

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

AND IN THE MATTER OF a General Rate Application (the “Application”) by Newfoundland and Labrador Hydro dated August 3, 2006 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 Rural Customers

CONSUMER ADVOCATE’S INFORMATION REQUESTS

CA-01-NLH to CA-174-NLH

CA-01-IC to CA-04-IC

CA-01-PUB to CA-03-PUB

CA-01-NP TO CA-04-NP

To: Board of Commissioners of Public Utilities
Suite E210, Prince Charles Building
120 Torbay Road
P.O. Box 12040
St. John’s, NL A1A 5B2
Attention: Ms. G. Cheryl Blundon,
Director of Corporate Services and Board Secretary

CA-01-NLH In the Mediator’s Report included in Appendix H of the *Decision and Order of the Board (Order No. P.U. 14 2004)*, Hydro agreed (point “z”) to “work with the Consumer Advocate to redesign its customer survey to gather information on customer valuation of service quality versus the costs incurred to improve and maintain service quality,

with the results to be reported to the Board in time for incorporation in Hydro's 2004 customer survey". Please respond to the following:

- a. Specifically, how has the survey been redesigned?
- b. Please provide a summary of the results specific to the redesign for the 2004, 2005 and 2006 (if available) customer surveys.
- c. How is Hydro currently using this information, and what are its plans going forward?
- d. Please provide a copy of the most recent customer survey.

CA-02-NLH

Please provide the following for each of the past five years:

- a. Number of customer complaints per 1000 customers.
- b. Percent of customer calls answered within 30 seconds.
- c. Percent of customer outage calls answered.
- d. Percent of new customer services installed and energized by the date promised to the customer.
- e. Percent of estimated bills.

CA-03-NLH

Please provide the following:

- a. The number of hours of service outages, on an annual basis, that Hydro's customers are willing to accept.
- b. The correlation between amounts Hydro has spent to improve the reliability of the network, and the power outages in each

region of the Province served by Hydro.

- c. Information for recent years indicating the return on investments for reliability improvements.
- d. With regard to reducing power outage durations, a comparison of re-designed maintenance procedures (i.e., fielding additional repair crews) to making infrastructure improvements (i.e., building additional feeders).

CA-04-NLH

In the Mediator's Report included in Appendix H of the *Decision and Order of the Board (Order No. P.U. 14 2004)*, Hydro agreed (point "aa") to "propose a peer group of utilities and measures upon which to compare its performance not later than six months following the date of the Board Order in this proceeding. Upon approval thereof, Hydro will collect and report such measures for itself and the peer group annually beginning in 2005". It is understood that Hydro filed the report entitled *Defining a Utility Peer Group for Newfoundland and Labrador Hydro* dated December 2004 in response to this agreement. Please respond to the following:

- a. Please, for the record, file the aforesaid December 2004 report in this proceeding.
- b. Please provide all reports relating to Hydro's performance relative to the peer group beginning with the annual report filed in 2005.
- c. Why does Hydro's *Annual Report on Key Performance Indicators* dated April 2006 (Exhibit JRH-1) include no reference to a peer

group of utilities?

- d. What is the current status and plan going forward relating to Hydro reporting of its performance relative to the peer group?
- e. On page 3 of the report entitled *Defining a Utility Peer Group for Newfoundland and Labrador Hydro*, note 3 states that Hydro understands that CEA COPE was developing (in December 2004) a policy paper outlining the limitations associated with use of performance metrics for regulatory purposes. Has this report been completed, and if so, can a copy be made available?
- f. On page 10 of the report entitled *Defining a Utility Peer Group for Newfoundland and Labrador Hydro*, note 9 states that Hydro understands that CEA COPE has had discussions with international organizations with a view to facilitating international utility performance measurement in a consistent and effective manner. What is the status of these discussions?

CA-05-NLH

P.U. 14 Board Order No. 16 requires NLH to submit in conjunction with its annual financial report, an annual report outlining core strategies, corporate goals and achievements; appropriate historic, current and forecast comparisons of reliability, operating, financial and other key targeted outcomes/measures including the additional KPIs accepted in PU 14; and initiatives targeting productivity or efficiency improvements, including status of ongoing projects and improved performance resulting from completed projects. Please provide the most recent version of this report, including:

- a. A detailed update of the achievements relating to each strategy listed on pages 1 through 4 of the report entitled *Strategic Goals and Objectives for Newfoundland and Labrador Hydro* dated March 2005.
- b. A detailed update of the project to distribute compact fluorescent light bulbs to customers in isolated systems (page 11), including costs, customer take-up, energy savings and benefits, verification, etc.

CA-06-NLH With regard to the report entitled *Plan of Projected Operating Maintenance Expenditures 2005 – 2014 for Holyrood Generating Station* dated August 2004, please, for the record, provide a copy of the same and provide the context in which this forecast is made. Specifically, what is the plan for Holyrood going forward; i.e., how does it fit with the current integrated resource plan, what is the forecast energy production from Holyrood over the next ten years, what is Holyrood's impact on Hydro's environmental initiative, and provide a cost/benefit analysis of Holyrood's continued operation incorporating the latest forecast of maintenance and capital expenses at the plant.

CA-07-NLH On page 5 of the report entitled *Strategic and Business Planning Processes for Newfoundland and Labrador Hydro* dated December 2004, Hydro's core businesses include merchant plant "construction, operation and maintenance or power production and related transmission facilities intended primarily to exploit natural resources

for export”. Please provide a copy of the report and please provide a detailed list of Hydro’s initiatives in this core business area.

CA-08-NLH On page 19 of the report entitled *Strategic and Business Planning Processes for Newfoundland and Labrador Hydro* dated December 2004, it is stated that components of the incentive plan each year are coordinated by Human Resources and approved by Hydro’s Board of Directors. It goes on to state that approximately 20 executive, senior managers and directors participate in the incentive plan. What is the current status of the incentive plan? Is there a plan to offer the incentive program to lower level employees so that all Hydro employees have incentive to work toward achievement of the strategic goals and KPIs?

CA-09-NLH With regard to the report entitled *Review of the Operation of the Rate Stabilization Plan* dated June 30, 2006 (page 16), it is stated “with NP’s end block rate based on the average cost of No. 6 fuel, NP’s net load variation will be small”. The discussion on page 23 shows a difference of 3.9 cents/kWh between the average all-energy IC rate and the incremental cost of Holyrood production:

- a. Does this suggest that the end block rate for the ICs should likewise be based on the average cost of No. 6 fuel?
- b. Would such a change in the IC rate design be consistent with the recommendation in the report entitled *Implications of Marginal Cost Results for Class Revenue Allocation and Rate*

Design dated July 2006?

- c. Would such a change in the IC rate design negate the need for the load variation clause in the RSP?

CA-10-NLH With regard to the report entitled *Review of the Operation of the Rate Stabilization Plan* dated June 30, 2006 (page 19), Hydro concludes that it is willing to extend the recovery period for the historical RSP. On what basis does Hydro reach this conclusion, and how is this conclusion consistent with the intent of the changes made to the RSP in recent years?

CA-11-NLH With regard to the report entitled *Review of the Operation of the Rate Stabilization Plan* dated June 30, 2006 (page 23), it is stated that individual IC RSP plans would allow tailored repayment/refund provisions that were mutually acceptable between the individual customers and Hydro. Who would take on the risk of payment default in the event an IC went out of business when carrying an RSP plan balance?

CA-12-NLH With regard to the report entitled *Review of the Operation of the Rate Stabilization Plan* dated June 30, 2006 (page 25), Hydro indicates it wishes to explore options with its customers and the Board to identify a reasonable solution that will limit Hydro's financial exposure (both positive and negative) to variances in isolated systems diesel fuel and power purchase costs. What options are being proposed by Hydro?

