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April 11, 2018

SENT VIA E-MAIL

Cheryl Blundon
Board Secretary
Board of Commissioners of Public Utilities
P.O. Box 21040, St. John's, NL A1A 5B2

Dear Ms Blundon:

Re: Submissions of the Labrador Interconnected Group regarding Hydro motion of April 4, 2018, in NL Hydro GRA 2017

Please find attached to this letter the submissions of the Labrador Interconnected Group regarding the motion by Hydro in the above-noted proceeding.

Hard copies will be sent to those parties that have requested them.

We trust you find the foregoing satisfactory. Please be in touch should you have any questions or concerns.

Yours truly,
Olthuis Kleer Townshend LLP

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SL/tm

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IN THE MATTER OF the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 (the “EPCA”), Public *Utilities Act*, RSNL 1990, Chapter P-47 (the “Act”): and

AND IN THE MATTER OF an application by Newfoundland and Labrador Hydro (“Hydro”) to establish customer electricity rates for 2018 and 2019 filed on July 28, 2017, and subsequently revised on September 15, 2017, October 17, 2017 and November 27, 2017 (the “GRA”).

**SUBMISSIONS OF THE LABRADOR INTERCONNECTED GROUP REGARDING
THE MOTION MADE BY HYDRO**

THE SUBMISSIONS OF the Labrador Interconnected Group state:

Introduction

1. The Labrador Interconnected Group (the “LIG”) represents the communities of Sheshatshiu, Happy Valley-Goose Bay, Wabush, and Labrador City, and has been accepted by the Board as an intervener in the above hearing. We make the following brief submissions regarding the Application by Hydro served on April 4, 2018, (the “Application”) for “the Deferral of Cost of Service Methodology Issues Raised in the 2017 General Rate Application to the Cost of Service Methodology Review Hearing”.

2. The Application seeks for the Board to order that “the cost of service methodology issues to be dealt with in the 2017 GRA be limited to proposals set out in Chapter 5 of Hydro’s evidence.”¹
3. The LIG submits that the Board should be cautious in making such an order so as not to exclude the ability of the parties to test the evidence to ensure that Hydro’s costs in providing its services, which in turn affect the rates for which it is seeking approval, are indeed just and reasonable.

Hydro’s Application

4. The purpose of Hydro’s motion is apparently to seek exclusion of the issues raised by the Consumer Advocate, as set out in paragraph 12 of the motion.
5. The LIG will not comment on the issues raised by the Consumer Advocate in these submissions. However, the LIG is concerned that the remedy sought by Hydro is overly broad and, if accepted as formulated, would unnecessarily and improperly restrict debate in the upcoming GRA hearings.
6. Hydro has not only requested that the CA’s proposal be rejected, but also has requested that the GRA’s review of “cost of service methodology issues” be restricted to matters which it lists in paragraph 17 of its Application, including:
 - (i) the generation credit service agreement between Hydro and CBPP, which was approved on a pilot basis by the Board in Order No. P.U. 4(2012);
 - (ii) the assignment of the frequency converter to CBPP as a specifically assigned asset;
 - (iii) the methodology for allocation of operating and maintenance expenses to specifically assigned assets;

¹ Application, p10.

- (iv) the classification of purchases of wind energy; and
- (v) the methodology for allocation of the rural deficit.

7. According to Hydro, this is the set of issues that “are matters ongoing from the 2013 GRA for which Hydro has submitted expert evidence to support its proposals.”² Hydro submitted that such a restriction is justified by regulatory efficiency.

LIG submission

8. The LIG acknowledges the importance of regulatory efficiency. However, efficiency must also be balanced with the task before the Board, which is the consideration of the rates and regulations for which Hydro has sought approval under the *Public Utilities Act*.
9. The Board, as part of its mandate, is required to ensure that “consumers are paying what the Board expects it to cost to efficiently provide the services they receive, taking account of both operating and capital costs”³.
10. The Board must ensure that it has sufficient information regarding the cost of service before it to make a determination of whether the costs as set out in Hydro’s GRA are reasonable.
11. Should the formulation proposed by Hydro be adopted by the Board, discussion could be foreclosed on any matter other than those described in paragraph 17 by simply characterizing the matter as “methodological” in nature. In that event, the appropriate debate as to whether or not the issue raised is relevant to the GRA proceeding would instead be reduced to a debate as to whether or not the issue is “methodological”. Replacing a substantive debate with a terminological one would do nothing to improve regulatory efficiency.

² Application, p11.

³ *Ontario (Energy Board) v Ontario Power Generation Inc*, 2015 SCC 44, para 20.

12. The LIG urges the Board to take a balanced approach to Hydro's application to ensure that there is sufficient evidence before it to make the determination of reasonableness that it is mandated to make. For these reasons, the LIG urges the Board to refrain from imposing a blanket ban on methodological issues other than those mentioned in Hydro's submission.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

DATED at Toronto, Ontario, this 11th day of April, 2018.

OLTHUIS KLEER TOWNSHEND LLP



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