

1 Q. **Hydro's Letter to the Board, dated August 23, 2017**

2 Please provide copies of any press releases and public communications materials
3 relating to Hydro's 2017 General Rate Application and related rate increases.

4

5

6 A. In an effort to ensure customers, stakeholders, and residents of the province were
7 well informed about Hydro's 2017 General Rate Application and potential impacts
8 on electricity rates, Hydro developed and employed the following public
9 communication materials:

10

- 11 • News Release: Hydro filing application to set 2018 and 2019 electricity rates
12 (NP-NLH-167, Attachment 1).
- 13 • Backgrounder: Understanding a General Rate Application (NP-NLH-167,
14 Attachment 2).
- 15 • 2017 General Rate Application - Rate Sheet (NP-NLH-167, Attachment 3).
- 16 • Website Content for nlhydro.com: Updated text and graphics on the
17 Electricity Rates and General Rate Application sections of the website (NP-
18 NLH-167, Attachment 4).
- 19 • Four digital infographics for use on the Hydro website (www.nlhydro.com)
20 as well as Hydro's Facebook and Twitter accounts (NP-NLH-167, Attachment
21 5).
- 22 • Social Media posts for use on Hydro's Twitter and Facebook accounts as
23 noted in Table 1.

Table 1 – Hydro’s Social Media Posts Relating to the 2017 General Rate Application

| Social Media Account and Post: | Supporting Infographic/Visual |
|---|---|
| Twitter (posted July 28, 2017) | |
| Today, we are filing our application with the PUB to set 2018 and 2019 electricity rates. https://www.nlhydro.com/2017-general-rate-application/ | Infographic: What does this increase mean for me? (NP-NLH-167, Attachment 5) |
| Why are rates increasing? We operate a complex system. It’s aging & requires updates to ensure we provide you with reliable service. | Infographic: Our complex system (NP-NLH-167, Attachment 5) |
| Many factors contribute to the cost of generating & delivering electricity to you. The biggest is supply costs, like fuel & power purchases. | Infographic: What makes up the cost to deliver electricity to customers? (NP-NLH-167, Attachment 5) |
| We are regulated by the Public Utilities Board, so rates are set through a rigorous process. | Infographic: GRA regulatory process (NP-NLH-167, Attachment 5) |
| Based on where you live, in 2018 increases range from 0.2 - 0.9 cents per/kWh. For the average home, this is an extra \$6.60 on every \$100. | Infographic: What does this increase mean for me? (NP-NLH-167, Attachment 5) |
| We know rate changes are hard on customers. We are working hard at Hydro to manage costs & provide reliable service: http://bit.ly/2uJ5Cnr | Link to GRA Backgrounder (NP-NLH-167, Attachment 2) |
| Facebook (posted July 28, 2017) | |
| Today, we are filing our application with the PUB to set 2018 and 2019 electricity rates. We know any changes to rates are hard on our customers. We are working hard at Hydro to manage costs while providing reliable service. Please click over to our website, where you will find information to help explain the application and what it means for you. | Link to: https://www.nlhydro.com/2017-general-rate-application/ |

| Social Media Account and Post: | Supporting Infographic/Visual |
|---|---|
| <p>Why are rates increasing?</p> <p>We operate a complex system. It's aging and requires updates & maintenance to ensure we provide you with reliable service. There are many factors that contribute to the cost of generating and delivering electricity to you. The biggest is our supply costs, such as fuel and power purchases.</p> | <p>Two Infographics:</p> <ol style="list-style-type: none"> 1. Our complex system; 2. What makes up the cost to deliver electricity to customers? <p>(NP-NLH-167, Attachment 5)</p> |
| <p>What are the rates changes?</p> <p>Based on where you live, in 2018 the increases range from 0.2 - 0.9 cents per kWh. For the average home, this is an extra \$6.60 on every \$100.</p> | <p>Infographic: What does this increase mean for me? (NP-NLH-167, Attachment 5)</p> |
| <p>We are regulated by the Public Utilities Board, so rates are set through a rigorous process. Right now, the rates are proposals that will need to be reviewed and approved by the PUB.</p> | <p>Infographic: General Rate Application Regulatory Process (NP-NLH-16,7 Attachment 5)</p> |



Hydro filing application to set 2018 and 2019 electricity rates

July 28, 2017, St. John's, NL – Today Newfoundland and Labrador Hydro (Hydro) will file an application with the Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB) proposing new electricity rates for 2018 and 2019.

