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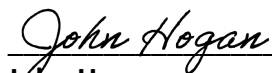
**SUBMISSION OF THE CONSUMER ADVOCATE  
TO THE COMMISSION OF INQUIRY RESPECTING  
THE REPORT OF A.J. GOULDING**

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1. This submission filed on behalf of the Consumer Advocate relates to the evidence of Mr. A. J. Goulding and the Commissioner's request that certain parties provide comments regarding Mr. Goulding's report. Specifically, the Commissioner asked the Consumer Advocate to provide comments as follows:
  - (1) Does NL's regulatory system adequately cover sales to ratepayers? and,
  - (2) The Effectiveness of the current electricity pricing models.
2. The *Public Utilities Act*, RSNL 1990 c. P-47 (the "**Public Utilities Act**") requires revision. The processes for setting rates after approving rate of return and capital expenditures are challenging for the Public Utilities Board (the "**PUB**") in the post-Muskrat Falls era. This is especially so given the various exemption orders imposed on the PUB which curtail the jurisdiction of the PUB over the Muskrat Falls Project.
3. The traditional tests established in regulatory economics and utilized by the PUB based on the concepts of just, reasonable, non-discriminatory and lowest possible rates consistent with reliable service are difficult to apply following the Muskrat Falls Project. The *Public Utilities Act* will require serious revisions to adapt to the changing circumstances. Furthermore, the current model employed for setting rates is no longer valid and various new models will be required.

4. In particular, the cost of service modeling as currently employed by the PUB can no longer be transparently applied because the PUB has no jurisdiction to examine construction costs related to the Muskrat Falls Project to verify which costs should be borne by the ratepayers. Capital cost applications currently utilized by the two utilities which are subject to PUB jurisdiction will also require revision because duplication in services by these two utilities can no longer be tolerated following Muskrat Falls. Every avenue must now be explored to merge systems in order to ensure the most efficient system possible. New legislation should be introduced following reviews of these issues.
5. Currently, there is a reference to the PUB pertaining to Rate Mitigations and Options Impacts (the “**Mitigation Reference**”). The PUB will be holding hearings and two independent agencies, Synapse and Liberty, have been studying all cost-related issues, including duplications. A. J. Goulding’s Report also deals with some issues of relevance to the Mitigation Reference.
6. In short, it is the position of the Consumer Advocate that the *Public Utilities Act* will require a major overhaul, as will the *Electrical Power Control Act*, SNL 1994, c. E-5.1. In the result, the Consumer Advocate requests that the Commissioner make such a recommendation as this will be timely.
7. Finally, the *Public Utilities Act* has served the people of the Province of Newfoundland and Labrador well since Confederation as it has ensured low cost electricity and stable rates. Unfortunately, in the wake of Muskrat Falls, the *Public Utilities Act* and accompanying legislation has largely been deemed irrelevant, to the detriment of the ratepayer.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED ON THE 14<sup>th</sup> DAY OF AUGUST, 2019**



**John Hogan**

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