

NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

MEDIA RELEASE

October 16, 2018

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

The Board of Commissioners of Public Utilities has commenced its review of electricity rate mitigation options and impacts in relation to the Muskrat Falls Project in accordance with the reference from the Lieutenant-Governor in Council under section 5 of the *Electrical Power Control Act* issued on September 5, 2018.

Terms of Reference

The Terms of Reference direct the Board to review and report on:

- 1) options to reduce the impact of the Muskrat Falls Project costs on electricity rates;
- 2) the amount of required and surplus energy and capacity from the project; and,
- 3) the rate impacts of the options based on the most recent project cost estimates.

The Board is required to provide two reports to Government - an interim report by February 15, 2019, and a final report by January 31, 2020. The interim report is to address the Board's preliminary findings with respect to the options to reduce the impact on rates and the amount of required and surplus energy and capacity from the Muskrat Falls Project. The Board's final report is to set out its conclusions on these issues and address the rate impacts of the identified options. To avoid duplication with the work of the ongoing *Commission of Inquiry Respecting the Muskrat Falls Project* the construction costs of the Muskrat Falls Project are not to be reviewed.

The specific matters to be addressed in the review are set out in the Terms of Reference available on the Board's website (www.pub.nl.ca).

Expert Consultants

The Board has engaged two expert consultants to assist with this review – The Liberty Consulting Group and Synapse Energy Economics. Liberty has been providing consulting services to the Board for a number of years and has extensive experience in management and operation audits of utilities. Liberty has completed over four hundred projects on a wide range of utility management, operational, technical, financial and regulatory issues for over forty regulators in the United States and Canada. Liberty will focus on issues related to potential cost savings, including the structure of the Nalcor group of companies and the operational and maintenance costs for the Muskrat Falls Project. Liberty will also assess the impacts associated with rate mitigation approaches. Synapse is a research and consulting firm specializing in energy, economic, and environmental topics and has considerable experience providing analysis of the electric power sector for public interest and governmental clients in

both the United States and Canada. Synapse will focus on issues relating to load forecasting and elasticity, energy conservation, export markets, and rate design and mitigation options.

Additional information and links related to qualifications of these experts and the scope of services to be provided can be found on the Board's website (www.pub.nl.ca).

Process and Schedule

The focus of the Board in the next few months will be the completion of the interim report required by the Terms of Reference. The experts have started gathering information and are expected to complete their interim reports by the end of this year. In January 2019 the Nalcor group of companies and other interested persons will have an opportunity to file submissions and comments for the consideration of the Board in the completion of its interim report.

Upon completion of the Board's interim report the focus will shift to the work which is required to conclude this review. The detailed process and schedule for this phase of the review will be established in the first quarter of 2019. At this time it is anticipated that the experts will file their final reports by late summer of 2019 and a public hearing will be held in the fall of 2019.

The schedule for this review can be found on the Board's website (www.pub.nl.ca).

Participation in the Review

There will be an opportunity for interested persons to file written submissions and letters of comment for the consideration of the Board in the completion of its interim report and its final report. In addition there will be an opportunity for interested persons to participate in the public hearing. Notice of the times, dates and processes for participation in the review will be published.

The Consumer Advocate, Dennis Browne, Q.C. has been appointed to represent the interests of consumers in this review. He may be contacted at:

Mr. Dennis Browne, Q.C.
Browne Fitzgerald Morgan & Avis
Terrace on the Square, Level 2
P.O. Box 23135
St. John's, NL A1B 4J9
Telephone: (709) 724-3800
E-mail: dbrowne@bfma-law.com
Facsimile: (709) 754-3800

All information related to this review will be posted on the Board's website as it becomes available, subject to confidentiality claims.

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*Media contact: Cheryl Blundon, Director Corporate Services, Tel: 1-866-782-0006
Email: cblundon@pub.nl.ca or visit the Board's website: www.pub.nl.ca.*