
THE CONSUMER ADVOCATE

Annual Report April 1, 2022 to March 31, 2023

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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 2022-23 Annual Report of the Consumer Advocate for April 1, 2022 to March 31, 2023.

Electricity rates are anticipated to increase following the commissioning of the Muskrat Falls Project, however rate mitigation efforts should assist ratepayers. The focus of the Consumer Advocate's efforts will be to maintain stable and affordable electricity rates.

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, KC
Consumer Advocate

Overview

In accordance with Section 117 of the **Public Utilities Act**, (the 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 Public Utilities Board. Section 70 requires that public utilities submit any proposed rate changes to the Public Utilities Board for approval. In accordance with Section 41 of the Act, the Public Utilities Board 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 experts and consultants in energy supply, regulatory practice, and capital/finance costs when assessing applications brought before the Public Utilities Board. The Consumer Advocate, from time to time, represents electricity consumers in other general matters arising outside the processes for applications and hearings. The Public Utilities Board 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 Public Utilities Board.

The Consumer Advocate is appointed under subsection 9(2) of the **Independent Appointments Commission Act**. The current Consumer Advocate, Dennis Browne, KC, 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 studying utility applications, reviewing the evidence in support thereof, preparing requests for information, retaining and instructing experts as required, attending pre-hearing procedures and public hearings, examining and cross-examining witnesses, and making final submissions.

Vision

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

Highlights and Accomplishments

Throughout the period April 1, 2022, to March 31, 2023, ratepayers were represented in relevant applications before the Public Utilities Board. Ratepayer intervention was required in a multitude of utility applications including those pertaining to Capital Budgets, Electrification, Conservation and Demand Management issues, and participating in a legislative review of the Act. Ratepayers advocated for amendments to ensure fairness and balance prevailed based on transparency and openness. Full

open public hearings have been a constant demand. Actions taken by the legislature in this regard will be referenced in the annual report for 2023-24.

Report on Performance

The representation of consumer interests when utility applications are received by the Public Utilities Board is determined by the nature of that application. Not every application before the Public Utilities Board requires participation of the Consumer Advocate. However, applications pertaining to expenditures and rates always require Consumer Advocate intervention.

In developing appropriate responses to utility applications, the Consumer Advocate solicits advice from consultants with expertise. This team approach ensures ratepayers have the benefit of informed representation. Consultants with expertise in energy supply, regulatory practice and principles, and cost of capital/finance are invaluable when assessing utility applications.

The continuing priority for the Consumer Advocate is to work with consumers, utilities, industrial customers, the Public Utilities Board and Government to address the cost of energy resulting from the Muskrat Falls Project. Continued rate mitigation efforts should ensure affordable electricity for consumers.

Issue 1: Representation of Consumer Interests in Energy Matters

Objective: By March 31, 2023, 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.	Each utility Annual Capital Budget requires particular scrutiny to ensure proposed expenditures are appropriate and reasonable. Each utility annually convenes technical conference to present the proposed budgetary expenditures. Each expenditure must be justified and reasonable. Ratepayers ultimately pay for budgetary expenditures.
Attended pre-hearing conferences and meetings and public hearings held by the Board of Commissioners of Public Utilities.	Participated in technical conferences to ensure proposed budgetary expenditures were justified and focused on areas of concern.
Prepared and delivered submissions to the Public Utilities Board.	Worked with a team of experts on behalf of ratepayers to ensure that all requested utility expenditures were justified. The Consumer Advocate continues to advocate for more accountability and transparency in justifying expenditures.

Opportunities and Challenges Ahead

The Consumer Advocate will continue to represent the interests of ratepayers before the Public Utilities Board. Every utility expenditure request must be scrutinized and justified. This is especially required given the financial burden ratepayers will endure due to costs associated with the Muskrat Falls Project.

The results of the review of relevant legislation is anticipated to continue into the next fiscal year. The Consumer Advocate's focus will be on issues relating to the governance of the Public Utilities Board to maintain transparency, openness, and accountability including full public hearings when required.

