

May 16, 2017

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: NLH Amended General Rate Application - Compliance Application - Order No. P.U. 49(2016)
Recovery of Revenue Deficiencies from Island Industrial Customer Load Variation
Component Credit Balance

Hydro has reviewed the joint proposal made by Corner Brook Pulp Paper, NARL and Vale, dated May 15, 2017, with respect to a proposed approach to recovery of the GRA revenue deficiency from Island Industrial Customers. Hydro does not object to the proposal to utilize the credit balance in the RSP Load Variation Component to provide compensation of \$174,000 to NARL and to transfer approximately \$1.6 million to eliminate the GRA Revenue Deficiency.

The remaining two customers, Praxair Canada Inc. and Teck Resources Limited, comprise in total approximately 9% of the Island Industrial Customer class usage. An allocation of the \$174,000 transfer to NARL from the credit balance in the RSP Load Variation component would reduce the credit balance available to offset electricity costs from these two customers over time by approximately \$16,000 in total. Hydro considers the joint proposal presented by CBPP, NARL and Vale to be a reasonable balance when considering the options to provide recovery of the revenue deficiencies for 2014 to 2017 resulting from delayed implementation of customer rates. Hydro appreciates the Island Industrial Customers efforts in providing this proposal.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Tracey L. Pennell

Senior Counsel, Regulatory

TLP/bs

cc: Gerard Hayes – Newfoundland Power
Paul Coxworthy – Stewart McKelvey Stirling Scales
Thomas J. O'Reilly, Q.C. - Cox & Palmer
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