HAND DELIVERED

July 18, 2003

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

Attn: Ms. Cheryl Blundon Board Secretary

Ladies and Gentlemen:

Re: Newfoundland and Labrador Hydro 2003 General Rate Application

Enclosed please find 11 copies each of Newfoundland Power's Requests for Information NP-1 through NP-147.

The convention used to label the Requests for Information indicate both the requestor and the intended respondent, as directed by the Board's Secretary in correspondence of July 16, 2003. For example, NP-1 NLH indicates Newfoundland Power is requesting information from Newfoundland and Labrador Hydro (Hydro).

The Requests for Information refer to the evidentiary descriptions provided in Hydro's Prefiled Evidence. For example, in Request for Information NP-1 NLH, the reference to Finance and Corporate Services Evidence refers to the prefiled evidence sponsored by Mr. J.C. Roberts, Hydro's Vice President, Finance and Chief Financial Officer. If there are any questions relating to this, please feel free to contact the undersigned directly.

Copies have been emailed directly to the persons listed below in accordance with the Protocol and Procedure for Filing provided to the parties by the Board's counsel.

Board of Commissioners of Public Utilities July 18, 2003 Page 2 of 2

We trust the foregoing and enclosed are found to be in order.

Yours very truly,

Peter Alteen Corporate Counsel & Secretary

Enclosure

c. Ms. Maureen P. Greene, Q.C. Newfoundland and Labrador Hydro

> Mark Kennedy Board Hearing Counsel

Ms. Janet Henley Andrews Q.C./ Mr. Joseph S. Hutchings Counsel to the Industrial Customers

Mr. Dennis Browne, Q.C. Consumer Advocate

Edward Hearn, Q.C. Counsel to the Town of Labrador City

Requests for Information Newfoundland & Labrador Hydro ("Hydro") 2003 General Rate Application

Revenue Requirement

- NP 01 NLH Reconcile the 2004 forecast revenue requirement of \$373,319,000 (Finance and Corporate Services evidence, Schedule II) with the \$374,015,236 total revenue requirement, Column 6 (Cost of Service evidence, Exhibit RDG-1, page 3).
- NP 02 NLH Provide a detailed calculation of interest coverage for the years 1998 to 2002 and forecast for 2003 and 2004. Provide separate calculations for interest coverage on regulated and non-regulated operations.
- NP 03 NLH Provide an expanded version of Schedule II of the Finance and Corporate Services evidence to include actuals for 1998 to 2001.
- NP 04 NLH Reconcile the 10.75% requested rate of return on equity for 2004 with the 10.4% 2004 rate of return on equity shown in the Finance and Corporate Services evidence, Schedule IX.
- NP 05 NLH Reconcile the \$21,179,000 return on equity for 2004 in the Finance and Corporate Services evidence, Schedule II and the Finance and Corporate Services evidence, Schedule IX with the \$16,610,081 return on equity for 2004 shown in Cost of Service evidence, Exhibit RDG-1 page 2 of 107, line 21, column 2.
- NP 06 NLH Provide details of the \$2,655,000 reduction in 2004 revenue requirement related to the Non-Regulated Customer (Finance and Corporate Services evidence, Schedule II, line 31).
- NP 07 NLH Please confirm that Hydro is not recommending that the Board adopt, for determining the 2004 test year revenue requirement, the recommendation of the SGE Acres Study that the longest reliability reference inflow sequence should be used for all Hydro's operation planning and rate setting purposes?

Operating & Maintenance Expenses

- NP 08 NLH Provide an explanation for the year over year change in each of the following expenses, by division where applicable, for 2002 and forecasts for 2003 and 2004 (Finance and Corporate Services evidence, Schedule II and Schedule XIII; Production evidence, Schedule VI; Transmission and Rural Operations evidence, Schedule V).
 - (a) salaries and fringe benefits;
 - (b) system equipment maintenance;
 - (c) insurance;
 - (d) transportation;
 - (e) office supplies;
 - (f) building rentals and maintenance;
 - (g) professional services;
 - (h) travel;
 - (i) equipment rentals;
 - (j) miscellaneous; and
 - (k) loss on disposal of fixed assets.
- NP 9 NLH Provide details of staffing levels by division and department for the years 1997 to 2002 and projections for 2003 and 2004 (Corporate Overview evidence, page 8, lines 19 to 24).
- NP 10 NLH Provide the year-end staffing numbers classified by temporary and permanent employees as per the Corporate Overview evidence, Chart 2, page 9 and including forecast 2003 and 2004.
- NP 11 NLH Provide details by department of the 10% reduction in permanent positions for the period 2000 to 2002 (Corporate Overview evidence, page 8, lines 22 to 24).

