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September 21, 2001

G. Cheryl Blundon
Board Secretary
Board of Commissioners of Public Utilities
Suite E210, Prince Charles Building
120 Torbay Road
P.O. Box 21040
St. John's, NF
A1A 5B2

Dear Ms. Blundon:

Re: Newfoundland & Labrador Hydro's 2001 General Rate Application

Please find enclosed the original plus seventeen (17) copies of Newfoundland and Labrador Hydro's responses to Requests for Information IC-273 and CA-201 to CA-207.

Yours truly,

Newfoundland and Labrador Hydro

Maureen P. Greene, Q.C.
Vice-President & General Counsel

MPG/jc

Enclosure

cc: Gillian Butler, Q.C. and Peter Alteen
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Mr. Dennis Peck
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1 Q. RSP and Rates after 2003 – Reference IC-98, IC-192, IC-193, IC-206 and
2 PUB-53.

3

4 a. Hydro's Five Year Forecast (IC-98) states that the next Hydro GRA is
5 forecast to be filed in 2003 for implementation of new rates as at
6 January 2004 (with these new rates to reflect Hydro's full normal
7 WACC). Please provide adjusted RSP forecasts for 2004 and 2005
8 for oil base prices of \$15/bbl (IC-193), \$20/bbl (IC-192) and \$25/bbl
9 (PUB-53) assuming that new rates as discussed in IC-98 are
10 implemented in January 2004.

11

12 b. Adjust the response to IC-206 assuming that new rates as discussed
13 in IC-98 are implemented in January 2004.

14

15

16 A. a. The information requested is not relevant or required for an
17 understanding of the issues before the Board in this hearing.

18

19 b. The chart provided in response to IC-206 (2) assumes the new rates
20 for 2004 and 2005 from the Five Year Plan and as outlined in the
21 response to IC-254.

1 Q. Further to CA190 and Hydro's Reply to CA190:

2

3 (a) Please provide a copy of draft number 19 of the Final Report as
4 referenced in the minutes of the Coordination Steering Committee
5 Meeting between Newfoundland Power and Newfoundland Hydro
6 dated May 12, 1999. Also, if available, please provide any further
7 drafts or final reports subsequent to draft number 19 of the Final
8 Report.

9

10 (b) Please provide the Final Report of the last draft of each task group
11 with mandates within the NLH/NP Coordination Steering Committee,
12 including all committees listed in the minutes of meeting number 10 of
13 October 8, 1997.

14

15 (c) In the minutes of meeting number 30, Item 2 (c) makes reference to
16 task force to look at the use of inter-company work related to rates
17 and the methodology associated therein. Please provide minutes of
18 meetings in reference to this task group and any reports in draft or
19 final form emanating from that task group.

20

21 A. (a) Attached is a copy of draft number 19 (dated May 5, 1999) and draft
22 number 20 (dated January 4, 2001) of the Final Report of the
23 Coordination Steering Committee between Newfoundland Power and
24 Hydro. Draft number 20 is the latest version as the Final Report was
25 not completed.

1 (b) Attached are the final or latest draft reports and mandates for each of
2 the task groups associated with the Hydro/Newfoundland Power
3 Coordination activity.

4

5 (c) Attached are the minutes of meetings of the task group associated
6 with intercompany work related to rates and the methodology
7 associated with this. Other meetings were held to review draft MOU's
8 however no formal minutes were recorded. The final MOU "Sharing of
9 Services and Equipment" dated December 18, 2000 is attached.

1 Q. In your response to CA70, please clarify if the impact of the Rate
2 Stabilization Plan is incorporated in the current and proposed rates. If not,
3 please provide the same table showing current rates with the Rate
4 Stabilization Plan adjustments incorporated, and proposed rates including
5 the expected Rate Stabilization Plan adjustment as of January 1, 2001.
6

7 A. In the response to CA-70, RSP impacts for Newfoundland Power and Island
8 Industrial customers are not included. RSP impacts are incorporated
9 indirectly for Rural customers whose rates are based on Newfoundland
10 Power's rates. The attached table shows RSP impacts for Newfoundland
11 Power and Island Industrial customers. Rates in the Current column reflect
12 RSP rates as of July 1, 2001. Rates in the Proposed column reflect RSP
13 rates forecast to be in effect as of January 1, 2002.

1 Q. On page 3, lines 27 to 29 of his Supplementary Evidence, Mr. Brickhill
2 states: "Thus it appears to me that Hydro's customers, the provincial
3 government and its regulator give more weight to stability, fairness, and
4 absolute levels of rates than to proper price signals". Please respond to
5 the following:

6

7 (a) What is the basis for this statement?

8 (b) Where does Mr. Brickhill rank rate stability in terms of priority relative
9 to Hydro's other rate design criteria and on what basis?

10

11

12 A. (a) The basis for this statement is found at page 2, line 16 through page
13 3, line 22 of Mr. Brickhill's Supplementary Evidence.

14

15 (b) Stability would be equal in priority to the others from Hydro's
16 perspective, because Hydro believes it is very important to its
17 customers.

1 Q. In Mr. Brickhill's experience, what utilities are using, or have used, a Rate
2 Stabilization Plan similar to that of Hydro?

3

4

5 A. Numerous utilities use fuel adjustment charges and stabilization accounts for
6 weather and precipitation however, Mr. Brickhill is unaware of any utility with
7 a Rate Stabilization Plan that closely corresponds with Hydro's.

1 Q. On page 9, line 30 and page 10, lines 1 to 2, Mr. Brickhill states “Were the
2 RSP eliminated, however, it would be appropriate for Hydro to seek an
3 alternative rate form in order to maintain the stability of its revenues”. In Mr.
4 Brickhill’s experience, what do other utilities do to maintain the stability of
5 their revenues?
6
7

8 A. Other utilities employ weather normalization provisions, fuel adjustment
9 charges, demand charges and customer charges to maintain stability of
10 revenues.

1 Q. (Page 13) Has Hydro built its distribution system to meet the system peak?

2

3

4 A. Hydro has built its distribution systems to meet their respective system

5 peaks.

1 Q. On page 13, lines 17 to 20, Mr. Brickhill states “The rural isolated
2 communities and their load patterns served by Hydro are not like what Dr.
3 Wilson and Mr. Bowman envision. There are no high-rise office buildings or
4 condominiums, shopping malls or large manufacturing points (*sic*)”. Please
5 point to the area of Mr. Bowman’s testimony, and for that matter, Dr. Wilson’s
6 testimony, that support this “vision” of the rural isolated communities.

7
8

9 A. Both Mr. Bowman (see pages 8-9 of his testimony) and Dr. Wilson argue that
10 the NCP method is better than the 1CP method because the distribution
11 equipment is sized to meet local, as opposed to system, peak load. To
12 support this argument, at a minimum, the area served must be large and
13 diverse enough to support subsystems. This is simply not the case for the
14 rural communities served by Hydro.