

HAND DELIVERED

December 11, 2014

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

Attention: Ms. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Ladies & Gentlemen:

Re: Newfoundland and Labrador Hydro's Amended General Rate Application – proposed Island Industrial Customer rates and Rate Stabilization Plan (“RSP”) rule changes effective January 1, 2015

A. Introductory

By letter dated November 21st, 2014, the Board asked Newfoundland and Labrador Hydro (“Hydro”) to clearly outline any approvals required prior to January 1st, 2015 and prior to February 1st, 2015. By letter dated November 28th, 2014, Hydro responded to the Board’s request.

The required approvals outlined in Hydro’s letter of November 28th, 2014 included the following:

- “• Rates for 2015 approved on an interim basis for Island Industrial Customers effective January 1, 2015 in accordance with the Order in Council OC-2013-089 as requested in Hydro’s Amended General Rates Application;
- The approval of proposed changes to the RSP rules on an interim basis effective January 1, 2015 to permit the phase-in of Industrial Customer rates beginning January 1, 2015;”

By letter dated December 4th, 2014, the Board requested submissions on the proposals in Hydro’s amended general rate application for revised interim Island Industrial customer rates and

RSP rules effective January 1st, 2015. Specifically, the Board asked that the submissions address whether Hydro's proposals are consistent with the government direction in Order in Council OC2013-089 (the "Order in Council").

This letter provides Newfoundland Power's submissions as requested.

B. Proposed Rate Changes

The Order in Council, amongst other things, directed a three-year phase-in of rates for the Island Industrial customers, including separate direction with respect to the phase-in of the standard industrial rate for Teck Resources. The Order in Council also provides that Hydro is to fund the revenue shortfall that will result from the phase-in of Island Industrial customer rates from the Island Industrial customer RSP.

Newfoundland Power does not have a direct interest in the proposed Industrial Customer rate changes. However, they appear generally to conform to the directions contained in the Order in Council.

C. Proposed RSP Rule Changes

Hydro's amended general rate application proposes a number of revisions to the RSP rules. It is not clear based on the correspondence which revisions Hydro proposes that the Board approve on an interim basis prior to January 1st, 2015. Further, there are elements of the revisions to the RSP rules proposed in the amended general rate application that will affect the operation of the RSP for Newfoundland Power's customers.

It is not clear to Newfoundland Power, on the basis of the current record in the amended general rate application, what implications Hydro's proposed interim revisions to the RSP rules prior to January 1st, 2015 may have for Newfoundland Power's customers. In order to avoid unintended consequences, Newfoundland Power submits that, prior to approving the proposed revisions, the Board should require that Hydro (i) specify the revisions to the RSP rules which are required prior to January 1st, 2015 to permit the phase-in of Industrial Customer rates beginning January 1st, 2015, and (ii) provide information with respect to the implications for Newfoundland Power's customers of the proposed interim revisions.



D. Concluding

We trust the foregoing is helpful to the Board.

If you have any questions, please contact the undersigned at the direct telephone number noted below.

Yours very truly,



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Senior Counsel

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