Much of the province's electricity system was built in the 1960s and 70s, and requires considerable maintenance, upgrades or replacement. As part of our commitment to provide safe, reliable service to our customers today and in the future, we must invest in the province's electricity system and take steps to prepare for interconnection with the North American grid.

"We know customers are counting on us to manage electricity costs as much as possible," said Dawn Dalley, Vice President of Regulatory Affairs and Corporate Services at Hydro. "We have made broad changes at Hydro to improve our operations and we are pushing for continued efficiencies. We also know that customers need reliable service, so we continue to invest in our equipment and we are doing the necessary preparation for future changes coming to the electricity system."

The application filed with the PUB proposes increases in electricity rates between 6.0% and 6.6% for most residential customers on the island and on the interconnected system in Labrador in 2018 and 2019. This represents an additional 0.2 to 0.9 cents per kilowatt hour - for most customers this will mean an increase of \$6 to \$6.60 for every \$100 on a monthly bill.

"We understand that any increase in rates can be a challenge for customers," said Dalley. "We have proposed spreading the upcoming increase over two years to lessen the impact and we remain focused on controlling costs while ensuring reliable power for customers. We have also made recommendations to help offset future rate increases as new equipment and facilities, like Muskrat Falls, come into service."

It is well known that Muskrat Falls will have a significant impact on electricity rates. To help offset future rate impacts for customers, the application proposes that any savings gained by bringing less-expensive power to the island on new transmission lines from Labrador, or Nova Scotia, be set aside and given back to customers in future rates when Muskrat Falls comes into service.

The application to the PUB is the first step in the regulatory process to set electricity rates in the province. The PUB will review the application to ensure that the rates proposed are reasonable, and public hearings will take place. Once the process is complete, the PUB will make a final decision on electricity rates for 2018 and 2019.

Details of the application, including proposed rates for customers are found in the attached backgrounder and fact sheet. For more information on Hydro's application, visit www.nlhydro.com.

- 30 -

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OUR ELECTRICITY GRID IS A COMPLEX NETWORK



GENERATING PLANTS



TRANSMISSION & DISTRIBUTION LINES



TERMINAL STATIONS



SUBSTATIONS



SKILLED WORKERS

Maintaining our system in reliable operating condition for customers requires that we continuously maintain, refurbish, renew, and expand our equipment and facilities. We've made significant investments in the system to provide reliable service for our customers and prepare for future integration with the North American grid. **These investments have an impact on electricity rates.**

UNDERSTANDING A

General Rate Application



GRA STANDS FOR General Rate Application

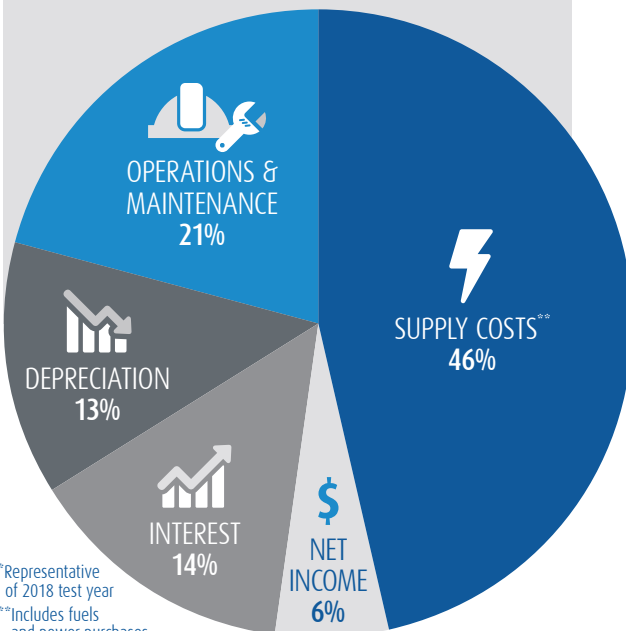
On July 28, 2017, Hydro filed an application with the Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB) proposing new electricity rates for 2018 and 2019. During the application process, the PUB reviews our application and decides if proposed rate changes will be

