

Office of the Consumer Advocate

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July 30, 2020

Board of Commissions of Public Utilities
120 Torbay Road, P.O. Box 2140
St. John's, NL A1A 5B2

**Attention: G. Cheryl Blundon, Director of
Corporate Services / Board Secretary**

Dear Ms. Blundon:

Re: Newfoundland Power's 2021 Capital Budget Application

Further to the above-captioned, enclosed please find enclosed the original and twelve (12) copies of the Consumer Advocate Intervenor Submission.

A copy of this letter, together with enclosure, has been forwarded directly to the parties listed below.

Yours truly,



Dennis Browne, Q.C.

Encl.

/cs

cc **Newfoundland Power Inc.**
NP Regulatory (regulatory@newfoundlandpower.com)
Kelly C. Hopkins (khopkins@newfoundlandpower.com)

Board of Commissioners of Public Utilities
Jacqui Glynn (jglynn@pub.nl.ca)
PUB Official Email (ito@pub.nl.ca)

IN THE MATTER OF the *Public Utilities Act*, (the “Act”); and

IN THE MATTER OF capital expenditures and rate based of Newfoundland Power Inc. (“Newfoundland Power”); and

IN THE MATTER OF an application by Newfoundland Power for a Board Order approving; (a) its 2021 capital budget in the amount of \$111,298.00 pursuant to section 41(1) of the Act; (b) certain capital expenditures related to multi-year projects commencing in 2021 pursuant to section 41(3)(a) of the Act; and (c) for the Board Order pursuant to section 78 of the Act fixing and determining its average rate base for 2019 in the amount of \$1,153,556.00.

CONSUMER ADVOCATE INTERVENOR SUBMISSION

Re: NP 2021 Capital Budget Application

Overview

1. Newfoundland Power Inc. (“NP”) filed the above-referenced application with the Public Utilities Board on July 9, 2020.
2. On July 30, 2020, Newfoundland and Labrador Hydro filed with the Public Utilities Board a Notice of Intention to Participate in reference to the above-referenced Application.
3. The Consumer Advocate (the “Consumer Advocate”) appointed as set out in Section 117 of the *Public Utilities Act* will intervene in the above referenced Application to represent these purposes:

- a. To represent consumers in all matters pertaining to the Application;
 - b. To advocate that the Board apply the policy established under the *Electrical Power Control Act* 1994 (the “Act”) and in particular to ensure that the Application will result in power being delivered to consumers at the lowest possible cost consistent with reliable service;
 - c. To call witness as required and attend conferences and hearings, as the case may be, and to file Requests for Information and written submission;
 - d. And to all matters relating to the foregoing.
4. The NP 2021 Capital Budget includes \$111,298,000.00, in proposed expenditures. Such an expenditure has no precedent.
 5. With a declining aging population and with the introduction of the costs associated with Muskrat Falls, affordable electricity is the issue. NP’s Capital budgeting plans are unsustainable. Many of the items presented in the Capital budget provide no reasons to why the item listed could not be delayed or deferred.
 6. This Budget Application comes at a time of transition. The Government is attempting to address rate mitigation issues. Commission LeBlanc in the Muskrat Falls Inquiry Report has recommended performance based options be reviewed by the Government. The Government has accepted the Commissioner’s recommendations.

THE ACT

7. Section 37 of the *Public Utilities Act*, RSNL 1990, c. P-47 (the “Act”) sets out:

Adequate service to be provided by public utility

- 37(1) A public utility shall provide service and facilities which are reasonably safe and adequate and just and reasonable.
- (2) The board may either with or without notice to a public utility make an order appointing a person to make examinations, investigations or tests for the purpose of ascertaining whether service reasonably safe and adequate and just and reasonable is being supplied by the public utility and may in the order make provision as to the remuneration and expenses the person is to be paid by the public utility where the board certifies that they are payable.

8. Section 41 of the Act states:

Capital budget of public utility

- 41.(1) A public utility shall submit an annual capital budget of proposed improvements or additions to its property to the board for its approval not later than December 15 in each year for the next calendar year, and the budget shall include an estimate of contributions toward the cost of improvements or additions to its property the public utility intends to demand from its customers.
- (2) The budget shall contain an estimate of future required expenditures on improvements or additions to the property of the public utility that will not be completed in the next calendar year.

9. Section 3(b) of the *Electrical Power Control Act, 1994* SNL 1994, c. E-5.1 (the "EPCA") states:

Power policy

3. It is declared to be the policy of the province that
- ...
- (b) all sources and facilities for the production, transmission and distribution of power in the province should be managed and operated in a manner

- (i) that would result in the most efficient production, transmission and distribution of power,
- (ii) that would result in consumers in the province having equitable access to an adequate supply of power,
- (iii) that would result in power being delivered to consumers in the province at the lowest possible cost consistent with reliable service,

...

and, where necessary, all power, sources and facilities of the province are to be assessed and allocated and re-allocated in the manner that is necessary to give effect to this policy;

CONCLUSION

10. Based on the foregoing the Consumer Advocate's participation in the hearing will include any and all of the following:
- a. Clarification on what is considered evidence in a Capital Budget "proceeding";
 - b. Participating in technical conferences and/or hearings as the case may be;
 - c. Directing Requests for Information to NP and other parties;
 - d. Calling evidence and experts as necessary and making submissions and other representations to the Board.

DATED at St. John's, Newfoundland and Labrador, this 30th day of July, 2020.



Dennis Browne, Q.C.

Consumer Advocate

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