



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
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Re: Newfoundland and Labrador Hydro - Approval to Defer the 2015, 2016 and 2017 Balances in the Isolated Systems Supply Cost Variance Deferral Account, the Energy Supply Cost Variance Deferral Account and the Holyrood Conversion Rate Deferral Account – Application to form part of NLH 2017 General Rate Application

The Board is in receipt of an application from Hydro, dated March 29, 2018, related to the balances in the Isolated Systems Supply Cost Variance Deferral Account, the Energy Supply Cost Variance Deferral Account and the Holyrood Conversion Rate Deferral Account (the “Application”). The Application seeks approval of the 2015, 2016 and 2017 balances in these three supply deferral accounts and proposes that the timing and method for recovery of these balances be dealt with through Hydro’s 2017 General Rate Application.

The Board agrees with Hydro that the timing and method for recovery of the 2015, 2016, and 2017 balances in the three supply deferral accounts should be addressed in Hydro’s 2017 General Rate Application. In addition the Board believes that the hearing of Hydro’s 2017 General Rate Application, which is now scheduled to begin in one week, is the most convenient forum to consider the approval of the balances in these three supply cost deferral accounts. As the Board stated in Order No. P.U. 39(2017), page 3:

In the Board's view the general rate application may be the most convenient forum to address the issues related to the recovery of the supply costs. This would permit the consideration of the issues in the context of additional information related to generation dispatch, hydrology and the factors affecting rates and account balances through the full range of processes available in a general rate application, including cross examination, and technical and settlement conferences.

In Order No. P.U. 39(2017) the Board found that Newfoundland Power had raised an issue related to the dispatch of Hydro's generation sources which required further review. Hydro has now provided additional information in relation to its operational philosophy for generating unit dispatch and spinning reserve on the Island Interconnected System in 2015, 2016 and 2017. The Board expects that Hydro will present witnesses in the general rate application hearing who may be in a position to provide further information in relation to these issues. In addition the Board believes that these issues may also be raised as a part of the review of Hydro's proposed 2018 and 2019 test year revenue requirement in the hearing.

In the interests of regulatory efficiency the Board will bring the Application into the record for Hydro's 2017 General Rate Application. To allow a full opportunity for the exchange of information the Board will permit additional requests for information in relation to the Application. In addition the Board believes that, before the filing of requests for information, Hydro should provide its proposals in relation to the recovery of the balances in these accounts, setting out the estimated impacts on customers as well as available alternatives.

The timelines for the filing of Hydro's proposals and requests for information and responses will be established in consultation with the parties.

If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,



Cheryl Blundon
Board Secretary

CB/cj
ecc

Newfoundland & Labrador Hydro

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