

POOLE ALTHOUSE

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April 10, 2017

Via Electronic Mail & Courier

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

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

Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro – Amended 2013 General Rate Application –
Compliance Application – Order No. P.U. 49 (2016) - Comments of Corner Brook
Pulp and Paper Limited**

1 Further to our earlier joint submission on behalf of the Island Industrial Customers Group, we
2 write at this time (solely) on behalf of Corner Brook Pulp and Paper Limited (“CBPPL”) in
3 relation to Hydro’s proposal contained in the above noted Compliance Application to recover
4 revenue deficiencies from the approximately \$3.1 million remaining in the load variation
5 component credit balance allocated to the Island Industrial Customers.
6

7 Essentially, in respect of the Specifically Assigned Charges, Hydro has proposed that
8 deficiencies be addressed by way of deferred RSP balances. In CBPPL’s view, this is both a
9 reasonable and appropriate approach and one that can be implemented in a timely way to
10 achieve a pragmatic result. In CBPPL’s submission, this reflects the following considerations:
11

- 12 i) It has always been contemplated that the RSP balances would play a role in addressing
13 deficiency balances, including (at least) part of any SAC deficiency. For example, as
14 early as Order-in-Council 2013-089, the concept of RSP funding to assist with industrial
15 customer rate transitions over a three year period was raised. As can be noted, there
16 was no stated concept that this phase in should apply only to non-SAC related rates.
17

1 ii) The Board concluded, at page 16 of Board Order P.U. 14(2015), that "...the Board
2 agrees with the Industrial Customer Group that changes to the specifically assigned
3 charges for the Island Industrial customers should not be addressed in advance of the
4 General Rate Application." It is CBPPL's view that this finding is consistent with the
5 concept that SAC changes should be implemented only following the GRA, as is now
6 proposed by Hydro; and
7

8 iii) CBPPL understands that other industrial customers (including NARL) may object to the
9 use of RSP funds to pay shortfalls that relate to Specifically Assigned Charges, on the
10 premise that this leaves the specific customers in question with a lower balance in "their"
11 RSP to pay for future costs. CBPPL submits that this is an incorrect view of the RSP.
12 The RSP, and in particular positive RSP balances, reflect a collective benefit to the
13 industrial class, not an entitlement of any given customer. In this regard, the objecting
14 customers are not being prejudiced by having "their" RSP balance used to transition
15 SAC charges, as there are no customer-specific RSP balances. This would be akin to
16 saying the customers in question unfairly benefitted from having Teck Resources Limited
17 drop their load levels, leaving behind a "Teck RSP share", or that Teck Resources
18 Limited could somehow submit a request for a payout of "their" share of the RSP upon
19 its closure; this, of course, they could not, as it would reflect a similarly erroneous view of
20 the RSP balances.
21

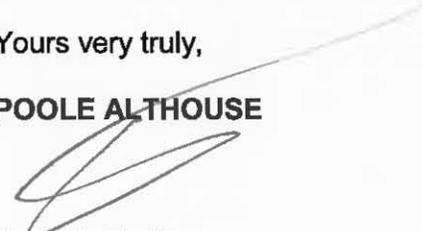
22 CBPPL submits that acceptance of Hydro's current proposals on this issue will permit this
23 inconceivably lengthy GRA process to finally reach a conclusion and allow customers (such as
24 CBPPL) to move forward without the uncertainty associated with interim rates for the first time in
25 nearly a decade, CBPPL is not in favour of further delays while debates about the meaning of
26 the 2013 OICs or the Board's series of interim rate Orders are considered and adjudicated and
27 submit that finality is required at this time.
28

29 CBPPL submits that Hydro's proposal, being both reasoned and reasonable, meets the
30 standard for acceptance by this Board and should be accepted by the Board at this time.

We trust you find the foregoing satisfactory.

Yours very truly,

POOLE ALTHOUSE



Dean A. Porter

DAP/lp

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cc: Tracey Pennell, Newfoundland and Labrador Hydro
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