

June 3, 2020

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

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

Dear Ms. Blundon:

Re: Application for Approval of a One-Time Bill Credit to Newfoundland Power in Accordance with OC2020-081 – Reply

The following is Newfoundland and Labrador Hydro's ("Hydro") reply regarding the above-mentioned application.

Application Background

On May 25, 2020 Hydro filed an application with the Board of Commissioners of Public Utilities ("Board") in accordance with Order in Council OC2020-081 requesting the continuation of the Utility Rate Stabilization ("RSP") Plan Fuel Rider, Utility RSP Current Plan Adjustment, and Utility Conservation and Demand Management ("CDM") Cost Recovery Adjustments. It also requests approval for a one time credit of approximately \$50.6 million to be applicable to Newfoundland Power's July 2020 wholesale bill.

The Board set a deadline of June 1, 2020 for submission of party comments on the application. The Island Industrial Customer Group ("IIC") noted that the dollar amount of the one time credit is not stipulated by OC2020-081, and that the Order in Council reserves the determination of the methodology for the determination of the bill credit to the Board. The IIC Group noted two particular points where it would have asked for clarification during a Request for Information stage of the process. They were:

- To confirm that if Hydro's projected fuel price, as detailed in Hydro's Fuel Price Projection letter DATE and used in Hydro's calculations of the one time credit, was subsequently determined to be too low and resulted in the amount of a one time credit being an overestimate, Hydro would not seek recovery of any part of that overpayment in any way from the Island Industrial Customers; and
- To confirm that neither the Order in Council nor any other authority prevents adjustments through the RSP components applicable to the Island Industrial Customers, if necessary, to ensure the rates charged to the Island Industrial Customers are reasonable.

The Consumer Advocate expressed support for the application, and requested that the matter be dealt with expeditiously. No comments were forthcoming from any other party.

Hydro's Response

The proposed one-time bill credit will result in a balance owing from Newfoundland Power in their RSP Current Plan; there will be no impact on the IIC RSP Current Plan. As fuel savings relative to Hydro's test year forecast materialize, they will be allocated between Newfoundland Power and the IIC based on the approved RSP Rules. Variations between the proposed one-time credit and actual fuel savings will reside in Newfoundland Power's Current Plan account, to be paid for or credited to Newfoundland Power as necessary. They will not impact IIC.

With respect to the IIC's second concern, Hydro expects that IIC will see rate changes on July 1, 2020 for the CDM recovery rider, and on January 1, 2021 for normal operation of the RSP. Should fuel savings arise relative to \$103.65 CAD/bbl currently reflected in IIC rates, these savings will be reflected in the January 1, 2021 IIC rate change.

Hydro respectfully requests that the Board approve Hydro's Application as submitted.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/kd

ecc: Board of Commissioners of Public Utilities

Ms. Jacqui Glynn
PUB Official Email

Newfoundland Power

Mr. Gerard M. Hayes
Regulatory Email

Consumer Advocate

Mr. Dennis M. Browne, Q.C, Browne Fitzgerald Morgan & Avis
Mr. Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis
Ms. Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Ms. Bernice Bailey, Browne Fitzgerald Morgan & Avis

Industrial Customer Group

Mr. Paul L. Coxworthy, Stewart McKelvey
Mr. Denis J. Fleming, Cox & Palmer
Mr. Dean A. Porter, Poole Althouse

Praxair Canada Inc.

Ms. Sheryl E. Nisenbaum

Teck Resources Limited

Mr. Shawn Kinsella