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To	Of	Telephone Number	Fax Number
Maureen P. Greene, QC	Newfoundland and Labrador Hydro	737 1465	737 1782

Re:

Message: Further to my e-mail of this morning. I attach revised document with respect to numbering.

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IN THE MATTER OF the Electrical
Power Control Act, 1994 and the Public Utilities Act

AND IN THE MATTER OF a hearing
In relation to the Newfoundland and Labrador Hydro
2004 Capital Budget

**INFORMATION REQUESTS FROM ISLAND INDUSTRIAL CUSTOMERS TO
HYDRO**

- IC-1 Describe the capital budget planning process used in preparing the 2004 capital budget, including specific dates for each step of the capital budget process used to produce the 2004 capital budget, and the dates of review and/or approval by the Vice-Presidents, by the Management Committee and by the Board of Directors.
- IC-2 Outline the differences between the budget processes used for the preparation of the 2004 capital budget compared to that outlined for the preparation of the 2003 capital budget in the evidence of Derek Osmond at the 2003 capital budget hearing.
- IC-3 Has Hydro adopted any guidelines or policies with respect to the magnitude of the capital budget in a given year? If so, what are those guidelines/policies?
- IC-4 Has Hydro consulted other electrical generation utilities in Canada or the United States, both regulated and unregulated, to determine what guidelines/policies they may have with respect to the size of their capital budgets? If so, provide the names of those utilities and copies of the information provided by each of them.
- IC-5 Please provide a copy of the Board's letter of August 19, 1999 referred to in paragraph 4 of the Application.
- IC-6 What is the forecast cost increase in dollars of the 2004 capital budget on each of depreciation expense, return on rate base and operating and maintenance expenditures on the 2005 revenue requirement? Provide your answers assuming: (a) a 3% return on equity; (b) an 8% return on equity and (c) a 10.75% return on equity.
- IC-7 What costs associated with the proposed 2004 capital budget will come into effect in future years? When will they be effective?
- IC-8 Provide a schedule showing the expected cost impacts of the proposed 2004 capital budget in the years 2004, 2005, 2006, 2007 and 2008.

- IC-9 Provide a schedule identifying the 2004 capital projects for which the costs will be specifically assigned to Labrador Interconnected Customers, Isolated Rural Customers, Island Interconnected Rural Customers and to Newfoundland Power, with subtotals of the projected project costs assigned to each of them.
- IC-10 Provide a schedule identifying the 2004 capital projects for which the costs will be specifically assigned to Island Industrial Customers and the total cost of such projects, if any.
- IC-11 What is the forecast cost increase in dollars on the 2005 revenue requirement with respect to those projects on the Island for which the costs are expected to be classified as Common, on each of depreciation expense, return on rate base, and operating and maintenance expenditures? Provide your answers assuming: (a) a 3% return on equity; (b) an 8% return on equity and (c) a 10.75% return on equity.
- IC-12 With respect to those projects on the Island for which the costs are expected to be classified as Common, provide a schedule showing the expected cost impacts on each of Newfoundland Power (before rural deficit allocation) and the Island Industrial Customers, of the proposed 2004 capital budget in the years 2004, 2005, 2006, 2007 and 2008.
- IC-13 What is the forecast depreciation expense for 2003?
- IC-14 List the additions to Capital Assets, including value for rate base purposes, which account for the difference between (a) 2002 Actual and 2003 Forecast in the Table on p. 5 of the Finance Evidence and (b) 2003 Forecast and 2004 Forecast from the same Table.
- IC-15 Which of the proposed 2004 capital costs will be depreciated on a sinking fund basis?
- IC-16 For each of the projects depreciated on a sinking fund basis, provide the number of years over which the cost will be depreciated.
- IC-17 For depreciation expense related to the proposed 2004 Capital Budget which is calculated on the sinking fund method, provide a schedule for future years showing the amount of depreciation expense for each project for each of those years until the cost is fully depreciated.
- IC-18 Which of the proposed 2004 capital costs will be depreciated on a straight line basis?
- IC-19 For each of the projects depreciated on a straight line basis, provide the number of years over which the cost will be depreciated.
- IC-20 For depreciation expense related to the proposed 2004 Capital Budget which is calculated on the straight line method, provide a schedule for future years showing the amount of depreciation expense for each project for each of those years until the cost is fully depreciated.

- IC-21 For all categories of depreciation expense related to the proposed 2004 Capital Budget, provide a schedule for future years showing the total impact on revenue requirement for each year until the cost is fully depreciated.
- IC-22 What capital costs and operating costs does Hydro expect to incur in 2003 in relation to the proposed 2004 capital budget? Please provide a breakdown of those costs.
- IC-23 Re p. B-6, clarify the statement that the average service life of the six exciters replaced was 27 years. Does this mean that each failed and the average time to failure was 27 years?
- IC-24 Re p. B-6, is there any statement in the last full paragraph of the Project Justification that would not apply equally to this exciter on the day it was installed and equally to the new exciter on the day it is installed?
- IC-25 Re p. B-10, provide copies of communications from the manufacturer of the electronic cards indicating discontinuance of repair and replacement of same by the end of 2004.
- IC-26 Re p. B-10, what type of unit is the cost projection assuming for budget purposes?
- IC-27 Re p. B-17, provide copies of communications from the manufacturers indicating that the Distributed Control System is obsolete and no longer supported.
- IC-28 Re p. B-19, provide copies of any Orders of the Department of Environment or any other authority having jurisdiction requiring that monitoring capability be expanded as contemplated in this project.
- IC-29 Re p. B-19, provide copies of any and all documents wherein Department of Environment recommends monitoring fine particulate fallout.
- IC-30 Re p. B-59, provide particulars of the upgrade requested for each type of software mentioned, including what, if any, enhancements to performance will be provided thereby, and provide copies of communications from vendors outlining the consequences, if any, of not proceeding with such upgrades.
- IC-31 Re p. B-60, provide a breakdown of costs by category in respect of each of the three headings in this proposed project.
- IC-32 Re p. B-64, identify any unique elements affecting Hydro's situation which would prevent Hydro from utilizing existing methods of access or off the shelf programming for these purposes.
- IC-33 Re p. B-69, provide a list of printers, projectors and scanners and other peripherals intended to be replaced under this project including make and age of the unit.

