



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
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2016-01-18

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Dear Sirs/Madams:

**Re: Newfoundland and Labrador Hydro – Amended General Rate Application
Issues for Oral Submissions**

Further to correspondence dated January 8, 2016, the Board has identified the following as issues to be addressed during oral submissions.

1. Test Year

Hydro proposes that rates be established by the Board to be effective in 2016 based on 2015 test year forecast costs. How should Hydro's proposals for 2014 and 2015, which include no rate changes for customers for those years, be dealt with, including consideration of the following:

- i) Definition of a test year and accepted regulatory practice on the use of test years (historical and forecast), with reference to any applicable authorities.
- ii) Regulatory practice on use of test year forecasts for purposes other than determining a revenue requirement for setting customer rates, with reference to any applicable authorities.
- iii) If the 2014 forecast (and now 2015) is used to determine a revenue deficiency for a utility, can it also be the basis for determining a credit for customers if the utility has collected more in revenue than the revenue requirement for the year as determined by the regulator?
- iv) Should 2015 be treated the same as 2014 as a deferral account has been established for 2015 and rate changes will not be effective until 2016?
- v) Should forecast or actual costs be used to determine a revenue deficiency?
- vi) Regulatory practice regarding adjustment of 2015 forecast costs in setting 2016 rates

2. Interpretation of OC2009-063

- i) What is the significance of the treatment applied to the 2014 and 2015 forecast costs for the interpretation of the direction in this Order in Council on Hydro's return on equity?
- ii) Does the direction in this Order in Council only apply when rates are changed?
- iii) How does this Order in Council affect the adjustment of Hydro's return on equity between its rate cases based on changes in Newfoundland Power's return?

3. Hydro's corporate structure

Various intervenors have raised issues regarding the transparency, clarity and effectiveness of the current matrix organizational structure in place at Hydro as well as certain practices on intercompany charges. What remedial actions can/should the Board consider to address any deficiency that may be determined by the Board to exist?

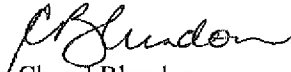
4. Fuel price to be used for 2014, 2015 and 2016

- i) If a revenue deficiency is determined for 2014 and 2015, what is the appropriate fuel price to use to determine the deficiency?
- ii) What fuel price should be used to set rates for 2016, including whether an updated one to reflect the current market should be considered?

In setting out these specific areas to be canvassed the Board is not directing that oral argument be restricted to these areas only but parties should note that summary argument on written submissions already filed are not necessary.

If you have any questions in relation to the above, please contact the Board's legal counsel, Jacqueline Glynn at 726 6781 or jglynn@pub.nl.ca.

Yours truly,


Cheryl Blundon
Board Secretary

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Newfoundland & Labrador Hydro

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