

August 22, 2013

VIA COURIER and ELECTRONIC MAIL

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

Attention: Ms. G. Cheryl Blundon
Board Secretary

Dear Ms. Blundon:

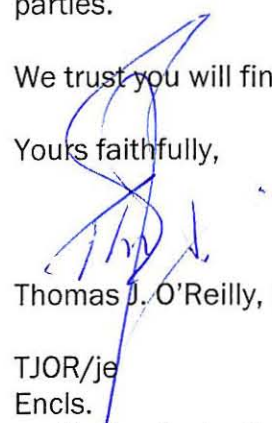
RE: Application of Newfoundland and Labrador Hydro for the approval of the Rate Stabilization
Plan rules and components of the rates to be charged to Industrial Customers (the "Application")
Our Client: Vale Newfoundland and Labrador Limited ("Vale")

Enclosed are eight (8) copies of Vale's first round of RFI's in respect of the Application.

We have provided a copy of this correspondence together with enclosures to all concerned parties.

We trust you will find the enclosed satisfactory.

Yours faithfully,



Thomas J. O'Reilly, Q.C.

TJOR/je
Encls.

cc. Newfoundland and Labrador Hydro
Hydro Place, 500 Columbus Drive
P.O. Box 12400, St. John's, NL
A1B 4K7
Attention: Geoff Young

Thomas J. O'Reilly, Q.C. | Partner

Direct 709 570 5320 Main 709 738 7800 Fax 709 726 3070 Email toreilly@coxandpalmer.com
Suite 1000 Scotia Centre 235 Water Street St. John's NL A1C 1B6

August 22, 2013

Roebathan, McKay & Marshall
Barristers & Solicitors
34 Harvey Road, 5th Floor
St. John's, NL. A1C 5W1
Attention: Colin Feltham

Newfoundland Power
P.O. Box 8910
St. John's, NL A1B 3P6

Attention: Gerard Hayse

Curtis Dawe
Barristers & Solicitors
P.O. Box 337
139 Water Street
St. John's, NL A1C 5J9

Attention: Liam O'Brien

Thomas Johnson Q.C.
Consumer Advocate
O'Dea Earle
Barristers & Solicitors
323 Duckworth Street
P.O. Box 5955
St. John's, NL A1C 5X4

Stewart McKelvey
Barristers & Solicitors
Cabot Place, 100 New Gower Street
St. John's, NL A1C 5V3

Attention: Paul Coxworthy

Stewart McKelvie
Barristers & Solicitors
Cabot Place, 100 New Gower Street
St. John's, NL A1C 5V3

Attention: Gregory Moores

Poole Althouse
Barristers & Solicitors
49-51 Park Street
P.O. Box 812
Corner Brook, NL A2H 6H7

Attention: Dean Porter

Sheryl Nisenbaum
Praxair Canada Inc.
1 City Center Drive
Suite 1200
Mississauga, ON L5B 1M2

IN THE MATTER OF an Application
by Newfoundland and Labrador
Hydro for the approval, pursuant to
Sections 70(1) and 76 of the Act,
of the Rate Stabilization Plan rules
and components of the rates to be
charged to Vale Newfoundland &
Labrador Limited.

3 Issued August 19, 2013

9 V-NLH-2 Hydro evidence page 13, line 5 – 6 says that Hydro is proposing
10 “.... to allocate net load variance for both NP and IC customers
11 on customer energy ratios”. In response to PUB-NLH-19,
12 page 2 of 2, line 7, Hydro says they propose “... to have the load
13 variation changed to one based on cost of service treatment.”
14 Please explain why Hydro uses the terms “customer energy
15 ratios” and “cost of service treatment” interchangeably when
16 describing the proposed allocation method for the load
17 variation.

17 **V-NLH-3** Pages 6 and 16 of the Grant Thornton report which is included
18 in the IC RSP application, discuss the 1986 method for
19 allocating the fuel component of the load variation. Page 6,
20 lines 24 – 28 reads:
21 *“According to the March 26, 1986 letter from Hydro, it was*
22 *noted that the calculation of the plan balances for the retail*

1 and Industrial Customers would be prepared monthly. The
2 letter indicated that Hydro would recalculate the 1986 cost of
3 service by customer, replacing the 1986 costs with the actual
4 costs as they became available, related to any changes which
5 may occur in both firm and secondary loads, hydro production
6 and/or fuel prices.”
7 Page 16, lines 29 – 33 relate the RSP changes that occurred
8 following the 2003 GRA. The report states:
9 “Load Variation Component
10 The change in this component of the RSP was to treat the fuel
11 costs component of the load variation in the same manner as
12 the revenue component. The revenue variation component is
13 assigned to the customer class which caused the variation,
14 however previously the fuel cost variation was treated as
15 common costs and shared proportionately among the customer
16 classes regardless of the class that caused the variation. It was
17 allocated using customer energy ratios.”
18 How does the allocation method which Hydro is currently
19 proposing differ from the method that was used prior to 2004?

20 V-NLH-4 PUB-NLH-17 lists seven load scenarios and Hydro is to supply
21 the actual quantities in each case. For each of these
22 scenarios/quantities, what would be the change to the revenue
23 requirement (before deficit allocation) for each of the Island
24 Interconnected customer classes assuming that the scenario
25 load data had been used in the 2013 test year cost of service?
26 The change is to be related to the 2013 test year cost of service
27 in the GRA application.

28 V-NLH-5 Please compare the results obtained in PUB-NLH-17 to those
29 obtained in Vale-NLH-4.

DATED at St. John's, in the Province of Newfoundland and Labrador, this 22nd day of August, 2013.

COX & PALMER

Per: 

Thomas J. O'Reilly, Q.C.

TO: 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
Attention: Board Secretary

TO: Newfoundland & Labrador Hydro
P. O. Box 12400
500 Columbus Drive
St. John's, NL A1B 4K7
Attention: Geoffrey P. Young
Senior Legal Counsel

TO: Newfoundland Power
P. O. Box 8910
55 Kenmount Road
St. John's, NL A1B 3P6
Attention: Gerard Hayes
Senior Legal Counsel

TO: Thomas J. Johnson, Consumer Advocate
O'Dea, Earle
323 Duckworth Street
P. O. Box 5955, Stn. C
St. John's, NL A1C 5X4

TO: Praxair Canada Inc.
1 City Centre Drive, Suite 1200
Mississauga, ON L5B 1M2
Attention: Sheryl Nisenbaum,
Assistant Secretary

TO: Corner Brook Pulp and Paper Limited,
North Atlantic Refining Limited
and Teck Resources Limited
Stewart McKelvey
PO Box 5038
11th Floor, Cabot Place
100 New Gower Street
St. John's, NL A1C 5V3
Attention: Paul Coxworthy