NP 12	NLH	Provide details of salaries and fringe benefits expense for each year by division and department from 1998 to 2002 and forecast for 2003 and 2004 (Finance and Corporate Services evidence, Schedule II, line 15) by type of labour (i.e., regular permanent, regular temporary, overtime and contractor).
NP 13	NLH	Provide details of salaries and fringe benefits expense for each year from 1998 to 2002 and forecast for 2003 and 2004 by capital and operating functions (Finance and Corporate Services evidence, Schedule II, line 15).
NP 14	NLH	Provide the labour escalation rate used in the test year operating forecast (Finance and Corporate Services evidence, Schedule II, line 15).
NP 15	NLH	Provide details of inter-corporate transactions for each year for the period 1998 to 2002 and forecast for 2003 and 2004 (Finance and Corporate Services evidence, Schedule II, line 30).
NP 16	NLH	Provide details of regulated and non-regulated expenses incurred for: charitable donations, advertising, and community relations for each year of the period 1998 to 2002 and forecast for 2003 and 2004 (Finance and Corporate Services evidence, Schedule II, line 31).
NP 17	NLH	Provide a list of all consultants engaged by Hydro with a description of the associated projects and total project consultant costs for all consultancy engagements in excess of \$50,000 for the period 1998 to 2002.
NP 18	NLH	Provide details of the methodology used by Hydro to allocate expenditures from non-construction departments to Hydro Capitalized Expense (Finance and Corporate Services evidence, Schedule II, line 29).
NP 19	NLH	Provide the yearly Hydro Capitalized Expense amount in dollars and as a percentage of capital expenditure for 1998 to 2002 and forecast for 2003 and 2004 (Finance and Corporate Services evidence, Schedule II, line 29).
NP 20	NLH	Provide a detailed reconciliation of the \$8.1 million actual Hydro Capitalized Expense for 2002 and the \$5.7 million 2002 Test Year approved Hydro Capitalized Expense (Finance and Corporate Services evidence, Schedule II, line 29).
NP 21	NLH	Provide the details of the \$84,410,000 cost of No. 6 fuel for 2004 including the number of barrels, purchase cost, etc.) (Finance and Corporate Services evidence, Schedule II, line 5).

NP 22	NLH	Provide in tabular form details of uncollectible bills (in \$ and % of annual revenue) for the period 1998 to 2002 and forecast for 2003 and for each of the following systems: Island Rural Isolated; Island Rural Interconnected; Labrador Rural Isolated; and Labrador Rural Interconnected 2004 (Finance and Corporate Services evidence, Schedule II).
NP 23	NLH	Provide the reports on the annual reviews of Hydro conducted by the Board's financial consultants for each year for the period 1998 to 2002.
NP 24	NLH	Provide the number of company vehicles by division vehicle class and location for each year from 1998 to 2002 and forecast for 2003 and 2004 (Finance and Corporate Services evidence, Schedule II, line 18).
NP 25	NLH	Provide the details of the of vehicle utilization by unit for off-road track vehicles (muskeg type) by year for the period 1998 to 2002.
NP 26	NLH	Provide Hydro's policy or criteria for determining vehicle replacement.
NP 27	NLH	Provide Hydro's costs incurred for helicopter rentals and retainer fees by location for the period 1998 to 2002.
NP 28	NLH	Provide copies of Hydro's corporate operating budget document for each of the years 1998 to 2003.
NP 29	NLH	On page 12, lines 2 to 4 of the Corporate Overview evidence it states "The chart demonstrates that Hydro has achieved performance gains since total costs are tracking below overall inflation across the period." Provide a brief description of the operational efficiencies, and the net benefits associated with each initiative that has contributed to these performance gains during the period 2000 to 2004.
NP 30	NLH	Please provide details as to the 2002, 2003, 2004 operating cost reductions resulting from the elimination of 46 positions in 2002 (Finance and Corporate Services evidence, page 3, line 18).
NP 31	NLH	Please provide the number of customers supplied by each of the utilities used in the Canadian Utilities Comparison for 1992 to 2002 (Corporate Overview evidence, Schedule I).
NP 32	NLH	Please provide the percentage of assets allocated to generation, transmission and distribution for each of the utilities used in the Canadian Utilities Comparison for 1992 to 2002 (Corporate Overview evidence, Schedule I).

