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May 8, 2014

COURIER & EMAIL

The Board of Commissioners of Public Utilities
Suite E210, Prince Charles Building
120 Torbay Road
P.O. Box 21040
St. John's, NL A1A 5B2
Email: cblundon@pub.nl.ca

Attention: Ms. G. Cheryl Blundon, Board Secretary

Dear Ms. Blundon:

Re: Newfoundland and Labrador Hydro's 2013 General Rate Hearing – Requests for Information with respect to expert reports

Please find enclosed the original plus twelve copies of the Innu Nation's requests for information with respect to expert reports, in respect of the above noted Application. A copy of this letter and enclosure will also be couriered directly to the parties listed below.

If you have any questions about the enclosed, please contact the undersigned.

Yours truly,

OLTHUIS, KLEER, TOWNSHEND LLP

A handwritten signature in black ink, appearing to read 'Senwung Luk'.

Senwung Luk

SL/tm

Enclosure

cc: Newfoundland and Labrador Hydro
Hydro Place, 500 Columbus Drive, PO Box 12400
St John's NL A1B 4K7
Attention: Geoffrey Young

Stewart McKelvey
Cabot Place, 1100-100 New Gower Street PO Box 5038
St John's NL A1C 5V3
Attention: Paul Coxworthy

Miller & Hearn
450 Avalon Drive, PO Box 129
Labrador City, NL A2V 2K3
Attention: Ed Hearn, Q.C.

Newfoundland Power Inc.
55 Kenmount Road
PO Box 8910
St John's NL A1B 3P6
Attention: Gerard Hayes

O'Dea Earle Law Offices
323 Duckworth Street
St John's, NL A1C 5X4
Attention: Thomas Johnson

Cox & Palmer
Suite 1000 Scotia Centre
235 Water St
St John's NL A1C 1B6
Attention: Thomas O'Reilly, Q.C.

House of Commons
Confederation Building, Room 682
Ottawa, ON K1A 0A6
Attention: Yvonne Jones, MP, Labrador

IN THE MATTER OF the *Public Utilities Act*, RSN 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 ON EXPERT EVIDENCE

THE NEWFOUNDLAND AND LABRADOR PUBLIC UTILITIES BOARD

IN-PUB-3

Issued May 8, 2014

1 IN-PUB-3 Re: Report of J.W. Wilson & Associates, Part IV: CFB Goose Bay Credit, pages 34-
2 36 of 97.

3 The report of J.W.Wilson & Associates states at pages 35-36:

4 In setting new rates in this case, Hydro is proposing to fully apply the CFB Goose Bay
5 revenue credit directly to the rural deficit. Because this revenue credit would be fully
6 applied to the rural deficit in setting new rates, the Rural Rate Alteration calculation
7 (Rural Labrador Interconnected Automatic Rate Adjustment) related to the Labrador
8 Interconnected system would be removed from the RSP. See *GRA Application, Section*
9 *4.6.1 Hydro's Application at page 4.20.*

10 This treatment of the CFB Goose Bay secondary sales revenue credit benefits NP. Before
11 2004, the credit was used to offset the Labrador Revenue requirement. From 2004
12 through 2006 the credit was partially used to offset the Labrador Interconnected system's
13 share of the rural deficit subsidy and partially to phase in uniform rates for customers on
14 the Labrador Interconnected System. As noted above, in 2007 the credit was partially
15 used to maintain existing (2006) rates paid by Customers on the Labrador Interconnected
16 system and the remainder was applied directly to the rural deficit balance. In subsequent
17 years the credit continued to be partially used to phase-in uniform rates, based on the
18 2007 test year revenue requirement, for all Rural customers on the Labrador
19 Interconnected system by 2011, with the balance being directly applied to the rural
20 deficit. Under the present filing the full CFB Goose Bay revenue credit would be applied
21 directly to the rural deficit burden, so that a large portion of the benefit of that credit
22 (88.7%) goes to NP. This is so because the rural deficit burden is allocated between NP
23 and the Labrador Interconnected system in proportion to energy consumption on each
24 system.

25 The combined impact of allocated cost increases and this treatment of the CFB Goose
26 Bay revenue credit produces relatively large percentage rate increases (generally greater
27 than 20 percent) for Labrador Interconnected System customers.

28
29 Specifically, the report states (at line 10 of the above citation) that "[t]his treatment of the CFB
30 Goose Bay secondary sales revenue credit benefits NP". In Mr Wilson's view, is this treatment
31 of the CFB Goose Bay revenue credit fair or equitable to Labrador customers? Why or why not?

DATED at Toronto, in the Province of Ontario, this 8th day of May, 2014.

OLTHUIS KLEER TOWNSHEND LLP



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