

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

AND,

IN THE MATTER OF an Application by
Newfoundland and Labrador Hydro Corporation
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; and (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.

INFORMATION REQUESTS

PUB 76 NLH – PUB 111 NLH

Pre-filed evidence of William Wells

- PUB 76 NLH What indications, if any, has Hydro received from third parties (e.g. Bond rating agencies, financial institutions, etc.) that the forecast levels of return for 2003 are insufficient to maintain the financial integrity of the company. **(WW p. 4, line 4)**
- PUB 77 NLH What, if any, measures, programs or other initiatives has Hydro undertaken since 2001 to address the high growth in use of electricity as the energy source for space heating? **(WW p.5, line 19)**
- PUB 78 NLH Are the staffing levels as indicated FTE adjusted, or are they the simply the number of individual employees? If they are not FTE adjusted, please provide a similar chart that provides the same data calculated on a FTE basis. **(WW p.9, Chart 2)**
- PUB 79 NLH Does Hydro agree that the replacement cost of original equipment being multiples of the original cost does not provide any meaningful commentary on the resulting increase/decrease in revenue requirement after replacement? **(WW p.5, line 19)**
- PUB 80 NLH What target has Hydro set for its staffing levels, expressed in FTEs, for the years 2004 to 2008? **(WW p.15, line 7)**
- PUB 81 NLH Does Hydro have any plan to implement an early retirement program in the test year or beyond? **(WW p.15, line 7)**
- PUB 82 NLH What take-up rate has Hydro experienced with its EPP and pre-authorized payment plan since their inception? **(WW p.17, line 8)**
- PUB 83 NLH Provide details, including, where available, specific evidence of cost savings, achieved through the close working relationship experienced between Hydro and Newfoundland Power? **(WW p.17, line 21)**
- PUB 84 NLH Has Hydro developed a contingency plan, or operational policy, to address any impacts on the adoption of the Kyoto protocol? If not, why not? **(WW p.18, line 4)**

- PUB 85 NLH What is meant by “and to expedite this issue”? (**WW p.22, line 20**)
- PUB 86 NLH Does Hydro consider itself to be behaving as an investor owned utility in all aspects of its operations? If not, which aspects does it not behave like an investor utility and what, if any, impact do those aspects have on the determination of what is a fair and reasonable rate of return for Hydro? (**WW p.22, generally**)
- PUB 87 NLH Has Hydro, since its filing of the application, received a response from Government on the company's dividend policy? If not, is Hydro capable of providing any assurance to the Board that its dividend policy, and actual declaration of dividends will be treated any differently from past practice? (**WW p.24, line 3**)
- PUB 88 NLH What, if any, measures, programs or initiatives has Hydro undertaken to lower the growth rates being experienced in areas whose electrical rates are below cost? (**WW p.26, line 28**)
- PUB 89 NLH What evidence does Hydro have which supports the proposition that there is an “ever-increasing public demand for reliability in the supply of electricity”? (**WW p.28, line 3**)

Pre-Filed Evidence – James Haynes

- PUB 90 NLH Provide the rationale for including, for organizational purposes, Hydro's IS&T department in the Production division? Given the level of expenditures, both capital and operating, that are attributable to IS&T, and the fact that most of the business issues in which the IS&T department is involved are enterprise in nature, has Hydro considered establishing the IS&T as a separate division within the company? (**JRH, p. 3, line 18**)
- PUB 91 NLH What is the wholesale rate charged by CF(L)Co to Hydro for power and energy requirements on the Labrador Interconnected System? How was this rate determined? (**JRH, p. 7, line 13**)
- PUB 92 NLH What evidence does Hydro have concerning the “public expectations on reliability and environmental practices”. (**JRH p. 8, line 8, and p.10, line 3**)
- PUB 93 NLH What reliability target(s) does Hydro use when assessing whether corrective or remedial action is required? (**JRH p. 10, line 13**)
- PUB 94 NLH How does a “proactive maintenance approach” apply to the replacement of computer equipment? (**JRH p. 11, line 9**)
- PUB 95 NLH Does the ICbF trend towards higher capability result in gains in operational efficiency, or is it solely aimed at improving reliability? If the former, provide a NPV or other economic analysis demonstrating the efficiency gain. If the latter, provide an analysis of the impact on Hydro's reliability during the same period (**JRH p. 11, line 19**)
- PUB 96 NLH Why, if Hydro is forecasting lower in-flows in 2003, would not the higher conversion factor actually achieved in 2002 be appropriate for the 2003-4 period? (**JRH p. 13, line 6**)
- PUB 97 NLH Are the numbers expressed in Table 3 based on FTEs? If not, recalculate the data normalized for FTEs. (**JRH p. 14, line 14**)

