



Newfoundland and Labrador Hydro
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June 14, 2022

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 and Board Secretary

Dear Ms. Blundon:

Re: Application for July 1, 2022 Utility Rate Adjustments – Hydro's Reply

On May 5, 2022, Newfoundland and Labrador Hydro ("Hydro") filed an application with the Board of Commissioners of Public Utilities ("Board") requesting approval of certain utility rate adjustments, including updates to the Rate Stabilization Plan ("RSP") Current Plan Adjustment and the Utility Conservation and Demand Management ("CDM") Cost Recovery Adjustment, and the addition of a Project Cost Recovery Rider, all to become effective July 1, 2022 ("Application").

Newfoundland Power Inc. ("Newfoundland Power") provided correspondence on June 10, 2022 advising that it is supportive of Hydro's RSP and CDM utility rate adjustments, as there is no overall increase in customer rates at this time, and that it does not object to the implementation of the proposed Project Cost Recovery Rider. Newfoundland Power's lack of objection to the proposed Project Cost Recovery Rider was also based on its understanding that supply costs attributable to the Island Industrial customers will not be borne by Newfoundland Power's customers at any point in the future and that rate mitigation amounts received by Hydro will be distributed between Hydro's customer classes based on cost of service principles. Hydro confirms that balances attributable to Island Industrial customers will not be transferred to Newfoundland Power's customers for recovery. As Hydro does not yet have details on the mechanism by which rate mitigation will be provided to customers, Hydro cannot confirm that rate mitigation amounts can be distributed between Hydro's customer classes based on cost of service principles; however, Hydro can confirm that it intends to propose the allocation of the balances in the Supply Cost Variance Deferral Account by customer class based on cost of service principles.

Newfoundland Power did request that Hydro include, in its ongoing quarterly reports regarding the scheduling of Hydro's next GRA, updates regarding the timing and amount of future changes to the Project Cost Recovery Rider to enable greater visibility on future rate increases to customers. At present, Hydro provides a monthly report on the activity and balance of the Supply Cost Variance Deferral Account. A quarterly report is also filed with more detailed information regarding the account. Any rate increases in the future are dependent on the details surrounding the provision of rate mitigation by the provincial government. Given the uncertainty in the timing of the completion of its next general rate application, Hydro anticipates updates to the Project Cost Recovery Rider to be included in the annual utility rate adjustment applications; however, Hydro is unable to make determinations regarding future rate increases until further information is available. Hydro believes that its current reporting processes

are sufficient to ensure the parties have as much visibility regarding future rate increases as possible. Hydro will provide any new information that provides additional clarity as it becomes available.

The Consumer Advocate also filed correspondence, dated June 13, 2022, in which it did not object to Hydro's Application. The Consumer Advocate took the position that Hydro's application is not unreasonable.

No additional party comments were received. Hydro respectfully requests that the Board approve Hydro's Application as submitted.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/sk

ecc:

Board of Commissioners of Public Utilities

Jacqui H. Glynn
PUB Official Email

Consumer Advocate

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Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
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