



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**  
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2015-07-03

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Dear Sirs/Madams:

**Re: Newfoundland and Labrador Hydro 2015 Interim Rate Application (Revised)  
for Industrial Customers Interim rates effective July 1, 2015 – Grant Thornton  
Report - Filing of Submissions**

Please find enclosed a copy of the Report received from Grant Thornton on June 30, 2015 in relation to the above-noted matter. If any party requires additional time for filing of submissions as a result of this report, submissions must be filed with the Board no later than noon on Monday, July 6, 2015.

Yours truly,



Cheryl Blundon  
Board Secretary

/epj  
Encl.

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June 30, 2015

1 Dear Mr. Byrne,

2 **Re: Newfoundland & Labrador Hydro – 2015 Interim Rates Application (Revised)**  
3 **for Industrial Customers Interim rates (“Interim Industrial Rates Application”)**  
4 **effective July 1, 2015**

5 We have completed our review of the Interim Industrial Rates Application filed by  
6 Newfoundland & Labrador Hydro (“Hydro”) on June 26, 2015 requesting approval of the  
7 interim base rate increases that were ordered by the Board of Commissioners of Public Utilities  
8 (“the Board”) in P.U. 14 (2015) and clarified in P.U. 17(2015). Our review was conducted in  
9 accordance with our engagement letter dated June 5, 2015. The scope of our review is detailed  
10 as follows:

- 11 1. Ensure the interim base rates for Island Industrial Customers, included on the rate  
12 schedules in the Interim Industrial Rates Application dated June 26, 2015 are in  
13 accordance with Board Orders P.U. 14(2015) and P.U. 17(2015).  
14 2. Ensure the changes in the Rate Stabilization Plan Rules included in Schedule 2 of the  
15 Interim Industrial Rates Application dated June 26, 2015 are in accordance with Board  
16 Orders P.U. 14(2015) and P.U. 17(2015).

17 Based on our review we present the following comments and findings:

18 **Interim Rate Increase (Base Rates)**

19 In P.U.17 (2015), the Board ordered the following in relation to the Island Industrial  
20 customers:

- 21 • an interim base rate increase of 10.0%;
- 22 • an interim RSP rate adjustment which will result in an effective 2.7% base rate  
23 increase for each Island Industrial customer, including Teck Resources Limited;
- 24 • a transfer from the IC RSP Surplus to fund the difference between the approved  
25 10.0% base rate increase and the effective 2.7% base rate increase; and
- 26 • a transfer from the IC RSP Surplus to fund the full amount of the 2014 year-end  
27 IC RSP current balance.

1 On Schedule 3 of the Interim Industrial Rates Application, Hydro provides the calculations to  
2 support the 10% increase in the monthly demand charge (\$/KW) and the monthly energy  
3 charge (cents/kWh), and the RSP Surplus Adjustments required to provide an effective 2.7%  
4 base rate increase.

5 Schedule 3 also includes the RSP Adjustment rate that is required for Teck Resources to have  
6 an effective 2.7% base rate increase.

7 We checked the accuracy of the calculations provided in Schedule 3 and vouched data to the  
8 existing base rates charged to the Industrial customers and the proposed base rates included in  
9 Schedule 1 of the Application.

10 The RSP Rules in Schedule 2 of the Interim Industrial Rates Application have also been  
11 revised, in accordance with P.U. 14(2015) and P.U. 17(2015), to include the transfer from the  
12 IC RSP Surplus to fund the full amount of the 2014 year-end IC RSP current balance and the  
13 implementation of the IC RSP Surplus Adjustment rate so there is an effective interim base rate  
14 increase of 2.7% to each of the Island Industrial customers on July 1, 2015. Commencing July  
15 1, 2015 the RSP Surplus Adjustment rate for all Industrial customers will consist of an energy  
16 rate of (0.269) cents/kWh and a demand rate of (0.49) cents per kW.

17 The rules also reflect the change required to the RSP Adjustment rate for Teck Resources to  
18 provide the effective 2.7% base rate increase for this customer. Commencing July 1, 2015 the  
19 RSP adjustment rate for Teck Resources will change from (1.111) cents/kWh to (1.141)  
20 cents/kWh. This amount will continue to be segregated from the other components of the  
21 Industrial Customer RSP until its disposition is ordered by the Board of Commissioners of  
22 Public Utilities.

### 23 **Conclusion**

24 Based upon the results of our procedures we conclude that the interim base rates for the Island  
25 Industrial Customers included on the rate schedules in Schedule 1 of the Interim Industrial  
26 Rates Application dated June 26, 2015 are in accordance with Board Order P.U. 14(2015) and  
27 P.U. 17(2015). We also conclude that the RSP Rules included in Schedule 2 of the Interim  
28 Industrial Rates Application dated June 26, 2015 are revised in accordance with the orders  
29 included in P.U.14(2015) and P.U. 17(2015).

30 I trust this is the information you requested. If you have any questions, please contact me.

31 Yours sincerely,  
32 **Grant Thornton LLP**



33  
34  
35 Steve Power, CPA, CA  
36 Partner