

June 27, 2014

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:

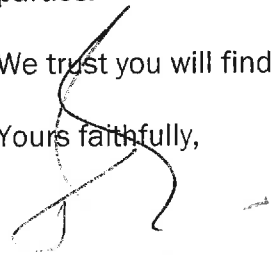
RE: Second Interim General Rate Application of Newfoundland and Labrador Hydro

Enclosed are the original and twelve (12) copies of Vale's Second Round RFIs in respect of the above-noted 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/js
Encl.

c.c. Geoffrey P. Young, Senior Legal Counsel, Newfoundland & Labrador Hydro
Gerard Hayes, Senior Legal Counsel Newfoundland Power
Consumer Advocate, Thomas J. Johnson, O'Dea, Earle
Paul Coxworthy, Stewart McKelvey
Edward M. Hearn, Q.C., Miller & Hearn
Stephanie Kearns, Olthuis, Leer, Townshend LLP
Yvonne Jones, MP Labrador, House of Commons

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

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AND IN THE MATTER OF a second application by Newfoundland and Labrador Hydro, pursuant to Sections 70 and 75 of the Act, for the interim approval of customer electricity rates for 2014 pursuant to Order No. P.U. 13(2014) (the "Application").

3 Issued June 27, 2014

6 The evidence states “As indicated in section 2.1, Hydro’s 2014
7 GRA forecast net income shortfall under existing rates relative to
8 proposed rates is approximately \$29.4 million (i.e., \$33.2 minus
9 3.8)”. Please add additional detail to that statement by
0 completing the following table.

System	Shortfall (\$)
Island Interconnected	
Island Isolated	
Labrador Isolated	
L'Anse au Loup	
Labrador Interconnected	
TOTAL	


14 In addition to SIR-V-NLH-011 & 012, please explain the rationale
15 for changing two expense items, the rate stabilization plan

1		deferral (Appendix A, line 11) by \$72 million and the accretion of
2		asset retirement obligation by \$20,000, when comparing existing
3		rates and proposed rates.
4	SIR-V-NLH-016	Reference: Second Interim Rates Application Evidence, section
5		2.3 Shortfall, page 4, lines 13 to 14
6		Please confirm that in the calculation of the forecast \$29.4
7		million shortfall, that the only two expense items that changed
8		were the rate stabilization plan deferral and the accretion of
9		asset retirement obligation.
10	SIR-V-NLH-017	Reference: Second Interim Rates Application Evidence, Appendix
11		A, page A1, line 2
12		Please confirm that the term "energy sales" includes revenue
13		from energy, demand and customer specific charges. If it does
14		not, please provide the forecast revenue from the demand and
15		customer specific charges.
16	SIR-V-NLH-018	Reference: June 19 presentation entitled Settlement
17		Discussions – Second Interim Rate Application, slide 4, third
18		bullet
19		In this bullet, the term "credit metrics" is used. Please fully
20		explain what Hydro's threshold is to meet the credit metrics and
21		how these credit metrics are established.
22	SIR-V-NLH-019	Reference: June 19 presentation entitled Settlement
23		Discussions – Second Interim Rate Application, slide 4, third
24		bullet
25		If the Board did not approve the second interim rate application
26		for \$29.4 million, please fully explain what impact this would
27		have on Hydro's credit.
28	SIR-V-NLH-020	Reference: June 19 presentation entitled Settlement
29		Discussions – Second Interim Rate Application, slide 4, fourth
30		bullet
31		In this bullet, Hydro uses the phrase "fair return standard".
32		Within the context of this statement, please explain what Hydro
33		considers a fair return standard.

1	SIR-V-NLH-021	Reference: Application, Evidence page 10, table 2
2		Hydro is proposing a RSP current balance rider of 0.168¢/kWh
3		effective July 1, 2014. Please provide the forecast IC energy
4		consumption in the last six months of 2014 and the dollar
5		impact that this increase will have on industrial customers during
6		that period.
7	SIR-V-NLH-022	Reference: June 19 presentation entitled Settlement
8		Discussions – Second Interim Rate Application, slide 9
9		Hydro has stated that, along with a general rate application
10		based on a 2015 test year, Hydro will file a 2014 test year with
11		the Board and seek to recover any shortfall in revenues
12		necessary for Hydro to earn what it deems a fair rate of return in
13		2014. Will Hydro seek to recover any portion of its shortfall from
14		individual customers as opposed to from customer groups?
15	SIR-V-NLH-023	Reference: June 19 presentation entitled Settlement
16		Discussions – Second Interim Rate Application, slide 9
17		If the answer to SIR-V-NLH-022 is yes, what amounts will Hydro
18		seek to recover from individual customers?

DATED at St. John's, in the Province of Newfoundland and Labrador, this 27th day of June, 2014.

COX & PALMER

Per: 
 Thomas J. O'Reilly, Q.C.

TO: The Board of Commissioners of Public Utilities
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Attention: Board Secretary

TO: Newfoundland & Labrador Hydro
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Attention: Geoffrey P. Young
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TO: Newfoundland Power
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Attention: Gerard Hayes
Senior Legal Counsel

TO: Thomas J. Johnson, Consumer Advocate
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TO: Corner Brook Pulp and Paper Limited,
North Atlantic Refining Limited
and Teck Resources Limited
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Attention: Paul Coxworthy

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Attention: Stephanie Kearns

TO: House of Commons
Confederation Building
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Ottawa, ON K1A 0A6
Attention: Yvonne Jones, MP Labrador