NP 33	NLH	Provide the breakdown of the 209 permanent positions eliminated since 1992 due to changes in organizational structure and business processes, technological improvements and efficiency enhancements (Corporate Overview evidence, page 8 lines 19 to 24).
NP 34	NLH	Please provide the permanent employee vacancy rate (both forecast and actual) for the years 1992 to forecast 2004 (Corporate Overview evidence, Chart 2, page 9).
NP 35	NLH	Provide the number of full-time equivalent employees by division and by permanent and temporary for the forecast years of 2003 and 2004 (Corporate Overview evidence, Chart 2, page 9). If available, provide the same information on a monthly basis.
NP 36	NLH	Please explain why there are hourly wage costs for 2002 and none in the forecast for 2003 and 2004 (Finance and Corporate Services evidence, Schedule XIII, line 5; Transmission and Rural Operations evidence; Schedule V, line 7; and Production evidence, Schedule VI, line 6).
NP 37	NLH	Please provide a detailed explanation of the variance of Corporate Group Benefits from Test Year 2002 to actual 2002 and forecast 2003 & 2004 (Finance and Corporate Services evidence, Schedule XIII, line 9).

Rural Deficit

NP 38	NLH	In the Discussion Paper on the Rural Deficit, page 3 of 14, provided as Schedule II to Corporate Overview evidence, it is stated that "Customers on the Labrador Interconnected system pay 49% more than their cost of service as their share of the rural deficit". Please reconcile this statement with the 2004 forecast revenue to cost ratio of 1.19 for Rural Labrador Interconnected (Cost of Service evidence, Exhibit RDG-1, page 3, line 5).
NP 39	NLH	Provide the details behind the Diesel fuel costs for 2002 Test Year revenue requirement, 2002 actual, and forecast diesel fuel costs for 2003 and 2004 (Production evidence, Schedule IX).
NP 40	NLH	For each isolated system, provide a table showing the 2002 peak load, percent reserve and annual capacity factor.
NP 41	NLH	How does Hydro balance the issues of cost and reliability in the area of generation capacity planning on isolated systems?
NP 42	NLH	How does Hydro balance the issues of cost and reliability in their transmission and distribution design criteria?
NP 43	NLH	How does Hydro balance the issues of cost and reliability in providing voltage and frequency stability?
NP 44	NLH	Provide details of the impact on Hydro's 2004 test year cost of the relocation of the residents of Petites expected to occur in October 2003.
NP 45	NLH	Provide details on the cost of the electrical system (i.e., generating station, transmission line, terminal station, distribution line, telecommunications equipment and type of general property) put in place to serve the customers of Shango Bay. Include the amount of contribution received from Provincial and Federal Governments.
NP 46	NLH	Is Hydro currently serving customers in both Shango Bay and Davis Inlet? What are the plans for decommissioning the service to Davis Inlet?
NP 47	NLH	Transmission and Rural Operations evidence, Schedule IV shows that the installed capacity for Charlottetown increased from 936 kW in 2000 to 2,250 kW in 2002. Was the increase in capacity installed in response to a request for service from the seafood processing facility referred to on page 32, lines 21 to 23 of the Production evidence?

NP 48	NLH	Transmission and Rural Operations evidence, Schedule IV shows that the installed capacity for Little Bay Islands increased from 1,250 kW in 2000 to 1,700 kW in 2002. Was the increase in capacity installed in response to a request for service from the seafood processing facility referred to on page 32, lines 21 to 23 of the Production evidence?
NP 49	NLH	Please identify the rate paid by the seafood processing facilities in Charlottetown and Little Bay Islands referred to in the Production evidence on page 32, lines 21 to 23?
NP 50	NLH	Provide the capital cost of the additional installed capacity for each of the isolated systems in Charlottetown and Little Bay Islands (Transmission and Rural Operations evidence, Schedule IV).
NP 51	NLH	Provide estimates of the impact on the Isolated Rural Deficit for 2002 and forecast for 2003 and 2004 of providing increased installed capacity to the isolated systems of Charlottetown and Little Bay Islands (Transmission and Rural Operations evidence, Schedule IV).
NP 52	NLH	Please provide the "Report on a Task Force Review of Operational and Financial Initiatives on Hydro's Isolated Diesel Systems" dated December 1993 and filed at the 1995 Rural Rate Inquiry.
NP 53	NLH	Section 5 of the "Report on a Task Force Review of Operational and Financial Initiatives on Hydro's Isolated Diesel Systems" dated December 1993 provided initiatives to be undertaken and an implementation date for each initiative. Please provide a discussion of each initiative identifying the implementation date for each initiative and the annual savings that resulted from each initiative. If any of the initiatives were not implemented, please explain why not.
NP 54	NLH	Was any contribution in aid of construction required from either of the seafood processing facilities referred to in the Production evidence on page 32, lines 21 to 23?
NP 55	NLH	The Corporate Overview evidence identified several initiatives Hydro has undertaken to reduce the rural deficit (page 26, line 1 to 17). Please quantify the 2004 test year savings resulting from each initiative.
NP 56	NLH	Provide a forecast of the rural deficit for each year from 2003 to 2007 broken down by Island Interconnected, Island Isolated and Labrador Isolated (Corporate Overview evidence, page 25, lines 19 to 21).
NP 57	NLH	The Provincial Government recently announced a wind demonstration project will be built near Ramea. Has this project been factored into the 2004 test year? If yes, what is the project's impact on the Rural Deficit?

