
THE CONSUMER ADVOCATE

Annual Report April 1, 2020 to March 31, 2021

Table of Contents

Message from the Consumer Advocate	i
Overview.....	1
Highlights and Accomplishments.....	1
Report on Performance.....	2
Opportunities and Challenges Ahead	3
Financial Statements	4

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 2020-21 Annual Report of the Consumer Advocate for April 1, 2020 to March 31, 2021.

The focus of our efforts at the Public Utilities Board (“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 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

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 application or hearing processes. 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, and in addition to any other appointment the Consumer Advocate may receive, which require consumer representation.

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.

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, 2020 to March 31, 2021, consumers’ interests were represented in applications before the Public Utilities Board. Consumer intervention was required in a multitude of utility-based applications including Capital Budget Applications, Electrification Conservation and Demand Management Application, the Capital Budget Guidelines Review, issues pertaining to NL Hydro’s continued operation of the Holyrood Thermal Generation Station, and Rate Stabilization Plan issues.

The Consumer Advocate had recommended that the PUB review their 2007 Capital Budget Guidelines. This Review is in progress and new Capital Budget Guidelines should be implemented over the coming months. The PUB’s expert consultants, Midgard Consulting, found that the existing board guidelines did not include best practices or national standards. The new guidelines recommended by Midgard in 2020 are pending approval from the PUB.

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 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 the financial burden on consumers which may result from this project.

Issue 1: Representation of Consumer Interests in Energy Matters

Objective: By March 3, 2021, 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.	The Consumer Advocate represented consumer interests before the PUB on various matters and applications including Midgard Consulting’s review of Capital Budget Guidelines. The PUB contracted Midgard Consulting to review its Capital Budget Guidelines for capital budget applications filed with the Board pursuant to Section 41 of the Public Utilities Act . Updating these guidelines would have a positive benefit for electricity customers and the Consumer Advocate put forward a submission advising that the guidelines be modernized to align with national standards. The Consumer Advocate also represented consumer interests in NL Hydro’s Rate Stabilization Plan submissions, capital budget submissions, and matters related to future reliability and resource adequacy within the province’s electricity system. Specifically, this relates to consideration of future electricity needs in the Province

	once Muskrat Falls come online, including future planning for 2041 at the expiration of the Upper Churchill contract.
Attended pre-hearing conferences and meetings and public hearings held by the Board of Commissioners of Public Utilities.	The Consumer Advocate brought the interests of consumers to the attention of the PUB in all of the matters noted in the previous indicator including Midgard Consulting’s review of Capital Budget, Guidelines, Rate Stabilization Plans, Capital Budget Applications, general rate applications, and other applications.
Prepared and delivered submissions to the Public Utilities Board.	The PUB retained Midgard Consulting to review and recommend changes to the 2007 Capital Budget Guidelines to bring the guidelines into accordance with national standards. In 2020-21, the Consumer Advocate prepared and delivered submissions to Midgard recommending that changes be made to update the Guidelines, which included a requirement for prioritization of Capital Budget Projects, and limits on the amount a utility can be authorized to spend in any one year. These submissions were contained in Midgard’s report and presented to the PUB on August 24, 2020. The Consumer Advocate’s submission highlighted the importance of updating the guidelines to facilitate positive changes for electricity customers.

Opportunities and Challenges Ahead

The Consumer Advocate will continue to represent the interests of the consumers of Newfoundland and Labrador, specifically in relation to regulatory issues before the PUB. This includes the Capital Budget Applications for NF Power and NL Hydro; rate mitigation issues related to the Muskrat Falls Project; revisions to the 2007 Capital Budget Guidelines; recommendations from the Muskrat Falls Inquiry Report; and reliability and resource issues for Muskrat Falls.

The challenge will be to ensure affordable electricity, given the exposure of ratepayers to the costs associated with the Muskrat Falls Project. New challenges for ratepayers will include containment of the ever-increasing utility Capital Budget expenditures and the reluctance of the PUB to scrutinize by way of public hearings. Also, this year Newfoundland Power is obligated to submit a General Rate Application in which their Capital Structure and Rate of Return will be reviewed. It is imperative that consumer rates remain stable to enable rate mitigation. In order to ensure that the interests of ratepayers are balanced with the interests of utilities, a legislative remedy will be recommended to the PUB’s governing legislation to stipulate that each capital budget application require a full public hearing. Working on behalf of consumers to keep electricity affordable remains a challenge.

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. The Consumer Advocates expenses and fees related to the Muskrat Falls project for which the Consumer Advocate was engaged by the Department of Justice and Public Safety are Invoiced to that Department.

