

February 17, 2015

The Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
St. John's, Newfoundland & Labrador  
A1A 5B2

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

Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro - 2015 Interim Rates Application**

In the General Rate Application (GRA) Counsel meeting held at the Board on Monday February 16, 2015 Board hearing counsel asked Hydro to provide written clarification as to the evidentiary bases for Hydro's Interim Rates Application filed on January 28, 2015.

Hydro filed its amended GRA on November 10, 2014. On November 28, 2014 Hydro filed an application for a deferral account with respect to its 2014 revenue deficiency. The Board issued its Order on the matter on December 24, 2014 (Order No. P.U. 58(2014)). On January 28, 2015 Hydro filed its application for an interim order with respect to 2015 rates.

Hydro had received an updated fuel forecast with respect to No. 6 fuel burned at Holyrood and this indicated a material change in this cost. Except for costs and cost allocations that changed flowing from this fuel cost change, the 2015 Cost of Service study used as evidence in the application for interim rates was the same as that filed for the November 10, 2014 Amended GRA filing. Hydro knew that the Board and the parties would consider and read the Amended GRA together with the application for an interim order, therefore, Hydro's cover letter for the interim order application pointed out that changes between the schedules filed in the Amended GRA and the application for an interim order were shown as shaded for easy reference.

Section 75 of the Public Utilities Act reads:

***Interim order***

*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.*

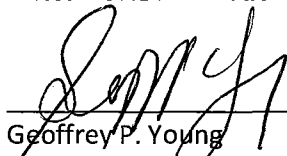
With respect to interim orders, the legislature has given the Board broad powers with regard to information it may receive or consider with regard to a schedule of rates tolls and charges it receives from a public utility.

Hydro wishes to state and clarify that it is its submission and intent that all of this evidence (the evidence filed with the Amended GRA and the evidence and information filed with the application for an interim order) is properly before the Board and may be considered by it for its present purposes of considering the application for an interim order; the evidence that accompanied the GRA forms the foundation for the evidence filed with the application for an interim order. The evidence filed with the application for an interim order supplements and, for the limited purpose of the application for interim rates, modifies the GRA evidence with respect to the fuel cost change and the effects that flow from it.

We trust this is satisfactory. Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

  
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Geoffrey P. Young  
Senior Legal Counsel

GPY/jc

cc: Gerard Hayes – Newfoundland Power  
Paul Coxworthy – Stewart McKelvey Stirling Scales  
Thomas J. O'Reilly, Q.C. – Cox & Palmer  
Senwung Luk – Olthuis, Kleer, Townshend LLP

Thomas Johnson – Consumer Advocate  
Yvonne Jones, MP Labrador  
Ed Hearn, Q.C. – Miller & Hearn  
Genevieve M. Dawson – Benson Buffett