NP 58	NLH	If available please provide the updated review of comparative practices in other jurisdictions as noted on page 12 of 14 in the Discussion Paper on Hydro Rural Deficit Issues (Corporate Overview evidence).
NP 59	NLH	Does the evidence update the initiatives Hydro has implemented and continues to implement to improve operational efficiency (Corporate Overview evidence, Discussion Paper on Hydro Rural Deficit Issues, page 12 of 14)? If yes, please provide references to such updates. If not, please provide the updated evidence.
NP 60	NLH	Please provide detailed explanation for the year over year change to total purchased power expense as shown in the Production evidence, Schedule IX.

Production /Purchased Power Expense

NP 61	NLH	Provide the total levelized cost to the system in \$/kW-Yr and cents/kWh for the Granite Canal project (Production evidence, page 3, lines 2 to 5).
NP 62	NLH	Provide the calculation used to derive the 5.8% RSP adjustment forecast for 2004 (Rates and Customer Services evidence, page 20, line 17).
NP 63	NLH	Provide the calculation used to derive the \$43,158,000 RSP transfer for 2003 (Finance and Corporate Services evidence, Schedule II, line 11).
NP 64	NLH	Provide the details by plant of the derivation of the 2004 forecast of 4,582 GWh hydroelectric generation based on a 30-year average (Production evidence, Table 7, page 30).
NP 65	NLH	Please reconcile 4,234 GWh shown in the Production evidence, page 29, line 28 with the figures in Table 7.
NP 66	NLH	Provide the details by plant used to derive the 2004 forecast of 4,458 GWh hydroelectric generation based on the full historic record (Production evidence, Table 7, page 30).
NP 67	NLH	Please confirm that the inflow sequences used in the recommended method in Table 7 (Production evidence, page 30) have not yet been corrected to ensure internal consistency as recommended by the SGE Acres report.
NP 68	NLH	The SGE Acres report (Production evidence, Exhibit JRH-2) recommended that "the longest reliable inflow sequence (period of record) should be used for all Hydro's operations planning and rate setting purposes". Provide evidence of SGE Acres past experience before regulatory boards concerning appropriate production levels for <i>rate setting purposes</i> .
NP 69	NLH	The SGE Acres report (Production evidence, Exhibit JRH-2) Section 4.2.1. refers to upward trends in precipitation for several of the nine precipitation series and that one would expect this to be similar to the stream flow series plots. Three possible causes for the inconsistency are put forward in the report but the report goes on to say that a detailed study would be required to investigate these possibilities. Please explain why a study of these possibilities is not included as part of the Acres Island Hydrology Review Final Report and why the inconsistency was not reconciled as part of the report.

NP 70	NLH	The SGE Acres report (Production evidence, Exhibit JRH-2) indicates at page 7-6 that "Just over half (of the utilities surveyed) use energy estimates in rate setting with most providing these estimates to a regulatory agency". Are these survey results the sole foundation of the recommendation at page 9-2 that the longest reliable reference inflow sequence should be used for <i>rate setting purposes</i> ? If not, please provide the other factors relied upon by SGE Acres in reaching this recommendation.
NP 71	NLH	The SGE Acres report (Production evidence, Exhibit JRH-2) indicates at page 7-6 that "Just over half (of the utilities surveyed) use energy estimates in rate setting with most providing these estimates to a regulatory agency". Are these survey results the sole foundation of the recommendation at page 9-2 that the same estimate of average annual energy from hydroelectric resources should be used for operations, planning and <i>rate setting</i> . If not, please provide the other factors relied upon by SGE Acres in reaching this recommendation.
NP 72	NLH	Does SGE Acres believe that valid reasons exist for use of one set of energy estimates for planning and operations and another set of energy estimates for <i>rate setting</i> ? Please fully explain the reasons for SGE Acres belief.
NP 73	NLH	Provide an update of the curves describing Total System Energy Storage to reflect the most current available data (Production evidence, Schedule IV).
NP 74	NLH	Provide the detailed calculations to derive the 2004 fuel conversion factor of 624 kWh per barrel (Production evidence, Schedule VII).
NP 75	NLH	Provide the actual production efficiency (in kWh per barrel) for the Holyrood Generating facility by month and year for each year from 1998 to current and forecast for the remainder of 2003 and 2004 (Production evidence, Schedule VII).
NP 76	NLH	Provide a breakdown of the firm energy capability forecast in GWh by hydroelectric, thermal and energy purchases for the years 2003 to 2010 (Production evidence, Schedule XIV).
NP 77	NLH	Provide the details by plant and in aggregate of the water to energy conversion factors used in the derivation of the 2004 forecast of 4,582 GWh hydroelectric generation based on a 30-year average (Production evidence, Table 7, page 30).
NP 78	NLH	Provide the number of tonnes of sulphur dioxide emissions from the Holyrood thermal plant for each month from January 1997 to December 2002 (Production evidence, page 21, lines 29 to 30).
NP 79	NLH	Provides details of the additional regulatory burden associated with a hedging program (Production evidence, page 22, line 30 to page 23, line 2).

