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March 15, 2023

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

Attention: Cheryl Blundon  
Director of Corporate Services and Board Secretary

**Re: Application for a Non-Firm Rate for Labrador - Clarification from Hydro on Issues – Hydro's Reply**

In correspondence dated March 1, 2023,<sup>1</sup> the Board of Commissioners of Public Utilities ("Board") requested Newfoundland and Labrador Hydro ("Hydro") clarify its position, and whether proposals for approval are required, in relation to a number of issues. The issues, and Hydro's response, are set out below.

### **1.0 Date on which the Non-Firm Rate will be Effective**

As noted in Hydro's response to request for information ("RFI") PUB-NLH-005, Hydro requires a two-month implementation period from the approval date of the non-firm rate design to the effective date of the new non-firm rate design to allow for implementation of the necessary communication process. Hydro does not anticipate that the study referenced in its response to PUB-NLH-007 will impact the effective date. Hydro suggests that instead of proposing a specific calendar date as the effective date, the effective date be set as the first day of the month that is at least two months subsequent to the date of the Board's approval of the rate design. Hydro does not believe that the current application requires amendment for this issue.

### **2.0 Treatment of the Non-Firm Revenue from Labrador Customers**

Hydro's position, as noted in its response to PUB-NLH-004, that non-firm revenues from Labrador customers should contribute to the rate mitigation required to keep electricity rates affordable on the Island Interconnected System, is a principle that would require approval by the Board. Hydro proposes to amend its application to request approval of this accounting for the revenues from the non-firm sales to Labrador customers. The reasons supporting Hydro's view on this matter, as set out in the RFI response, will be those submitted with its revised proposal.

### **3.0 Establishment of a Floor Price**

As Hydro stated in its response to NP-NLH-004, Hydro believes it would not be unreasonable to establish a floor price for the non-firm energy charge as not lower than the firm energy charge for large General Service customers on the Labrador Interconnected System. Hydro will include a proposal regarding the use of a minimum price for the non-firm energy charge in its amended application.

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<sup>1</sup> "Newfoundland and Labrador Hydro – Application for Non-Firm Rates – Clarification From Hydro on Issues," Board of Commissioners of Public Utilities, March 1, 2023.

Hydro will provide an amended application shortly.

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**



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