

November 19, 2015

VIA COURIER and ELECTRONIC MAIL

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

Dear Ms. Blundon:

RE: 2016 Interim Industrial Rates Application

Enclosed are the original and twelve (12) copies of Written Submissions of Vale Newfoundland & Labrador Limited with respect to the above-noted Application.

We have provided a copy of this correspondence together with enclosures to all concerned parties.

We trust you will find the enclosed satisfactory.

Yours faithfully,

Thomas J. O'Reilly, Q.C.

TJOR/js
Encl.

c.c. Geoffrey P. Young, Newfoundland & Labrador Hydro
Gerard Hayes, Newfoundland Power
Thomas J. Johnson, O'Dea, Earle
Paul Coxworthy, Stewart McKelvey
Edward M. Hearn, Q.C., Miller & Hearn
Senwung Luk, Olthuis, Leer, Townshend LLP
Yvonne Jones, MP Labrador
Genevieve M. Dawson, Benson Buffett

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IN THE MATTER OF the *Public Utilities Act*,
R.S.N.L. 1990, Chapter P-47 (the "Act"); and

IN THE MATTER OF a General Rate Application
by Newfoundland and Labrador Hydro to
establish customer electricity rates for 2015;
and

IN THE MATTER OF an application (the "2016
Interim Industrial Rates Application") by
Newfoundland and Labrador Hydro for
approval of interim industrial customer rates,
tolls and charges and RSP Rules.

TO: The Board of Commissioners of Public Utilities ('the Board')

1 **WRITTEN SUBMISSIONS OF VALE NEWFOUNDLAND & LABRADOR LIMITED**

2 The following are the submissions of Vale Newfoundland and Labrador Limited ("Vale")
3 in relation to Newfoundland and Labrador Hydro's ("Hydro") Application before the
4 Board seeking an Order for interim rates for, among others, Island Industrial
5 Customers effective January 1, 2016.

6 Vale accepts that Hydro requires some form of interim rate relief subject to Hydro
7 demonstrating through evidence filed as part of Hydro's Amended 2013 General Rate
8 Application (the "GRA") that the interim rates reasonably reflect the Cost of Service.
9 Without interim rates, there is a significant risk that the current rates will not be
10 sufficient for Hydro to recover its cost of service. A discrepancy between current rates
11 and cost of service may result in a revenue deficiency being created in 2016 that
12 Hydro will seek to recover from its customers in the future. If the Island Industrial

1 Customer Class were to remain stable over time, this would not be an issue. However,
2 the makeup of the Island Industrial Customer Class is changing over time with Vale
3 ramping up into production. As such, if present day deficiencies are recovered from
4 future customers, there will inevitably be intergeneration inequity in that the changing
5 dynamic within the Island Industrial Customer Group that will result in a customer
6 responsible for contributing a smaller percentage to the accumulating deficiency
7 repaying a larger percentage of that deficiency.

8 Should the decision of the Board in the present GRA result in industrial rates being
9 approved that are lower than the interim rates being sought in the present Interim
10 Rate Application, the amount of any excess should be refunded to the Industrial
11 Customers.

12 For the reasons stated, Vale submits that Hydro should be granted interim rates to
13 reduce the potential for intergenerational inequity created by changes within the Island
14 Industrial Customer Group. Vale also supports (i) the calculation of interim rates by
15 adjusting the forecast cost of No. 6 fuel to \$64.41 per barrel and (ii) the RSP Surplus
16 Adjustments requested by Hydro.

17 **Costs**

18 Vale requests that the Board award Vale its costs on the within Application on the
19 same basis as any award of costs made in favor of the Consumer Advocate and/or the
20 Industrial Customer Group. An award of costs in favor of Vale is justified based on the
21 fact that:

7 The within Application was made necessary by the complexity of and delays in the
8 general rate application process as a result of the fact that Hydro elected to allow
9 seven years between GRAs. For this reason, Vale submits that all or a significant
10 percentage of the costs of the within Application should be borne by Hydro and should
11 not form part of Hydro's rate base.

DATED at St. John's, in the Province of Newfoundland and Labrador, this 19th day of November, 2015.

COX & PALMER

Peri-

Thomas J. O'Reilly, Q.C.

TO: The Board of Commissioners of Public Utilities
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Attention: Board Secretary

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