

December 15, 2017

Via Email & Courier

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

**Re: 2017 General Rate Application – Identification of the Rural Subsidy on Customer Bills –
Update as per responses to Requests for Information PUB-NLH-086 and PUB-NLH-089**

Further to Hydro's responses to Requests for Information PUB-NLH-086 and PUB-NLH-089 submitted to the Board through its 2017 General Rate Application, the following is Hydro's update on its plan to provide information to customers related to the rural subsidization of electricity rates.

As noted in the responses to these RFIs, Hydro recognizes the importance of educating customers and stakeholders on the provincial electricity system and is working hard to provide customers with information that is important to them in an open, transparent manner. Results of customer research conducted in spring 2017 indicated that the majority of customers are interested in learning more about rate subsidization and, further, that a variety of mediums may be suitable when determining the best way to provide that information to customers. Hydro and Newfoundland Power communications teams have been in discussions regarding the development of a joint customer communications plan, identifying the most effective method(s) and approach to providing information about rural rate subsidization to customers.

At this time, Hydro and Newfoundland Power are moving forward with additional analysis and consultation among representatives from the regulatory affairs, customer service, and communications teams at both utilities before a final approach can be proposed. Specifically, this analysis will seek to clarify potential issues and considerations such as those identified in Hydro's Report on the Identification of the Rural Subsidy on Customer Bills, filed with Hydro's 2017 General Rate Application (Volume II, Exhibit 4, page 9).

Ms. C. Blundon
Public Utilities Board


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Hydro anticipates these discussions and development of the customer communications plan to continue in 2018. Hydro also acknowledges that the plan and/or proposed approach to informing customers may also be impacted by discussions and outcomes of the current process.

If you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



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Senior Counsel, Regulatory
TLP/skc

cc: Gerard Hayes - Newfoundland Power
Paul Coxworthy - Stewart McKelvey Stirling Scales
Denis J. Fleming - Cox & Palmer
ecc: Van Alexopoulos - Iron Ore Company
Senwung Luk - Labrador Interconnected Group

Dennis Browne, Q.C. - Consumer Advocate
Dean Porter - Poole Althouse

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