- CA-13-NLH Please provide a table comparing the average cost of fuel (total cost of fuel/total energy sales) to the RSP adder calculated according to today's methodology. Results should be shown for each of the past 10 years in cents/kWh.
- CA-14-NLH Exhibit RDG-2 relating to the report on the treatment of NP generation:
- a. How is embedded generation (i.e., generation embedded in a distribution system) treated in cost of service/rate design in other jurisdictions?
 - b. What lessons have been learned on the treatment of embedded generation in competitive electricity markets?
 - c. Page 15 of the report includes an alternative where Hydro would purchase NP thermal generation. Was an alternative considered where instead of purchasing the thermal generation assets, Hydro would purchase the power from NP thermal generation assets while the assets would remain under the ownership of NP; i.e., similar to purchases from IPPs?
 - d. On page 14 it is stated that "uncertainty as to the Board's desire to introduce marginal cost principles in the costing process" is a disadvantage. Why is this considered a disadvantage, and how does it relate to the design standards listed on page 5?
- CA-15-NLH On page 15 of Exhibit RDG-2 relating to the report on the treatment of NP generation, it is noted that NP also derives benefits from its

thermal generation. It is stated that a sharing split of 50 % / 50 % “may be supportable”, and goes on to state that “it could be rationalized that the primary purpose of thermal generation is for peaking, which may more appropriately support a 75% (system support) / 25% (NP own use) split”. Please respond to the following:

- a. Is NP thermal generation used for peaking, or is it more accurate to state that NP thermal generation is utilized by Hydro only during system operating emergencies?
- b. Has Hydro ever directed operation of NP thermal generation simply for peaking operation; i.e., when there is no system emergency? Please provide a list of such instances.
- c. How do other regulatory jurisdictions account for such sharing splits for thermal generation embedded in a distribution system?
- d. On what basis did NP justify construction/acquisition of its thermal generation assets?

CA-16-NLH

On page 20 of Exhibit RDG-2 relating to the report on the treatment of NP generation, it is stated that Hydro experience has shown that NP does not have all of its resources available throughout the winter period due to scheduled maintenance. Hydro also indicates that it believes NP should have its generation in a state of readiness throughout the winter period (except during forced outages):

- a. Was an alternative considered where Hydro would negotiate

a formal power purchase agreement with NP similar to that with IPPs, but addressing the specific “value” of NP thermal generation?

- b. Please provide a comparison of such an alternative to the other alternatives on the basis of the design standards listed on page 5.

CA-17-NLH Please provide the most recent residential electric sales profile available. Submit end-use daily load curves for the typical home (kW versus time) showing electric space heating, electric water heating and other end-uses as available for a winter weekday and weekend, summer weekday and weekend, spring weekday and weekend and fall weekday and weekend.

CA-18-NLH Provide the typical annual consumption of a residential customer:

- With no electric heating or hot water
- With electric hot water, but no electric heating
- With electric hot water and electric heating

CA-19-NLH Provide a comparison of the cost to the consumer to heat a typical home with oil and electricity at current and proposed rates. Provide a comparison of the cost to the consumer of hot water for a typical home using oil and electricity at current rates. In the comparison, show Hydro’s cost of supplying electricity for 1) hot water, and 2) heating for a typical home.

- CA-20-NLH In the Board's Decision for P.U.7 (No. 27), Hydro was directed to reduce "other costs" for the test year by \$2 million to reflect a productivity allowance. What does Hydro propose for the Board's consideration as a reasonable productivity allowance for inclusion in this application?
- CA-21-NLH Provide Hydro's Secondary Energy sales amounts (in kWh) and dollars by customer in each of the past five years.
- CA-22-NLH Provide Hydro's Wheeling sales amounts (in kWh) and dollars by customer for each of the past five years.
- CA-23-NLH What recent initiatives has Hydro undertaken to cooperate with NP to reduce the cost of supply to consumers?
- CA-24-NLH With regard to Mr. Martin's evidence (Chart 5 on page 13), explain how Chart 5 shows Hydro has been successful minimizing the impact of rising operational costs and tracking below inflation over the five-year period from 2002 to 2007. From what source is the 2007 forecast of inflation taken?
- CA-25-NLH With regard to Mr. Martin's evidence (Chart 5 on page 13), does Hydro believe that its operational costs are the best indicator for gauging its productivity trends? If not, what does Hydro believe to be the best indicator of its productivity trend?

- CA-26-NLH With regard to Mr. Martin's evidence (Chart 5 on page 13), does Hydro believe that inflation (GDP deflator) is the best indicator of its total input price trend? If not, what does Hydro believe to be the best indicator of its total input price trend?
- CA-27-NLH Please provide a table showing for each of the past five years the percentage increase in Hydro's operational costs and inflation (GDP deflator). Also show proposed and forecast operational costs and forecast inflation (GDP deflator) for the years 2007 through 2009.
- CA-28-NLH With regard to Mr. Martin's evidence (page 17, lines 19 to 23), provide support for the statement "Hydro anticipates that the Provincial Government will revise its requirements to mandate Hydro to use fuel containing sulphur of not more than 1% at Holyrood".
- CA-29-NLH With regard to the Haynes/Henderson/Cater evidence (page 2, lines 1 to 8), provide a comparison of Hydro's operating costs to those in the peer group identified in the report entitled *Defining a Utility Peer Group for Newfoundland and Labrador Hydro* dated December 2004.
- CA-30-NLH With regard to the Haynes/Henderson/Cater evidence (page 2, lines 13 to 17 and page 3, lines 1 to 7), provide a comparison of Hydro's reliability performance to the peer group identified in the report entitled *Defining a Utility Peer Group for Newfoundland and Labrador Hydro* dated December 2004.

- CA-31-NLH With regard to the Haynes/Henderson/Cater evidence (page 8, lines 7 to 23), provide Hydro's current integrated resource plan showing the forecast demand and supply situation for the next ten years. Show all proposed projects for meeting increasing demand and replacing plant retirements including generation, demand side management, and transmission initiatives, production from current facilities, environmental initiatives and costs.
- CA-32-NLH Is Hydro's current integrated resource plan consistent with the plans utilized in the Marginal Cost Study and Exhibit RDG-2 relating to the report on the treatment of NP generation (page 32)?
- CA-33-NLH With regard to the Haynes/Henderson/Cater evidence (page 15, lines 9 to 11), how does Hydro ensure that customers benefit from its capital investments from both cost and reliability perspectives? Specifically, how does Hydro gauge the value customers place on reliability?
- CA-34-NLH With regard to the Haynes/Henderson/Cater evidence (page 15, lines 18 to 29), what is the remaining life of Holyrood and how is this factored into Hydro's decision-making on air emissions and climate change?
- CA-35-NLH With regard to the Haynes/Henderson/Cater evidence (page 16, lines 1 to 10), what is the basis for "anticipating" that the DOEC will issue a revised Certificate of Approval?

- CA-36-NLH With regard to the Haynes/Henderson/Cater evidence (page 16, lines 11 to 15), what is the current status of plans to use natural gas as a fuel source and a direct current in-feed from Labrador? How does this relate to Hydro's current integrated resource plan and the Provincial Government's development of a long-term energy plan?
- CA-37-NLH With regard to the Haynes/Henderson/Cater evidence (page 17, lines 3 to 6), provide details of the pilot monitoring program for nitrous oxide emissions from diesel plants.
- CA-38-NLH With regard to the Haynes/Henderson/Cater evidence (page 17, lines 18 to 24), provide details and status of the competitive request for proposals issued for 25 MW of cost-effective wind generation including current status.
- CA-39-NLH With regard to the Haynes/Henderson/Cater evidence (page 18, lines 23 to 26, and page 19, lines 1 to 2), and Mr. Martin's evidence (page 2, lines 13 to 15 and pages 15/16), please provide complete details of Hydro's \$600,000 (including Hydrowise) conservation initiative including programs, program costs, expected program benefits including demand/energy/cost savings, and verification of the savings.
- CA-40-NLH With regard to the Haynes/Henderson/Cater evidence (page 22, lines 13 to 18), what offsetting savings are incorporated in the 2007 revenue requirement as a result of the \$500,000 investment in conservation?

- CA-41-NLH With regard to the Haynes/Henderson/Cater evidence (page 29, lines 8 to 11), what is the cause of the 9.9 MW reduction (2.5 MW reduction in Hydro and 7.4 MW reduction in thermal) in NP generation?
- CA-42-NLH With regard to the Haynes/Henderson/Cater evidence (page 29, lines 19 to 23), what lead time does Hydro need to gain approval of an integrated resource plan from the Board, gain the necessary environmental approvals and construct and commission new demand/supply resources to meet the 2012/13 need date?
- CA-43-NLH With regard to the Haynes/Henderson/Cater evidence (page 30, lines 2 to 6), what are Hydro's "own power supply options", and what process would be followed in the competitive bidding process? Would Hydro be required to submit a bid in the competitive bidding process, or would Hydro's "own power supply options" be sole-sourced? If so, what protections would Hydro's customers receive; i.e., relating to construction delays, cost over-runs, etc?
- CA-44-NLH With regard to the Haynes/Henderson/Cater evidence (page 34, lines 19 to 25), what is the current and forecast cost of 1%, 2.0% and 2.2% sulphur fuel? Please provide the latest fuel price forecast of the PIRA Energy Group upon which Hydro does planning.
- CA-45-NLH With regard to the Haynes/Henderson/Cater evidence (page 35, lines 7 to 13), when will the work on the Wabush Terminal Station be completed?

