August 16, 2019 Sent by email

Honourable Dwight Ball

Premier of Newfoundland and Labrador

MHA for Humber-Gros Morne

Confederation Building, East Block

P.O. Box 8700

St. John's, NL A1B 4J6

**Re: Muskrat Falls Rate Mitigation**

Dear Premier Ball:

The Canadian Federation of Independent Business (CFIB) is a non-partisan and not-for-profit organization that represents independently-owned small- and medium-sized enterprises. We represent 110,000 members across the country and have approximately 2,000 members in Newfoundland and Labrador.

In 2017, the Government of Newfoundland and Labrador announced the Commission of Inquiry Respecting the Muskrat Falls Project (Inquiry). The Inquiry is guided by a terms of reference and a report is expected from the Honourable Justice Richard Leblanc by December 31, 2019. The provincial government also tasked the Board of Commissioners of Public Utilities (PUB) with reviewing the rate mitigation options and impacts related to the Muskrat Falls project costs, with a final report due by January 31, 2020.

Based on the preliminary findings released by the PUB on rate mitigation options, the provincial government has presented a rate mitigation plan, including federal funding of $200 million per year, though this may be more as you have recently stated publicly. The provincial government’s rate mitigation plan contains too many uncertainties and despite the involvement of the PUB, it will not be making any binding recommendations for the provincial government. Further, a presentation by an economist at the Inquiry raises doubt rate mitigation may be the best option once the implications of tax increases and/or service cuts are considered.

CFIB has been concerned about the effects the Muskrat Falls project will have on our members for quite some time. On August 15, 2019, we provided a submission as part of the Inquiry’s deliberations and it is attached for your review. In the submission, you will find recommendations on how costs on small business owners may be curtailed and what can be done to improve transparency and oversight on large development projects. Notwithstanding those recommendations and the ongoing work of the Inquiry and PUB, we are asking you to **direct the Minister of Natural Resources and Government House Leader to immediately establish an all-party committee to examine rate mitigation in the province, supported independently by staff in the Department of Finance and other departments as needed**.

The costs of the Muskrat Falls project have to be paid, but it is unknown how the ratepayer and taxpayer shares the burden and the overall effect on the finances and economy of Newfoundland and Labrador. Without substantial change to the legislative and regulatory framework for public utilities, these decisions will be decided by a small group of people (ie. Cabinet) and may not be debated fulsomely in the House of Assembly. CFIB would much rather have a public debate about all the options available for rate mitigation led by the province’s elected officials. An all-party committee would also allow for more involvement of stakeholders and others than what is possible at the PUB, which is a quasi-judicial process.

The costs associated with the Muskrat Falls project is an extremely important issue for the province. Should you wish to discuss, please contact me by phone at 753-7764 or by email at vaughn.hammond@cfib.ca.

Sincerely,



Vaughn Hammond

Director of Provincial Affairs, Newfoundland and Labrador

Copy: Members of the House of Assembly

Attachment