- PUB 98 NLH What has been the loss in sales, incremental labour costs and replacement fuel costs, if any, in each year between 1998 and 2002 as a result of Hydro's UFLS events. **(JRH p. 17, line 18)**
- PUB 99 NLH Why would expenses associated with work that extends the life of an asset be considered operating and not capitalized? **(JRH p. 19, line 16)**
- PUB 100 NLH Reconcile the expenses associated with the enhancement of the fire protection system at Holyrood, the additional work in the Holyrood waste treatment plant and salary increases to the 3.7% (4.2%-0.5%) increase in 2004 net operating expenses from 2002. **(JRH p. 19, line 20)**
- PUB 101 NLH Is the reduction in volatility gained from the RSP conceptually the same as the reduction in volatility gained from using a financial hedge? Doesn't one simply reduce the volatility without effecting the total cost while the other reduces volatility by, if used properly, reducing the total cost? **(JRH p. 22, line 23)**
- PUB 102 NLH What would have been the actual No. 6 fuel expense compared to budget if the Board had accepted Hydro's application in 2001 requesting a re-basing to \$20/bbl? **(JRH p. 23, line 25)**
- PUB 103 NLH What is the effective average marginal cost to Hydro of power purchased under the "Power Purchases Island Interconnected Systems" as per Schedule X. Compare to the marginal cost of Hydro produced hydraulic and thermal power. **(JRH p. 27, line 3)**

Pre-filed evidence – John Roberts

- PUB 104 NLH Does Hydro have a plan to lower the number of FTEs in the 2004 test year or beyond? **(JCR p. 5, line 23)**
- PUB 105 NLH Has Hydro updated its short-term interest rate forecast to take in to account economic trends and developments since the application filing date? If so, what is the net impact on short-term interest expense forecast for the 2004 test year? **(JCR p. 6, line 1)**
- PUB 106 NLH Is the proposed return on equity of 10.75% based on what an investor owned utility would need in order to achieve and maintain a sound credit in the financial markets of the world? **(JCR p. 7, line 11)**
- PUB 107 NLH Is the determination of the proposed return on equity effected by the fact that Hydro is not a private, investor owned utility? **(JCR p. 11, line 6)**
- PUB 108 NLH Does Hydro believe it acts like an investor owned utility? **(JCR p. 11, line 6)**
- PUB 109 NLH Should the fact that Hydro was unable to maintain its targeted debt to equity ratio as proposed in 2001, and continuing inability to secure from Government its commitment to adhere to the company's dividend policies, impact the determination of what a fair and reasonable return should be for Hydro? **(JCR p. 11, line 6)**
- PUB 110 NLH Does Hydro intend on conducting a valuation of its rate base so that it may fixed and determined in accordance with sections 64 and 78 of the *Public Utilities Act*? **(JCR p. 12, line 6)**
- PUB 111 NLH Provide further details on the basis used by Hydro to charge for the provision of services to related companies? **(JCR p. 20, line 7)**

DATED at St. John's, Newfoundland this 18th day of July 2003.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per _____
Mark Kennedy
Counsel