- CA-46-NLH With regard to the R. D. Greneman evidence (page 1, lines 7 to 9), why have none of the recommendations from the NP Generation Report, the Rate Stabilization Report and the Marginal Cost Study been included in the cost of service study?
- CA-47-NLH With regard to the R. D. Greneman evidence (page 5, lines 2 to 5), what is the impact of this change on customer cost allocations?
- CA-48-NLH With regard to the R. D. Greneman evidence (page 14, lines 15 to 16), provide details of how Hydro incorporates marginal cost price signals in its rates for Industrial Customers. Reconcile this statement with the statement on page 17, lines 7 to 8 that “Stone & Webster Consultants does not believe that marginal costs are as appropriate for the Island Industrial Customers as for NP”.
- CA-49-NLH With regard to the R. D. Greneman evidence (page 17, lines 7 to 19), are there elements of the marginal cost study that can be incorporated in the rates for Industrial Customers? For example, as recommended in the report entitled *Implications of Marginal Cost Results for Class Revenue Allocation and Rate Design*, can the demand charge be modified to reflect the fact that the probability of loss of load, the driver of Hydro’s capacity decisions, is almost entirely during the four winter months? In addition, could the IC rates be designed with a two-block energy charge similar to the wholesale rate for NP with a tail-block energy charge based on the marginal production cost at Holyrood? Could this be done using the IC revenue allocation

derived in the 2007 Forecast Cost of Service included in Mr. Greneman's Cost of Service evidence so that there is no further impact on rates beyond those being proposed by Hydro in the 2006 GRA?

CA-50-NLH With regard to the G. H. Mitchell evidence (page 7, lines 5 to 7), owing to the very large rate increase for Hydro's rural customers who are not affected by RSP rate changes, is Hydro giving consideration to re-design of these rates in order to smooth increases in the future? What rate design might Hydro propose to address this situation in the future?

CA-51-NLH With regard to the G. H. Mitchell evidence (page 12, lines 10 to 11), why is the revenue to cost ratio for Labrador Interconnected Customers so high?

CA-52-NLH With regard to the G. H. Mitchell evidence (page 13, lines 9 to 15):

- a. Define the risks that Hydro faces relating to the CFB Goose Bay Revenue Credit.
- b. When is Hydro proposing that NP's portion of the credit be removed from its base rates?
- c. What impacts would this change have on NP and its customers?

CA-53-NLH With regard to the G. H. Mitchell evidence (Table 4, page 14), why is there no change to the rates for Industrial Non-Firm and Industrial

Wheeling?

CA-54-NLH

In the G. H. Mitchell evidence (page 17, lines 11 to 15), Hydro recommends that an embedded cost methodology for determining rates be retained. Hydro believes that it is important to maintain some stability in demand charges, and that there would be wide fluctuations based solely on marginal costs that are leveraged to fuel price forecasts.

- a. Does Hydro believe that elements of the marginal cost study could be incorporated in rate designs while retaining the embedded cost of service revenue allocations derived in the 2007 Forecast Cost of Service evidence so that there are no further impacts on rates beyond those proposed by Hydro in the 2006 GRA? Could this be done while maintaining some stability in demand charges?
- b. If so, what elements of the marginal cost study might be incorporated in rate designs?
- c. How does Hydro propose to use the results of the marginal cost study?

CA-55-NLH

With regard to the G. H. Mitchell evidence (page 18, lines 11 to 12), does Hydro support the changes recommended in the Stone & Webster study? How does Hydro propose to use the results of the NP generation study?

CA-56-NLH With regard to Exhibit JRH-1 on Key Performance Indicators, please respond to the following:

- a. What is the basis for choosing a target 20% improvement in reliability against the current five-year historical base period?
- b. What programs is Hydro implementing in order to meet these target reliability improvements? Please provide a list of each program along with its cost and expected impact on Hydro's reliability indices.
- c. Provide all documentation showing customer support for improving reliability and willingness to pay for the improved reliability.

CA-57-NLH With regard to Exhibit JRH-1 on Key Performance Indicators, how do Hydro's KPIs compare to the peer group identified in the report entitled *Defining a Utility Peer Group for Newfoundland and Labrador Hydro* dated December 2004?

CA-58-NLH With regard to Exhibit JRH-1 on Key Performance Indicators, please respond to the following:

- a. What other transmission utilities track SAIDI and SAIFI and SARI?
- b. What reliability-related performance metrics are commonly reported by other transmission utilities?

- CA-59-NLH With regard to Exhibit JRH-1 on Key Performance Indicators, please provide the table on page 5 showing Hydro's weighted capability factor with the effect of the asbestos abatement program at Holyrood removed.
- CA-60-NLH With regard to the report entitled *2005 Annual Return* (Return 20a), there is reference to a business case to examine the feasibility of expanding the Automatic Meter Reading (AMR) program. Please provide an update on this project, and a copy of the business case and all supporting documentation.
- CA-61-NLH With regard to the report entitled *2005 Annual Return* (Return 20), specifically, the 2005 Annual Report on the Rural Deficit:
- a. Why is the cost/kWh for Island Isolated customers (\$0.95/kWh) so much greater than the cost/kWh for Labrador Isolated customers (\$0.66/kWh)?
 - b. Is it accurate to state that each customer on an isolated system received a subsidy in excess of \$7000 in 2005?
 - c. How does the subsidy of \$7000/year compare to the cost to install, operate and maintain an individual generator at a home in an isolated community?
 - d. What are the principle drivers of the increase in the forecast deficit from \$37.1 million in 2005 to \$43.3 million in 2010?
- CA-62-NLH With regard to the reports entitled *Newfoundland and Labrador Hydro*

Marginal Costs of Generation and Transmission dated May 2006 and *Implications of Marginal Cost Results for Class Revenue Allocation and Rate Design* dated July 2006:

- a. Does Hydro agree with the marginal cost calculation? If not, what aspects does Hydro specifically object to, and how will they be corrected?
- b. What probability weighting does Hydro apply to each scenario considered in the marginal cost calculation; i.e., Scenario One, Scenario Two, Test 1 with 50% reduction in fuel price forecast, etc?
- c. Which, if any, of these scenarios corresponds to Hydro's current base case integrated resource plan?

CA-63-NLH

With regard to the reports entitled *Newfoundland and Labrador Hydro Marginal Costs of Generation and Transmission* dated May 2006 and *Implications of Marginal Cost Results for Class Revenue Allocation and Rate Design* dated July 2006, did Hydro have the opportunity to incorporate the results of these reports in its application (given that the application was filed in August 2006)?

CA-64-NLH

With regard to the reports entitled *Newfoundland and Labrador Hydro Marginal Costs of Generation and Transmission* dated May 2006 and *Implications of Marginal Cost Results for Class Revenue Allocation and Rate Design* dated July 2006:

- a. The July 2006 report makes specific recommendations on rate designs for Newfoundland Power and Industrial Customers (Tables 5 and 7, respectively). The rate designs in Tables 5 and 7 include a two-block energy charge with the tail-block set at marginal energy cost, and a time-varying demand charge applied during the winter peak and winter off-peak periods. Does Hydro support these recommendations? If not, please provide reasons, and if so, please provide an implementation plan.
- b. Using Tables 5 and 7 from the July 2006 report as a basis, please provide rate designs for 2007 for NP and each of the Industrial Customers on the basis of the revenue allocations derived in the 2007 Forecast Cost of Service included in Mr. Greneman's Cost of Service evidence.

CA-65-NLH For each customer class, please provide details on the methodology used to develop revenue forecasts. For each customer class identified above, describe the forecast methodology used as causal/econometric, time series, or judgemental. If causal/econometric, identify the model form and the actual equation, the independent variables, and the data source for the independent variables. If time series, identify the model by type (e.g., exponential smoothing, ARIMA, etc.) and by patterns modelled (trend, seasonality, trend and seasonality, errors, etc.) If judgemental, identify the source of the judgement.

