NEWFOUNDLAND POWER
A FORTIS COMPANY

Newfoundland Power Inc.

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HAND DELIVERED

September 18, 2006

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

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Ladies and Gentlemen:

Re: 2006 Newfoundland & Labrador Hydro General Rate Application

Please find enclosed the original and fourteen copies of Newfoundland Power's Requests for Information in relation to the 2006 Hydro General Rate Application.

For convenience, the Requests for Information are provided on three-hole punched paper.

A copy of this letter, together with enclosures, has been forwarded directly to the parties listed below. An electronic copy in Adobe format will follow.

If you have any questions regarding the enclosed, please contact the undersigned at your convenience.

Yours very truly,

Peter Alteen
Vice President, Regulatory Affairs
& General Counsel

c. Gillian Butler, Q.C., & Geoffrey Young
Newfoundland & Labrador Hydro

Thomas Johnson
O'Dea Earle Law Offices

Joseph Hutchings, Q.C.
Poole Althouse

Paul Coxworthy
Stewart McKelvey

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

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

Requests of Information by
Newfoundland Power Inc.

September 18, 2006

Requests for Information
2006 Hydro General Rate Application

Operating Expenses

NP-1 NLH Provide the labour and non-labour savings assumed in the 2007 and 2008 forecasts attributable to the retirement of 53 full-time workers. (Regulated Activities Evidence, page 12, lines 6 to 8)

NP-2 NLH Provide the number of FTE's by year for 2003 to 2007 forecast broken out by union and management employees. (Regulated Activities, page 12, lines 6 to 16)

NP-3 NLH Provide details to explain the $2.168 million (3.8%) increase in 2007 salary and benefit costs over 2006. (Finance and Accounting Evidence, Schedule 1, page 10 of 10)

NP-4 NLH Confirm that the chart lines showing the "NLH O&M Cost Index" and the "Inflation (GDP Deflator)" shown in Chart 5 of the Corporate Overview Evidence are reversed.

NP-5 NLH Hydro has identified 92 employees who will become eligible for retirement during 2007. What is the forecast number of retirements, the forecast number of replacements and the impact on the 2007 revenue requirement? (Regulated Activities Evidence, page 12, lines 3 to 4)

NP-6 NLH Hydro cites "continuing pressure from external agencies for data monitoring and reporting" as a requirement for additional resources. Provide a list of the external agencies, the associated data monitoring and reporting requirements and the costs attributable to each agency. (Regulated Activities Evidence, page 12, lines 9 to 12)

NP-7 NLH Hydro states:

"The Company has already lost several lineworkers, trades persons and engineers over the past year as a result of a non-competitive wage package and, in some cases, work location." (Regulated Activities Evidence, page 13, lines 6 to 8)

Provide management's estimate of the number of Hydro employees that have left the organization as a result of non-competitive wages since 2004.

NP-8 NLH Identify the efficiency initiatives and management's estimate of cost savings reflected in the 2007 Test Year attributable to these initiatives. (Regulated Activities Evidence, page 13, lines 10 to 12)

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NP-9 NLH Provide a table showing the following fuel cost details by year for the period 1995 to 2005. (Regulated Activities Evidence, page 1, lines 18 to 21)

1) Average price per barrel, number of barrels and the total cost of No. 6 fuel.
2) Average price per litre, number of litres and the total cost of No. 2 fuel.

NP-10 NLH Provide the system equipment and maintenance costs by department and by year for the period 2002 to 2007 forecast. (Finance and Accounting Evidence, Schedule I, page 10 of 10, line 9)

NP-11 NLH In reference to Request for Information NP-10 NLH, for the Transmission and Distribution Department, provide a breakdown of system equipment and maintenance costs by function (i.e. generation, transmission and distribution) by year for the period 2002 to 2007 forecast. (Finance and Accounting Evidence, Schedule I, page 10 of 10, line 9)

NP-12 NLH Provide an explanation for the increase in insurance costs from 2004 to 2007 forecast. (Finance and Accounting Evidence, Schedule 1, page 10 of 10, line 12)

NP-13 NLH Provide an explanation for the increase in equipment rental costs from 2004 to 2007 forecast. (Finance and Accounting Evidence, Schedule 1, page 10 of 10, line 13)

NP-14 NLH Provide a detailed breakdown of miscellaneous costs by year for the period 2004 to 2007 forecast. (Finance and Accounting Evidence, Schedule 1, page 10 of 10, line 15)

