

1 Q. Please explain how the use of a 2013 test year without making any adjustments to
2 the 2013 test year to ensure that the rates established for 2014 reflect the costs to
3 provide service in 2014 is consistent with the power policy expressed in S. 3(a) (i)
4 and (ii) of the *Electrical Power Control Act*, 1994 as amended.

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7 A. S. 3(a) (i) and (ii) of the *Electrical Power Control Act*, 1994 as amended state as
8 follows:

9 3. *It is declared to be the policy of the province that*

10 (a) *the rates to be charged, either generally or under specific contracts, for*
11 *the supply of power within the province*

12 (i) *should be reasonable and not unjustly discriminatory,*

13 (ii) *should be established, wherever practicable, based on forecast*
14 *costs for that supply of power for 1 or more years.*

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16 Notwithstanding this section of the Act, further “superseding” direction may be
17 provided to the Board under s. 5.1 of the Act which states as follows:

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19 5.1 (1) *Notwithstanding sections 3 and 4 of the Act and the provisions of the*
20 *Public Utilities Act, the Lieutenant-Governor in Council may direct the*
21 *public utilities board with respect to the policies and procedures to be*
22 *implemented by the board with respect to the determination of rate*
23 *structures of public utilities under the Public Utilities Act and, without*
24 *limiting the generality of the foregoing, including direction on the*
25 *setting and subsidization of rural rates, the setting of industrial rates in*
26 *Labrador, the fixing of a debt-equity ratio for Hydro, and the phase in,*
27 *over a period of years from the date of coming into force of this*

1 *section, of a rate of return determination for Hydro, and the board*
2 *shall implement those policies and procedures.*

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4 Leading up to the 2013 GRA filing, such “superseding” direction was provided to the
5 Board by OC2013-089, as amended, s. 8 of which states as follows:

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7 8) *Newfoundland and Labrador Hydro’s General Rate Application shall be*
8 *based on a 2013 test year in the determination of new electricity rates for*
9 *customers.*