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3 **Q. Evidence of C. Doulas 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.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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