

October 6, 2017

Via Email & Courier

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

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

Dear Ms. Blundon:

Re: Newfoundland and Labrador Hydro's 2017 General Rate Application – Requests for Information by the Labrador Interconnected Group

On July 28, 2017, Newfoundland and Labrador Hydro (Hydro) filed its 2017 General Rate Application (GRA) with the Board of Commissioners of Public Utilities (the Board) seeking approval of, among other things, proposed interim rates for 2018 and proposed final rates to be effective January 1, 2019.

On September 12, 2017, the Labrador Interconnected Group filed its Intervenor Submission Form on behalf of the communities of Sheshatshiu, Happy Valley-Goose Bay, Wabush, and Labrador City, and indicated that it was interested in:

- The reasonableness of Hydro's costs in the Labrador Interconnected system, and the reasonableness of the rate increase to the Labrador Interconnected that Hydro is applying for in the present application.
- The reasonableness and fairness of the deferral account applied for by Hydro to deal with costs and saving arising from the Labrador Island Link, the Labrador Transmission Assets, and the Maritime Link.

Hydro is in receipt of correspondence dated September 25, 2017, from the Labrador Interconnected Group enclosing Requests for Information (RFIs) in relation to Hydro's 2017 GRA. Having reviewed the RFIs, Hydro believes that a number of the RFIs filed by the Labrador Interconnected Group are outside the scope of the Labrador Interconnected Group's intervention. Further, there are others that are not relevant to the proceeding before the Board. These are as follows:

LAB-NLH-004 relates to Hydro's Vista power supply model using generation from the Muskrat Falls Generating Station on the Island Interconnected System. The use of generation from the Muskrat Falls Project will not impact customers on the Labrador Interconnected System as there is no expectation at this time that such power will be needed to serve Labrador customers and is therefore not relevant to the Labrador Interconnected Group's intervention.

LAB-NLH-005 relates to Newfoundland Power's generation credit. The calculation of Newfoundland Power's generation credit and the use of the generation credit does not impact customers on the Labrador Interconnected System is not relevant to the Labrador Interconnected Group's intervention.

LAB-NLH-007 relates to Hydro's Production Plan as it pertains to Holyrood generation and off-island imports for use on the Island Interconnected System. The forecast use of the Holyrood Thermal Generating Station and the costs associated with its use on the Island Interconnected System along with any off-island purchases that may offset the use of the Holyrood Thermal Generating Station will not impact customers on the Labrador Interconnected System and is not relevant to the Labrador Interconnected Group's intervention. If the Labrador Interconnected Group's concern is with the use of Recapture Energy on the Island Interconnected System, Hydro can confirm that only that Recapture Energy which is in excess of Labrador's energy needs will be made available for use on the Island Interconnected System.

LAB-NLH-008 relates to Holyrood production. The use of the Holyrood Thermal Generating Station and the costs associated with its use on the Island Interconnected System along with any off-island purchases that may offset the use of the Holyrood Thermal Generating Station will not impact customers on the Labrador Interconnected System and is not relevant to the Labrador Interconnected Group's intervention.

LAB-NLH-009 relates to off-island electricity purchases for use on the Island Interconnected System. Off-Island electricity purchases for use on the Island Interconnected System will not impact customers on the Labrador Interconnected System and is therefore not relevant to the Labrador Interconnected Group's intervention.

LAB-NLH-016 relates to the Muskrat Falls Transmission Funding Agreement and the Muskrat Falls Power Purchase Agreement. These agreements are not relevant to the current proceeding before the Board, will not assist in the Board or the Parties understanding of the issues in the present proceeding, and will not affect the rates to be charged to those represented by this intervenor.

LAB-NLH-018 relates to the marginal costs study and rate design review report filed by Hydro in 2015 to reflect changes required when the Muskrat Falls Project is fully commissioned. These reports pertain to the Cost of Service Methodology Review that is required to occur prior to full commissioning of the Muskrat Falls Project and is not before the Board in this current proceeding. These issues are not relevant to the current proceeding before the Board, will not assist in the Board or the Parties understanding of the issues in the present proceeding, and the record should not be enlarged beyond those documents that will assist the Board with respect to the issues that are properly before it.

LAB-NLH-021 relates to Nalcor Energy's rate projection for the Island Interconnected System post full commissioning of the Muskrat Falls Project. The rate projections of Island Interconnected Customers is not relevant to the Labrador Interconnected Group's intervention.

LAB-NLH-022 relates to Hydro's proposal to mitigate rate increases on the Island Interconnected System resulting from the Muskrat Falls Project. The Off-Island Deferral Account will not impact rates on the Labrador Interconnected System and therefore is not relevant to the Labrador Interconnected Group's intervention.

LAB-NLH-036 relates to the forecast increase in Island Interconnected Customer's rates that will result from the Muskrat Falls Project. The Muskrat Falls Project will be fully funded by Island Interconnected Customers. As such, this is not relevant to the Labrador Interconnected Group's intervention.

LAB-NLH-037 relates to agreements and accounting practices in relation to the Muskrat Falls Project. These matters are not relevant to the current proceeding before the Board and will not assist in the Board or the Parties understanding of the issues in the present proceeding.

LAB-NLH-038 relates to the Energy Supply Cost Variance Account which pertains to costs incurred on the Island Interconnected System. The Energy Supply Cost Variance Account affects only those customers whose rates are determined for the Island Interconnected System and is not relevant to the Labrador Interconnected Group's intervention.

LAB-NLH-039 relates to Hydro's proposed Off-Island Deferral Account and the cost of electricity for use on the Island Interconnected System. This account relates to costs and savings as it pertains to the supply of electricity on the Island Interconnected System and the setting of rates for customers on the Island Interconnected System. This account will not impact customers on the Labrador Interconnected System and is not relevant to the Labrador Interconnected Group's intervention.

LAB-NLH-40 relates to the setting of transmission tariffs for the Maritime Link, the Labrador Island Link, and the Labrador Transmission Assets. The setting of transmission tariffs will occur in a separate proceeding before the Board, is not relevant to the current proceeding before the Board, and will not assist in the Board or the Parties understanding of the issues in the present proceeding.

Hydro submits that the above noted RFIs submitted by the Labrador Interconnected Group are outside the scope of the intervention of the Labrador Interconnected Group issue. These issues should be addressed, if at all, by those other intervenors that represent customers on the Island Interconnected System. As the above noted RFIs either do not impact customers on the Labrador Interconnected System or are not relevant to the proceeding to the Board, Hydro will not be providing responses, unless so ordered by the Board.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Tracey L. Rennell
Senior Counsel, Regulatory

TLP/bs

cc: Gerard Hayes - Newfoundland Power
Paul Coxworthy - Stewart McKelvey Stirling Scales
Denis J. Fleming - Cox & Palmer
ecc: Van Alexopoulos - Iron Ore Company
Senwung Luk - Labrador Interconnected Group

Dennis Browne, Q.C. - Consumer Advocate
Dean Porter - Poole Althouse

Benoît Pepin - Rio Tinto