1. Reference to Newfoundland and Labrador Hydro-Application for Approval to Delay the Filing of 2020 General Rate Application

Invoice No. 15328 (April 16, 2020 – May 12, 2020)

i)	Professional Fees of the Consumer Advocate	\$3,262.50
ii)	Disbursements (including experts)	\$81.56
iii)	HST (i), (ii) & (iii)	\$501.61
	Total	\$3,845.67

2. Reference to NL Hydro 2020 Capital Budget Application for Approval of Certain Capital Projects Necessary for the Continued Operation of the Holyrood Thermal Generation Station

Invoice No. 15329 (April 8, 2020 – May 11, 2020)

i)	Professional Fees of the Consumer Advocate	\$2,531.25
ii)	Disbursements (including experts)	\$63.28
iii)	HST (i), (ii) & (iii)	\$389.18
	Total	\$2,983.71

3. Reference to Capital Budget Guidelines Review

Invoice No. 15369 (June 15, 2020 – June 18, 2020)

i)	Professional Fees of the Consumer Advocate	\$3,262.50
iii)	Disbursements (including experts)	\$81.56
iv)	HST (i), (ii) & (iii)	\$501.61
	Total	\$3,845.67

4. Reference to Newfoundland and Labrador Hydro-Application for Approval to Delay the Filing of 2020 General Rate of Application

Invoice No. 15371 (May 27, 2020)

i)	Professional Fees of the Consumer Advocate	\$562.50
ii)	HST (i), (ii) & (iii)	\$84.38
	Total	\$646.88

5. Reference to NL Hydro-Rate Stabilization Plan Issues

Invoice No. 15372 (May 6, 2020 to June 18, 2020)

i)	Professional Fees of the Consumer Advocate	\$4,005.00
ii)	Disbursements (including experts)	\$100.13
iii)	HST (i), (ii) & (iii)	\$615.77
	Total	\$4,720.90

6. Reference to Networks Addition Policy

Invoice No. 15373 (May 27, 2020 to June 11, 2020)

i)	Professional Fees of the Consumer Advocate	\$4,218.75
ii)	Disbursements (including experts)	\$105.47
iii)	HST (i), (ii) & (iii)	\$648.63
	Total	\$4,972.85

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

Invoice No. 15389 (June 3, 2020 – June 30, 2020)

i)	Professional Fees of the Consumer Advocate	\$5,872.50
ii)	Disbursements (including experts)	\$146.81
iii)	HST (i), (ii) & (iii)	\$902.90
	Total	\$6,922.21

8. Reference to NL Hydro 2021 Capital Budget Application

Invoice No. 15520 (August 25, 2020 to August 26, 2020)

i)	Professional Fees of the Consumer Advocate	\$2,193.75
ii)	Disbursements (including experts)	54.84
iii)	HST (i), (ii) & (iii)	\$337.29
	Total	\$2,585.88

9. Reference to Capital Budget Guidelines Review

Invoice No. 15521 (August 13, 2020 – August 31, 2020)

i)	Professional Fees of the Consumer Advocate	\$4,500.00
ii)	Disbursements (including experts)	\$112.50
iii)	HST (i), (ii) & (iii)	\$691.88
	Total	\$5,304.38

10. Reference to Newfoundland Power 2021 Capital Budget Application

Invoice No. 15522 (August 5, 2020 – August 20, 2020)

i)	Professional Fees of the Consumer Advocate	\$10,012.50
ii)	Professional Fees of Legal Counsel to Consumer Advocate	360.00
iii)	Disbursements (including experts)	\$259.31
iv)	HST (i), (ii) & (iii)	\$1,594.78
	Total	\$12,226.59

11. Reference to Newfoundland Power 2021 Capital Budget Application

Invoice No. 15538R (September 18, 2020)

i)	Disbursements (including experts)	\$5,170.00
ii)	HST (i), (ii) & (iii)	\$775.50
	Total	\$5,945.50

12. Reference to Capital Budget Guidelines review

Invoice No. 15554 (September 21, 2020)

i)	Disbursements (including experts)	\$1,430.00
ii)	HST (i), (ii) & (iii)	\$214.50
	Total	\$1,644.50

13. Reference to Hydro 2021 Capital Budget Application

Invoice No. 15587 (September 4, 2020 to September 23, 2020)

i)	Professional Fees of the Consumer Advocate	\$6,300.00
ii)	Disbursements (including experts)	\$8,907.50
iii)	HST (i), (ii) & (iii)	\$968.63
	Total	\$16,176.13

14. Reference to Capital Budget Guidelines Review

Invoice No. 15589 (September 9, 2020 to September 18, 2020)

i)	Professional Fees of the Consumer Advocate	\$5,287.50
ii)	Disbursements (including experts)	\$7,132.19
iii)	HST (i), (ii) & (iii)	\$812.96
	Total	\$13,232.65

