

April 10, 2017

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

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

Ladies and Gentlemen:

Re: **Newfoundland and Labrador Hydro – Amended 2013 General Rate Application – Compliance Application – Order No. P.U. 49 (2016) – Comments of Vale Newfoundland and Labrador Limited**

We write at this time on behalf of Vale Newfoundland and Labrador Limited (“Vale”) to provide comments on Newfoundland and Labrador Hydro’s (“Hydro”) compliance application filed on January 27, 2017 (the “Compliance Application”).

The Compliance Application requests, *inter alia*, that the Board approve a Schedule of Rates, Rules and Regulations that would increase Island Industrial rates 7.1%. Hydro has also requested that past revenue deficiencies attributed to the Island Industrial Customers be recovered by a transfer of \$1,631,100 from the Island Industrial Customer segregated load variation component of the Rate Stabilization Plan (“RSP”).

With respect to the amendments required to the Compliance Application before it is accepted as a basis for establishing rates, Vale supports the submissions of the Island Industrial Customer Group dated April 10, 2017.

With respect to the recovery of past revenue deficiencies attributed to the Island Industrial Customers, Vale supports Hydro’s proposal to recover the balance by a transfer of \$1,631,100 from the Island Industrial Customer segregated load variation component of the RSP and the comments on this issue filed on behalf of Corner Brook Pulp Paper on April 10, 2017. Vale submits that the recovery of the deficiency from a balance available in the

**Denis J. Fleming** | Partner

Direct 709 570 5321 Main 709 738 7800 Fax 709 726 4972 Email [dfleming@coxandpalmer.com](mailto:dfleming@coxandpalmer.com)  
Suite 1000 Scotia Centre 235 Water Street St. John's NL A1C 1B6

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RSP is equitable and is consistent with Hydro's evidence and past practice of collecting past balances on a class, as opposed to individual customer, basis.

Hydro's proposal also provides for rate certainty whereas any proposal that recovery of past deficiencies be deferred to a further hearing does not. If this issue is not decided at this time, the parties will continue to have significant uncertainty with respect to electricity costs almost 4 years after Hydro's 2013 General Rate Application was filed. As Vale's products are sold in a global market place, it is imperative that its costs allow it to keep its prices at a competitive level. It is also important to Vale that it has cost certainty as fluctuations in price can create budgeting problems that can affect the company's financial strength.

Vale confirms that it will be filing an Application for costs on all aspects of the Amended 2013 General Rate Application.

Yours very truly,



Denis J. Fleming

DJF

cc. Peter Alteen, Q.C.  
Newfoundland Power Inc.

Tracey Pennell  
Newfoundland & Labrador Hydro

Thomas J. O'Reilly, Q.C.  
Cox & Palmer

Senwung Luk  
Olthuis, Kleer, Townshend LLP

Larry Bartlett  
Teck Resources Ltd.

Dennis Browne, Q.C.  
Browne Fitzgerald Morgan & Avis

Paul Coxworthy  
Stewart McKelvey

Yvonne Jones, MP  
Labrador

Genevieve Dawson  
Benson Buffett

Dean Porter  
Poole Althouse