

**IN THE MATTER OF** the  
*Public Utilities Act*, (R.S.N. 1990, Chapter P-47 (the “Act”))

**AND IN THE MATTER OF** a General Rate Application (the “Application”) by Newfoundland and Labrador Hydro for approvals of, under Section 70 of the Act, changes in the rates to be charged for the supply of power and energy to Newfoundland Power, Rural Customers and Industrial Customers; and under Section 71 of the Act, changes in the Rules and Regulations applicable to the supply of electricity to its Rural Customers.

## **REQUESTS FOR INFORMATION FROM INDUSTRIAL CUSTOMERS**

### **GRANT THORNTON:**

- IC-413 PUB In addition to its review of the reasonableness of the “total GW.h requirements” of Hydro’s load forecast (page 6), did Grant Thornton review the reasonableness of the peak demand forecasts used by Hydro?
- IC-414PUB Has Grant Thornton reviewed the reasonableness of an increase in Hydro’s reported debt costs from 2002 to 2004 (from page 12 of Grant Thornton General Rate Hearing review) given the overall reduction in long-term interest rates occurring during this period. The response to IC-238 indicates Hydro’s largest components of debt (Canadian Bond Interest) reducing in average cost since 2002. Grant Thornton indicates they have “vouched the individual components” of the net interest expense - what review has Grant Thornton conducted of the “average total debt” numbers (as detailed in IC-238) and the reasonableness of the various average balances reported for “loss on exchange”, “discount and issues expenses”, “CFLCo Interest”, and “Sinking Funds”. Is Grant Thornton of the opinion that these values are likewise reasonable and calculated correctly?
- IC-415PUB What are the interest rates charged on the various RSP-type plans in effect in other jurisdictions (reviewed in the Discussion Paper on the RSP)? Do the plans use short-term debt based rates or long-term costs of capital?
- IC-416 NP Please provide the load forecast for 2004 for the Burin peninsula, indicating capacity peaks and energy by month, as well as generating forecast for generation on the Burin peninsula by month.

- IC-417 NP Does Newfoundland Power offer an interruptible load program? If so, please provide the rate paid per MW, the terms and conditions of the offering, the total number of customers participating, and the total number of MW participating. Also, please provide a copy of the rate schedule or contract used by NP for any interruptible rate offering.
- IC-418 NP Does NP plan to eliminate any existing curtailable load offerings?
- IC-419 NP Please provide an estimate of the incremental costs to NP for purchased power in 2004 if loads exceed the load forecast by 5% based on Hydro's proposed rates.
- IC-420 NP Please explain in detail any additional costs, other than purchased power, for NP if sales exceed the load forecast by 5% and explain in detail how the above situation would be addressed by Hydro's RSP and by NP's rate stabilization mechanisms.
- IC-421 NP If the Board ordered Hydro to charge a demand/energy rate to Newfoundland Power and directed Newfoundland Power not to modify its seasonal storage pattern so as to increase the likelihood of spillage (such direction being made for the purpose of implementing the policy contained in Section 3(b) of the EPCA), would the incentive to modify storage patterns remain and would Newfoundland Power feel itself at liberty to act upon such incentive?
- IC-422 NP Please provide values for Chart 3 in Perry and Henderson (i.e., what were the annual billing demands and normalized peak demands for each year).
- IC-423 NP Please provide values for Chart 5 in Perry and Henderson (i.e., what were the peak demands and energy requirements for each year).
- IC-424 NP Brockman, page 16, indicates that energy should not be sold at prices lower than the "cost to produce it" which is stated to be the "short-run marginal cost". Please confirm that regulated rates based on embedded costs often result in prices below the short-run marginal costs of the highest cost energy dispatched at any given time.
- IC-425 NP Please confirm that many large industrial and wholesale rates in regulated jurisdictions in Canada have an energy rate set on embedded costs that is below the short-run marginal costs (or opportunity cost) of the utility.
- IC-426 NP Please give examples of regulated Canadian jurisdictions that have set rates higher than the measured embedded costs in order to achieve the price signal noted (i.e., prices equal to short-run marginal costs).
- IC-427 CA Provide a copy of the report by McKinsey and Co referred to at p. 17 line 16 of the Evidence to C. D. Bowman.

**DATED** at St. John's, Newfoundland and Labrador, this                      day of September, 2003.

**STEWART MCKELVEY  
STIRLING SCALES**

**POOLE ALTHOUSE**

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Colm Seviour

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