CA-66-NLH For each customer class, please provide the revenue per billing period for the fiscal years 1996 to 2005, inclusive. Provide this data in both

hard copy and in Excel spreadsheet format.

CA-67-NLH For each customer class, please provide the revenue per billing period for that part of fiscal year 2006 for which data is available. Provide this data in both hard copy and Excel spreadsheet format.

CA-68-NLH For each customer class, please provide the forecast of revenue per billing period for the fiscal years 1996 to 2007, inclusive. Provide this data in both hard copy and Excel Spreadsheet format.

CA-69-NLH Please provide a copy of the most recent load forecast prepared for the Utility. Please indicate who prepared this load forecast.

CA-70-NLH Please provide the following details about the load forecast:

- a. The software program used to develop the load forecasts.
- b. The inputs used in the model, together with an indication of those most critical to the outcome of the modeling exercise.
- c. An indication of the sensitivity analysis done and the results of this analysis.

CA-71-NLH Please file the following concerning fuel costs:

- a. Consumption by fuel type by fossil fuel unit for each month for fiscal years 1996 to 2005, inclusive (in hard copy and Excel spreadsheet format).
- b. Cost by fuel type for each month for fiscal years 1996 to 2005,

inclusive. Please indicate how inventories costs are calculated and flowed through (in hard copy and Excel spreadsheet format).

- c. Heat rates by unit for each month for fiscal years 1996 to 2005, inclusive (in hard copy and Excel spreadsheet format).

CA-72-NLH Please describe the process Hydro uses to purchase fuel.

CA-73-NLH If Hydro is purchasing fuel by tender, please explain why it does not engage in its own fuel purchases?

CA-74-NLH If Hydro is making its own purchases of fuel, please indicate whether fuel is purchased on the spot market or the futures market, or both.

CA-75-NLH For fuel purchases made for Holyrood covering the period of fiscal year 2000 to 30 June 2006, please provide the following information:

- a. Type of fuel purchased
- b. Volume purchased
- c. Price paid
- d. Spot price on the date of purchase

- e. 6-month future price on the date of the purchase (i.e., that is the price quoted 12 months earlier for delivery on the date of the purchase).
- f. 12-month future price on the date of the purchase (i.e., that is the price quoted 12 months earlier for delivery on the date of the purchase).

For parts e and f, please identify the source of the future pricing data.

CA-76-NLH Please indicate what Hydro's Test Year forecast is in respect of the U.S./Canadian exchange rate and the source of this forecast. Please indicate the impact on revenue requirement given a range of plus or minus 2 cents relative to the forecast used by Hydro in this application.

CA-77-NLH Please provide, on a fiscal year basis for the years 1996 to 2005, the Performance Indicator Data as outlined below. Provide responses in both tabular and graphical form:

Total Operating Revenue (Revenue from customer rate classes)

CA-78-NLH Please provide, on a fiscal year basis for the years 1996 to 2005, the Performance Indicator Data as outlined below. Provide responses in both tabular and graphical form:

- a. Total Customers
- b. Total Wholesale Customers
- c. Customers Per Mile of Distribution Line

CA-79-NLH

Please provide, on a fiscal year basis for the years 1996 to 2005, the Performance Indicator Data as outlined below. Provide responses in both tabular and graphical form:

- a. Total Employees
- b. Total Payroll
- c. Employees Per Million \$ of O & M Expense
- d. Employees Per Million \$ of O & M Expense Excluding Fuel Expense
- e. Executive Employees
- f. Executive Payroll as Percentage of Total Payroll
- g. Hourly Employee Payroll as Percentage of Total Payroll
- h. Payroll per kWh of Total Sources of Energy
- i. Energy Efficiency/Conservation Staff
- j. Environmental Staff
- k. Marketing Staff

CA-80-NLH Please provide, on a fiscal year basis for the years 1996 to 2005, the Performance Indicator Data as outlined below. Provide responses in both tabular and graphical form:

- a. Total Sources of Energy in GWh
- b. Net Generation in GWh
- c. Capacity Related Energy Purchases in GWh
- d. Other Energy Purchases in GWh
- e. Capacity Related Interchange Sales in GWh
- f. Other Interchange Energy Sales in GWh
- g. Sales Revenue per kWh of Supply (Net generation plus Net interchange purchases)
- h. Operating Revenue per kWh of Total Retail plus Wholesale Sales in cents per kWh
- i. Non-Capacity Related Interchange Energy Sales in cents per kWh
- j. Non-Capacity Purchased Power Expense in cents per kWh

CA-81-NLH Please provide, on a fiscal year basis for the years 1996 to 2005, the Performance Indicator Data as outlined below. Provide responses in both tabular and graphical form:

- a. Annual Heat Rate Fossil Steam
- b. Equivalent Availability Total Fossil Steam

- c. Losses as a percentage of Net Energy Supply to System
- d. Total System Power Production Expense in cents per kWh of Net Generation
- e. Fuel Expense per kWh Net Generation in cents per kWh
- f. Fossil Fuel Expense as a Percentage of Total Fuel Expense
- g. CT Fuel Expense as a Percentage of Total Fuel Expense
- h. CT Fuel Expense Per kWh of CT Generation in cents per kWh
- i. Diesel Fuel Expense as a Percentage of Total Fuel Expense
- j. Diesel Fuel Expense Per kWh of Diesel Generation in cents per kWh

CA-82-NLH

Please provide, on a fiscal year basis for the years 1996 to 2005, the Performance Indicator Data as outlined below. Provide responses in both tabular and graphical form:

- a. Operating Expense in cents per kWh of Sales
- b. O & M Expense in cents per kWh of Sales
- c. Power Production Expense as a Percentage of O & M Expense
- d. Fuel Expense as a percentage of O & M Expense
- e. Transmission Expense as a percentage of O & M Expense
- f. Distribution Expense as a percentage of O & M Expense
- g. Customer Accounts Expense as a Percentage of O & M Expense
- h. Customer Service Expense as a percentage of O & M Expense

- i. Sales Promotion Expense as a Percentage of Total O & M Expense
- j. A & G Expense as a percentage of Total O & M Expense
- k. Fuel Expense as a percentage of Power Production Expense
- l. Addition to Distribution Plant per Customer

CA-83-NLH Please provide, on a fiscal year basis for the years 1996 to 2005, the Performance Indicator Data as outlined below. Provide responses in both tabular and graphical form:

- a. Indexed Operating Revenues per kWh Sold (indexed to 1996 fiscal year)
- b. Indexed Operating Expenses per kWh Sold (indexed to 1996 fiscal year)
- c. Indexed O & M Expense per kWh Sold (indexed to 1996 fiscal year)
- d. Indexed Total Fuel Expense per kWh of Net Generation (indexed to 1996 fiscal year)
- e. Indexed Fossil Fuel Expenses per kWh of Fossil Generation (indexed to 1996 fiscal year)

CA-84-NLH At p. 1 of the Corporate Overview section of the 2006 GRA (lines 10-13) it states:

“The Company continues to maintain a strong concentration

on regulated activities while at the same time pursuing an expanded mandate from its Shareholder. Non-regulated activities and costs are separated from regulated to ensure that ratepayers are not paying for non-regulated activities.”

In light of Hydro’s expanded mandate, has Hydro sought a detailed audit from its financial advisors to review Hydro’s current policy and procedures with regard to the separation of regulated and non-regulated activities to ensure that assets, liabilities, revenues and costs related to non-regulated activities are excluded from the 2007 revenue requirement? Would Hydro agree with having such a detailed audit undertaken by an independent and qualified firm with relevant experience?

CA-85-NLH Reference: Corporate Finance: Evidence, p. 5 (lines 25-28). Please provide a copy of Hydro’s policy with regard to the allocation of costs incurred by the Regulated Operations or Support Services divisions to non-regulated activities that was originally filed with the Board as directed in Order No. P.U. 7 (2002-2003) and please state whether the same has been since amended and, if so, provide the amendments.

CA-86-NLH For the period August 2005 to August 2006, please provide (broken down by month) the proportion of time spent by each of Hydro’s executive team members on regulated vs. non-regulated activities.

CA-87-NLH In 2007 and 2008 please provide the forecast as to the proportion of time to be spent by each of Hydro’s executive team members on

regulated vs. non-regulated activities.