More needs to be done to control Capital Budget expenditures. Other jurisdictions have implemented ways and means to deal with this issue. Recommendations out of the Muskrat Falls Inquiry suggested a study of performance-based regulation. This recommendation is ongoing. Our objective is to focus on efforts which will result in affordable electricity. Monitoring utility expenditures is imperative and will be a continued challenge going forward.

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 Public Utilities Board, which 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.

1. Reference to Newfoundland Power and NL Hydro-Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021-2025

Invoice No. 16968 (April 12, 2022 – April 14, 2022)

i)	Professional Fees of the Consumer Advocate	\$2,193.75
ii)	Disbursements (including experts)	\$8,544.84
iii)	HST (i), & (ii)	\$1,310.79
	Total	\$12,049.38

2. Reference to Newfoundland Power 2022-23 Capital Budget Application

Invoice No. 16970 (April 5, 2022 – April 7, 2022)

i)	Professional Fees of the Consumer Advocate	\$3,150.00
ii)	Disbursements (including experts)	\$17,194.27
iii)	HST (i), & (ii)	\$3,051.64
	Total	\$23,395.91

3. Reference to Review of Board of Commissioners of Public Utilities Board (PUB) and Legislation under its Mandate

Invoice No. 17474 (May 25, 2022 – June 28, 2022)

i)	Professional Fees of the Consumer Advocate	\$17,493.75
ii)	Disbursements (including experts)	\$20,307.34
iii)	HST (i), & (ii)	\$4,207.66
	Total	\$42,008.75

4. Reference to Newfoundland Power – 2023 Capital Budget Application

Invoice No. 17596 (June 30, 2022 – August 9, 2022)

i)	Professional Fees of the Consumer Advocate	\$10,968.75
ii)	Professional Fess of Legal Counsel to Consumer Advocate	\$2,520.00
iii)	Disbursements (including experts)	\$15,489.36
iv)	HST (i), (ii) & (iii)	\$2,882.39
	Total	\$31,860.50

5. Reference to Review of Board of Commissioners of Public Utilities Board Act and Legislation under its Mandate

Invoice No. 17640 (July 4, 2022 – July 18, 2022)

i)	Professional Fees of the Consumer Advocate	\$3,600.00
ii)	Disbursements (including experts)	\$4,660.00
iii)	HST (i) & (ii)	\$751.50
	Total	\$9,011.50

6. Reference to Newfoundland Power – 2023 Capital Budget Application

Invoice No. 17643 (August 25, 2022 – September 6, 2022)

i)	Professional Fees of the Consumer Advocate	\$8,212.50
ii)	Professional Fees of Legal Counsel to Consumer Advocate	\$1,282.50
iii)	Disbursements (including experts)	\$4,197.38
iv)	HST (i), (ii) & (iii)	\$2,053.86
	Total	\$15,746.24

7. Reference to Newfoundland Power – 2023 Capital Budget Application

Invoice No. 17695 (September 7, 2022 to September 20, 2022)

i)	Professional Fees of the Consumer Advocate	\$10,125.00
ii)	Professional Fees of Legal Counsel to Consumer Advocate	\$7,965.00
iii)	Disbursements (including experts)	\$15,192.25
iv)	HST (i), (ii) & (iii)	\$3,342.34
	Total	\$36,624.59

8. Reference to Newfoundland Hydro – 2023 Capital Budget Application

Invoice No. 17743 (August 4, 2022 – October 14, 2022)

i)	Professional Fees of the Consumer Advocate	\$12,600.00
ii)	Professional Fess of Legal Counsel to Consumer Advocate	\$4,815.00
iii)	Disbursements (including experts)	\$14,355.38
iv)	HST (i), (ii) & (iii)	\$3,453.06
	Total	\$35,223.44

9. Reference to Newfoundland Power – 2023 Capital Budget Application

Invoice No. 17812 (October 5, 2022 – November 7, 2022)

i)	Professional Fees of the Consumer Advocate	\$10,496.25
ii)	Professional Fess of Legal Counsel to Consumer Advocate	\$6,052.50
iii)	Disbursements (including experts)	\$18,193.72
iv)	HST (i), (ii) & (iii)	\$3,748.87
	Total	\$38,491.34