approved and implemented. As a regulated utility, we are accountable for carefully managing rates. We are taking steps to reduce costs and operate as efficiently as possible as we make improvements to the system and maintain reliable service for customers.

How are rates determined?

There are many factors that contribute to the cost of generating and delivering electricity to customers, such as the type of generation used, investments in electricity infrastructure, and operation costs. Rates differ throughout the province based on where you live, where your electricity comes from, and how many customers are in your rate class.

What makes up the cost to deliver electricity to customers?*



*Representative of 2018 test year
 **Includes fuels and power purchases

RATES ARE ADJUSTED ACCORDING TO A REGULATED PROCESS, WHICH INCLUDES 4 MAIN STEPS:

1



Submission of Rate Application

2



Review & Public Hearings

3



Ruling by the PUB

4



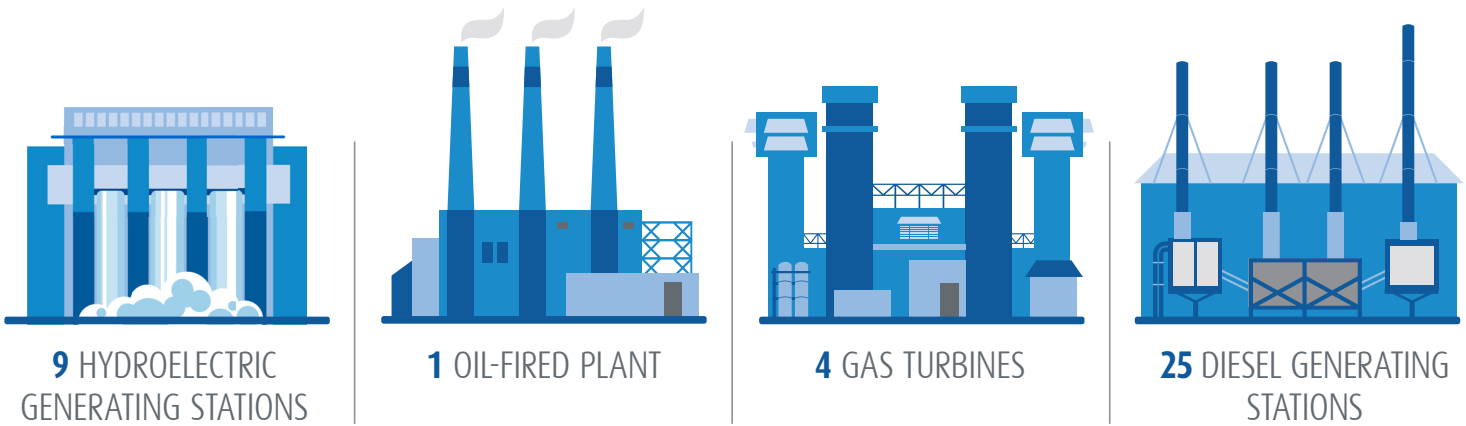
New Rates

Why are electricity rates increasing?

Like many other utilities across the country, Newfoundland and Labrador's electricity system is aging. Our electricity system is complex and many of our existing generation and transmission facilities have been operating for decades. We must make

the right investments and complete the proper maintenance to ensure we provide reliable service for customers and are fully prepared for future changes to the electricity system in our province.