NP-15 NLH Provide a detailed breakdown of professional services costs by year for the period 2004 to 2007 forecast. (Finance and Accounting Evidence, Schedule 1, page 10 of 10, line 11)

NP-16 NLH In addition to the $3.5 million contribution provided by the Department of Transportation and Works (DTW) towards the capital cost of the VHF mobile radio system, what is the annual contribution of DTW towards the operating cost of the system? What percentage is this amount of the total operating cost of the system? (Regulated Activities Evidence, page 14, lines 20 to 23)

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NP-17 NLH With reference to the pilot project in Ramea involving diesel, wind and hydrogen integration, provide the following: (Regulated Activities Evidence, page 36, lines 5 to 16)

1. Management's estimate of the future annual operating costs for this project.
2. The amount of funding the Company has applied for from the Atlantic Innovation Fund.
3. Whether costs associated with this project will be classified as regulated or non-regulated should the application for funding be denied.

NP-18 NLH The 2007 Test Year forecast includes costs pertaining to a major overhaul of Holyrood Unit #3 totaling $2.7 million. Would it be reasonable to amortize this cost over a period of years? If not, why not? (Finance and Accounting Evidence, page 23, lines 15 to 16)

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Non-regulated Expenses

NP-19 NLH Provide the detailed calculations for the 2007 Test Year:

i. To isolate debt costs associated with non-regulated activities; (Finance and Accounting Evidence, pages 17 to 18)
ii. To determine the $100.7 million of the non-regulated debt pool; and (Finance and Accounting Evidence, Schedule IV, line 19)
iii. To determine the $5.4 million of associated non-regulated debt pool interest; (Finance and Accounting Evidence, Schedule IV, line 32)

NP-20 NLH Provide the total costs charged to non-regulated activities by year for the period 2002 to 2007 forecast. (Finance and Accounting Evidence, pages 18 to 19)

NP-21 NLH Provide an explanation of the iterative process used to determine the debt balances and interest associated with the non-regulated debt pools showing how these totals are removed from Hydro's regulated cost of debt, capital structure and weighted average cost of capital. (Finance and Accounting Evidence, page 18, lines 1 to 10)

NP-22 NLH Provide the methodology that will be used to isolate future debt issues associated with non-regulated activities. For example, if a future debt issue was undertaken with respect to CF(L)Co, would the "iterative process" (described on page 18 in the Finance and Accounting Evidence) result in the full amount or a portion of the debt issue being allocated to the non-regulated debt pool?

Requests for Information
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Financial Statements

NP-23 NLH Provide a detailed reconciliation between the interest amounts of $102,680,000 (Finance and Accounting Evidence, Schedule I, page 6 of 10, line 10) and $106,300,000. (Finance and Accounting Evidence, Schedule IV, line 33)

NP-24 NLH Why are accounts receivable forecast to increase from $57,269,000 at December 31, 2005 to $65,754,000 at December 31, 2007? (Finance and Accounting Evidence, Schedule I, page 2 of 10, line 10)

NP-25 NLH Provide a detailed breakdown of accounts payable by year for the period 2002 to 2007 forecast including an explanation for the significant reduction shown in the 2006 and 2007 forecasts. (Finance and Accounting Evidence, Schedule I, page 2 of 10, line 22)

NP-26 NLH Why is depreciation expense declining in 2006 relative to 2005 and increasing approximately $3.3 million in 2007 over 2006? Provide the depreciation expense and loss on disposal separately by year for the period 2005 to 2007 forecast. (Finance and Accounting Evidence, Schedule I, page 1 of 10, line 10)

Requests for Information
2006 Hydro General Rate Application

Debt Costs

NP-27 NLH Provide the detailed calculations of the actual embedded cost of debt by year for the period 2003 to 2007 forecast in the format of Schedule IV, Finance and Accounting Evidence, page 1 of 1. (Finance and Accounting Evidence, Schedule I, page 4 of 10, line 22)

NP-28 NLH Provide an explanation of why the amortization of debt issue expenses has declined by approximately $278,000 in the 2007 forecast given there is a $225,000,000 long term debt issue forecast in 2006. (Finance and Accounting Evidence, Schedule I, page 6 of 10 line 6)

NP-29 NLH Why has interest earned declined by over $2,700,000 in the 2007 forecast over the 2006 forecast? Provide a detailed breakdown of interest earned by year for the period 2004 to 2007 forecast. (Finance and Accounting Evidence, Schedule I, page 6 of 10, line 9)

NP-30 NLH Provide the details of Hydro's borrowing costs for 2004 test year in the format of Schedule IV, Finance and Accounting Evidence, page 1 of 1.

