

November 30, 2015

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**Via Electronic Mail and 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: Amended 2015 Cost Deferral Application of Newfoundland and Labrador Hydro**

It is the understanding of the Island Industrial Customer Group that the orders sought by Hydro's amended 2015 Cost Deferral Application are interim, and are subject to further order of this Board. However, to the extent there is any ambiguity in this regard, the Island Industrial Customer Group hereby respectfully request, should the Board approve Hydro's amended Application, that the Board's Order fully reflect the interim nature of the measures sought by Hydro.

At paragraph 15 of the amended Application, Hydro states that

*The actual 2015 net income deficiency will be finalized upon conclusion of the GRA at which time the approved net income deficiency that has resulted from delayed implementation of customer rates for 2015 can be set aside in a deferral account for future recovery*

Hydro requests approval of a cost deferral in the amount of \$60.5 million to reduce Hydro's forecast 2015 net income deficiency. The Island Industrial Customer Group note that Hydro's actual net income deficiency for 2015 remains undetermined, and may require Hydro, following the conclusion of the amended 2013 GRA proper, to make compliance applications in respect of the Board's GRA findings, including in respect of the Prudence Review.

In proposing a 2015 cost deferral in the amount of \$60.5 million, Hydro's amended Cost Deferral Application also appears to presume, per paragraph 14 of that Application, that the supply cost recovery mechanisms sought by Hydro will be approved as proposed in the amended GRA. The Island Industrial Customer Group note that the operation of these recovery mechanisms, and their interaction with the existing RSP, have been the subject of evidence and undertakings (some of which as of the making of these comments remain outstanding) in the amended GRA hearing, and it can be reasonably anticipated these recovery mechanisms will be the subject of final submissions by the parties in the GRA hearing.

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In short, Hydro's actual 2015 net income deficiency is undetermined, and many of the premises on which Hydro is proposing to calculate and recover that deficiency remain contentious and in issue in the amended GRA.

Should the Board order that the Appendix F deferral account be established, then the Island Industrial Customer Group reserve their full rights to make future submissions on the disposition of that deferral account.

We trust this is in order.

Yours truly,

Stewart McKelvey

A handwritten signature in dark ink, appearing to read 'Paul L. Coxworthy', with a long horizontal stroke extending to the right.

Paul L. Coxworthy

PLC/kmcd

- c. Geoffrey P. Young, Senior Legal Counsel, Newfoundland and Labrador Hydro
- Thomas J. Johnson, Consumer Advocate
- Gerard Hayes, Newfoundland Power
- Dean A. Porter, Poole Althouse
- Thomas O'Reilly, Q.C., Vale Newfoundland and Labrador Limited
- Dennis Browne, Q.C., Browne Fitzgerald Morgan & Avis
- Nancy Kleer, Olthuis, Kleer, Townshend LLP
- Yvonne Jones, MP, Labrador
- Genevieve M. Dawson, Benson Buffett
- Liam P. O'Brien, Curtis, Dawe