10. Reference to Newfoundland Hydro – 2023 Capital Budget Application

Invoice No. 17938 (November 8, 2022 – November 25, 2022)

i)	Professional Fees of the Consumer Advocate	\$990.00
ii)	Professional Fess of Legal Counsel to Consumer Advocate	\$1,980.00
iii)	Disbursements (including experts)	\$14,638.50
iv)	HST (i), (ii) & (iii)	\$1,441.28
	Total	\$19,049.78

11. Reference to Newfoundland Power and NL Hydro – Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021-2025

Invoice No. 17985 (January 4, 2023 – January 16, 2023)

i)	Professional Fees of the Consumer Advocate	\$5,400.00
ii)	Professional Fess of Legal Counsel to Consumer Advocate	\$450.00
iii)	Disbursements (including experts)	\$7,606.25
iv)	HST (i), (ii) & (iii)	\$1,493.44
	Total	\$14,949.69

12. Reference to Newfoundland Power – 2023 Capital Budget Application

Invoice No. 18014 (December 21, 2022 – January 12, 2023)

i)	Professional Fees of the Consumer Advocate	\$4,162.50
ii)	Professional Fess of Legal Counsel to Consumer Advocate	\$1,665.00
iii)	Disbursements (including experts)	\$1,685.69
iv)	HST (i), (ii) & (iii)	\$1,126.98
	Total	\$8,640.17

13. Reference to NL Hydro Application for Approval of Capital Expenditures re: Bay d’Espoir Hydroelectric Generating Facility Penstock 1

Invoice No. 18060 (January 23, 2023 – February 7, 2023)

i)	Professional Fees of the Consumer Advocate	\$4,612.50
ii)	Disbursements (including experts)	\$7,490.31
iii)	HST (i) & (ii)	\$1,121.68
	Total	\$13,224.49

14. Reference to Newfoundland and Labrador Hydro – Non-Firm Rate Application

Invoice No. 18068 (November 30, 2022)

i)	Professional Fees of the Consumer Advocate	\$720.00
ii)	Professional Fess of Legal Counsel to Consumer Advocate	\$720.00
iii)	HST (i), & (ii)	\$216.00
	Total	\$1,656.00

15. Reference to Newfoundland and Labrador Hydro – Reliability and Resource Adequacy Review

Invoice No. 18124 (November 10, 2022 – March 1, 2023)

i)	Professional Fees of the Consumer Advocate	\$8,662.50
ii)	Professional Fess of Legal Counsel to Consumer Advocate	\$1,642.50
iii)	Disbursements (including experts)	\$4,347.63
iv)	HST (i), (ii) & (iii)	\$1,899.90
	Total	\$16,552.53

16. Reference to Newfoundland Power Inc., 2023 Supplemental Capital Expenditure Application – Memorial Substation Power Transformer Replacement

Invoice No. 18208 (March 3, 2023 – April 4, 2023)

i)	Professional Fees of the Consumer Advocate	\$7,312.50
ii)	Disbursements (including experts)	\$6,557.81
iii)	HST (i) & (ii)	\$1,124.30
	Total	\$14,994.61

17. Reference to Newfoundland Power Inc., 2023 Supplemental Capital Expenditure Application – Memorial Substation Power Transformer Replacement

Invoice No. 18212 (March 2023 – April 2023)

i)	Disbursements (including experts)	\$3,520.00
ii)	HST (i) & (ii)	\$528.00
	Total	\$4,048.00

18. Reference to Newfoundland and Labrador Hydro – Reliability and Resource Adequacy Review

Invoice No. 18288 (March 4, 2023 – May 2, 2023)

i)	Professional Fees of the Consumer Advocate	\$7,650.00
ii)	Professional Fess of Legal Counsel to Consumer Advocate	\$8,887.50
iii)	Disbursements (including experts)	\$3,788.44
iv)	HST (i), (ii) & (iii)	\$2,542.66
	Total	\$22,868.59