NP-31 NLH What is the dividend payout ratio proposed for the 2007 forecast? (Finance and Accounting Evidence, Schedule I, page 3 of 10, line 14)

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Rate Base

NP-32 NLH Provide the detailed calculations for the estimate of construction in progress for the period 2004 to 2007 forecast. (Finance and Accounting Evidence, Schedule I, page 2 of 10, line 7)

NP-33 NLH What is the amount of 2007 forecast capital expenditures that have been included in the 2007 Rate Base? (Finance and Accounting Evidence, Schedule I, page 5 of 10, line 1)

NP-34 NLH Provide the actual versus budgeted capital expenditures by year for the period 2003 to 2005. (Finance and Accounting Evidence, Schedule I, page 5 of 10)

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Hydraulic Production Forecast

NP-35 NLH Describe the methodology used to determine the 2007 hydraulic production forecast and provide a forecast comparison on a plant by plant basis to the production forecast using the 30-year average method. (Regulated Activities Evidence, page 37 to 39)

NP-36 NLH Provide the details, by plant and in aggregate, of the water to energy conversion factors used in the derivation of the 2007 forecast of 4,472 GWh hydraulic production. (Regulated Activities Evidence, page 39, lines 5 to 11)

NP-37 NLH Provide for each hydraulic plant the actual water to energy conversion factors by year for the period 1996 to 2005 and forecast for 2006. (Regulated Activities Evidence, page 39, lines 5 to 11)

NP-38 NLH Provide details on all initiatives that Hydro has undertaken over the period 1996 to 2006 that would have improved the water to energy conversion factors at each hydraulic plant. (Regulated Activities Evidence, page 39, lines 5 to 11)

NP-39 NLH Further to Request for Information NP-38 NLH, quantify the increased annual energy production by plant and in aggregate that resulted from each initiative assuming normal water inflows.

Requests for Information
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RSP – Hydraulic Production Variation Balance

NP-40 NLH Does Hydro believe it is reasonable to have a limit on the RSP Hydraulic Production Variation Balance upon which it should be required to propose adjustments to customer rates to either refund or recover the outstanding balance? If not, why not?

NP-41 NLH Complete the following table providing hydraulic production data.

Hydraulic Production Data used in RSP Adjustments				
Year	**GWh Normal**	**GWh Actual**	**GWh Difference**	**% Difference**
1990				
1991				
1992				
1993				
1994				
1995				
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
2005				
2006 Forecast				
Total				

NP-42 NLH Calculate the pro-forma RSP Hydraulic Production Variation balance that would exist at the end of 2006 using the data provided in Request for Information NP-41 NLH and assuming: (i) the current RSP Hydraulic Production Variation mechanism; (ii) the 2007 test year forecast cost of No. 6 fuel; (iii) the 2007 test year Holyrood energy conversion factor; and, (iv) the 2007 forecast RSP finance costs.

NP-43 NLH Confirm that for the 30 month period from January 1, 2004 to June 30, 2006 the RSP Hydraulic Production Variation balance increased from zero to $20.8 million owing to customers.

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NP-44 NLH Provide the cumulative average rate increase to Hydro Rural Interconnected Domestic customers since January 1st 2002.

NP-45 NLH Does Hydro agree it is appropriate to refund or charge any material balance in the Hydraulic Production Variation component of the RSP to the customers responsible for the balance within a reasonable period of time? If not, why not?

NP-46 NLH Compare and contrast the 2007 test year hydraulic production forecast calculated on the longer-term average to the 2007 hydraulic production forecast calculated on the 30-year average method.

NP-47 NLH Compare and contrast the 2007 test year No. 6 fuel cost forecast to the 2007 No. 6 fuel cost forecast based on a 2007 hydraulic production forecast calculated on the 30-year average method.

NP-48 NLH Convert, showing all calculations, the $20.8 million balance in the Hydraulic Production Variation component of the RSP to a GWh balance based on Hydro's 2007 forecast test year cost per barrel of No. 6 fuel and the 2007 forecast test year Holyrood energy conversion factor of 630 kWh per barrel.

