

IN THE MATTER OF

the *Electrical Power Control Act*, RSNL 1994,
Chapter E-5.1 (the "*EPCA*") and the
Public Utilities Act, RSNL 1990, Chapter P-47
(the "*Act*"), and regulations thereunder;

AND

IN THE MATTER OF

an Application by Newfoundland and Labrador
Hydro, pursuant to Sections 70 and 75 of the Act,
for the approval of customer electricity rates for
2014 on an interim basis or, in the alternative,
for a deferral and recovery mechanism.

**CONSUMER ADVOCATE
REQUESTS FOR INFORMATION
IR-CA-NLH-9 to IR-CA-NLH-11**

Issued: December 16, 2013

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2 IR-CA-NLH-9 (Response to IR-NP-NLH-29) In its response to IR-NP-NLH-29,
3 Hydro outlines an interim rates approach using a deferral and
4 recovery mechanism. In the Interim Rates evidence, Hydro
5 indicates that it does not favour a deferral and recovery mechanism
6 owing to complexities associated with the RSP and the possibility
7 of a significant IC rate increase on January 1, 2014, preventing a
8 smooth phase in of IC rates (Interim Rates Evidence, page 12, lines
9 10 - 14). How would Hydro propose to deal with these issues
10 under the deferral and recovery mechanism outlined in IR-NP-
11 NLH-29?
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13 IR-CA-NLH-10 (Response to IR-NP-NLH-29) Would it be possible to modify the
14 approach outlined in IR-NP-NLH-29 to address only the issue
15 relating to the Industrial Customer rates; that is, the rate increase
16 on January 1, 2014 owing to the normal operation of the RSP and
17 initiation of the draw-down of the RSP surplus balance to fund the
18 IC rate phase in? In this regard, please comment on the
19 effectiveness of the following approach in addressing the IC rates
20 issue (this approach is a modification of the approach outlined in
21 IR-NP-NLH-29).
22 Deferral Mechanism
23 • Creation of a Deferral Account; and
24 • Recovery of funds in the Deferral Account to be decided by
25 the Board in its Order relating to the 2013 GRA.
26

27 Rate Stabilization Plan
28 • Commencing January 1, 2014, RSP calculations will
29 reference the 2013 Test Year, on an interim basis;
30 • The normal IC RSP adjustment rate would be effective
31 January 1, 2014, and would result in an increase of
32 approximately 3.4% as indicated in IR-IC-NLH-4,
33 Attachment 1. Hydro will apply for this in January 2014 in
34 keeping with the normal operation of the RSP;

- Implementation of Hydro's proposed methodology effective January 1, 2014 for funding the phase-in of IC rates using the IC RSP Surplus, on an interim basis;
- Commencing January 1, 2014, the existing NP RSP Fuel Price Projection rider of 1.634 cents/kWh would be applied to the Deferral Account rather than the RSP, until approval of final rates; and
- Continuation of the existing NP RSP adjustment related to its current plan.

2014 Base Rates

- Approval of Hydro's proposed 2013 Test Year base rates and phase-in rates for the ICs on an interim basis.

IR-CA-NLH-11

(Response to IR-NP-NLH-29) Please provide an analysis of the pros and cons (including the impact of Hydro's rate of return consistent with Table 1 on page 3 of the Interim Rates Evidence) of the following approach to the Interim Rates Application which is a modification of the deferral and recovery mechanism approach outlined in IR-NP-NLH-29. The approach outlined below limits the application of interim rates to NP and the ICs.

Deferral Mechanism

- Creation of a Deferral Account;
- Commencing January 1, 2014, revenue variances between existing and approved rates for the ICs and NP would be included in the Deferral Account with such variances recovered from NP and the ICs; and
- Recovery of funds in this Deferral Account would be decided by the Board in its Order relating to the 2013 GRA.

Rate Stabilization Plan

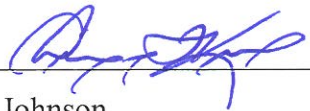
- Commencing January 1, 2014, RSP calculations will reference the 2013 Test Year, on an interim basis;
- The normal IC RSP adjustment rate would be effective January 1, 2014, and would result in an increase of approximately 3.4% as indicated in IR-IC-NLH-4, Attachment 1. Hydro will apply for this in January 2014 in keeping with the normal operation of the RSP;

- Implementation of Hydro's proposed methodology effective January 1, 2014 for funding the phase-in of IC rates using the IC RSP Surplus, on an interim basis;
- Commencing January 1, 2014, the existing NP RSP Fuel Price Projection rider of 1.634 cents/kWh would be applied to the Deferral Account rather than the RSP, until approval of final rates; and
- Continuation of the existing NP RSP adjustment related to its current plan.

2014 Base Rates

- Approval of Hydro's proposed 2013 Test Year base rates and phase-in rates for the ICs on an interim basis.
- Approval of Hydro's proposed 2013 Test Year base rates for NP on an interim basis.

Dated at St. John's in the Province of Newfoundland and Labrador, this 16th day of December, 2013.



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