NP 80	NLH	Provide in a table similar to Production evidence, Schedule VII the actual Holyrood fuel conversion factor achieved for 2002 and year to date 2003 on a monthly basis.
NP 81	NLH	For 2003, provide a year-to-date comparison of the forecast to the actual No. 2 fuel purchases by month providing both quantity purchased and purchase cost (Production evidence, page 24, lines 7 to 10).
NP 82	NLH	Provide the historic purchase details (in kWh) by month to support the forecast 2003 and 2004 energy purchases from Star Lake and Rattle Brook facilities (Production evidence, page 27, lines 11 to 15).
NP 83	NLH	Provide the 2003 energy purchases (in kWh) by month and year-to-date from Star Lake and Rattle Brook (Production evidence, page 27, lines 11 to 15).
NP 84	NLH	Has Hydro considered using historic streamflows to forecast the energy purchases for Star Lake and Rattle Brook (Production evidence, page 27, lines 11 to 15).
NP 85	NLH	Confirm that Hydro does not use the average annual energy in evaluating its firm energy criterion for generation planning purposes (Production evidence, page 29, lines 1 to 2).
NP 86	NLH	Did SGE Acres specifically review which methodology (i.e., the 30 year average or the average based on the longest available sequence) would have been a better predictor of inflows for each of the last 10 years (Production evidence, page 29, lines 14 to 18)?
NP 87	NLH	The Production evidence, page 8 lines 13 to 17, refers to a number of ongoing initiatives within the Production Division. Please provide a list of these initiatives and quantify the associated benefits.
NP 88	NLH	Please provide a list of: the Key Performance Indicators; the actual performance results for 1998 to 2002; and performance targets for 2003 and 2004 (Production evidence, page 8, lines 17 to 18).
NP 89	NLH	The Production evidence, page 12 and 13, refers to initiatives that attempt to push the net energy conversion rate at Holyrood as high as practical. How much improvement in the conversion factor is anticipated as a result of the Continuous Emission Monitoring System in 2003? How has this been factored into the 624 kWh/bbl conversion factor for 2004?
NP 90	NLH	Please reconcile the fuel expense and fuel consumption with the average purchase price as shown in the Production evidence, Schedule VII.

Financial Issues

NP 91 NLH Complete the following table for each year from 1998 to 2002 and forecast for 2003 and 2004:

	Calculation of	Hydro Plant Investment 1998 – 2004 (000s)	and	Rate	Bas	se					
			Bal Dec <u>19</u>	ance c. 31 998	Bal Dec <u>19</u>	ance c. 31 999	••••	Bal Dec <u>2(</u>	ance c. 31)03	Bala Dec <u>20</u>	ance 2. 31 2 <u>04</u>
Plant	Investment										
1	Power Generation:		\$	-	\$	-		\$	-	\$	-
2	- Thermal		\$	-	\$	-		\$	-	\$	-
3	- Hydro		\$	-	\$	-		\$	-	\$	-
4	- Diesel		\$	-	\$	-		\$	-	\$	-
5	- Gas Turbine		\$	_	\$	_		\$	_	\$	_
6 7	Total		\$	-	\$	-		\$	-	\$	-
8	Substations		\$	-	\$	-		\$	-	\$	-
9	Transmission		\$	-	\$	-		\$	-	\$	-
10	Distribution		\$	-	\$	-		\$	-	\$	-
11	General Properties		\$	-	\$	-		\$	-	\$	-
12	Transportation		\$	-	\$	-		\$	-	\$	-
13	Communications		\$	-	\$	-		\$	-	\$	-
14	Computer Software		\$	-	\$	-		\$	-	\$	-
15	Computer Hardware		\$	-	\$	-		\$	-	\$	-
16	Customer Contributions		\$	-	\$	-		\$	-	\$	-
17	Government Contributions		\$	_	\$	_		\$	_	\$	_
18											
19	Total Depreciable Plant	[Line 6 + Lines 8 to17]	\$	-	\$	-		\$	-	\$	-
20											
21 22	Non-Depreciable Land/Plant		<u></u>		\$	_		\$		\$	_
23 24	Total Plant	[Line 19 + Line 21]	\$	-	\$	-		\$	-	\$	-
24 25	Construction Work In Progress	[CWIP]	\$		\$	_		\$		\$	_
26 27	Total Plant Investment	[Line 23 + Line 25]	\$	_	\$	_	_	\$	_	\$	_

