

October 19, 2017

Via Email & Courier

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: Newfoundland and Labrador Hydro's 2017 General Rate Application –
Requests for Information by the Consumer Advocate**

On October 6, 2017, the Consumer Advocate filed Requests for Information (RFIs) in relation to Hydro's 2017 General Rate Application (GRA). Having reviewed the RFIs, Hydro believes that six of these RFIs are outside the scope of the present proceeding as they raise issues for consideration in the present hearing that are better dealt with in a future proceeding and that raise issues that will not be determined by the Board in the present Application. One of the RFIs raises an issue with respect to other companies and their activities—companies and activities that not regulated by the Board. In the interest of regulatory efficiency, Hydro proposes that it not be required be required to provide responses to these RFIs in the present matter.

These six RFIs fall into three general categories: four of them require information and analysis that is beyond the timeframe, and therefore is outside the scope, of the test year upon which rates are being set; the fifth RFI raises a cost of service methodology question, which is the subject matter of a filing that Hydro has been ordered to make and which will be held in 2018. It is Hydro's understand that the Board will hold a generic hearing specifically on that subject. The sixth RFI requests information concerning profits from export sales paid to Nalcor by Nalcor Energy Marketing Corporation. This issue deals with information as to the activities of two companies, neither of which is Hydro and neither of which is subject to the Board's jurisdiction.

Rates in the Period beyond the Test Year

The present proceeding concerns Hydro's application for rates using a 2018 test year. The RFIs that raise questions about rates and circumstances that will apply to the period after 2018 require data and information that is not available at this time, and that are not required to be examined at this time for the Board to gain an understanding of the issues that are presently before it. These issues are proper matters for the Board's inquiry at a later time; the present proceeding is not the proper time for them to be considered. It is more efficient for the Board and the parties to deploy resources on these issues and to address these matters at the appropriate time, when those matters have come before the Board for their determination.

Specifically, CA-NLH-007 raises the issue of the terms of the Muskrat Falls Power Purchase Agreement and CA-NLH-019 asks of the projected open access Transmission Line tariff. There will be no rate impacts from either of these matters within the time frame that is the Board is setting rates in the present proceeding.

Two other RFIs, CA-NLH-031 and CA-NLH-032, raise questions as to the potential impact on customer rates in 2021 were demand to drop in that year by 5% and 10%, respectively. Answering these questions requires analysis of the impacts of hypothetical factors on 2021 rates. This is outside the scope of the present Application.

Cost of Service Methodology

As stated above, Hydro has been ordered to make a separate filing as to its proposed Cost of Service methodology. That hearing is set to take place in 2018 and will not be part of this GRA. CA-NLH-090 raises a question of the impacts of changes of allocation of a transmission line between demand and energy. Hydro submits that issues of cost of service methodology are more efficiently dealt with in such a proceeding. That is, while these issues are proper matters for the Board's inquiry, the present proceeding is not the proper time for their examination as no ruling or order with regard to them is being sought. Moreover, the Board has determined that these issues are best dealt with in a generic hearing that is dedicated to these issues.

Information about Non-Regulated Companies

In CA-NLH-122, Hydro has been asked about the earnings, and the disposition of those earnings, with respect to Nalcor Energy Marketing Corporation and Nalcor Energy. Hydro submits that these activities and these companies are not regulated by the Board and therefore this RFI is not relevant to the matters being considered by the Board presently.

Hydro respectfully submits that RFIs CA-NLH-007, CA-NLH-019, CA-NLH-031, CA-NLH-032, and CA-NLH-90 of the Consumer Advocate should not be responded to and placed on the record in the present proceeding. All of these questions raise issues and matters that have little, if any, relevance to the present proceeding and will likely be dealt with in proceedings of the Board in future proceedings that are more focused upon, or are specifically dedicated to, those issues. In Hydro's view the goal of regulatory efficiency is better met by dealing with those issues at those later proceedings. CA-NLH-122 is a question with regard to companies that are not before the Board and are not within the Board's jurisdiction to regulate. Hydro submits that it should not be required to answer this RFI.

Should you have any questions, please contact the undersigned.

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
Denis J. Fleming - Cox & Palmer
ecc: Van Alexopoulos - Iron Ore Company
Senwung Luk - Labrador Interconnected Group

Dennis Browne, Q.C. - Consumer Advocate
Dean Porter - Poole Althouse

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