373)

i)	Professional Fees of the Consumer Advocate	\$ 4,950.00
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	0
iii)	Disbursements (including experts)	123.75
iv)	HST (i), (ii) & (iii)	761.06
	Total	\$ 5,834.81

7. Newfoundland Power’s 2018 Capital Budget Application

Invoice Date: September 27, 2017 (Invoice No. 13445)

i)	Professional Fees of the Consumer Advocate	\$ 4,950.00
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	270.00
iii)	Disbursements (including experts)	130.50
iv)	HST (i), (ii) & (iii)	802.58
	Total	\$ 6,153.08

8. Newfoundland and Labrador Hydro’s 2018 Capital Budget Application

Invoice Date: October 5, 2017 (Invoice No. 13472)

i)	Professional Fees of the Consumer Advocate	\$ 4,275.00
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	0
iii)	Disbursements (including experts)	1,906.88
iv)	HST (i), (ii) & (iii)	657.28
	Total	\$ 6,930.16

9. Newfoundland and Labrador Hydro's 2017 General Rate Application

Invoice Date: October 11, 2017 (Invoice No. 13485)

i)	Professional Fees of the Consumer Advocate	\$ 6,412.50
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	13,207.50
iii)	Disbursements (including experts)	490.50
iv)	HST (i), (ii) & (iii)	3,016.58
	Total	\$23,127.08

10. Newfoundland Hydro's 2018 Capital Budget Application

Invoice Date: October 16, 2017 (Invoice No. 13493)

i)	Professional Fees of the Consumer Advocate	\$ 3,633.75
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	0
iii)	Disbursements (including experts)	90.84
iv)	HST (i), (ii) & (iii)	561.69
	Total	\$ 4,283.28

11. Newfoundland Hydro's 2017 Generation Rate Application

Invoice Date: November 22, 2017 (Invoice No. 13563)

i)	Professional Fees of the Consumer Advocate	\$ 7,841.25
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	8,797.50
iii)	Disbursements (including experts)	8,931.27
iv)	HST (i), (ii) & (iii)	3,835.50
	Total	\$29,405.52

12. Newfoundland Hydro's 2017 General Rate Application

Invoice Date: December 22, 2017

i)	Professional Fees of the Consumer Advocate	\$ 6,862.50
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	2,610.00
iii)	Disbursements (including experts)	2,182.08
iv)	HST (i), (ii) & (iii)	1,748.65
	Total	\$13,403.23

13. Newfoundland Hydro's 2017 General Rate Application

Invoice Date: February 2, 2018 (Invoice No. 13702)

i)	Professional Fees of the Consumer Advocate	\$10,912.50
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	1,575.00
iii)	Disbursements (including experts)	62,087.19
iv)	HST (i), (ii) & (iii)	1,919.96
	Total	\$76,494.65

14. Newfoundland Hydro's 2017 General Rate Application

Invoice Date: March 5, 2018 (Invoice No. 13754)

i)	Professional Fees of the Consumer Advocate	\$10,080.00
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	7,177.50
iii)	Disbursements (including experts)	431.44
iv)	HST (i), (ii) & (iii)	2,653.35
	Total	\$20,342.29

15. Newfoundland Hydro's 2017 General Rate Application

Invoice Date: March 16, 2018 (Invoice No. 13768)

i)	Professional Fees of the Consumer Advocate	0
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	0
iii)	Disbursements (including experts)	13,230.00
iv)	HST (i), (ii) & (iii)	709.50
	Total	\$13,939.50

16. Newfoundland Hydro's 2017 General Rate Application

Invoice Date: March 19, 2018 (Invoice No. 13771)

i)	Professional Fees of the Consumer Advocate	0
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	0
iii)	Disbursements (including experts)	\$ 2,925.00
iv)	HST (i), (ii) & (iii)	
	Total	\$ 2,925.00

17. Newfoundland Hydro's 2017 General Rate Application

Invoice Date: April 13, 2018 (Invoice No. 13823)

i)	Professional Fees of the Consumer Advocate	\$11,373.75
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	4,072.50
iii)	Disbursements (including experts)	1,974.89
iv)	HST (i), (ii) & (iii)	2,613.17
	Total	\$20,034.31