Rate Base Calculation

1								
28	Plant Investment Less CWIP	Line 23	\$ -	\$ -	\$	-	\$	-
29								
30	Deduct:							
31	Accumulated Depreciation		\$ -	\$ -	\$	-	\$	-
32	Contributions In Aid of Construction		\$ -	\$ -	\$	-	\$	-
33	Add/Deduct Other Items		\$ _	\$ _	\$	-	\$	_
34			\$ -	\$ -	\$	-	\$	-
35								
36	Net Plant Investment	Line 28 - Line 34	\$ -	\$ _	\$	_	\$	_
37								
38	Deferred Realized Foreign Exchange Loss		\$ -	\$ -	\$	-	\$	-
39	Cash Working Capital Allowance		\$ -	\$ -	\$	-	\$	-
40	Inventories		\$ _	\$ _	\$	-	\$	-
41								
42	Rate Base At Year End	Line 36+38+39+40	\$ _	\$ _	<u>\$</u>		<u></u>	

- NP 92 NLH Provide the detailed calculation of the \$16,292,000 in fuel inventory for 2003 and \$14,907,000 in fuel inventory for 2004 (Finance and Corporate Services evidence, Schedule III, page 1). Include details of the fuel inventory by location at December 31st, 1998 through 2002, including volumes and cost per barrel.
- NP 93 NLH Provide details of the \$19,387,000 of supplies inventory for both 2003 and 2004 (Finance and Corporate Services evidence, Schedule III, page 1 of 3). Include details of composition and cost of the supplies inventory by location at December 31st, 1998 through 2002.
- NP 94 NLH What does the credit balanced related to unamortized debt premium and financing costs represent (Finance and Corporate Services evidence, Schedule VIII) and why is it not factored into the calculation of Rate Base shown in Finance and Corporate Services evidence Schedule III, page 1 of 3.

NP 95 NLH	Provide a schedule similar to the Finance and Corporate Services evidence Schedule V, to show the years 1998 to 2002 along with 2003 and 2004.
NP 96 NLH	Provide a copy of Hydro's most recent 5 year financial plan (Finance and Corporate Services evidence, page 10, Table 2).
NP 97 NLH	What dividend payout ratio was used to calculate the \$15,885,000 projected dividend for 2004 (Finance and Corporate Services evidence, Schedule IX)?
NP 98 NLH	Provide the Debt Guarantee fee for each year from 1998 to 2002 and forecast for 2003 and 2004 (Finance and Corporate Services evidence, Schedule VII).
NP 99 NLH	Provide detailed calculations of the interest rate projections for 2003 and 2004 (Finance and Corporate Services evidence, page 15, line 14).
NP 100 NLH	Provide details of the calculation of the \$119,166,000 Interest Expense for 2004 identifying the interest applicable to each long-term debt issue and applicable short-term debt (Finance and Corporate Services evidence, Schedule VII).
NP 101 NLH	Reconcile the 2004 forecast interest cost of \$101,411,000 provided in the Finance and Corporate Services evidence, Schedule II with the \$119,166,000 cost of debt in Schedule VII.
NP 102 NLH	How does Hydro propose to determine excess earnings and how does Hydro propose to deal with excess earnings (Corporate Overview evidence, page 22, lines 11 to 22)?
NP 103 NLH	Provide the lead-lag study used to determine the cash working capital allowance for 2004 (Finance and Corporate Services evidence, page 13, lines 17 to 19).
NP 104 NLH	Provide the current bond rating reports for Hydro and the Province of Newfoundland and Labrador.
NP 105 NLH	Does Hydro believe that an automatic adjustment mechanism for setting rates in future years is appropriate for Hydro. If no, why not?
NP 106 NLH	Please provide the most recently approved rates of return and the dates of the approvals for each of the other Crown owned utilities in Canada.
NP 107 NLH	In Hydro's opinion, what is the required range of interest coverage necessary to maintain Hydro's creditworthiness in the capital markets?

- NP 108 NLH Please explain why accounts receivables are forecast to increase from \$42,452,000 in 2003 to \$48,137,000 in 2004 (Finance and Corporate Services, Schedule VIII). Also, provide the forecasting methodology for the estimates.
- NP 109 NLH Please explain why construction in progress is forecast to increase from \$55,403,000 in 2003 to \$69,299,000 in 2004 (Finance and Corporate Services, Schedule VIII).

