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March 26, 2015

Via Courier / Email

Board of Commissioners of Public Utilities
120 Torbay Road
P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon
Director Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Newfoundland and Labrador Hydro's 2013 Amended General Rate Application /
2015 Interim Rates Application

Further to the above-captioned, enclosed please find the original and twelve (12) copies of the Intervenor's Submission to the Public Utilities Board.

Yours truly,



Dennis Browne, Q.C.
Agent for Edward Hearn, Q.C.
Solicitor for the Intervenor
(Towns of Labrador City, Wabush,
Happy Valley-Goose Bay and
North West River)

Encl.
/bb

cc Newfoundland and Labrador Hydro
Mr. Geoffrey Young

cc Consumer Advocate
Mr. Thomas Johnson

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IN THE MATTER OF the *Electrical Power Control Act*, 1994, R.S.N.L. 1994, Chapter E-5.1 (the EPCA) and the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47 (the Act) and regulations thereunder;

AND IN THE MATTER OF an application by Newfoundland and Labrador Hydro, pursuant to Sections 70 and 75 of the Act, for the approval of customer electricity rates, rules and regulations on an interim basis to become effective March 1, 2015 (the "2015 Interim Rates Application").

TO: The Board of Commissioners of Public Utilities (the Board)

RE: Newfoundland and Labrador Hydro's 2015 Interim Rates Applications and the Intervention of the Towns of Labrador City, Wabush, Happy Valley-Goose Bay and North West River (the "Intervenor").

SUBMISSION OF THE INTERVENOR

1. The Application by Newfoundland and Labrador Hydro ("Hydro") for interim rates is made pursuant to Section 75 of the Act which states:
 75. (1) The board may make an interim order unilaterally and without public hearing or notice, approving with or without modification, a schedule of rates, tolls and charges submitted by a public utility, upon the terms and conditions that it may decide.
 - (2) The schedule of rates, tolls and charges approved under subsection (1) are the only lawful rates, tolls and charges of the public utility until a final order is made by the board under section 70.
 - (3) The board may order that the excess revenue that was earned as a result of an interim order made under subsection (1) and not confirmed by the board be
 - (a) refunded to the customers of the public utility; or
 - (b) placed in a reserve fund for the purpose that may be approved by the board.

2. This submission applies to the intervention of the Towns of Labrador City, Wabush, Happy Valley-Goose Bay, and North West River and is focused upon paragraph 12 of the January 28, 2015 interim rates application which states:

Labrador Interconnected Rates

12. **The cost of serving customers on the Labrador Interconnected System is not materially impacted by the revised fuel cost estimate for 2015. Therefore, Hydro is proposing that the rates for customers on the Labrador Interconnected System that accompanied the Amended Application, an average increase of 2.1%, be approved on an interim basis March 1, 2015.**
3. The Application by Newfoundland and Labrador Hydro (“Hydro”) for interim rates (2015) should be dismissed by the Public Utilities Board. Hydro has failed to demonstrate any basis for applying for interim rate relief at this time. There is no evidence provided of exigent circumstances to ground an application for interim relief. Indeed, there is no evidence provided for any rate increase whatsoever. Therefore, the Public Utilities Board has no basis to grant any interim rate increase.
 4. In 2009 Hydro commenced a project designed to upgrade its distribution system in western Labrador (the “Project”). The Project began in 2010 and was scheduled for completion in 2013. This date was not realized. The date keeps changing and has now been moved to 2015.
 5. The Project and related work has jeopardized the emergency back-up power line to Labrador West made available by an agreement with Hydro Quebec through Fermont Quebec (the “Back-Up System”). This Back-Up System has been in place for decades and is an important emergency supply on which Labrador West relies, particularly in the winter months during which the temperature can drop to below 50°C.
 6. The Back-Up System makes an emergency supply of 3-4 megawatts of power available for transmission to Labrador West. Hydro failed to inform their customers in Labrador West that the Project work would prevent access to the Back-Up System.
 7. In August 2013 there was a major power failure, interrupting service throughout Labrador. Service was down for some 12 hours. Labrador City requested that Hydro access emergency power through the Back-Up System. Only then was Labrador West made aware that Hydro’s

Project prevented Western Labrador from accessing the Back-Up System. Hydro failed to inform their Labrador West customers that the Back-Up System was no longer available. There were no consultations, no public hearings and no notice.

8. The Back-Up System is still not available. In the absence of the Back-Up System, Labrador City has in partnership with the Iron Ore Company of Canada made temporary accommodation to access a mobile (7200V/4160V) generator the event of an emergency. However, upon completion of Hydro's 2015 upgrade (4160V to 25KV) this temporary provision will no longer be an option, necessitating the Town secure an a 900kW generator and carry-out modification to the distribution system of the schools designated as emergency evacuation centres at a cost in excess of \$700,000. However, the Town of Labrador City has been advised by Provincial Government officials the provision of redundancy power is the responsibility of Hydro.
9. After Hydro's Project is complete, it remains uncertain how long it will take to deploy the Back-Up System, thus necessitating acquisition of emergency generation capacity as described in paragraph 8 above.
10. In the result, for these and the other reasons previously stated, it is inappropriate to grant Hydro's 2015 Interim Application to increase rates to its customers in the interconnected Labrador system. These issues are best dealt with in Hydro's General Rate Application.
11. Based on the foregoing, no interim order pursuant to Section 75 of the Act is appropriate and there should be no increase to the rates charged to customers within the Labrador Interconnected System without a hearing into these matters.

DATED AT St. John's, in the Province of Newfoundland and Labrador, this 26th day of March, 2015.



Dennis Browne, Q.C. - Agent for Edward Hearn, Q.C.
Solicitors for the Intervenor,
The Towns of Labrador City, Wabush,
Happy Valley-Goose Bay, and North West River
Whose address for service is:
Terrace on the Square, Level 2, P.O. Box 23135
St. John's, Newfoundland and Labrador A1B 4J9

- cc Island Industrial Customers Group
Mr. Paul Coxworthy
- cc Towns of Labrador City, Wabash, Happy
Valley-Goose Bay and North West River
- cc Nunatsiavut Government
Ms. Genevieve Dawson
- cc Newfoundland Power Inc.
Mr. Gerard Hayes
- cc Innu Nation
Ms. Nancy Kleer
- cc Vale Newfoundland and Labrador Limited
Mr. Thomas O'Reilly, QC
- cc Yvonne Jones MP, Labrador