NP-49 NLH Provide the 2007 rate increase that would be proposed for each customer class if the hydraulic production forecast for the 2007 test year was based on the 30-year average method that was used in setting rates pursuant to the 2001 Hydro GRA and the 2003 Hydro GRA.

RSP – Load Variation Component

NP-50 NLH Confirm that if Hydro's sales to Industrial Customers are higher than test year forecast: (i) the increased energy cost is greater than the increased revenue from energy sales (i.e., net loss); and, (ii) the net loss is currently charged to the Industrial Customer RSP. (Review of the Operation of the Rate Stabilization Plan Report, Section 3.3)

NP-51 NLH Complete the table below assuming the 2007 forecast cost of No. 6 fuel and the 2007 forecast Holyrood energy conversion factor. (Review of the Operation of the Rate Stabilization Plan Report, Section 3.3)

RSP Effects of Load Variation Component ($)

	Industrial Customer (IC) Load Increase of 100 GWh		Industrial Customer (IC) Load Decrease of 100 GWh	
	IC Plan	Retail Plan	IC Plan	Retail Plan
Existing	-	-	-	-
Proposed	-	-	-	-

NP-52 NLH Confirm the Load Variation component of the RSP currently enables Hydro to recover the additional fuel costs, at the test year price, incurred in providing energy usage above the level forecast in setting rates for Industrial customers.

NP-53 NLH Confirm the proposed Load Variation component of the RSP is a departure from that accepted by all parties to the mediation agreement at Hydro's 2003 GRA. (Review of the Operation of the Rate Stabilization Plan Report, Section 3.3)

RSP – CFB Goose Bay Credit

NP-54 NLH Confirm that if secondary sales to CFB Goose Bay do not materialize in 2007 that Hydro's non-regulated revenues will increase through increased sales to Hydro-Quebec. (Rates Evidence, page 13)

NP-55 NLH Complete the following table assuming there are no secondary sales to CFB Goose Bay in 2007.

	CFB Goose Bay Credit ($)	
	Existing Approach	**Proposed Approach**
Regulated Revenue	-	-
Non-Regulated Revenue	-	-
Total	-	-

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Fuel Costs

NP-56 NLH Provide details of the price escalation clauses for each of the purchased power contracts that are based on fuel. (Corporate Overview Evidence, page 1, lines 18 and 19)

NP-57 NLH Provide the calculations to demonstrate how the monthly fuel purchase prices are weighted to provide the overall purchase price. (Regulated Activities Evidence, Schedule VIII)

NP-58 NLH Provide a reconciliation of the 2007 Forecast No. 6 fuel cost of $142,488,000 in the Regulated Activities Evidence, Schedule VI and the No. 6 fuel cost of $142,973,000 in Exhibit RDG-1, page 1 of 108, line 2.

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Rates

NP-59 NLH Confirm the proposed flat energy rate of 3.811 cents per kWh for Industrial Customers approximately reflects $24 per barrel No. 6 fuel and a fuel conversion factor of 630 kWh per barrel. (Rates Evidence, page 4, lines 4 to 7)

NP-60 NLH Provide the 2007 forecast non-firm energy sales to each Industrial Customer. (Cost of Service Evidence, page 14, lines 20 to 21)

NP-61 NLH Confirm that Industrial Customers' power on order (i.e., firm load) is based on their demand requirements from Hydro and not their annual energy requirement.

NP-62 NLH Provide a calculation that demonstrates how fuel rider adjustments result in rates reflecting marginal costs. (Cost of Service Evidence, page 14, lines 15 to 20)

NP-63 NLH Confirm the fuel rider does not adjust the marginal energy rate to Industrial Customers to equal the updated forecast cost of fuel. (Cost of Service Evidence, page 14, lines 18 to 20)

NP-64 NLH Confirm that the proposed demand and energy rate for Newfoundland Power is not based solely on an embedded cost methodology. (Rates Evidence, page 17, lines 11 to 12)

NP-65 NLH Provide the rate that would be proposed for Newfoundland Power for 2007 if the wholesale rate was designed purely on an embedded cost methodology with the rural subsidy and specifically assigned customer costs identified as a specifically assigned charge per month. (Rates Evidence, page 17, lines 11 to 12)

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NP-66 NLH Complete the table below providing the forecast firm base rate revenue by month for 2007 (excluding RSP) under the existing rate and the proposed rate. (Rates Evidence, page 14, Table 4)