Cost of Service/Rates

NP 110 NLH	Provide an electronic copy of the cost of service study with formulas included and user documentation (Cost of Service evidence, Exhibit RDG-1).
NP 111 NLH	Provide a revised Cost of Service Study reflecting Hydro's recommendations on assignment of plant (Cost of Service evidence, page 9, line 25 to page 10 line 16).
NP 112 NLH	Using current forecasts, extend the projection of RSP balances out to 2008 (Finance and Corporate Services evidence, Schedule XII).
NP 113 NLH	Provide the details of the calculation of the interconnected system load factor for the period 1998 to 2002 and forecast 2003 and 2004 in the same format as provided in the Cost of Service evidence, Exhibit RDG-1, Schedule 4.2, page 105.
NP 114 NLH	Reconcile the variance of specifically assigned cost to Newfoundland Power from Schedule G, page 44, line 1 of the 2002 forecast cost of service revised August 2002 filed pursuant to P.U. 7 & P.U. 16 (2002-03) with the 2004 forecast cost of service page 38 line 1 (Cost of Service evidence, Exhibit RDG-1).
NP 115 NLH	Table 7 of the Rates and Customer Services evidence, shows that from 2004 to 2008, the revenue credit available to reduce the rural deficit will grow from \$135,555 to \$2,884,143. Is Hydro proposing to apply the increased revenue between hearings to the Retail Rate Stabilization Plan to provide a benefit to those that are paying the rural deficit.
NP 116 NLH	Provide the capacity factors for each year for the time period 1998 to 2002 and forecasts for 2003 and 2004 on each of Hydro's hydraulic and thermal plants (including gas turbines and diesels) on the Island Interconnected System.
NP 117 NLH	In the Stone and Webster report "Review of Rate Design for Newfoundland Power", it is stated on page 5:
	"Hydro currently uses a weather adjustment model that separates weather- based peak changes from changes that may be attributable to actual growth in load requirements from customers."
	Please provide the equations associated with this model along with the data used to develop the model.

NP 118 NLH	In the Stone and Webster report "Review of Rate Design for Newfoundland Power", it is stated on page 11, the demand cost should be set at a level that is "sufficient to provide a load management incentive to NP.
	Please describe any potential options for Hydro to provide Newfoundland Power load management incentives other than through a demand energy rate.
NP 119 NLH	The Cost of Service evidence states at page 17, lines 25 to 26:
	"It is our view that monthly peaks are not relevant in light of the fact that it is only winter peak that drives demand costs."
	On the Hydro power systems, is it correct that certain customers' usage will peak during seasons other than winter?
NP 120 NLH	If there are customers' whose usage peak in seasons other than winter, won't there be some demand related costs on the distribution system, in particular, the cost of components closest to the customer such as a pole mounted transformer, partially driven by peaks that occur during periods other than winter?
NP 121 NLH	Please provide a copy of the East Coast Voltage Study filed at the 1997 Hydro Capital Budget Hearing.
NP 122 NLH	Please provide details on any transmission line capacity upgrades and capacitor additions on the 230 kV East Coast Transmission System from 1996 to current that were required to meet loading levels outside the winter peak period.
NP 123 NLH	Provide the derivation of the Holyrood capacity factor used in the demand/energy classifications in the 2004 Cost of Service study.
NP 124 NLH	In the Cost of Service evidence, page 15, lines 26 to 28, states:
	" the energy price signals the need to either use or conserve <i>natural</i> resources, while the demand price signals the need to conserve <i>capital</i> resources."
	The Production evidence, Table 8 shows that the next generation requirement is currently forecast to be in 2010 as a result of an energy deficit in 2009.
	If an energy deficit is driving the need for new generation, isn't it correct that energy price signals also signal the need to either use of conserve capital resources? If no, please explain.

- NP 125 NLH In general, do facilities that are built to provide energy (i.e., baseload plants) or facilities that are built to serve demand consume more capital resources? Which type of facility generally consumes more natural resources?
- NP 126 NLH What cases is Hydro considering to run to determine such things as the appropriate demand/energy balance, variations in its revenue stream, etc. (Cost of Service evidence, Exhibit RDG-2, Section 6.3)?
- NP 127 NLH Has Hydro or Stone and Webster evaluated or are planning to evaluate the risk to Newfoundland Power of various demand/energy rate structures?
- NP 128 NLH In the Stone and Webster report "Review of Rate Design for Newfoundland Power", page 15, Chart 1 shows Sample Rate Design Characteristics. In the sample monthly charges, the first block of energy applies to energy consumption up to a maximum of 420,000,000 kWh.

In which months during 1998 to 2002 has Newfoundland Power's monthly energy purchases exceeded 420,000,000 kWh?