OUR COMPLEX SYSTEM



54 HIGH-VOLTAGE TERMINAL STATIONS

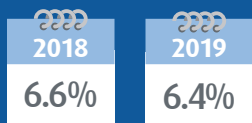
25 LOWER-VOLTAGE INTERCONNECTED DISTRIBUTION SUBSTATIONS

MORE THAN **6,400km** OF TRANSMISSION & DISTRIBUTION LINES

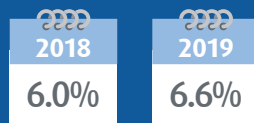
What does this increase mean for me?

We know that customers are counting on us to manage electricity costs as much as possible, and that any increase in rates is challenging. For 2018 and 2019, Hydro has proposed the following rate increases:

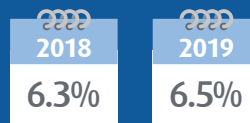
NEWFOUNDLAND



LABRADOR INTERCONNECTED



L'ANSE AU LOUP & LABRADOR DIESEL*



*With the Northern Strategic Plan credit applied

\$6.60 EXTRA PER MONTH PER \$100 ON YOUR BILL



How is Hydro improving service for customers and managing costs?



Hydro is focused on delivering value to our customers by managing costs, ensuring a reliable electricity system, and being fully prepared for the changes ahead as we integrate with the North American grid.

We have made significant changes at Hydro and are pushing for continued efficiencies as we improve our operations and better meet customer needs.

At Hydro, our priority is ensuring the safe delivery of reliable electricity to the people of the province now and in the future.



2017 GENERAL RATE APPLICATION

Residential Electricity Rates

The following charts and descriptions outline residential rates by area, and are reflective of average rate changes.¹

| CURRENT RATES (Cents per kWh) ² | | |
|--|----------------|--------------------------------------|
| | Average Charge | With NSP credit applied ³ |
| Island Interconnected | 11.5 | N/A |
| Labrador Interconnected | 3.5 | N/A |
| Island Isolated | 13.3 | N/A |
| Labrador Isolated | 13.3 | 6.4 |
| L'Anse Au Loup | 11.5 | 6.8 |

| PROPOSED RATES (Cents per kWh) | | | | |
|--------------------------------|----------------|--------------------------------------|----------------|--------------------------------------|
| | 2018 Proposed | | 2019 Proposed | |
| | Average Charge | With NSP Credit applied ³ | Average Charge | With NSP Credit applied ³ |
| Island Interconnected | 12.2 | N/A | 13.0 | N/A |
| Labrador Interconnected | 3.7 | N/A | 3.9 | N/A |
| Island Isolated | 14.2 | N/A | 15.1 | N/A |
| Labrador Isolated | 14.2 | 6.8 | 15.1 | 7.3 |
| L'Anse Au Loup | 12.2 | 7.2 | 13.0 | 7.7 |






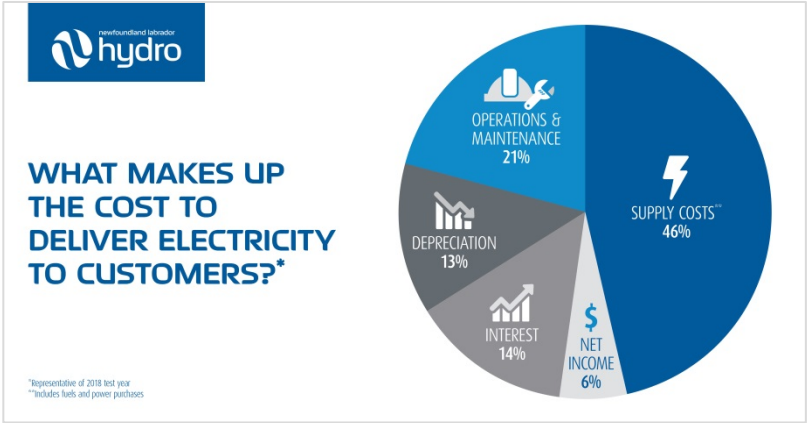
¹ Based on average consumption by system.

² Current rates as approved effective July 1, 2017.

³ The Northern Strategic Plan (NSP) is a provincial government rate subsidy available to residential customers in coastal Labrador and L'Anse au Loup. With the NSP, customers in these communities pay the same rate as Labrador Interconnected Customers for their basic electricity needs.

