

1     **Q.     Re: IN-NLH-243 and NP-NLH-171.**

2             Hydro’s response with respect to L’Anse au Loup that explains “why subsidizing  
3             rates that lead to additional conversion to electric heat represent a good policy  
4             choice” refers primarily to documents from 1996. In the last paragraph, it adds that  
5             “In Hydro’s view, if any changes are made to rates policies on the isolated systems,  
6             it should be done in a manner that does not cause undue hardship on customers.”  
7             Has Hydro reflected on the possibility of making changes to the rate policy for the  
8             L’Anse au Loup system which would eliminate or reduce the subsidization of rates  
9             that lead to additional conversion to electric heat without causing undue hardship  
10            on customers?

11            If so, please provide the fruits of that reflection. If not, why not?

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14     **A.**     As described in Hydro's response to NP-NLH-171, rates policy for the L’Anse au Loup  
15             system has resulted from decisions by the Board:

16                 The current pricing approach for the L’Anse Au Loup System (also referred  
17                 to as the Labrador Straits area) is reflective of the Board’s  
18                 recommendation in its July 12, 1996 Report that Island Interconnected  
19                 rates be applied to the Labrador Straits area and, as well, the Northern  
20                 Strategic Plan announced by Government on April 20, 2007.<sup>1</sup>  
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22             Making changes to the rate policy for the L’Anse au Loup system, in Hydro’s view,  
23             remains within the purview of the Board and Government. Hydro has not reviewed  
24             the matter since previously reviewed by the Board. In its response, Hydro had  
25             simply expressed the opinion that, if changes are made to the rates policy by either  
26             the Board or Government, it should be done in a manner which does not cause  
27             undue hardship on customers.

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<sup>1</sup> NP-NLH-171, Page 1, Lines 6 to 10.