CA-88-NLH Reference: Finance and Accounting: Evidence, p. 18. Please provide in respect of 2005 and 2006 (to date) a list of all employee positions together with salary level which not being directly assigned to non-regulated activity, carried out activities or services associated with:

- a. CF(L) Co. related activity; and
- b. other non-regulated activities.

CA-89-NLH Reference: Finance and Accounting: Evidence, p. 18 (lines 21-23). Please provide the basis and all assumptions relied upon in estimating \$.2 million to be removed from Hydro's regulated revenue requirement and charged to non-regulated operations in respect of administrative shared services associated with non-regulated activities, including office space, telephones and computer usage.

CA-90-NLH Reference: Finance and Accounting: Evidence, p. 18 (lines 19-20). Please provide details as to the labour and related costs associated with non-regulated activities totalling \$.4 million which have been removed from salaries and excluded from Hydro's 2007 regulated revenue requirement including but not limited to how this forecast amount was arrived at.

CA-91-NLH Reference: Corporate Finance: Evidence, p. 7 (lines 8-10), where it

states *"In his evidence, Mr. Bradbury will describe the specific procedures used to segregate debt and financing costs related to the non-regulated activities from the 2007 Test Year."* Please provide the specific procedures used and show the calculations as to how debt and financing costs related to the non-regulated activities were segregated from the 2007 Test Year.

CA-92-NLH Reference: Corporate Finance: Evidence, p. 6 (lines 3-5), where it states *"In his evidence, Mr. Bradbury will describe the details of the specific cost allocations to the non-regulated business units incorporated in the 2007 revenue requirement."* Please describe the details of the specific cost allocations to the non-regulated business units incorporated in the 2007 revenue requirement.

CA-93-NLH Reference: Corporate Finance: Evidence, p. 8 (lines 2-13) notes that Hydro is currently in the process of determining how it should be structured in the future to most effectively service and finance its regulated and non-regulated business activities. Hydro states that this work is ongoing and *"will involve a considerable amount of analysis and consultation with financial and legal advisors, credit rating agencies, and the Shareholder."* Please specifically explain how this considerable amount of analysis, consultation and attention which will occupy Hydro personnel has been taken into account in forecasting Hydro's salary and fringe benefits expenses in the 2007 Test Year.

CA-94-NLH Please provide the reports on the annual reviews of Hydro by the

Board's financial consultants for each year from the period 2002 to present year.

CA-95-NLH Please provide copies of the last five annual reports for Hydro.

CA-96-NLH Reference: Finance and Accounting evidence, p. 10 (lines 1 to 5) where it states, "Hydro has forecast its marginal cost of debt in 2007 to be 5.20%, which is the sum of the 2007 forecast yields for the 30- year Government of Canada bond of 4.65% plus Hydro's current borrowing risk premium of 0.55%. The yield of 4.65% has been determined based on the average of the interest rate forecasts of the managers of Hydro's borrowing syndicate."

Please confirm that it is the assessments of actual conditions prevailing at the end of the hearing that will be used to calculate (and not forecast) the marginal cost of Hydro's debt to be used as the return on equity (ROE) value in the return on rate base calculation for the 2007 Test Year.

CA-97-NLH With regard to the calculation of the return on rate base ("RORB") for 2008 and the discussion and example on page 5 and 6 of Exhibit MGB-1, if the rate of return on equity ("ROE") for 2008, as determined by the approach set out in Section III of the Exhibit, is sufficiently low so as to cause the calculated RORB for 2008 to fall below 7.48%, then is it proposed that the requested return on rate base for 2008 will be adjusted downward to reflect the up-dated 2008 ROE calculation? If

so, please provide a sample tabulation of this possibility, similar to the illustration shown in Table 3 of Exhibit MGB-1.

CA-98-NLH Would Hydro generally agree that its cost of issuing debt during the first ten trading days of October is an unbiased estimate of the average cost of its issuing debt during all the business days of the subsequent Test Year? If not, please explain why Hydro's cost of issuing debt during the first ten trading days of October is either systematically higher or lower than that which can be expected to prevail at other times during the subsequent year.

CA-99-NLH Does Hydro generally have the flexibility to issue new debt at those times during the year that it considers to be the most favourable?

CA-100-NLH If the answer to the immediately preceding RFI is "no", please explain. If the answer to that RFI is "yes", "usually", or "sometimes", then is it not reasonable to expect that, on average, Hydro will be able to issue new debt during the Test Year at a rate somewhat lower than the average rate required during the first ten days of the previous October, if there is no trend in the general level of interest rates or Hydro's credit spread over the intervening period? Please provide your comments on this proposition.

CA-101-NLH If Hydro does indeed have some flexibility to "time" its debt issues during the Test Year to take advantage of relatively-more-favourable interest rate environments, will the application of the adjustment

formula proposed in Exhibit MGB-1 not embody any inherent bias toward enabling Hydro to over-earn its allowed return on equity each year? If not, please explain why not.

CA-102-NLH Reference: Corporate Finance: Evidence, p. 12 (lines 16 to 23). Why is all of the dividend suspension negotiated in March 2006 being used to help fund non-regulated investment opportunities and none of it devoted to building up regulated equity to enable Hydro to move more quickly toward a self sustaining capital structure?

CA-103-NLH Reference: Schedule I to Evidence of M. G. Bradbury, page 6 of 10, line 5 where the proposed debt guarantee fee for the 2007 Test Year is \$13,645,000. Please:

- a. explain whether any portion of the \$13.6 million debt guarantee is being charged to non-regulated operations. If yes, what amount and on what basis? If no, why not?
- b. explain whether non-regulated activities could successfully finance themselves on an independent basis and without the benefit or support of the Government's debt guarantee with the capital structures shown for them on page 3 of the Exhibit MGB-2. If the answer is "yes", please provide supporting evidence.
- c. show how the forecast Test Year debt guarantee fee of \$13,645,000 is calculated and explain the methodology used in the calculation.

CA-104-NLH Please provide a financial forecast including a statement of all assumptions, planning criteria, perceived changes in the revenue requirement and required rate action in the next five years. Include a calculation showing the surplus/deficit in the Rate Stabilization Plan.

CA-105-NLH Reference: Schedule I to evidence of M. G. Bradbury (p. 10 of 10). Provide an explanation for the year over year change in each of the following expenses, by division where applicable, for 2003, 2004, 2005 and forecasts for 2006 and 2007:

- a. Salaries & Benefits
- b. Employee Future Benefits
- c. Group Insurance
- d. Overtime
- e. Capitalized Salaries
- f. System Equipment Maintenance
- g. Office Supplies
- h. Professional Services
- i. Insurance
- j. Equipment Rentals
- k. Travel
- l. Miscellaneous
- m. Building Rental and Maintenance
- n. Transportation

- CA-106-NLH Please compare in table format Hydro's forecast 2004 test year expenses with actuals from 2004 showing the amount of difference with an explanation as to the reason for any difference.
- CA-107-NLH Provide copies of Hydro's corporate operating budget document for each of the years 2001 to 2006.
- CA-108-NLH Please specify all cost savings which arise by reason of the shutdown of the ACI Stephenville Mill and explain how the same have been incorporated into the 2007 Test Year Revenue Requirement.
- CA-109-NLH Please specifically explain the impact of the shutdown of the ACI Stephenville Mill on the rates which Hydro is proposing in this application. As part of the response, please compare the proposed rate increases with any change in rates that would have been indicated had Stephenville Mill remained in operation and been forecast in 2007 to have electricity requirements equal to its actual 2004 electricity requirements as set out in Schedule III to the evidence of J. R. Haynes.
- CA-110-NLH Reference: Corporate Overview: Evidence, p. 12 (lines 16-18) where it states "*Despite uncontrollables such as fuel price and interest rate increases, there are many costs Hydro is able to manage effectively for the benefit of consumers.*" Please indicate what Hydro considers to be controllable costs? Please provide, in table format, a schedule of controllable costs broken down into its components for the years 2000 to projected 2008.

CA-111-NLH On March 27, 2006, the Government of New Brunswick announced an Energy Action Plan that as one of its components provided an instruction to New Brunswick Power to find an additional \$20 million in savings, including a review of its current composition of senior management. Has Newfoundland and Labrador Hydro taken any steps to determine the ways and means that New Brunswick Power has employed or will be employing to identify these savings for possible adaptation to the operations of Newfoundland and Labrador Hydro?