2017 General Rate Application
Website Content – nlhydro.com

| Website Section | Content |
|--|---|
| <p>Electricity Rates</p> | <p>At Hydro, we are dedicated to delivering safe, reliable, least-cost power our customers.</p> <p>We know that customers are counting on us to manage electricity costs as much as possible. It's our responsibility to manage rates and take steps to reduce costs and operate as efficiently as possible, while ensuring we continue to provide reliable service for our customers.</p> <p>Application Submitted for 2018 and 2019 Electricity Rates On July 28, 2017, Hydro filed an application with the Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB) proposing new electricity rates for 2018 and 2019. To learn more about proposed rates, please click here.</p> <p>July 1, 2017 Rate Adjustment Rates for Newfoundland and Labrador Hydro's Island Interconnected, L'Anse au Loup Isolated Rural, and Labrador Interconnected customers will see a rate increase effective July 1, 2017. For further information on why rates are changing, please click here.</p> <p>Regulatory Process (link to https://www.nlhydro.com/electricity-rates/regulatory-process/) Current Rates (link to https://www.nlhydro.com/electricity-rates/current-rates/)</p> |
| <p>General Rate Application</p> | <p>On July 28, 2017, Hydro filed an application with the PUB proposing new electricity rates for 2018 and 2019.</p> <p>What is a GRA? GRA stands for General Rate Application. During the application process, the Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB) reviews our application and decides if proposed rate changes will be approved and implemented.</p> <p>As a regulated utility, we are accountable for carefully managing rates. We are taking steps to reduce costs and operate as efficiently as possible as we make improvements to the system and maintain reliable service for customers.</p> <p>Managing Our Electricity System Our electricity grid is a complex network of power generating plants, transmission and distribution lines, terminal stations, and substations. Maintaining our system in reliable operating condition for customers requires that we continuously maintain,</p> |

