

October 1, 2025

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Via Electronic Mail

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

**Attention: Jo-Ann Galarneau, Executive Director
and Board Secretary**

Dear Ms. Galarneau:

**Re: NL Hydro – Application for Approval of General Expenses Capitalization
Deferral Account
- Comments of the Island Industrial Customer Group**

1 These are the comments of the Island Industrial Customer (IIC) Group (Corner Brook Pulp and
2 Paper Limited, Braya Renewable Fuels (Newfoundland) LP and Vale Newfoundland and
3 Labrador Limited) on the above Application.

4 As noted by Hydro in its August 12, 2025 filing correspondence for this Application, the Board
5 by P.U. 16 (2021) directed Hydro to file the proposed deferral account definition along with
6 evidence to support the proposed methodology and capitalization rate as part of Hydro's next
7 general rate application (GRA). In the view of the IIC Group, addressing these matters in the
8 context of the next GRA filing, and not as a precursor to it, continues to be the most appropriate
9 manner of proceeding, as it aligns with resetting the budgets for all Hydro departments in the
10 same fiscal year.

11 As is made clear by Hydro's latest Quarterly Update (filed September 26, 2025) on items
12 impacting on delay in filing its next GRA, Hydro is no longer impeded in its GRA filing by
13 external factors over which it did not have complete control, but by its expressed desire to
14 "streamline" the GRA process by filing a number of precursor applications and reports.
15 However, the present Application appears to be primarily motivated by Hydro's desire to
16 improve its return on rate base, in the context of its continuing delay in making its GRA filing
17 (per Hydro's response to IC-NLH-001).

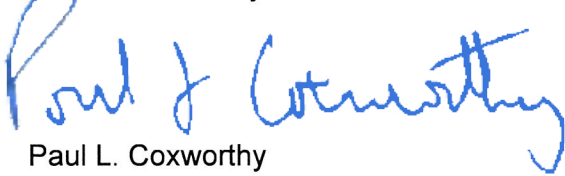
18 As confirmed by Hydro's response to IC-NLH-004, the general expenses proposed to be
19 capitalized are included in the base rates that Hydro's customers are already paying, as
20 approved in Hydro's last GRA. In effect allowing these same amounts to be placed in a deferral
21 account for future recovery, while still recovering them in existing base rates, is a tacit rate
22 increase to Hydro's customers without the testing of Hydro's revenue requirement and other
23 expected checks and balances of a general rate application.

1 Hydro, in its latest Quarterly Update, indicates that it is planning to file its General Rate
2 Application in the first quarter of 2026. Respectfully, Hydro's desire to streamline the GRA
3 process should not be at the expense of a due regulatory process for imposing rate increases
4 through and as part of a comprehensive GRA. Indeed, the IIC Group is concerned that granting
5 piecemeal precursor relief such as that sought by this Application disincentivizes Hydro from
6 proceeding, promptly, with a long overdue comprehensive GRA.

7 We trust these comments will be found to be in order.

Yours truly,

Stewart McKelvey



Paul L. Coxworthy

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8 c: Shirley Walsh, Senior Legal Counsel- Regulatory, Newfoundland & Labrador Hydro
9 Dennis M. Browne, K.C., Consumer Advocate
10 Dominic J. Foley, Newfoundland Power Inc.
11 Glen Seaborn, Poole Althouse
12 Denis Fleming, Cox & Palmer
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