CA-112-NLH At p. 2 of the Regulated Activities: Evidence section, it states that *“From 2002 to 2007, Hydro’s total operating costs for the core regulated business have increased 7%, compared to inflation for the same period of 12%. . . when the amortization of deferred regulatory and extraordinary maintenance costs are excluded, the increase over the period is less than 5%. The Company’s drive to maintain operating costs below inflation brings value to all electricity consumers in the Province.”*

Please explain:

- a. how Hydro’s total operating costs increases for the core regulated business for the period 2002 to 2007 compares to the immediately preceding corresponding period up to 2002;
- b. whether Hydro had any specific cost-cutting targets in place in respect of the period 2002 to 2007;

- c. whether Hydro has undertaken a review either internally or by external advisors over the period 2002 to the present with a specific focus on identifying cost cutting opportunities.

CA-113-NLH At page 10 (lines 6 to 9) of the Corporate Overview section of the 2006 GRA, it states that in 2005, *“a layer of senior management was removed and corporate responsibilities redistributed across the leadership group”*. Please detail the specific positions which were removed and the annual amount of salaries and fringe benefits in the aggregate attributable to this group of employees. Please also provide the aggregate amount of severance paid to this group of employees.

CA-114-NLH Reference: Finance and Accounting: Evidence, p. 16 pertaining to employee future benefits.

Please:

- a. explain what Hydro employees are entitled to receive a severance payment upon retirement;
- b. explain what the rules are for determining a Hydro employee's entitlement to a severance;
- c. explain how the amount of the severance for a particular employee is determined;
- d. explain how severances and pensions for employees, who have been engaged in both regulated and non-regulated activities, are funded.

- CA-115-NLH Reference: The Regulated Operations Organizational Chart found at Schedule II - A, B, C and D to the Evidence of J. R. Haynes. Please detail the change in salaries and fringe benefit levels in respect of each of the positions outlined in the aforesaid Operational Chart from 2003 to present (relative to annual inflation levels) and with forecasts for 2007 and 2008. Please also provide the same data for members of Hydro's leadership team who are not shown on the Organizational Chart. Please show actual salary and fringe benefit levels for each year.
- CA-116-NLH Please provide details of any variable compensation schemes that are available to Hydro personnel. As part of the reply, please address the basis for determining an employee's entitlement to compensation under such arrangements.
- CA-117-NLH Please provide the amounts paid out to Hydro personnel, broken down by position (from 2003 to 2005 with forecasts for 2006 and 2007) by way of incentive pay, bonuses, etc. Please show the percentage of bonus paid (or forecast to be paid) versus the amount eligible to be paid.
- CA-118-NLH At page 13 of the Regulated Activities: Evidence it states, *"From a workforce management perspective, several technology-based tools have been implemented over the past number of years resulting in time savings and more efficient operations including the automation of employee timesheets*

and travel claims.”

Please explain:

- a. what specific technology-based tools were implemented and at what cost (including training costs) and how many full-time equivalents were eliminated as a result;
- b. how many full-time equivalents were eliminated by reason of automation of employee timesheets and travel claims;
- c. what, if any, savings on an annual basis will these several technology-based tools produce and explain whether and, if so, how these savings have been incorporated into the Test Year Review Requirement?

CA-119-NLH Reference the report *“Property and Assets Review”* at MGB - 3, table 1, page 7, please provide a breakdown of how much of the \$6,221,384 identified for write-off should have been written off prior to 2002? In addition, please provide the details of any assets written off since 2001 that should have been properly written off prior to 2002.

CA-120-NLH At page 13 of the Regulated Activities: Evidence, it states, *“Supply Chain Management has also used Hydro’s Internet Website to improve the tender process. The number of calls and e-mails from vendors has been reduced because vendors have direct access to most tender information on the site.”* Did this initiative result in any reduction in full-time equivalents or otherwise decreasing operating expense? Please provide full

particulars.

- CA-121-NLH Reference: Regulated Activities: Evidence p. 14 (lines 1-13). Please explain whether Hydro is in a position to establish that its focus *“on achieving excellence in the areas of planning and scheduling of maintenance work to allow frontline supervisors to spend more time in the field, allowing better utilization of the workforce, providing experienced guidance and tighter control of the work activities. . . ”* will have a demonstrable impact on the Test Year revenue requirement.
- CA-122-NLH At page 14 of the Regulated Activities: Evidence, Hydro has provided two instances where Hydro has estimated an actual annual savings amount, namely \$1.2 million over 10 years by reason of a 2005 purchase of transformer oil regeneration equipment and \$150,000 per year due to changes as a result of a telephone and network services review. Please list all other initiatives undertaken over the last 5 years for which Hydro is able to demonstrate and quantify an annual savings amount.
- CA-123-NLH Reference: Regulated Activities: Evidence, p. 16 (lines 27-29), where it states *“it is expected the cost of compliance [in relation to Greenhouse Gases] could be in the range of \$1 to \$10 million annually during the first compliance period 2008-2012.”* What compliance measures are assumed in the context of the \$1 to \$10 million annual range?

- CA-124-NLH At page 12 of the Regulated Activities: Evidence, it states that *“Over the past three years, there has been a reduction of 53 positions in the full time complement of Hydro’s regulated activities, reaching a baseline, without compromising safety or reliability.”*
- a. Please explain how Hydro makes the determination that the reduction of these 53 positions has not compromised safety or reliability.
 - b. What evidence exists that further reductions in the full time complement of Hydro’s regulated activities would compromise safety or reliability?
 - c. Has Hydro undertaken a review directed at determining which positions could be eliminated without compromising safety or reliability?
- CA-125-NLH Reference: Regulated Activities: Evidence, p. 12 (lines 6-8). Have any of the 53 positions in the full time complement of Hydro’s regulated activities been filled with temporary, casual or contractual employees or by external contracts or consultants. If so, please provide details.
- CA-126-NLH Please provide copies of all reports, memos and studies in the possession or control of Hydro pertaining to its staffing levels and/or staff productivity that have been generated in the last 5 years.
- CA-127-NLH At page 13 of the Corporate Overview evidence, it states, *“Through attribution, operating and process improvements as well as technological*

investments, Hydro's regulated activities' workforce has been reduced by 53 full-time equivalents since 2003. Despite this, there is still a 7% increase in labour costs from the 2004 to the 2007 Test Year".

Please:

- a. provide details as to how many full-time equivalent positions were eliminated in each of 2003, 2004, 2005 and 2006;
- b. please provide a breakdown as to the number of employees eliminated, broken down by:
 - i. job description;
 - ii. salary level;
 - iii. seasonal staff;
 - iv. temporary staff;
 - v. full time staff;
 - vi. management staff;
 - vii. non-management staff;
 - viii. department and division;
- c. please provide details as to how many full time equivalent positions the Company forecasts to reduce in each of 2006, 2007 and 2008 and the aggregate salary and fringe benefit savings for each year.

CA-128-NLH

Reference: Regulated Activities: Evidence, p. 2 (lines 10-12). Please provide details as to the 2003, 2004, 2005 and 2006 operating cost reductions resulting from the workforce reductions that accrued from

2003 to present.

- CA-129-NLH Reference: Regulated Activities: Evidence, p. 2 (lines 9-12). Hydro states that from 2003 to 2005, the number of full time equivalent employees (includes seasonal and other temporary staff) has decreased by 6% from 882 in 2003 to 829 in 2005. Provide details of staffing levels by division and department for the years 2003 to 2005 and projections for 2006 and 2007.
- CA-130-NLH What target has Hydro set for its staffing levels, expressed in FTEs for the years 2007 to 2011. Please provide a breakdown by department.
- CA-131-NLH Does Hydro have any plan to implement an early retirement program in the Test Year or beyond?
- CA-132-NLH Provide details of salaries and fringe benefit expense for each year by division and department from 2001 to 2005 and forecast for 2006 and 2007 by type of labour (i.e. regular permanent, regular temporary, overtime and contractor).
- CA-133-NLH Please provide, in table format, a summary of overtime costs, by department, for the years 1998 to projected 2008. Please separate between management and non-management employees.
- CA-134-NLH Reference: Regulated Activities: Evidence, p. 11 (lines 14-15), where

it states *“hydro received a rebate on its workers’ compensation premiums for 2005 and has implemented a safe return to work policy. . . .”* Please explain:

- a. How much was the rebate received by Hydro for 2005 and what was the actual amount Hydro paid in respect of workers’ compensation premiums in 2005 after the rebate is taken into account.
- b. What amount does Hydro forecast to pay in respect of workers’ compensation premiums in 2006 and the Test Year 2007, after consideration of any anticipated rebates?

