

1 Q. On page 3 of Hydro’s COS Methodology Review Report, Hydro notes that legislative impacts
2 include the establishment of a Labrador Industrial Rates Policy to promote the
3 development of industrial activity in Labrador.

4
5 Please provide and explain Hydro’s viewpoint on whether similar policies to promote the
6 development of industrial activity (including maintenance of current industrial activity)
7 should also be extended to the Island portion of the province. Is Hydro, from the overall
8 perspective of the efficient management of the power system, indifferent to the
9 maintenance of Island industrial load?

10
11
12 A. Newfoundland and Labrador Hydro (“Hydro”) notes that the promotion of industrial
13 activity in Labrador has been specifically included (subparagraph 3.(a)(v) of the *Electrical*
14 *Power Control Act, 1994*) as a rates policy to be applied by the Board of Commissioners of
15 Public Utilities (the “Board”). There is no similar explicit reference in this *Act* to the
16 promotion of Industrial Customers on the Island. However, Hydro recognizes the value of
17 industrial economic activity in both providing least-cost service to all customers and
18 providing economic benefits to the Province of Newfoundland and Labrador. In general, the
19 closure of Industrial Customer facilities would reduce the energy sales over which costs can
20 be recovered and contribute to higher electricity rates for all customers. Hydro believes the
21 consideration of whether a rates policy is required to promote the development and
22 maintenance of current industrial activity on the Island Interconnected System is an
23 appropriate rate design consideration that could be weighed and evaluated by the Board.
24 For example, a load retention tariff for Industrial Customers has been approved by the
25 regulator in Nova Scotia.

26
27 The requirement for an industrial load retention or industrial development tariff would be
28 dependent upon the Government of Newfoundland and Labrador’s decisions with respect
29 to rate mitigation due to the potential impact that rate mitigation could have on Island
30 Industrial rates. Hydro will evaluate the requirement for this type of rates initiative

- 1 subsequent to the Government of Newfoundland and Labrador providing its direction on
- 2 the available rate mitigation to Island Industrial rates.