

Coalition Meeting via ZOOM

Thursday, Jan.13, 2022

with Dennis Browne, the Consumer Advocate

1. Sharron called the meeting to order and for the purpose of the meeting with Dennis Browne, she explained the Coalition history and mandate. She also advised the Coalition membership and the extent of our consumer reach. Those in attendance introduced themselves to Dennis and told him which group they represented.
2. Sharron introduced the discussion that one of the main issues older persons have is with the rising cost of living. There is fear and panic everywhere and many folks are struggling to make ends meet and to make sensible choices when they shop.
3. Dennis explained that the Consumers' Advocate is appointed under the Public Utilities Act and that his position is one of a rate payer advocate and he represents consumers about rate paying and rate increase applications by NL Hydro and NL Power to the Public Utilities Board.
4. Dennis indicated he was pleased to have this meeting today as sometimes there is no customer representation at PUB hearings and the process really needs to have customer input.
5. Dennis used 13 slides he had prepared for today and took the members through the process of how rates are set, why there are certain limits legislated, how the delivery of power is impacted by population and usage, explanation of the rate base is applied, how capital costs factor, and what/why/why not on capital expenditure.
6. Dennis also clarified that NL Power is a distribution company, is private, and seeks to turn a profit for its shareholders. NL Power purchases power from NL Hydro.
7. Most power goes from Bay d'Espoir. The Holyrood facility was put there as a back up and is used mostly in the winter months for system peak period. In the summer, Holyrood is not in use as maintenance is done.

8. Whenever the main line goes down on the Avalon after about 5-10 minutes, Holyrood kicks in.
9. Right now, compared to the rest of Canada, we have one of the safest and secure systems, even though criticized when power goes down. While our system is fairly stable, we will have outages. The system is built to withstand snow, wind, and ice, but not when all three come at the same time.
10. NL population 65 and older is currently 10%, yet, it will eventually be 30%. As an older population, the customer base for power usage is not increasing, our customer base is flat and they are not building into new generation.
11. NL Power wants capital spending as much as possible. 8.5% by law is the base rate. They requested 9.8% in the recent application, but we were able to negotiate no increase this year, rate staying at 8.5%.
12. NL Hydro who is the owner of the power is spending \$80M yet NL Power is over \$110M? Why should NL Power be costing more for capital distribution?
13. NL Power is in spending mode, population is not getting bigger thus they can't get rate base from population. They want to head towards \$70-\$75 M. Currently \$40-\$45 M annually is now an 8.5% of return. They will always try to spend more and that costs us more, the more that is put into rate base, the more they earn.
14. People don't usually call NL Power if they have a problem or concerns with rates. They usually call about their bill, change of address, lights go out, etc. Public Utility Board is still suffering from Dark NL back in 2014. That power outage exposed the system as inadequate. The utilities have been exploiting on it ever since and the Board has been approving all of the capital expenditures from NL Power ever since.
15. In a short period of time, NL Power has really increased its rate base.
16. Since we have one of the safest systems in Canada, they are now over spending to get their rate base to increase to get more money.

17. No other utility in Canada is getting 9.8% like NL Power tried to get. After taxes, they get over \$3M a month.
18. **Muskrat Falls. We did not need it. It was a “misguided project”.**
19. Consumers are getting more concerned about conservation (heat pumps, splits, etc.) and are trying to control electricity and to bring their personal costs down.
20. The Mustard Falls project is not finished due to software issues. Dr. Feehan’s study 2006 proved that if the consumer is required to pay 23 cents from 12 cents, people would leave in mass, convert to wood, heat pumps, propane, oil, etc.
21. Currently with the federal government, there is an agreement in principle for Muskrat Falls. We do not have final numbers or fixed numbers. The project is not finished. Currently they are saying it is \$13.1 B in costs. The Federal Government wants the final figures like any bank would, as power is in the provincial domain. The Federal Govt. would need to channel money from other areas like the off shore rather than outright fund MF.
22. There is a line of deception about Muskrat Falls. The Public Utilities Act can put a cap on what NL Power and NL Hydro spend on capital investment. We have had that act since Confederation. The Provincial Government announced back in December, 2021, that they would revamp the act.
23. 80% of our electricity is hydro compared to the rest of the Atlantic provinces. We are unique to Canada and contrary to popular belief, our electricity is cheaper to anywhere else in Atlantic Canada.
24. Governments have a “green” agenda. Large hydro projects flood lands area at times and do not fit into this agenda.

Prepared by Ann-Marie Cleary
Edited Sharron Callahan