CA-135-NLH Please provide the employee vacancy rate (both forecast and actual) for the years 1995 to forecast 2007.

CA-136-NLH Has Hydro provided for a vacancy credit in its 2007 Test Year forecast?

CA-137-NLH How many vacant positions (for which Hydro has publicly advertized) presently exist within Hydro’s regulated operations. Please provide a breakdown by position type.

CA-138-NLH Please detail the number and title and location of positions which Hydro has publicly advertized over 2005 and 2006 and please also provide the amount of time elapsed from advertisement to the filling

of the position together with the number of qualified applications received for each position.

CA-139-NLH How many applications does Hydro currently have on file from prospective lineworkers, trade persons and engineers seeking employment with Hydro? Please separate the amounts for each group. Please also indicate how many lineworkers, trades persons and engineers have been lost over the past year in total and how many were lost owing to a non-competitive wage package?

CA-140-NLH Please indicate what steps, if any, Hydro is taking to recruit engineers, tradespersons and lineworkers to work at Hydro.

CA-141-NLH Reference p. 22 of the Regulated Activities: Evidence and reference Schedule I to evidence of J. R. Haynes. Please explain why Hydro Generation operating expenses are forecast for the 2007 Test Year at \$8,051,000 which is approximately \$500,000 more than forecast for 2006 and significantly in excess of the actual expenses incurred from 2002 to 2005 which varied over that period from \$6.8 million to \$7.3 million.

CA-142-NLH At p. 22 of the Regulated Activities: Evidence, it states that the thermal generation operating costs are forecast in 2007 to be \$17.3 million and that *"These costs are primarily driven by an increase in maintenance at the Holyrood plant due to a scheduled major overhaul of Unit 3 in 2007 at a budgeted cost of \$2.7 million."* Once this major overhaul is completed

in 2007, does Hydro anticipate that its Thermal Generation operating expenses will decline in 2008 and 2009, and if so, by how much? If not, why not?

CA-143-NLH Reference p. 23 of the Regulated Activities: Evidence and reference Schedule I to Evidence of J. R. Haynes. Please explain why costs for Engineering are forecast to increase from \$3,803,000 in 2006 to \$4,665,000 in 2007, which is approximately \$1 million more than actual costs in 2003 (i.e. \$3,626,000).

CA-144-NLH Reference p. 22 of the Regulated Activities: Evidence and reference Schedule I to Evidence of J. R. Haynes. Please explain why costs for Systems Operations and Customer Service were \$4,012,000 in 2003 but increased to \$4,507,000 and \$4,670,000 in 2004 and 2005 respectively.

CA-145-NLH Reference: Schedule I to the evidence of M. G. Bradbury. What evidence does Hydro have at its disposal from third party sources that indicates that its Group Insurance costs are to increase from \$1.557 million in 2005 to \$1.692 million in 2006 and to \$1.864 million in 2007? Please provide the same.

CA-146-NLH Reference p. 23 of the Regulated Activities: Evidence and reference Schedule I to Evidence of J. R. Haynes, please explain why costs for Human Resources and Organizational Effectiveness have increased by approximately \$3 million from 2002 to forecast 2007 (\$9,203,000 to \$12,288,000) and why Hydro is forecasting an increase in these costs

from \$10,660,000 in 2005 to \$12,228,000 in the Test Year.

- CA-147-NLH Reference p. 23 of the Regulated Activities: Evidence and reference Schedule I to Evidence of J. R. Haynes, please explain what the cost item described as *“Leadership and Associates”* entails and the factors that led this cost to decrease from a high of \$3.671 million in 2004 to a forecast cost of \$2.717 million in 2007.
- CA-148-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 \$20,000.00 for the period 2001 - 2006.
- CA-149-NLH Provide a detailed listing of the professional service costs for 2005 and detailed forecasts for 2006 and 2007.
- CA-150-NLH Reference: Schedule I to evidence of M. G. Bradbury. What evidence does Hydro have at its disposal from third party sources that indicates that its insurance costs are to increase from \$1.675 million in 2005 to \$1.850 million in 2006 and to \$2.123 million in 2007? Please provide the same.
- CA-151-NLH Please describe how Hydro goes about procuring its insurance coverages.

- CA-152-NLH Please indicate whether Hydro carries vehicle insurance in respect of its fleet and, if so, whether it has ever undertaken a study to determine the costs-benefits of self insuring.
- CA-153-NLH Please provide a list of all insurance claims (by type and amount) Hydro has made against its insurers from 2001 to 2006.
- CA-154-NLH What deductible level does Hydro choose in relation to its various insurance coverages. How do these chosen deductible levels compare to the maximum deductibles available under Hydro's policies of insurance?
- CA-155-NLH Please provide the 2007 forecast insurance cost using the assumption that Hydro will be choosing the highest deductibles available to it under its insurance policies.
- CA-156-NLH At page 14 of the Regulated Activities: Evidence, it states, *"The cost of using helicopters has increased significantly since the last GRA. As a result, Hydro's field operations have reduced the usage of helicopters with operational changes and increased reliance on available commercial flights while still maintaining service and reliability."*
- Please explain:
- a. why Hydro had not previously been reducing the usage of helicopters by making operational changes and increasing

- reliance on available commercial flights;
- b. what savings have been made since Hydro reduced the usage of helicopters as aforesaid;
 - c. whether Hydro continues to pay a fixed retainer fee to ensure the availability of helicopter services during emergency situations and provide the daily retainer rate in place during 2004, 2005 and 2006 as well as the forecast rate for 2007;
 - d. with reference to Schedule 1, page 10 of 10 of the evidence of M. G. Bradbury, please indicate what portion of Transportation Costs (line 17) for each of the years 2002 to 2007 were actually (or are forecasted to be) in respect of helicopter usage including any retainer costs;
 - e. please detail how the cost of using helicopters has increased since 2003 to present;
 - f. how many hours did Hydro use helicopter services for in each of the years 2002 to 2006 to date and how many hours are forecasted to be used in 2007?

CA-157-NLH

At page 64 of the decision Order No. P.U. 14 (2004), the Board stated, *“Mr. Martin stated that NLH is in the process of conducting a review of both its on-road and off-road fleet of vehicles.”* Please provide a copy of that review, if one was completed and please indicate what steps Hydro has taken in putting the results of any findings of the review into practice.

- CA-158-NLH Please provide:
- a. a breakdown of vehicle type (and location) of all vehicles owned by Hydro over the period 2003 to 2005 with forecasts for 2006 and 2007;
 - b. a breakdown by vehicle type of all vehicles leased by Hydro over the period 2003 to 2005 with forecasts for 2006 and 2007.
- CA-159-NLH Does Hydro have a vehicle use policy for its employees and, if so, please provide a copy of the same?
- CA-160-NLH How many current hydro employees are:
- a. not users of Hydro owned or leased vehicles. How has this number of employees changed from 2003 to 2005 and how is it projected to change in 2006 and 2007;
 - b. users of Hydro owned or leased vehicles. How has this number of employees changed from 2003 to 2005 and how is it projected to change in 2006 and 2007.
- CA-161-NLH Please provide Hydro's vehicle policy(ies) as regards:
- a. leasing vs. buying;
 - b. new vehicle procurement practices; and
 - c. vehicle maintenance.

- CA-162-NLH Reference: p. 10 of 10 of Schedule I to evidence of M. G. Bradbury.
Please explain what line 15 - Miscellaneous encompasses by way of expense headings.
- CA-163-NLH Reference: p. 10 of 10 to Schedule I to evidence of M. G. Bradbury.
Please explain why the miscellaneous cost type category is forecast to increase from a forecast of \$4.221 million in 2006 to \$4.765 million in 2007.
- CA-164-NLH Provide details of regulated and non regulated expenses incurred for charitable donations, advertising and community relations for each year of the period 2000 to 2005 and forecast for 2006 and 2007.
- CA-165-NLH In Newfoundland and Labrador Hydro's August 3, 2006 News Release entitled "Hydro files General Rate Application for 2007 electricity rates with the Public Utilities Board", the President and CEO of Hydro is quoted as saying *"The majority of electricity rates in Newfoundland and Labrador remain competitive with other Atlantic Canadian provinces"*. At page 1 (lines 11-17) of Regulated Activities: Evidence, it states:
- "Approximately 70% of Hydro's energy supply is from renewable hydroelectric plants. While these plants and supporting infrastructures require increasing levels of maintenance and sustained capital investment due to aging components, their cost effectiveness is still outstanding in comparison to alternative generation sources. Their**

renewable nature and low operating costs mitigate rate impacts of rising fuel prices by limiting the amount of thermal generation required to meet consumer needs.”