| Website Section | Content | | | | | | | | | | | | |
|--------------------------|--|----------|------------|----------------|-----|--------------------------|-----|--------------|-----|----------|-----|------------|----|
| | <p>refurbish, renew and expand our equipment and facilities. We've made significant investments in the system to provide reliable service for our customers and prepare for future integration with the North American grid. These investments have an impact on electricity rates.</p> <p>How are rates determined?</p> <p>There are many factors that contribute to the cost of generating and delivering electricity to customers, such as the type of generation used, investments in electricity infrastructure, and operation costs. Rates differ throughout the province based on where you live, where your electricity comes from, and how many customers are in your rate class.</p> <div data-bbox="548 657 1349 1077" style="border: 1px solid #ccc; padding: 10px; margin: 10px 0;">  <p>RATES ARE ADJUSTED ACCORDING TO A REGULATED PROCESS, WHICH INCLUDES 4 MAIN STEPS:</p> <ol style="list-style-type: none"> <li style="text-align: center;"> 1  Submission of Rate Application <li style="text-align: center;"> 2  Review & Public Hearings <li style="text-align: center;"> 3  Ruling by the PUB <li style="text-align: center;"> 4  New Rates </div> <div data-bbox="548 1119 1349 1539" style="border: 1px solid #ccc; padding: 10px; margin: 10px 0;">  <p>WHAT MAKES UP THE COST TO DELIVER ELECTRICITY TO CUSTOMERS?*</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Supply Costs**</td> <td>46%</td> </tr> <tr> <td>Operations & Maintenance</td> <td>21%</td> </tr> <tr> <td>Depreciation</td> <td>13%</td> </tr> <tr> <td>Interest</td> <td>14%</td> </tr> <tr> <td>Net Income</td> <td>6%</td> </tr> </tbody> </table> <p><small>*Representative of 2018 test year **includes fuels and power purchases</small></p> </div> <p>Why are electricity rates increasing?</p> <p>Like many other utilities across the country, Newfoundland and Labrador's electricity system is aging. Many of our existing generation and transmission facilities have been operating for decades. We must continue to make the right decisions to ensure we provide reliable service for customers and are fully prepared for future changes to the electricity system in our province.</p> | Category | Percentage | Supply Costs** | 46% | Operations & Maintenance | 21% | Depreciation | 13% | Interest | 14% | Net Income | 6% |
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| Website Section | Content | | | | | | | | | | | | | | | | | | |
|-----------------|---|-------------------------|------|----------------------------------|------|----------------------------------|--|------|------|------|------|------|------|------|------|------|------|------|------|
| | <div data-bbox="548 235 1344 651"> <p>OUR COMPLEX SYSTEM</p> <p>9 HYDROELECTRIC GENERATING STATIONS</p> <p>1 OIL-FIRED PLANT</p> <p>4 GAS TURBINES</p> <p>25 DIESEL GENERATING STATIONS</p> <p>54 HIGH-VOLTAGE TERMINAL STATIONS</p> <p>25 LOWER-VOLTAGE INTERCONNECTED DISTRIBUTION SUBSTATIONS</p> <p>MORE THAN 6,400km OF TRANSMISSION & DISTRIBUTION LINES</p> </div> <p data-bbox="431 693 899 724">What does this increase mean for me?</p> <div data-bbox="548 766 1344 1182"> <p>WHAT DOES THIS INCREASE MEAN FOR ME?</p> <table border="1"> <thead> <tr> <th colspan="2">NEWFOUNDLAND</th> <th colspan="2">LABRADOR INTERCONNECTED</th> <th colspan="2">L'ANSE AU LOUP & LABRADOR DIESEL</th> </tr> <tr> <th>2018</th> <th>2019</th> <th>2018</th> <th>2019</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>6.6%</td> <td>6.4%</td> <td>6.0%</td> <td>6.6%</td> <td>6.3%</td> <td>6.5%</td> </tr> </tbody> </table> <p>*With the Northern Strategic Plan credit applied</p> <p>\$6.60 EXTRA PER MONTH PER \$100 ON YOUR BILL</p> </div> <p data-bbox="431 1224 1252 1255">How is Hydro improving service for customers and managing costs?</p> <p data-bbox="431 1262 1443 1360">Hydro is focused on delivering value to our customers by managing costs, ensuring a reliable electricity system, and being fully prepared for the changes ahead as we interconnect with the North American grid.</p> <p data-bbox="431 1402 1471 1470">We have made significant changes at Hydro and are pushing for continued efficiencies as we improve our operations and better meet customer needs.</p> <p data-bbox="431 1545 1443 1612">Learn more about Hydro's application to the PUB proposing new electricity rates for 2018 and 2019:</p> <p data-bbox="431 1654 1455 1753">News Release: Hydro filing application to set 2018 and 2019 electricity rates (Link to https://www.nlhydro.com/wp-content/uploads/2017/07/GRA-News-Release_28Jul2017_Final-1100AM.pdf)</p> <p data-bbox="431 1759 1455 1824">Backgrounder: 2017 General Rate Application (Link to https://www.nlhydro.com/wp-content/uploads/2017/07/GRA-Backgrounder_28Jul2017-Final.pdf)</p> <p data-bbox="431 1831 1344 1894">Fact Sheet: Proposed Rates (Link to https://www.nlhydro.com/wp-content/uploads/2017/07/2017-GRA-)</p> | NEWFOUNDLAND | | LABRADOR INTERCONNECTED | | L'ANSE AU LOUP & LABRADOR DIESEL | | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 6.6% | 6.4% | 6.0% | 6.6% | 6.3% | 6.5% |
| NEWFOUNDLAND | | LABRADOR INTERCONNECTED | | L'ANSE AU LOUP & LABRADOR DIESEL | | | | | | | | | | | | | | | |
| 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | | | | | | | | | | | | | | |
| 6.6% | 6.4% | 6.0% | 6.6% | 6.3% | 6.5% | | | | | | | | | | | | | | |

| Website Section | Content |
|-----------------|---|
| | Filing Rate-Sheet-FINAL.pdf 2017 General Rate Application (PUB Website) <i>(Link to</i> http://pub.nl.ca/applications/NLH2017GRA/index.htm <i>)</i> |



