

DELIVERED BY HAND

December 20, 2016

Board of Commissioners
of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Ladies and Gentlemen:

Re: Newfoundland and Labrador Hydro – 2016 Cost Deferral Application

A. General

On December 19, 2016, Newfoundland and Labrador Hydro (“Hydro”) filed response to Request for Information PUB-NLH-001 with respect to its 2016 Cost Deferral Application (the “Application”).

By correspondence dated December 20, 2016, the Board of Commissioners of Public Utilities (the “Board”) requested that any additional comments regarding the Application be submitted to the Board by noon on today’s date.

B. Newfoundland Power’s Comments

In the response to PUB-NLH-001, Hydro provides details on the transactions recorded as a result of Order No. P.U. 49 (2016). The transactions recorded are limited to the 2014 Cost Deferral. In the response, Hydro states that *“...to the extent that the GRA Order has impacted the recoverability of the 2014 Cost Deferral, Hydro has reduced its regulatory assets and increased its operating expenses for financial reporting purposes in 2016”*.

Newfoundland Power observes that Hydro’s evidence of a forecast 2016 net loss of \$14.9 million now indicates that the loss is due, in part, to a write down resulting from the Board’s prudence disallowances made in 2016. Hydro’s original evidence indicated that, with the relief requested, Hydro is forecast to earn above the mid-point 2016 return on rate base. Together, this evidence suggests that the proposed relief may have the practical effect of relieving Hydro from the consequences of the Board’s prudence disallowances.

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We trust the foregoing is found to be in order.

Yours very truly,



Peter Alteen, QC
Vice President,
Regulation & Planning

Enclosures

c. Tracey Pennell
Newfoundland and Labrador Hydro

Paul Coxworthy
Stewart McKelvey

Genevieve Dawson
Benson Buffett

Yvonne Jones, MP
Labrador

Dennis Browne, QC
Browne Fitzgerald Morgan & Avis

Thomas O'Reilly, QC
Cox & Palmer

Larry Bartlett
Teck Resources Limited

Senwung Luk
Olthius, Kleer, Townshend LLP

Newfoundland Power Inc.