

HAND DELIVERED

November 19, 2013

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

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

Ladies and Gentlemen:

Re: Newfoundland & Labrador Hydro – Application for Approval of the Rate Stabilization Plan Rules and Refunds to Newfoundland Power and Hydro Rural Customers

This is in reply to the Board's letter dated November 14th, 2013 requesting submissions from all participating parties by November 21st as to whether the above-noted matter should proceed separately or as an issue within Hydro's GRA.

Newfoundland Power submits that Government has unambiguously directed that the matter of the Rate Stabilization Plan ("RSP") surplus refund be included in Hydro's GRA.¹ If the Board were to consider the matter separately from the GRA process, it would not be in compliance with the direction of Government.

Further, it is Newfoundland Power's submission that Hydro's future electricity rates, which are the principal issue in the GRA, provide essential context for consideration of the appropriate disposition of the RSP surplus.

It was suggested during the meeting of counsel held on Monday, November 5th, and implied in subsequent correspondence regarding the matter, that the fact that several intervenors in Hydro's GRA have no interest in this matter is a relevant consideration in determining whether it should be considered as part of the GRA. However, that is true of any number of issues in the GRA. For example, the Industrial Customers have no interest whatsoever in the allocation of Hydro's rural deficit among the other customers.

¹ OC2013-089

On the other hand, Newfoundland Power is currently considering the appropriateness, in light of Government's directions in the matter, of Hydro's proposal to pay an estimated \$9 million of the RSP surplus to Hydro's rural customers. The Board's determinations on that issue potentially will have implications for customers of Hydro other than Newfoundland Power.

Accordingly, it is Newfoundland Power's submission that the matter of the disposition of the RSP surplus should be considered as an issue within the GRA process, as unambiguously directed by Government.

We trust this is in order.

Yours very truly,



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Senior Counsel

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