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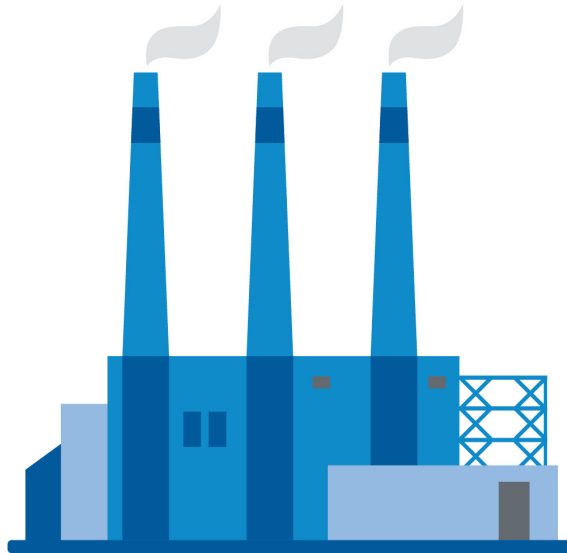
New Rates



OUR COMPLEX SYSTEM



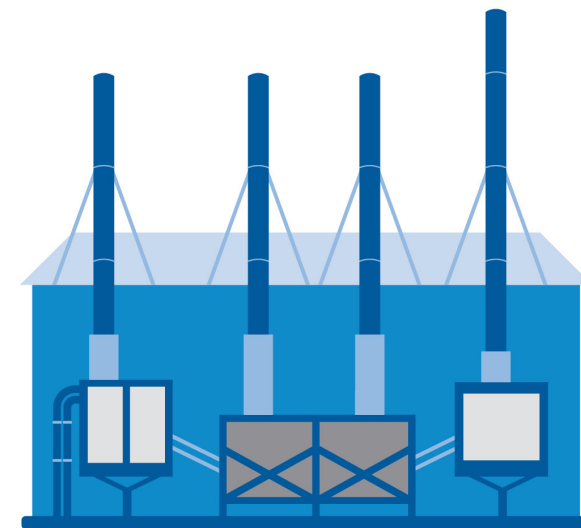
9 HYDROELECTRIC GENERATING STATIONS



1 OIL-FIRED PLANT



4 GAS TURBINES



25 DIESEL GENERATING STATIONS

54 HIGH-VOLTAGE TERMINAL STATIONS

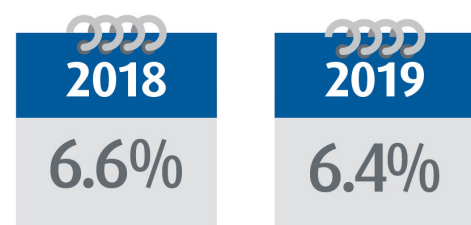
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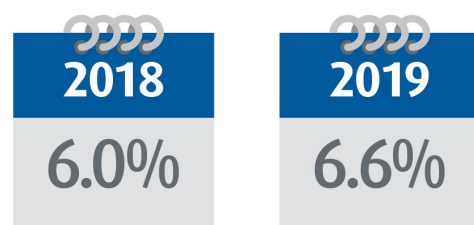


WHAT DOES THIS INCREASE MEAN FOR ME?

