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June 1, 2020

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Via Electronic Mail

Newfoundland and Labrador Board of Commissioners of Public Utilities
120 Torbay Road
P.O. Box 21040
St. John's, NL A1A 5B2

**Attention: Ms. G. Cheryl Blundon, Director of Corporate Services
and Board Secretary**

Dear Ms. Blundon:

Re: Hydro Application for Approval of a One-Time Bill Credit to Newfoundland Power

We write on behalf of the Island Industrial Customer (IIC) Group: Corner Brook Pulp & Paper Limited, NARL Refining Limited Partnership and Vale Newfoundland & Labrador Limited.

These are the comments of the IIC Group on Hydro's Application for Board approval of:

- a. The Utility Rate RSP Current Plan Rider of (0.188) cents per kWh, RSP Fuel Rider of 0.00 cents per kWh, and CDM Cost Recovery Adjustment of 0.026 cents per kWh be continued from July 1, 2020 to June 30, 2021; and
- b. A one-time transfer on July 31, 2020 of \$50,575,999 from the RSP Current Plan balance applicable to Newfoundland Power and a one-time July 2020 bill credit to Newfoundland Power of \$50,575,999.

The IIC Group note that the dollar amount of \$50,575,999 for the one-time credit is not stipulated by OC2020-081, that paragraph 3 of OC2020-081 reserves to the Board the determination of the methodology for determination of the bill credit, and that Hydro's proposed determination of the bill credit, particularly in light of OC2020-081's direction that the bill credit be provided to Newfoundland Power and subsequently to customers as soon as practicable, is necessarily based on estimates and projections, as acknowledged in Hydro's Evidence Supporting Application:

p. 3, lines 10-12, Evidence Supporting Application:

"OC2020-081 requires Hydro to provide Newfoundland Power with a one-time bill credit equal to the estimated dollar value that would have been disbursed to Newfoundland Power between July 1, 2020 and June 30, 2021 as a result of the change in RSP Adjustments. As shown in Table 1, Hydro has computed that amount to be approximately \$50.6 million."

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p. 4, lines 6-8, Evidence Supporting Application:

"The recovery of the \$50.6 million charge to the Newfoundland Power's RSP Current Plan balance effective July 31, 2020 is projected to occur through fuel savings as a result of the projected fuel price of \$64.80 per barrel being lower than the No. 6 fuel price of \$105.90 reflected in the Utility Rate that will be in effect for the period July 1, 2020 to June 30, 2021."

[underlining added]

The IIC Group note that the Board's process has afforded the opportunity for comment on Hydro's Application, but not to make Requests for Information. The IIC Group appreciate that an expedited process may be considered to be necessary to implement the OC2020-081 direction "as early as practicable". However, the IIC Group do wish to state for the record that if there had been the opportunity to make requests for information, the IIC Group would have made the following requests of Hydro:

1. To confirm that if, for any reason (including without limiting the foregoing that the projected No. 6 fuel price of \$64.80 per barrel turns out to be too low for the applicable period), the estimated dollar value of the one-time bill credit of \$50.6 million turns out to be an overestimate of what would have been disbursed to Newfoundland Power between July 1, 2020 and June 30, 2021 as a result of the change in RSP Adjustments, Hydro would not seek recovery, either by direct or indirect means, of any part of that overpayment of the bill credit or any consequent loss of revenue or other cost to Hydro, from the Island Industrial Customers. For greater certainty, Hydro is further asked to confirm that any such overpayment by the one-time bill credit, or loss or other cost to Hydro as a result, would not impact the RSP balances and RSP components affecting Island Industrial Customer rates.
2. To confirm that neither OC2020-081, nor any other statutory direction or regulatory principle, precludes the adjustment of RSP components of the rates paid by the Island Industrial Customers in 2020 and 2021, if such adjustments are necessary to ensure that the rates charged to Island Industrial Customers for the supply of power are reasonable and not unjustly discriminatory, in accordance with the power policy of the Province as set out in the *Electrical Power Control Act, 1994*.

To provide context for these questions, the IIC Group note that current Island Industrial Customer rates are based on No. 6 fuel forecast of \$103.65 per barrel, almost 60% higher than the projected \$64.80 No. 6 fuel price that will be effectively applicable (through the one-time bill credit) to other Island customers effective July 1, 2020.

In the absence of the opportunity to make requests for information, the IIC Group submit that it is reasonable to request that Hydro address the above questions in its Reply.

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We trust the Board will find these comments to be in order.

Yours truly,

Stewart McKelvey



Paul L. Coxworthy

PLC/

c: Shirley Walsh, NL Hydro
Gerard Hayes, Newfoundland Power
Dennis Browne, Q.C., Consumer Advocate
Sheryl Nisenbaum, Praxair Canada
Shawn Kinsella, Teck Resources
Dean Porter, Poole Althouse
Dennis J. Fleming, Cox & Palmer