

IN THE MATTER OF the *Electrical Power Control Act, 1994* (the “EPCA”) and the *Public Utilities Act, R.S.N. 1990, Chapter P-47* (the “Act”) and their subordinate regulations; and

IN THE MATTER OF an Application by Newfoundland and Labrador Hydro (“Hydro”) for approvals of: (1) Under Section 70 of the Act, changes in the rates to be charged for the Supply of power and energy to its Retail Customer, Newfoundland Power, its Rural Customers and its Industrial Customers; (2) Under Section 71 of the Act, its Rules and Regulations applicable to the supply of electricity to its Rural Customers; (3) Under Section 71 of the Act, the contracts setting out the terms and conditions applicable to the supply of electricity to its Industrial Customers; and (4) Under Section 41 of the Act, its 2002 Capital Budget.

**Supplementary Information Requests
of the Industrial Customers**

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IC 282.Reference: RSP Rural Deficit Allocation

- a. Please confirm that the attached Table 1 shows the 1992 PUB approved revenue requirement and Rural Deficit Allocation from IC-1(a) in column A, the 2000 RSP revenue requirement and rural deficit allocation from IC-271 in column B, and the 2001 RSP revenue requirement and rural deficit allocation from IC-272(a).
- b. Please provide a full response to the question asked in IC-278(a) and show the methodology for deriving the RSP rural deficit allocation ratios.
- c. Table 1 shows an RSP rural deficit allocation in 2000 that allocates 6.15% less of the rural deficit to NP and 8.30% more of the rural deficit to IC than if based on the current year revenue requirement and 6.77% less to NP and 9.11% more to IC than if based on the PUB approved rural deficit allocation ratios.
 - i. Please explain fully why the PUB-approved rural deficit allocation ratios of 76.61% to NP and 17.98% to IC were not used in allocating the RSP Rural Deficit.

- ii. Please explain fully why the current year revenue requirement ratios of 75.99% to NP and 18.79% to IC were not used in allocating the RSP Rural Deficit.

- d. Please provide, with full detail and supporting analyses, including all numbers, sources and calculations, the derivation of rural deficit reallocation ratios for the purposes of the RSP from 1992 to 2001.

- e. Please confirm that the rural rate alteration component of the RSP is allocated to NP, IC and Labrador customers on the same basis as the rural deficit. If not able to confirm, please indicate how this rural rate alteration component is allocated to these customers, the detailed rationale for this allocation and the full details on calculation of this allocation for the purposes of the RSP from 1992 to 2000.

IC 283.Reference: IC-271(Rev)

- a. Please confirm that the only RSP-related change to Hydro's 1992 costs and earnings are to 'Production and Transmission Energy' related expenses.
(page 5).

- b. Please confirm that there is no RSP-related change to Hydro's costs for 'Production Demand' or 'Transmission Demand' related expenses.

IC 284.Reference: IC-271(Rev) Production Demand RSP reallocations and 1985 Report of the Board
on Hydro's Rate Proposals

- a. Please confirm that in the attached Table 2:
 - i. columns A and B show the 1992 PUB approved Production Demand Cost from IC-1(a) Forecast Final COS Schedule 3.2A page 2;
 - ii. columns C and D show the 2000 RSP Production Demand cost allocation from IC-271;
 - iii. columns G and H show the 2001 RSP Production Demand cost allocation from IC-272(a).
- b. Please confirm that in Table 2, the small reallocation for 'Revised Rural Customers' is shown in the last line of the table and accounts for the entire difference in the Production Demand costs in the three years shown.
- c. Please confirm that Table 2 shows a reallocation of "Production Demand" costs between customer groups from the 1992 Forecast Final COS.

- d. Please confirm that Hydro's earnings are in no way affected by the reallocation of 'Production Demand' costs (i.e. the RSP simply redistributes the \$90,639,495 'Production Demand' related costs from the 1992 COS between customer groups, which has no net impact on Hydro's earnings).
- e. Please provide the basis for Hydro reallocating 'Production Demand' costs in the RSP.
- f. Please confirm that Hydro does not propose to continue with reallocation of the 'Production Demand' costs in the RSP in future years.

IC 285.Reference: IC-271(Rev) Transmission Demand RSP Reallocation and 1985 Report of the Board on Hydro's Rate Proposals

- a. Please confirm that in the attached Table 3:
 - i. columns A and B show the 1992 PUB approved Transmission Demand Cost from IC-1(a) Forecast Final COS Schedule 3.2A page 2;
 - ii. columns C and D shows the 2000 RSP Transmission Demand cost allocation from IC-271;

- iii. columns G and H shows the 2001 RSP Transmission Demand cost allocation from IC-272(a).

- b. Please confirm that in Table 3, the small reallocation for 'Revised Rural Customers' is shown in the last line of the table and accounts for the entire difference in the Transmission Demand costs in the three years shown.

- c. Please confirm that Table 3 shows a reallocation of "Transmission Demand" costs between customer groups from the 1992 Forecast Final COS.

- d. Please confirm that, similar to 'Production Demand' costs noted above, reallocation of 'Transmission Demand' costs has no net impact on Hydro's earnings.

- e. Please provide the basis for Hydro reallocating 'Transmission Demand' costs in the RSP.

- f. Please confirm that Hydro does not propose to continue with reallocation of the 'Transmission Demand' costs in the RSP in future years.

IC 286.Reference: 1985 Report of the Board on Hydro's Rate Proposals and subsequent Production and Transmission Demand cost reallocation for RSP.

