

## REQUEST FOR STANDING

Reference on Rate Mitigation Options and Impacts  
Relating to the Muskrat Falls Project

### I. CONTACT INFORMATION

Name: Ronald G. Penney  
Organization: The Muskrat Falls Concerned Citizens Coalition  
Title:  
Address:

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### II. INTEREST IN THE REFERENCE

#### 1. How will your participation assist in the Board's consideration of the Reference Question?

The Muskrat Falls Concerned Citizens Coalition was formed to provide a forum for citizens concerned with the Muskrat Falls project and its implications for ratepayers, taxpayers and the future of the Province.

We sought standing before the Muskrat Falls Inquiry and were granted full standing by the Commissioner, who also recommended that the Government provide funding for legal counsel, which was granted.

The Consumer Advocate was also granted funding but the Commissioner felt that the Coalition brought an important additional perspective to the work of the Inquiry.

I refer in particular to the following sentence in the Standing Decision with reference to the undersigned, David Vardy, and Des Sullivan, who form the Board of the Coalition: "I am satisfied that those three individuals have been writing and researching on this Project for some time and, as a result, could if permitted, assist in the conduct of the Inquiry as well as contributing to openness and fairness."

In addition to being critics of the project from its inception we have commented extensively on the implications for ratepayers, and taxpayers and the need to find ways to mitigate the effects of the project on both.

The Coalition has attracted about 250 members, a number of whom have significant expertise in hydro projects, rate setting and the fiscal situation of the Province. Our members are from all regions of the province and include some members with regulatory expertise in other jurisdictions. The undersigned and Mr. Vardy have both had extensive experience in public administration at the highest levels of the public service and Mr. Vardy, in particular, was a former Chair of the Public Utilities Board, and brings particular expertise to the reference question. He is also an economist.

We believe that through our long study of the Muskrat Falls project, and its implications, together with our own expertise and that of our members that we would provide assistance to the Board in its deliberations on the Reference question.

We believe that while the Muskrat Falls Inquiry is important it is looking largely at what happened. The Reference will address, in part, how we respond to the financial burden of Muskrat Falls, which is the more important question.

2. How is your interest unique and not represented by others, including the Consumer Advocate?

With the greatest of respect to the present Consumer Advocate it is our view that he is not truly independent because he has been appointed by the Government. We have advocated that the Consumer Advocate be appointed by the Public Utilities Board but that advice has not been accepted. While the appointment of the incumbent has flowed from the independent appointment process, the actual appointment has been made by Government.

The Consumer Advocate has not provided a forum for interested parties to make representations on the positions that he has taken on the Reference, the expert reports and the interim report of the Board. We have our membership and others who will provide us with their views.

At an early stage in the Muskrat Falls Inquiry I did suggest to the Consumer Advocate that we develop a close working relationship as recommended by the Commissioner but we were unsuccessful in so doing.

As a result we aren't confident that our position on the Reference Questions would be effectively communicated to the Board though the Consumer Advocate particularly as the Consumer Advocate has already taken a preliminary position on the expert reports.

3. List all the topics and issues of interest to you or your organization.

We are interested in all the suggestions made by the experts retained by the Board and may have others.

We are particularly concerned about the suggestions made about alterations to the financial arrangements. The Power Purchase Agreement is a departure from the usual cost of service principles applied to regulated public utilities and already places the burden of paying for Muskrat Falls to future generations. The suggested alterations will exacerbate this issue and is an approach which has been highly criticized by Auditor Generals in other jurisdictions.

We feel that the Auditor General of Newfoundland and Labrador should be asked for her views on the suggestions.

We question the calculation of the magnitude of the shortfall to be mitigated. This is also an issue on which the Auditor General should be asked for her views.

We also question the revenue estimates for exports.

### III. LEVEL OF PARTICIPATION IN THE REFERENCE

- I) We do not intend to file expert reports
- I) We plan, subject to an order for costs by the Board for legal counsel, to appear throughout the hearings
- II) We intend to make a presentation
- III) We intend, subject to funding, to question presenters
- IV) Our presentation will be our submission

### IV LEGAL COUNSEL

We have not retained legal counsel pending the decision of the Board to grant us standing and an order for the reasonable costs of legal counsel.

Given that the hearings will be short and we will continue to provide our services on a volunteer basis, the costs of legal counsel will be kept as low as possible.

Ronald G. Penney  
Chair, Muskrat Falls Concerned Citizens Coalition

Dated March 11, 2019