Test Year Monthly Revenue Increases to Newfoundland Power
($000s)

	Revenue at Existing Rate	Revenue at Proposed Rate	$ Change	% Change
January	-	-	-	-
February	-	-	-	-
March	-	-	-	-
April	-	-	-	-
May	-	-	-	-
June	-	-	-	-
July	-	-	-	-
August	-	-	-	-
September	-	-	-	-
October	-	-	-	-
November	-	-	-	-
December	-	-	-	-
Total	-	-	-	-

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Cost of Service Study

NP-67 NLH Provide a table summarizing the cost effects on Newfoundland Power and the Industrial Customers incorporating the proposed changes with respect to the generation credit in the 2007 Cost of Service Study. (Rates Evidence, page 18)

NP-68 NLH Confirm that when assets exclusively serve Hydro's Rural Customers that the costs associated with those assets are directly assigned to Hydro's Rural Customers. (Cost of Service Evidence, page 4, lines 12 to 14)

NP-69 NLH Provide the calculation of the interconnected system load factor for each year from 1996 to 2007 forecast.

NP-70 NLH Describe the method used to assign Group Insurance and Employee Future Benefit costs to the various direct cost components within the 2007 Cost of Service Study. (Cost of Service Evidence, page 5, lines 2 to 3)

NP-71 NLH Provide an electronic copy of the 2007 Cost of Service Study with formulas and user documentation included. (Cost of Service Evidence, Exhibit RDG-1)

NP-72 NLH Describe in detail the treatment of conservation and demand management expenses in the 2007 Cost of Service Study. (Cost of Service Evidence, Exhibit RDG-1)

Requests for Information
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Marginal Cost Pricing-Stone and Webster

NP-73 NLH Does Stone and Webster believe the proposed flat energy rate of 3.811 cents per kWh for Industrial Customers provides a proper price signal for the conservation of natural resources? (Cost of Service Evidence, page 8, lines 4 to 6)

NP-74 NLH Does Stone and Webster disagree with the marginal cost methodology used by NERA? If so, identify the areas of disagreement with the methodology. (Cost of Service Evidence, page 17, lines 1 to 3)

NP-75 NLH Provide any reports or evidence filed with regulatory boards by Mr. Greneman of Stone and Webster over the past 10 years in the regulatory jurisdictions identified in his witness profile. (Cost of Service Evidence: Witness Profile)

NP-76 NLH Provide a listing of the utilities and the regulatory jurisdictions for which Stone and Webster has completed marginal cost studies during the past 10 years. (Cost of Service Evidence, page 17, lines 1 to 3)

NP-77 NLH Provide a listing of the utilities and the regulatory jurisdictions for which Stone and Webster has testified on rate design during the past 10 years. (Cost of Service Evidence, Witness Profile)

NP-78 NLH Does Stone and Webster agree that an inverted energy rate designed specifically for each Industrial Customer reflecting embedded cost of service allocations would provide a more efficient price signal for the conservation of natural resources than the flat energy rate? (Cost of Service Evidence, page 8, lines 4 to 6)

NP-79 NLH Can Stone and Webster confirm that the isolated power grid also has a finite amount of energy capability? (Cost of Service Evidence, page 14, lines 10 to 14)

NP-80 NLH Does Stone and Webster believe the difference between the proposed marginal energy rate to Newfoundland Power of 8.907¢ per kWh and the proposed marginal firm energy rate to Industrial Customers of 3.811¢ per kWh is justified on fairness and efficiency principles? Please explain your position. (Cost of Service Evidence, page 8, lines 4 to 6)

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NP-81 NLH Does Stone and Webster agree that allocating test year revenue requirement based on a fully allocated embedded cost of service study and providing marginal cost based pricing signals to customers through rate design is not an uncommon regulatory practice. (Cost of Service Evidence, page 14, line 24 to page 15, line 2)

NP-82 NLH On page 14, line 24, of the Cost of Service Evidence, Stone and Webster stated "Hydro is regulated in an embedded cost jurisdiction". Please explain in detail Stone and Webster's view on how this affects the application of marginal cost principles?

NP-83 NLH Does Stone and Webster agree that embedded cost studies have also been controversial in terms of methodology and rate implementation? (Cost of Service Evidence, page 17, lines 1 to 3)

NP-84 NLH Is Stone and Webster recommending that another marginal cost study be completed for the Island Interconnected system? (Cost of Service Evidence, page 17, lines 1 to 3)

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Marginal Cost Pricing-NERA

NP-85 NLH Provide a listing of the utilities and the regulatory jurisdictions for which NERA has completed marginal cost studies during the past 10 years.

