

June 17, 2015

The Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, Newfoundland & Labrador
A1A 5B2

Attention: Ms. Cheryl Blundon
Director Corporate Services & Board Secretary

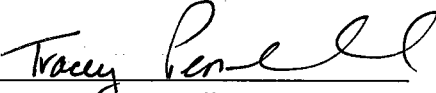
Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro – 2013 General Rate Application
Requests for Information to Parties**

Enclosed please find an original plus 12 copies of Requests for Information by Hydro to the Public Utilities Board regarding the Grant Thornton Expert Report.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO


Tracey L. Pennell
Legal Counsel

TLP/cp

cc: Gerard Hayes – Newfoundland Power
Paul Coxworthy – Stewart McKelvey Stirling Scales
Thomas J. O'Reilly, Q.C. – Cox & Palmer
Dennis Browne, Q.C. – Browne Fitzgerald Morgan & Avis

Thomas Johnson – Consumer Advocate
Yvonne Jones, MP Labrador
Senwung Luk – Olthuis, Kleer, Townshend LLP
Genevieve M. Dawson – Benson Buffett

IN THE MATTER OF the Public
Utilities Act, R.S.N. 1990, Chapter P-47
(the Act), and

IN THE MATTER OF a General Rate Application
(the Application) by Newfoundland and Labrador Hydro
for approvals of, under Section 70 of the Act, changes
in the rates to be charged for the supply of power and
energy to Newfoundland Power, Rural Customers and
Industrial Customers; and under Section 71 of the Act,
changes in the Rules and Regulations applicable to the
supply of electricity to Rural Customers.

Requests for Information

From Newfoundland and Labrador Hydro

(2013 NLH GRA)

Newfoundland and Labrador Hydro, Applicant

June 17, 2015

Newfoundland and Labrador Hydro (“Hydro”) 2013 General Rate Application

Request for Information from Hydro To Public Utilities Board

Grant Thornton

NLH-PUB-018 On Page 19, Lines 13 – 15, in reference to the average difference between long-term yields on bonds issued by the Province and the bonds issued by the sample of Canadian utilities, Grant Thornton concludes:

“By comparison, the average difference on long-term debt yields ranged from 35.6 bps to 47.8 bps, already below the 50 bps paid by Hydro. Apportioning the benefits of the guarantee would lower these ranges further, which may bring into question the 50 bps guarantee fee paid by Hydro on long-term debt”

Did Grant Thornton consider the average difference on long-term debt yields as of June 2015? If the average difference on long-term debt yields had increased above 50 bps, would Grant Thornton still question the reasonability of the 50 bps guarantee paid by Hydro?

NLH-PUB-019 On Page 5 of the Guarantee Fee Analysis dated October 2013, Scotiabank points to additional factors that complicate the valuation of guarantee fees. Specifically, Scotiabank states that:

“...there are two additional features of a Guarantee that are very difficult to value, namely: that during periods of stress in the credit markets, a guarantee from a government entity provides for unrestricted market access and that a guarantee allows for more flexibility as to maturity”

Does Grant Thornton agree with this statement? If not, why? If so, is Grant Thornton of the opinion that these features would add value beyond what is indicated by the difference between long-term yields on bonds issued by the Province and the sample of Canadian utilities referred to by Scotiabank?

Newfoundland and Labrador Hydro (“Hydro”) 2013 General Rate Application

**Request for Information from Hydro
To Public Utilities Board (cont’d)**

NLH-PUB-020 Reference Grant Thornton Report, Page 128, lines 10 and 11.

Please confirm that there is no impact on the 2014 and 2015 Test Years due to Hydro’s conversion to IFRS in 2014 because Hydro continued to use Canadian GAAP in the Amended Application for consistency purposes.

NLH-PUB-021 Reference Grant Thornton Report, Page 71.

Please update Table 50-1 to compare 2014 Actual, 2014 Forecast and 2014 Test Year, as well as 2015 Forecast and 2015 Test Year.