15. Reference to Newfoundland Power 2021 Capital Budget Application

Invoice No. 15590R (September 10, 2020 – September 25, 2020)

i)	Professional Fees of the Consumer Advocate	\$5,568.75
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	\$2,542.50
iii)	Disbursements (including experts)	\$22,082.03
iv)	HST (i), (ii) & (iii)	\$1,247.11
	Total	\$31,440.39

16. Reference to Networks Addition Policy

Invoice No. 15609

i)	Disbursements (including experts)	\$4,750.00
	Total	\$4,750.00

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

Invoice No. 15610

i)	Disbursements (including experts)	\$8,250.00
	Total	\$8,250.00

18. Reference to NL Hydro Capital Budget Application

Invoice No. 15711 (November 13, 2020 to November 16, 2020)

i)	Professional Fees of the Consumer Advocate	\$2,137.50
ii)	Disbursements (including experts)	\$53.44
iii)	HST (i), (ii) & (iii)	\$328.65
	Total	\$2,519.59

19. Reference to Newfoundland's Hydro's 2017 General Rate Application

Invoice No. 15712

i)	Disbursements (including experts)	\$3,500.00
	Total	\$3,500.00

20. Reference to Newfoundland Power 2021 Capital Budget Application

Invoice No. 15731 (October 19, 2020 to November 20, 2020)

i)	Professional Fees of the Consumer Advocate	\$17,381.25
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	\$7,785.00
iii)	Disbursements (including experts)	\$629.16
iv)	HST (i), (ii) & (iii)	\$3,869.31
	Total	\$29,664.72

21. Reference to Networks Addition Policy

Invoice No. 15737 (October 28, 2020)

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

22. Reference to NL Hydro 2021 Capital Budget Application

Invoice No. 15771 (December 3, 2020)

i)	Disbursements (including experts)	\$2,750.00
	Total	\$2,750.00

23. Reference to Newfoundland Power 2021 Capital Budget Application

Invoice No. 15772 (December 3, 2020)

i)	Disbursements (including experts)	\$9,250.00
	Total	\$9,250.00

24. Reference to Capital Budget Guidelines Review

Invoice No. 15773

i)	Disbursements (including experts)	\$10,250.00
	Total	\$10,250.00

25. Reference to Newfoundland's Hydro's 2017 General Rate Application

Invoice No. 15774 (December 4, 2020)

iii)	Disbursements (including experts)	\$6,820.00
iv)	HST (i), (ii) & (iii)	\$1,023.00
	Total	\$7,843.00

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

Invoice No. 15775 (October 5, 2020 to November 30, 2020)

i)	Professional Fees of the Consumer Advocate	\$6,356.25
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	\$2,137.50
iii)	Disbursements (including experts)	\$212.34
iv)	HST (i), (ii) & (iii)	\$1,305.91
	Total	\$10,012.00

27. Reference to NL Hydro 2021 Capital Budget Application

Invoice No. 15831 (January 18, 2021)

iii)	Disbursements (including experts)	\$3,740.00
iv)	HST (i), (ii) & (iii)	\$561.00
	Total	\$4,301.00

28. Reference to Newfoundland Power 2021 Capital Budget Application

Invoice No. 15844 (December 8, 2020 to January 18, 2021)

i)	Professional Fees of the Consumer Advocate	\$9,168.75
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	\$4,590.00
iii)	Disbursements (including experts)	\$9,533.97
iv)	HST (i), (ii) & (iii)	\$2,593.92
	Total	\$25,886.64

29. Reference to Newfoundland Power 2021 Capital Budget Application

Invoice No. 15917 (January 28, 2021 to February 24, 2021)

i)	Professional Fees of the Consumer Advocate	\$7,728.75
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	\$3,397.50
iii)	Disbursements (including experts)	\$11,278.16
iv)	HST (i), (ii) & (iii)	\$1,710.66
	Total	\$24,115.07

30. Reference to Newfoundland Power Inc.- 2021-2025 Electrification, Conservation, and Demand Management Application

Invoice No. 15954 (January 20, 2021 to March 8, 2021)

i)	Professional Fees of the Consumer Advocate	\$5,962.50
iii)	Disbursements (including experts)	\$10,399.06
iv)	HST (i), (ii) & (iii)	\$916.74
	Total	\$17,278.30

31. Reference to Capital Budget Guidelines Review

Invoice No. 16020 (February 18, 2021 to April 14, 2021)

i)	Professional Fees of the Consumer Advocate	\$9,956.25
ii)	Professional Fees of Legal Counsel to the Consumer Advocate	\$6,513.75
iii)	Disbursements (including experts)	\$4,445.56
iv)	HST (i), (ii) & (iii)	\$2,532.26
	Total	\$23,447.82