

Office of the Consumer Advocate

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May 11, 2017

Board of Commissions of Public Utilities
120 Torbay Road, P.O. Box 2140
St. John's, NL A1A 5B2

Attention: **G. Cheryl Blundon, Director of
Corporate Services/Board Secretary**

Dear Ms. Blundon:

**RE: Newfoundland and Labrador Hydro – Amended 2013 General Rate
Application – Compliance Application – Order No. P.U. 49 (2016) –
(the “Order”) - RSP – Fuel Price Projection Update**

We have Hydro's letter of May 9, 2017. We oppose Hydro's position on this issue.

The reasonable way forward is that as proposed by NL Power. Hydro's next Rate Application is to be filed in July 2017. That will provide the opportunity to assess the Rate Stabilization Plan as suggested by the Board in the Order. Also, Hydro's forecasting methodology can be analyzed at that time, as this is also deserving of scrutiny.

In the meantime, it is our position that the July 1, 2017, rate be devised based on the mitigation alternatives put forward by NL Power. It is noteworthy that the operation of the RSP has historically been in the range of +/- 10%. NL Power's proposals will bring resulting rates within the historic range.

There is a legal issue here. Hydro has assumed an entitlement to control various credit balances to be used for some future purpose which Hydro proposed. However, these ratepayer balances – which, according to NL Power, totals \$77.4 million - are not the property of Hydro.

No utility has the right to squirrel away ratepayers' money to be used by that utility for some future purpose. The Board has jurisdiction over these balances and not the utility.

Finally, Hydro writes that there could be “other rate increases” and “more significant rate increases” will be required in the future. However, the results of any future rate application should not be assumed by Hydro.

Yours truly,


Dennis Browne, Q.C.

/bb

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