

1 Q. If Hydro had received approval for final rates arising out of its 2013 General Rate
2 Application to be effective January 1, 2016 (not unrealistic timeframe if Hydro had
3 not amended its General Rate Application), would Hydro have proposed that
4 specifically assigned charge for Vale, and increases to those charges in the case of
5 CBPP and Teck, arising from the GRA be offset, for the subsequent years 2016 and
6 2017, from the RSP load variation credit balance allocated to the IICs (or from any
7 other credit balance in favour of the IICs)?

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10 A. Hydro considers its proposal for recovery of the class revenue deficiency on a class
11 basis to be reasonable.

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13 In its Interim Rates Application, filed January 28, 2015, Hydro included a proposal to
14 increase the Island Industrial Customer's specifically assigned charges, on an interim
15 basis.¹ This proposal would have resulted in an overall rate increase to Corner
16 Brook Pulp and Paper of 5.1%, as compared to the 2.7% average increase for all
17 other island industrial customers. The cause of this increase was largely attributable
18 to the Corner Brook Pulp and Paper's specifically assigned charge which increased
19 primarily as a result of the Corner Brook frequency converter. The Island Industrial
20 Customer Group, which included Corner Brook Pulp and Paper Limited, North
21 Atlantic Refining Limited and Teck Resources Limited, argued that this approach
22 was inappropriate. Hydro notes that at that time, the entire Island Industrial
23 Customer Group,² filed an aligned submission opposing Hydro's proposed
24 increases, mainly due to the increase to Corner Brook Pulp and Paper Limited, as

¹ Interim Rates Application dated January 28, 2015, Evidence, page 10.

² Submission of the Island Industrial Customers, February 23, 2015, page 1.

1 the issue was a contested issue and better resolved as part of the general rate
2 hearing:

3 *The IIC Group are therefore submitting that, in the proposed interim*
4 *rates, the rate increase to CBPP attributable to the increased CBPP*
5 *specifically assigned charge should be disallowed.*³

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7 In Order No. P.U. 14(2015), the Board agreed with the submission of the Island
8 Industrial Customers, stating that “*changes to the specifically assigned charges for*
9 *the Island Industrial customers should not be addressed in advance of the general*
10 *rate application*”.⁴

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12 As a group, the Island Industrial Customer class argued that the Board deny Hydro’s
13 proposal to increase specifically assigned charges, in particular because of the
14 increase to Corner Brook Pulp and Paper. The current revenue deficiency for the
15 class is larger than it would have been had the proposed increases in specifically
16 assigned charges been approved at that time. Therefore, Hydro believes the Island
17 Industrial Customer group as a class should also be responsible for recovery of the
18 class revenue deficiency.

³ Ibid, page 5.

⁴ Order No. P.U. 14(2015), page 16, lines 30 through 32.