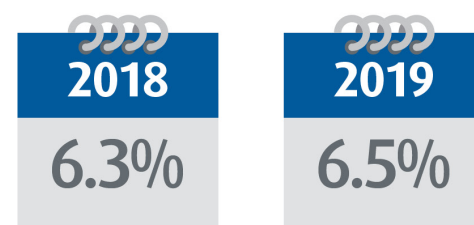
NEWFOUNDLAND



LABRADOR INTERCONNECTED



L'ANSE AU LOUP & LABRADOR DIESEL*

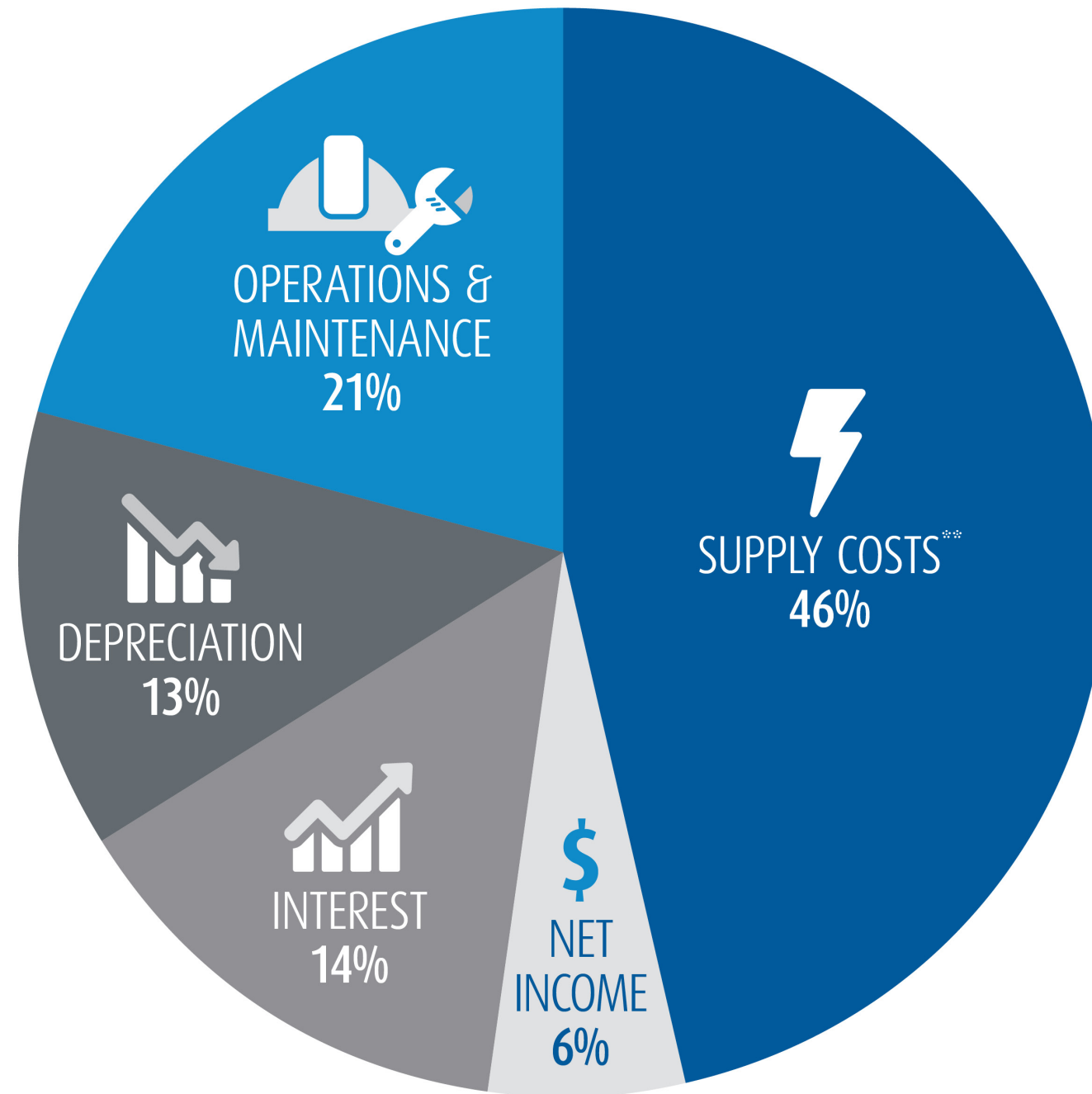


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\$6.60 EXTRA PER MONTH PER \$100 ON YOUR BILL



WHAT MAKES UP THE COST TO DELIVER ELECTRICITY TO CUSTOMERS?*



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