Please explain:

- a. To what extent Nova Scotia, New Brunswick and Prince Edward Island rely upon renewable resources to generate electricity as compared to non-renewable means of generation and how, if at all, this was taken into account in the above referenced statement in the News Release.
- b. As implied in the above statement by Hydro’s President and CEO, which electricity rates in Newfoundland and Labrador do not remain competitive with other Atlantic Canadian provinces.

CA-166-NLH

In the aforesaid press release, Mr. Ed Martin states that “*A key focus for Hydro is providing consumers with the right energy efficiency tools and information to help conserve electricity and manage consumption. We will be talking to our customers directly and will work closely with Newfoundland Power, to reach Island electricity consumers*”. Please detail the number of meetings held as between Hydro and Newfoundland Power officials over the past 3 years which focused on the ways and means of helping consumers conserve and manage consumption of electricity and please provide the minutes or notes of same as well as a description of initiatives that were undertaken as a result of any such meetings.

CA-167-NLH At page 18 of the Regulated Activities: Evidence, Hydro refers to an *“employee whose sole focus is energy conservation.”*

- a. When was the position of Energy Conservation Program Manager filled and to whom does that employee report?
- b. Has Hydro set any goals as to outcomes in relation to its efforts to encourage consumers to take action to conserve energy, and if so, how does Hydro intend to measure its initiatives’ effectiveness?

CA-168-NLH At p. 18 of the Regulated Activities: Evidence, reference is made to the Hydrowise Program. It states, *“To date, Hydro’s focus has been on its Hydrowise program for its domestic and general service customers.”* Please indicate how much has been spent on the Hydrowise program on an annual basis since its inception and please also indicate what were the contributors to these costs.

CA-169-NLH In Newfoundland Power Inc.’s February 28, 2006 Energy Plan Submission, it states at page 7:

“Currently, Newfoundland Power maintains and operates approximately 80% of all distribution support structures (poles and wires) and serves 85% of all customers in the province. The current industry structure contains duplication

between Hydro and Newfoundland Power. Overlap exists in the delivery of energy over transmission and distribution lines, and the provision of customer service, both of which have an impact on customer electricity rates. The resources necessary to perform these functions are, to a significant degree, duplicated by Hydro for a much smaller group of assets and customers.”

- a. What does Hydro propose in order to remove this duplication with its attendant costs.
- b. Does Hydro believe that the continued existence of duplication referred to by Newfoundland Power Inc. in the above statement runs contrary to the power policy of the province as expressed in part at Section 3 (b) of the Electrical Power Control Act, 1994 SNL 1994, Chapter E-51 as amended. If yes, please explain what in Hydro’s view must be done about it. If no, explain this position.
- c. Please explain to what extent the existing duplication impacts upon the electricity rates paid by consumers in the province.

CA-170-NLH Reference: Corporate Overview: Evidence, p. 19, where it states that residential customer service satisfaction has been maintained at 93% from 2003. Is Hydro able to segregate the level of residential customer service satisfaction by town or geographical location within the province? If yes, please provide the same for the past 5 years. If not, what would be entailed in gathering data in such a form?

CA-171-NLH What would it cost and entail for Hydro to send each of Hydro’s

direct retail customers (with their monthly bills) a year-to-date breakdown of the electricity consumed by month with a comparison to the previous year's consumption broken down by month as a consumer awareness and education tool? What would it cost and entail if done quarterly instead of monthly?

CA-172-NLH Please provide the number of customer complaints (broken down by geographic area, if possible) and categorized by type of complaint received by Hydro over the last three years.

CA-173-NLH Does Hydro and Newfoundland Power Inc. use the same survey and methods to determine customer satisfaction? If not, why not and what would it entail in terms of time and costs to adopt a standardized and common approach to determining customer satisfaction?

CA-174-NLH With respect to the seasonal lifeline block for Hydro's Rural Isolated Domestic customers which was implemented as directed in Order No. P.U. 14 (2004), please provide a summary of customer feedback received by Hydro as to the same since its implementation.

CA-01-IC Has Hydro approached the Industrial Customers to discuss alternative rate designs or additional rate options such as interruptible tariffs?

- CA-02-IC Have the Industrial Customers approached Hydro staff concerning a need for alternative rate designs or additional rate options?
- CA-03-IC Do Industrial Customers have a preference for either of the rate designs shown in Tables 6 or 7 of the report entitled *Implications of Marginal Cost Results for Class Revenue Allocation and Rate Design*, assuming the rates are designed to recover the IC revenue allocation derived in the 2007 Forecast Cost of Service included in Mr. Greneman's Cost of Service evidence; i.e., there would be no further impact of rates beyond those proposed in Hydro's 2006 GRA?
- CA-04-IC Do Industrial Customers have any interest in the interruptible rate options discussed in Section C, pages 15 and 16 of the report entitled *Implications of Marginal Cost Results for Class Revenue Allocation and Rate Design*?
- CA-01-PUB In the Mediator's Report included in Appendix H of the *Decision and Order of the Board* (Order No. P.U. 14 2004), point "cc" states the following:
- Parties request that the Board prepare or obtain a report on Performance Based Regulation (PBR) alternatives for Hydro and NP, with input solicited from all interested stakeholders prior to finalization of the Report, and opportunity for comment and discussion in considering the final Report.*

As part of its ongoing regulatory mandate for the Province's utilities:

- a. Has the Board prepared or obtained a report on PBR alternatives for Hydro and NP?
- b. What are the Board's current plans with regard to PBR?

CA-02-PUB

In the Decision and Order of the Board for P.U. 14, point 62 (page 163) states "The Board has authority and responsibility to ensure that adequate planning occurs for the production, transmission and distribution of least cost reliable power in the Province. While the Board will make no order at this time with respect to Integrated Resource Planning, the utilities may be required by the Board, consistent with its mandate, to participate in a generic process to address issues and benefits associated with Integrated Resource Planning":

- a. Does the Board have any such plans to initiate this generic process consistent with its mandate?
- b. What lead time is necessary for the Board to conduct this generic process, and for Hydro to gain approval of an integrated resource plan, gain the necessary environmental approvals and construct and commission new demand/supply resources to meet the 2012/13 need date?

CA-03-PUB

In the Decision and Order of the Board for P.U. 14, point 63 (page 163)

states “The Board encourages NLH to continue to raise consumer awareness and develop/implement programs aimed at energy efficiency and conservation. The Board will not direct NLH at this time respecting demand side management initiatives but will consider the manner and timing of a generic proceeding which will address demand side management options and impacts on the overall system”. Does the Board have any plans to initiate such a generic proceeding, particularly in light of the increased marginal cost of fuel on the electricity system?

CA-01-NP With reference to CA-65-NLH, please provide the counterpart data pertaining to Newfoundland Power Inc.

CA-02-NP With reference to CA-66-NLH, please provide the revenue per billing period for each of Newfoundland Power’s customer classes for the forecast years 1996 to 2005 inclusive (in both hard copy and Excel Spreadsheet format).

CA-03-NP With reference to CA-67-NLH, for each customer class, please provide the revenue per billing period for that part of fiscal year 2006 for which data is available (in both hard copy and in Excel spreadsheet format).

CA-04-NP With reference to CA-68-NLH, for each customer class, please provide the forecast of revenue per billing period for the fiscal years 1996 to 2007, inclusive (in both hard copy and in Excel spreadsheet format).

DATED at St. John's, in the Province of Newfoundland and Labrador, this ____ day of September, 2006.

CONSUMER ADVOCATE

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cc: Newfoundland and Labrador Hydro
Attention: Ms. Gillian Butler, Q.C., & Mr. Geoffrey P. Young

Newfoundland Power
Attention: Mr. Ian Kelly, Q.C., & Mr. Peter Alteen

Industrial Customers
Attention: Mr. Paul L. Coxworthy & Mr. Joseph S. Hutchings