

June 15, 2015

Ms. G. Cheryl Blundon
Board of Commissioners of Public Utilities
120 Torbay Road, P.O. Box 12040
St. John's, NL A1A 5B2

Ladies & Gentlemen:

**Re: Newfoundland and Labrador Hydro ("Hydro") 2015 Interim Rates Application
(Revised)**

In Order No. P.U. 14(2015), the Board denied Hydro's 2015 Interim Rates Application and ordered Hydro to file a revised schedule of rates, tolls and charges and RSP rules effective July 1, 2015 with evidence showing the impacts on consumers and Hydro incorporating the findings of the Board in its Order (see Order No. P.U. 14(2015), page 18, point 2). On May 27, 2015 Hydro filed a 2015 Interim Rates Application including evidence in response to the Board's Order. On June 2, 2015 Hydro followed this up with supplemental information based upon its recent telephone conversations with Board staff relating to the interpretation of the Board's Order. However, in a June 3, 2015 letter entitled *Newfoundland and Labrador Hydro – 2015 Interim Rates Compliance Application – Process and Schedule*, the Board indicated that the Application was not in compliance with Order No. P.U. 14(2015), and required Hydro to amend the Application with a number of clarifications and re-file on June 5, 2015. Hydro complied by filing a revised 2015 Interim Rates Application on June 5, 2015 (see June 5, 2015 letter from Hydro to Board entitled *Newfoundland and Labrador Hydro — 2015 Interim Rates Application (Revised)*).

The Board in its June 3, 2015 letter referenced earlier provides a "*schedule for the hearing of the Application, with the required amendments*". Comments from the Parties were due on June 10, 2015 (since delayed until June 15, 2015). This letter conveys the Consumer Advocate's comments in this regard.

The Consumer Advocate believes that, like Grant Thornton,¹ Hydro's June 5, 2015 Interim Rates Application is consistent with the Board's Order No. P.U. 14(2015). We do not believe that the exceptions identified in the Grant Thornton report are material, but point out that only the Board can make this determination. Importantly, some key information relating to the 2015 Interim Rates

¹ See June 10, 2015 report by Grant Thornton entitled *Newfoundland and Labrador Hydro – 2015 Interim Rates Application (Compliance Application) for Interim Rates effective July 1, 2015*.

Application that we believe should be filed to support the conduct of a proper review of the Amended 2013 General Rate Application follows:

- a) Assuming interim rates in the June 5, 2015 Application are approved as proposed, what percentage rate increase will be necessary to bring each customer class rate from the 2015 interim rates proposed for implementation on July 1, 2015 up to the rates proposed in the Amended 2013 GRA?
- b) Assuming interim rates in the June 5, 2015 Application are approved as proposed, what percentage rate increase will be necessary to bring each customer class rate from the 2015 interim rates proposed for implementation on July 1, 2015 up to the rates proposed in the Amended 2013 GRA including all of the proposed rate adders/riders; i.e., such as the 2014 revenue deficiency, the 2015 revenue deficiency, etc?
- c) Assuming interim rates in the June 5, 2015 Application are approved as proposed, what does Hydro now propose as a transition plan for bringing Island Industrial Customer rates up to the full cost of supply determined by the 2015 test year cost of service study consistent with Government Directive OC2013-089, as amended?
The Consumer Advocate requests the Board direct Hydro to file this information as soon as possible.

Please feel free to contact the undersigned if you have any questions.

Yours very truly,

O'DEA, EARLE

THOMAS JOHNSON, Q.C.

TJ/cel

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