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3 **Q. Evidence of C. Douglas Bowman, page 4, lines 6-13. Did Mr. Bowman review**  
4 **and consider the legislative framework and the scope of the Board's jurisdiction**  
5 **with respect to the Muskrat Falls Project in making these recommendations?**  
6 **Please explain how each issue raised by Mr. Bowman can be addressed through**  
7 **"the normal regulatory process", including a description of the issue and the**  
8 **process that Mr. Bowman believes can be followed to address it.**  
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11 **A.** Mr. Doug Bowman's recommendations are summarized in Section 1 of his  
12 Evidence. Mr. Doug Bowman is not a lawyer and did not review the legislative  
13 framework, but rather based his recommendations on regulatory precedent observed  
14 during the past 20 years he has been working in this Province. His recommendations  
15 and how they might be addressed through the regulatory process follow.  
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17 Section 1 (a) – *"I recommend that the Board bring this investigation to a close and*  
18 *direct its attention to high priority items."* Mr. Doug Bowman suggests that the Board  
19 might bring its Investigation to a close by issuing an order or some other form of  
20 documentation stating the same.  
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22 Section 1 (b) – In its Phase One Final Report (page iii), the Board directed Hydro to  
23 undertake a demand/supply analysis and risk assessment with the updated load  
24 forecast and realistic outage statistics for Holyrood TGS, and the Stephenville and  
25 Hardwoods combustion turbines. Mr. Doug Bowman supports this undertaking and  
26 recommends *"that the analysis and risk assessment be undertaken at least annually*  
27 *ahead of each winter period."* Since the Board issued the directive for Hydro to  
28 undertake this analysis, it is Mr. Doug Bowman's understanding that the Board was  
29 acting within its legislative authority when it issued the directive. He suggests that the  
30 Board follow the same regulatory process it had in mind when it issued the directive.  
31 As for annual reporting, Mr. Doug Bowman understands that the Board requires  
32 Hydro to make regular reports on information it deems justified. He suggests the  
33 Board follow this same format. He notes that Hydro currently submits daily reports to  
34 the Board on System Supply and Demand Status  
35 ([http://www.pub.nl.ca/applications/IslandInterconnectedSystem/DemandStatusReports](http://www.pub.nl.ca/applications/IslandInterconnectedSystem/DemandStatusReports.htm)  
36 [s.htm](http://www.pub.nl.ca/applications/IslandInterconnectedSystem/DemandStatusReports.htm)).  
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38 Section 1 (c) - The Maritime Link is expected to be operational in 2017, so it may be  
39 possible to procure capacity over the Maritime Link to meet any supply needs in a  
40 cost effective and low risk manner. However, technical and regulatory risks must first  
41 be mitigated. Mr. Doug Bowman recommends that *"the Board direct Hydro to give*  
42 *this undertaking high priority"*. With respect to regulatory treatment, he suggests that  
43 results and recommendations of this Hydro undertaking be included as part of the  
44 2017 General Rate Application ("GRA") which Hydro proposes to submit to the  
45 Board by March 31, 2017. Based on Mr. Doug Bowman's experience in this  
46 Province, he believes General Rate Applications fall under the Board's regulatory

1 jurisdiction. He notes that the Maritime Link impacts both reliability and rates.  
2 Article 37 of the Public Utilities Act states “*A public utility shall provide service and*  
3 *facilities which are reasonably safe and adequate and just and reasonable*”. Article 4  
4 of the Electric Power Control Act, 1994 states: “*In carrying out its duties and*  
5 *exercising its powers under this Act or under the Public Utilities Act, the public*  
6 *utilities board shall implement the power policy declared in section 3, and in doing so*  
7 *shall apply tests which are consistent with generally accepted sound public utility*  
8 *practice*”. Section 3 (b) (iii) states: “*all sources and facilities for the production,*  
9 *transmission and distribution of power in the province should be managed and*  
10 *operated in a manner that would result in power being delivered to consumers in the*  
11 *province at the lowest possible cost consistent with reliable service*”. Again, Mr.  
12 Doug Bowman is not a lawyer, but believes the legislation grants the Board the  
13 authority to direct Hydro to give the Maritime Link high priority and to review it as  
14 part of the GRA that Hydro plans to submit in March 2017.  
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17 Section 1 (d) – Liberty states (Liberty’s Final Phase Two Report, page 88): “*the high*  
18 *construction costs of Muskrat Falls and its associated transmission will influence*  
19 *Hydro’s financial structure for decades, with the large increase in rate base causing*  
20 *a substantial impact on what customers pay. This factor also has the potential to limit*  
21 *Hydro’s financial flexibility in the future to an as-yet undetermined extent. These*  
22 *questions are crucial to future operation and of paramount interest to stakeholders.*”  
23 Mr. Doug Bowman recommends that “*the Board direct Hydro to file as part of its*  
24 *2017 GRA, a rate transition plan covering the next five years that will provide Hydro*  
25 *the opportunity to operate as a financially viable concern while managing the rate*  
26 *impacts on the Province’s electricity consumers.*” As already stated, based on Mr.  
27 Doug Bowman’s previous experience in the Province he believes that General Rate  
28 Applications fall under the Board’s regulatory jurisdiction. As Liberty states, the  
29 Muskrat Falls project will impact both rates and reliability, so a GRA would appear to  
30 be a relevant regulatory setting for addressing cost recovery.  
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32 For an overview of the type of regulatory process that might be followed to address  
33 reliability issues post-Muskrat Falls, please see the response to NP-CA-001.  
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