

HAND DELIVERED

September 26, 2013

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

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

Ladies and Gentlemen:

Re: An Application by Newfoundland and Labrador Hydro pursuant to Section 70(1) and 76 of the Act for approval of the Rate Stabilization Plan rules and components of the rates to be charged to Industrial Customers (the "Application")

General

Subsequent to the filing of Newfoundland Power's final submissions on the Application, it was discovered that section 5, page 3 of 4 contained a typographical error. This letter contains Newfoundland Power's revised submissions on the Application. For ease of reference, the revision has been shaded.

The Application, filed on July 30, 2013, seeks approval of certain changes in Island Industrial Customer rates and of the disposition of certain matters with respect to the Rate Stabilization Plan (RSP). The proposals in the Application are intended to give effect to the Orders in Council issued by the Lieutenant Governor in Council on April 4, 2013 and amended by further Orders in Council on July 16, 2013 (the "Orders in Council").

On August 30, 2013, the Board issued Order No. P.U. 26 (2013) approving certain of the proposals in the Application.

In Request for Information CA-NLH-11, Hydro was asked, in light of Order No. P.U. 26 (2013), to provide an updated list of the aspects of the Application for which Hydro is seeking approval. The matters enumerated in Hydro's response to CA-NLH-11 are addressed in order in Newfoundland Power's submissions herein.

1. Application – Paragraph 9 (a)

Order No. P.U. 26 (2013) approved, on an interim basis, rates which effectively reduced the RSP Rate to zero for all Industrial Customers. In its response to CA-NLH-11, Hydro has indicated it will be seeking a final order with respect to this matter “in due course”.

In light of the deferral of this matter, Newfoundland Power has no submission on the matter at this time.

2. Application – Paragraph 9 (b)

Order No. P.U. 26 (2013) did not specifically address the matter of the phase-in of rates for Teck Resources. In its response to CA-NLH-11, Hydro has indicated that compliance with the policy directive contained in OC2013-089 (as amended) requires an order with respect to this matter prior to October 1, 2013.

Newfoundland Power has no direct interest in the matter, and makes no submission thereon.

3. Application – Paragraph 10

The Application proposes that the RSP rules related to the allocation of the load variation component be modified such that the year-to-date net load variation for both Newfoundland Power and the Industrial Customers is allocated among the customer groups based upon energy ratios. Hydro has agreed that this matter may be deferred to the General Rate Application.

In its response to CA-NLH-11, Hydro has noted that, in the absence of resolution of this issue in this proceeding, the September to December 2013 load variation should be segregated prior to setting January 1, 2014 RSP rates for the IC class.

It is Newfoundland Power’s submission that there is insufficient evidence in this proceeding for the Board to approve changes to the rules respecting the future allocation of the load variation component of the RSP at this time. Newfoundland Power agrees that segregation of the load variation amount as suggested by Hydro is an appropriate *interim* measure pending the final resolution of matters related to the RSP.

4. Application – Paragraph 11

The Application proposes that the Island Industrial Customer interim rates in effect from January 1, 2008 to August 31, 2013 be made final. In its response to CA-NLH-11, Hydro

has indicated it believes that the Board has complete information on this matter and that, in light of the policy direction contained in the Orders in Council, those interim rates should be made final.

Although the Application does not address the matter, the Utility Rate charged by Hydro to Newfoundland Power is also an interim rate.¹

Following a meeting of counsel in November 2010 to discuss outstanding matters relating to Hydro's Island Industrial Customer interim rates, the Board notified Hydro, Newfoundland Power, the Consumer Advocate, the Island Industrial Customers and Abitibi-Consolidated Company of Canada that the Utility Rate would also be made interim effective January 1, 2011. The Board indicated that "issues raised by the Consumer Advocate, Newfoundland Power and Hydro throughout the process of finalizing the interim rates of Industrial Customers for 2008, 2009 and 2010" made it necessary that the Utility Rate be made interim. A copy of the Board's letter in that regard dated December 1, 2010 is attached as Appendix 1.

It is Newfoundland Power's submission that, based on the Orders in Council, which specifically address the matters which gave rise to making both Industrial Customers' and Newfoundland Power's rates interim, and the information filed in this proceeding, it is open to the Board to order that the Island Industrial Customer interim rates in effect from January 1, 2008 to August 31, 2013 be made final. Should the Board determine that it is appropriate at this time to make those rates final, it is Newfoundland Power's submission that it is appropriate that the Utility Rate charged to Newfoundland Power also be made final.

5. Application – Paragraph 12

The Application seeks approval of a new section of the RSP related to the disposition of the load variation, including financing, which has accumulated since January 1, 2007 in accordance with the Orders in Council.

In Order No. P.U. 26 (2013), the Board approved the transfer of \$49 million of the accumulated load variation to the Island Industrial Customers' RSP, and the transfer of the remaining balance to the Newfoundland Power RSP. In its response to CA-NLH-11, Hydro has indicated that approval of the new RSP section will be required "prior to Hydro issuing interim or final rates from its General Rates Application".

It is Newfoundland Power's submission that it is appropriate that final approval of the new RSP rules should be determined following the hearing of Hydro's GRA.

¹ The Utility Rate was made interim in Order No. P.U. 39 (2010).

Concluding

For convenience, this letter is provided on three-hole punched paper.

A copy of this letter has been forwarded directly to the parties listed below.

If you have any questions regarding these submissions, please contact the undersigned at your convenience.

Respectfully submitted,



Gerard M. Hayes
Counsel to Newfoundland Power

Enclosures

c. Geoffrey Young
Newfoundland and Labrador Hydro

Thomas O'Reilly, QC
Vale Newfoundland & Labrador Limited

Sheryl Nisenbaum
Praxair Canada Inc.

Thomas Johnson
O'Dea Earle Law Offices

Paul Coxworthy
Stewart McKelvey