NP-86 NLH Does NERA agree that the difference between the proposed marginal energy rate to Newfoundland Power of 8.907¢ per kWh and the proposed marginal firm energy rate to Industrial Customers of 3.811¢ per kWh is justified on fairness and efficiency principles? Please explain your position. (Cost of Service Evidence, page 8, lines 4 to 6)

NP-87 NLH Confirm that the NERA report referenced did not recommend a rate increase to Industrial Customers as a result of implementing marginal cost based rates. (Cost of Service Evidence, page 16, lines 13 to 17)

NP-88 NLH Does NERA consider embedded cost studies controversial in terms of methodology and rate implementation? (Cost of Service Evidence, page 17, lines 1 to 3)

NP-89 NLH Stone and Webster stated that "notwithstanding NERA's findings, there are a number of important and justifiable reasons to retain the existing rate structures for both NP and the Industrial Customers".

Does NERA agree with Stone and Webster's approach to assessing the rate designs for Newfoundland Power and Industrial Customers? If not, provide reasons why Hydro's approach to rate design for Newfoundland Power and Industrial Customers requires modification. (Cost of Service Evidence, page 14, lines 7 to 9)

NP-90 NLH "Stone and Webster does not believe that marginal costs are as appropriate for the Island Industrial customers as for NP." Does NERA agree with the Stone and Webster position? If not, why not? (Cost of Service Evidence, page 17, lines 7 to 8)

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Marginal Cost Pricing-Hydro

NP-91 NLH What role, if any, does Hydro believe the marginal cost study should play in rate design?

NP-92 NLH Does Hydro agree that the demand charge in the wholesale rate provides a benchmark for Newfoundland Power to use in assessing load management initiatives?

NP-93 NLH Confirm the current operation of the Load Variation component of the RSP provides an indirect marginal energy cost signal to the Industrial Customer class. (Review of the Operation of the Rate Stabilization Plan Report, Section 3.3)

NP-94 NLH Confirm the proposed change to the Load Variation component of the RSP will eliminate the indirect marginal energy cost signal to the Industrial Customer class referred to in Request for Information NP-93 NLH. (Review of the Operation of the Rate Stabilization Plan Report, Section 3.3)

NP-95 NLH How does the firm rate for Industrial Customers reflect marginal costs?

NP-96 NLH Provide a table comparing the 2007-2011 average marginal cost of demand on an annual basis (base price of fuel and assuming no interconnection to Labrador) to the existing wholesale rate annual demand charge and the proposed wholesale rate annual demand charge. (NERA, Marginal Cost Report)

NP-97 NLH Provide a table comparing the 2007-2011 average marginal cost on a cents per kWh basis (including both demand and energy costs and assuming base case fuel and no interconnection to Labrador) to the existing and proposed marginal rates (i.e., tail block and demand charges) expressed on a kWh basis to Newfoundland Power and Industrial Customers. (NERA, Marginal Cost Report)

NP-98 NLH If Industrial Customers increase energy consumption without increasing billing demand, what price do they pay for the increased firm energy? (Cost of Service Evidence, page 17, lines 7 to 16)

NP-99 NLH The executive summary of the NERA Report: “Implications of Marginal Cost Results for Class Revenue Allocation and Rate Design” provides a number of recommendations. List each recommendation and present Hydro’s action plan with respect to each.

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Rural Deficit

NP-100 NLH Provide estimates of the rural deficit by year from 2002 to 2007 stated separately for Island Interconnected, Island Isolated and Labrador Isolated.

NP-101 NLH Provide estimates of the rural deficit by year from 2002 to 2007 stated separately for Island Interconnected, Island Isolated and Labrador Isolated adjusting for variability in fuel costs.

NP-102 NLH Operating expenses for TRO are forecast to decline over the 2002 to 2007 period. Identify specific initiatives Hydro has undertaken to reduce the rural deficit and estimate the 2007 test year savings resulting from each initiative. (Regulated Activities Evidence, page 23, lines 9 to 10)

NP-103 NLH Order No. P.U. 14 (2004) stated: “The Board will require NLH to submit, in conjunction with its annual financial report, an annual report on the rural deficit.” Provide the annual report on the rural deficit for the years 2004 and 2005.