

1 Q. On December 23, 2014, the Government of Newfoundland and Labrador issued
2 Order in Council OC2014-372. The order states:
3 *“Under the authority of section 5.1 of the Electrical Control Power Act, 1994, the*
4 *Lieutenant Governor in Council is pleased to direct the Board of Commissioners of*
5 *Public Utilities to adopt a policy for Non-Government Rural Isolated Domestic and*
6 *General Service customers of Newfoundland and Labrador Hydro that:*
7 *i) any changes in rates charged to these customers shall be equal to*
8 *changes approved for equivalent rate classes of Newfoundland Power*
9 *customers on or after January 1, 2007;*
10 *ii) notwithstanding (i), commencing January 1, 2016 rates for these*
11 *customers shall be those that would have come into effect but for this*
12 *directive and directives OC2006-512, OC2008-365, OC2009-390,*
13 *OC2010-322 and OC2012-329; and*
14 *iii) the provisions of this directive do not apply to rates to be established*
15 *for these customers following December 31, 2015.”*
16 Please confirm that the referenced section of evidence below does not accurately
17 reflect the impact of the Government direction in OC2014-372, and provide revised
18 evidence that does reflect the Order in Council. In the revised evidence, please
19 address the impact of whether rate changes for the Non-Government Rural Isolated
20 Domestic and General Service customers arising out of this general rate application
21 are effective prior to, on or after January 1, 2016. Also, please address in the
22 revised evidence any impact of related rate changes for the Non-Government Rural
23 Isolated Domestic and General Service customers on the rural deficit, including
24 amounts to be recovered from Newfoundland Power’s customers. (Volume I,
25 Section 4: Rates and Regulation, page 4.41, lines 12 to 20)

1 A. At the time of Hydro's Amended Application filing on November 10, 2014,
2 Government directive OC2012-329 was in effect for Non-Government Rural Isolated
3 Domestic and General Service customers, which states, in part:

4 *commencing January 1, 2015 rates for these customers shall be those*
5 *that would have come into effect but for this directive and directives*
6 *OC2006-512, OC2008-365, OC2009-390 and OC2010-322;*
7

8 On the basis of this directive, Hydro's evidence properly reflected requested rates
9 for Non-Government Rural Isolated Domestic and General Service customers based
10 on the 2007 rate increase no longer being deferred with effect from January 1,
11 2015.
12

13 On December 23, 2014, Government issued OC2014-372, which states, in part:

14 *commencing January 1, 2016 rates for these customers shall be those*
15 *that would have come into effect but for this directive and directives*
16 *OC2006-512, OC2008-365, OC2009-390, OC2010-322 and OC2012-*
17 *329;*
18

19 On the basis of this directive, in Hydro's opinion, requested rates for Non-
20 Government Rural Isolated Domestic and General Service customers based on the
21 2007 rate increase no longer being deferred, cannot come into effect until January
22 1, 2016. Funding for the deferred rate increase directed by Government has been
23 provided to Hydro from Government since 2007 and Hydro believes that this will
24 continue to be the case. In this regard, there have been no amounts to be
25 recovered from Newfoundland Power's customers included in Hydro's Amended
26 Application filing.

1 Unless new rates will be implemented prior to the end of 2015, Hydro believes it is
2 not necessary to update its evidence at this time. In accordance with OC2014-372,
3 Hydro will require Board-approved rates for Non-Government Rural Isolated
4 Domestic and General Service customers based on the 2007 rate increase no longer
5 being deferred. This is the current basis of Hydro's evidence. Rates based on
6 Hydro's current filing, and which reflect the continued deferral of the 2007 rate
7 increase, are outlined in Hydro's response to NG-NLH-001.