- IC-34 Re p. B-70, what, if any, functions other than depreciation calculations will be enhanced by implementing One World? Provide copies of all communications from J. D. Edwards or others identifying implications of retaining World Vision and not moving to One World.
- IC-35 Re p. B-79, produce the incident reports referred to in the table at the bottom of this page for the years 2002 and 2003.
- IC-36 Re p. B-81-83, provide a listing of all vehicles being replaced showing year of manufacture, current kilometers and any special reasons for replacement.
- IC-37 Re p. E-1, restate this table including all capital projects, whether or not subject to Board approval.
- IC-38 Over how many years are vehicles depreciated? If it depends on the type of vehicle, please provide a breakdown by type.
- IC-39 What is the expected weighted average cost of capital in each of 2004, 2005 and 2006 associated with the proposed 2004 capital budget? In providing the answer, use the weighted average cost of capital used in your recently filed 2003 general rate application?
- IC-40 Provide the same information using a rate of return on equity of 3%.
- IC-41 Provide the assumed average interest rate for IC-35 and 36.
- IC-42 If only 50% of the proposed 2004 capital budget is approved, how much less will the weighted average cost of capital be in each of 2004, 2005 and 2006 based on a return on equity of 10.75% and based on a return on equity of 3.0%?
- IC-43 What is the expected weighted average cost of capital in each of 2007 through 2010 associated with the proposed 2004 Capital Budget? In providing the answer, use the weighted average cost of capital used in your recently filed 2003 general rate application?
- IC-44 Provide the assumed average interest rates for IC-37 and 38.
- IC-45 Provide Hydro's expected debt/equity ratio at the end of 2004?
- IC-46 what is the expected total impact on revenue requirement of the proposed 2004 capital budget for each of the years 2004-2010 inclusive?
- IC-47 What other capital construction projects are contained in Hydro's five year capital budget plan or currently planned or expected in the next five years in relation to:

1. Bay D'Espoir?

2. Cat Arm?
3. Upper Salmon?
4. Paradise River?
5. Granite Canal?
6. Paradise River?
7. Interconnected diesel plants on the Island?
8. Island gas turbine generators?
9. Emission controls/monitoring at Holyrood?
10. Information and Telecommunications systems network services?
11. Energy Control Centre?

- IC-48 With respect to IC-15, provide the estimated cost of each of those additional projects.
- IC-49 With respect to the proposed generation projects for 2004 provide a list of the proposed construction and property additions projects in order of priority from most essential to least essential.
- IC-50 With respect to the proposed transmission projects for 2004 provide a list of the projects in order of priority from most essential to least essential.
- IC-51 With respect to the proposed information systems and telecommunications projects for 2004 provide a list of the projects in order of priority from most essential to least essential.
- IC-52 What was the total depreciation expense for 2001, and 2002 and what is the forecast depreciation expense for 2003, 2004 and 2005?
- IC-53 Has Hydro conducted a Quantified Risk Analysis with respect to any of its proposed 2004 capital projects? If, so, provide copies of the reports.
- IC-54 Has Hydro conducted any Hazard Identification and Assessment Studies with respect to any of its proposed 2004 capital projects? If, so, provide copies of the reports.
- IC-55 Has Hydro adopted quantitative risk assessment criteria with respect to reliability, safety and environmental risks? If so, what criteria have been adopted, what is the source of the criteria and what is the acceptable level of risk adopted by Hydro with respect to each type of risk?
- IC-56 Has Hydro adopted "Target Levels of Safety" i.e. quantitative criteria for assessing average risk, with respect to reliability, safety and environmental matters? If so, what target levels have been adopted by Hydro with respect to each type of risk?
- IC-57 Is Hydro a member of the North American Electric Reliability Council? If so, provide a copy of the most up-to-date NERC adopted version of the NERC Planning Standards, Measurements and Compliance Templates.

IC-58 Is Hydro engaged in any of the pilot projects initiated by the Canadian Electricity Association of Scientific Certification Systems (SCS) using the Environmental Preferable Electricity Portfolio certification program developed by SCS? If so, what pilots?

IC-59 As a member of the Canadian Electricity Association, please provide copies of the following:

1. 2001 Industry Environmental Commitment and Responsibility (ECR) Program Annual Report
2. 2000 Industry Environmental Commitment and Responsibility (ECR) Program Annual Report
3. CEA's Annual Industry Review, Electricity 2003
4. CEA's Annual Industry Review, Electricity 2002
5. 2001 Accident Statistics Report
6. Most recent publication entitled "Generation Equipment Status Annual Report"
7. Most recent publication entitled "Forced Outage Performance of Transmission Equipment"

IC-60 If Hydro's proposed 2004 Capital Budget is approved, what will the increase be in capital employed per kWh, debt/kWh, and cost/kWh?

DATED at St. John's, this 31st day of May, 2003.

STEWART MCKELVEY STIRLING SCALES

Per: Margaret M. Henley

for Janet M. Henley Andrews, Q.C.

POOLE ALTHOUSE

Per: Joseph S. Hutchings

Joseph S. Hutchings, Q.C.

TO:

G. Cheryl Blundon

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