- NP 129 NLH The sample rate provided in a "Review of Rate Design for Newfoundland Power" results in months where all of Newfoundland Power's energy consumption is charged at \$0.0344 / kWh. Is it an efficient pricing signal that, in the non-winter months ,the marginal price of energy is set significantly below the marginal cost of producing energy from the Holyrood generating station?
- NP 130 NLH It appears from the sample rate provided in a "Review of Rate Design for Newfoundland Power" that the fuel cost at Holyrood is forecast to be about \$0.0470 /kWh. What is the 2004 forecast short-run marginal cost of production at Holyrood, factoring in both fuel and variable operating and maintenance costs?
- NP 131 NLH The Cost of Service evidence at Page 16, lines 13 to 14, states:

"... utilities have found a way to deal with this, either in the form of seasonal rates or by the use of load management techniques such as water heating control rate."

Please provide a list of utilities that provide seasonal rates or water heater control rates to domestic customers. Please indicate the % of customers within those utilities that are on those rates and indicate if the seasonal rate is part of a time of day varying rate.

NP 132 NLH The Cost of Service evidence at page 16, lines 21 to 22, states:

"There are two issues, volatility due to weather; and revenue instability to Hydro caused by moving revenue out of its RSP."

Also, might another issue be Newfoundland Power's expense volatility due to actual demand being different from forecast demand?

- NP 133 NLH In the Stone and Webster report "Review of Rate Design for Newfoundland Power", Appendix 2 – Treatment of Newfoundland Power Generation Credit, indicates that Exhibit 1 shows the maximum benefit Newfoundland Power would receive if there was no demand credit. The report indicates that the potential reduction in revenue requirements allocated to Newfoundland Power would be \$499,400 before revenue credit and deficit allocation and \$421,802 after the revenue credit and deficit allocation. Please reconcile these numbers with those shown in Exhibit 1 of the same document.
- NP 134 NLH In the Stone and Webster report "Review of Rate Design for Newfoundland Power", Appendix 2 – Treatment of Newfoundland Power Generation Credit, Exhibit 2 presents three scenarios showing the potential production costs Newfoundland Power might incur to minimize demand costs if there was no generation credit. Please describe the difference between Scenario 1 and Scenario 2 and which scenario is more likely given perfect information, as assumed in Scenario 1, does not exist.
- NP 135 NLH Please provide the 1992 forecast energy and capacity balances as filed in Hydro 1991 Rate Referral to the Public Utilities Board.
- NP 136 NLH What was the effective annual credit per kW and the amount of capacity that was available to Hydro through the Industrial Interruptible "B" rate?
- NP 137 NLH Has Hydro discontinued the contract for Interruptible B load (Cost of Service evidence, Exhibit RDG-1, page 107, line 4)? If so, why?
- NP 138 NLH If Hydro had a generation capacity deficit in 2005, would it consider offering to customers an interruptible rate contract similar to the interruptible "B" contract provided to Abitibi Consolidated of Stephenville?
- NP 139 NLH Has Hydro investigated approximately how much capacity might be available if another interruptible B contract(s) was offered to all industrial customers? If yes, how much is available?
- NP 140 NLH Please reproduce Table 8 of the Production evidence with the LOLH revised to reflect what the LOLH would be with an additional 46 MW of interruptible load.

NP 141 NLH	Has Hydro completed a marginal cost study or a time differentiated embedded cost study since 1992? If so, please provide the study.
NP 142 NLH	Does Newfoundland Power currently receive a signal to provide load management by virtue of the fact that it is charged for demand in the test year cost of service study and that demand costs are adjusted in each rate case?
NP 143 NLH	Please explain why the proposed Industrial energy charge is substantially less than the tail block rate shown in the sample rate for Newfoundland Power (Cost of Service evidence, Exhibit ROG-2).
NP 144 NLH	Convert the tail-block rate proposed for industrial customers to a price per barrel of No. 6 fuel at Holyrood based on the 2004 forecast fuel conversion factor (Rates and Customer Services, page 4, lines 7 to 10).
NP 145 NLH	The tail block rate for industrial customers is significantly less than the 2004 forecast short-run marginal energy cost at Holyrood. Does Stone and Webster believe the tail block rate for industrial customers provides an efficient pricing signal? (Rates and Customer Services, page 4, lines 7 to 10).
NP 146 NLH	Please provide any studies that either Stone and Webster or Hydro has done to

NP 146 NLH Please provide any studies that either Stone and Webster or Hydro has done to compare demand costs to the cost of demand controls that either Newfoundland Power or its customers might install.

General

NP 147 NLH Provide a complete description of Hydro's plant in service at year-end 2002 listing each generating station, transmission line, terminal station, distribution line, telecommunications equipment and type of general property, etc., together with associated costs and accumulated depreciation.