- a. Please confirm that Hydro's RSP was first approved in the Board's 1985 report.
- b. Please confirm that Hydro applied in that hearing for an RSP which adjusted Hydro's income only for fuel cost variations, hydraulic generation variation and any potential for Hydro overearnings. Please confirm that Hydro did not propose a load variation component of the RSP.
- c. Please explain Hydro's rationale for not applying for a load variation component of the RSP in 1985.
- d. Please confirm that the Board added the load variation component of the RSP as noted at page 88 of the 1985 report: "... (vi) Any earnings variation because of a difference between the estimated load and the actual load be included in the Rate Stabilization Plans of Hydro and NLP..." and page 90 of the 1985 report: "The Board recommend that any earnings variation because of a difference between the estimated load and the actual load be included in the Rate Stabilization Plan so Hydro's earnings will not vary". Please confirm that these are the only references in a Board report or order regarding the load variation component of the RSP, and specifically confirm that there is no reference in a Board report or order as to making monthly adjustments in the RSP related to load variations which do not result in an earnings variation for Hydro.

- e. Please provide details of all occasions since 1985 (with a copy of all materials filed) where Hydro has specifically advised the Board or customers that it is reallocating Production and Transmission Demand costs not related to earnings variation in the RSP.

IC 287. Reference: RSP 1992 to 1999

- a. Please provide comparable pages to IC-271(Rev) page 2 to 7 for each of the years 1992 to 1999.
- b. Please provide a full reconciliation between the calculation of the allocation factors for the RSP (including AED factors) for 1992 to 1999 with the allocation factors calculated in the actual COS studies filed in IC-1.
- c. Please provide details of any test year cost reallocation (such as the “revised rural customers” reallocation shown at IC-271(Rev) page 5 line 3) for the years 1992 to 1999.

IC 288. Reference: IC-271(Rev), page 6 of 7 and NP-121

- a. Please provide the calculation of losses shown in IC-271(Rev) page 6 of 7, column 2, lines 1 to 4 and the source of all figures for the calculation of these losses. Please provide the necessary separate estimates for distribution losses,

transformation losses and transmission losses to reconcile to the other energy and NCP values on page 6.

- b. Please reconcile, with full explanations of the amount and rationale of any adjustments:
- i. The MW.h at IC-271(Rev), page 6 of 7, column 3 lines 1 to 4 with the MW.h shown in column 1 lines 5 to 8 and column 1 lines 9 to 12. Please indicate in each instance whether these numbers include any non-firm sales or adjustments for NP generation credits or Interruptible 'B'.
 - ii. The IC sales and losses for AED MW.h at column 1 line 6 with the MW.h at generation at column 3 line 2 (compared to NP and Rural values which do not change between these two locations).
 - iii. The class NCP at generator shown at IC-271(Rev), page 6 of 7, column 2, lines 5 to 8 to the NCP values shown in NP-121 and the NCP values shown in IC-271(Rev) page 6 of 7, column 2, lines 9 to 12. Please indicate whether this includes any adjustments for NP generation credits or Interruptible 'B'. Please explain in detail how the NP 2000 NCP at Transmission from IC-271(Rev) (at 886,106 kW) is

lower than the NP December 2000 peak of 957,161 kW shown in NP-121 and IC-79(Rev).

- iv. The NP, IC and Rural sales and sales+losses from IC-271(Rev) page 6 column 1 to the load values shown NP-121.

- c. Please confirm that the ratios calculated at IC-271(Rev) page 6 are based on actuals and not forecast data. Please confirm that the COS study provided in IC-18 for 2000 Actual Cost of Service Interim Methodology is based on 2000 actuals. Please describe any reason why the two sets of data for 2000 actuals would be different.

- d. Please reconcile the 2000 actual AED and load values shown in IC-271(Rev) page 6 with those shown in IC-18 2000 Actual COS Interim Methodology Schedule 3.1A page 1 columns 3 to 5, Schedule 4.1 page 1 and Schedule 4.2 page 1, and in particular:
 - i. NP load at generation of 4,396,971 MW.h from IC-18 Schedule 3.1A with 4,395,146 MW.h in IC-271(Rev);

 - ii. IC load at generation of 1,286,939 MW.h from IC-18 Schedule 3.1A with 1,289,275 MW.h in IC-271(Rev);

- iii. Rural load at generation of 400,980 MW.h from IC-18 Schedule 3.1A with 400,386 MW.h in IC-271(Rev);
- iv. NP Generation AED of 869,095 from IC-18 Schedule 3.1A with 868,484 from IC-271(Rev);
- v. IC Generation AED of 172,244 from IC-18 Schedule 3.1A with 173,030 from IC-271(Rev);
- vi. Rural Generation AED of 97,315 from IC-18 Schedule 3.1A with 97,140 from IC-271(Rev);
- vii. Please likewise reconcile all Transmission AED values between IC-271(Rev) and IC-18 Schedule 3.1A;

IC 289.Reference: IC-271(Rev), page 5 of 7

- a. Please describe and quantify all test year cost reallocation (for “revised rural customers”) outlined in IC-271(Rev), page 5, line 2. Please indicate the source for these adjustments. Please describe in detail why these adjustments are made to the 1992 forecasts and why they are the only adjustments included.

- b. Please confirm column 8 line 15 is the sum of this test year cost reallocation for “revised rural customers” of \$195,854 plus the rural rate alteration adjustment of \$879,628.

IC 290. Please confirm that the IC portion of the rural deficit plus associated interest was removed from the IC RSP balance for all periods following January 1, 2000. Please provide all supporting analysis and details, including specific references to filed material where necessary, to support the determination of the 918,000 adjustment noted at page 16 of the August 2001 RSP report filed in response to PUB-73.

DATED at St. John's, this 2nd day of November, 2001.

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Per: _____
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