

# Browne Fitzgerald Morgan & Avis

LAWYERS

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April 12, 2017

The Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
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**Attention: Ms. Cheryl Blundon**  
**Director of Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro – Amended 2013 General Rate Application – Compliance Application – Order No. P.U. 49 (2016) Submissions on behalf of Island Industrial Customers Group (the “IIC”), Corner Brook Pulp and Paper Limited and NARL Refining Limited Partnership (“NARL”) – April 10, 2017**

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This is further to the above-referenced submissions from NARL, the Island Industrial Customers Group and Corner Brook Pulp and Paper Limited, pertaining to the recovery of revenue deficiencies relating to the Rate Stabilization Plan.

The RSP was designed in the 1980s to assist domestic ratepayers during the winter months. The objective of the RSP was to adjust annually for deficiencies and surpluses, as the case may be. This is now done in July of each year. The Rate Stabilization Plan as designed did assist domestic ratepayers. The RSP has now devolved into a quagmire, as is evident from the above-referenced submissions.

Based on these submissions, it is reasonable to surmise that the RSP has not been managed and operated in a manner that would result in the most efficient production, transmission, and distribution of power, as required under the *Electrical Power Control Act*. There is no transparency within the Rate Stabilization Plan and therefore no accountability. In the result, the RSP is not operated to ensure that the lowest possible cost of power is being delivered to consumers as required in law.

It is time that the RSP was re-examined and reset to focus on its original purpose to assist domestic ratepayers. However, the RSP requires some revision. Currently, ratepayers are not informed in a timely manner as to how the RSP is progressing and what the ultimate impact could mean for ratepayers in the following annual adjustment period. Vigilant consumers, therefore, are deprived of an opportunity to adjust their consumption accordingly. This is not acceptable.

It is my understanding that there are jurisdictions with similar plans to allow for adjustments on a quarterly basis. Such quarterly adjustments provide consumers with an opportunity to adjust their consumption. Consumers should be empowered to manage their own consumption first and foremost.

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It is unacceptable that domestic ratepayers are burdened with the cost of disputes among other ratepayers and Nalcor for issues pertaining to the administration of the RSP. If the RSP was managed according to its original purpose, such disputes would not occur. Domestic ratepayers need sequestering from this confusion. Newfoundland Power has the means to monitor the situation to ensure that domestic ratepayers are not burdened with any resulting costs if the confusion is resolved.

Domestic ratepayers require an RSP that works as originally designed, to assist domestic ratepayers through affordable electricity during the winter months. Adjustments should now be made quarterly and not annually for the reasons stated previously. The Board has jurisdiction over the RSP and the means to implement these changes now. The requested changes could come into effect following the RSP adjustments to be made in July 2017.

Yours truly,



**Dennis Browne, Q.C.**  
**Consumer Advocate**

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CC

**Newfoundland and Labrador Hydro**

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