



December 1, 2015

Ms. G. Cheryl Blundon
Board of Commissioners of Public Utilities
120 Torbay Road, P.O. Box 12040
St. John's, NL A1A 5B2

Dear Ms. Blundon:

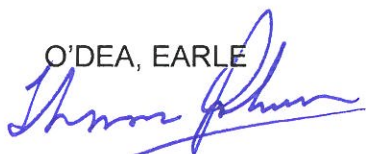
**Re: Newfoundland Power 2016-2017 General Rate Application
Requests for Information**

In relation to the above noted application please find enclosed the Consumer Advocate's Requests for Information numbered CA-NP-01 to CA-NP-243.

A copy of this correspondence, together with the enclosures, has been forwarded directly to the parties listed below.

We trust the foregoing is found to be in order.

Yours very truly,

O'DEA, EARLE


THOMAS JOHNSON, Q.C.
TJ/cel
encl.

cc: Newfoundland & Labrador Hydro
Attention: Geoffrey P. Young, Senior Legal Counsel

Newfoundland Power
Attention: Peter Alteen, Q.C.

Curtis Dawe
Attention: Ian F. Kelly, Q.C.

IN THE MATTER OF

the *Public Utilities Act*, R.S.N.L. 1990,
Chapter P-47 (the “*Act*”), as amended;

AND

IN THE MATTER OF

A General Rate Application (the “Application”)
by Newfoundland Power Inc. (“Newfoundland Power”)
to establish customer electricity rates for 2016 and 2017.

**CONSUMER ADVOCATE
REQUESTS FOR INFORMATION
CA-NP-01 to CA-NP-243**

Issued: December 1, 2015

- 1 CA-NP-01 Does the company accept the consistent judgment of the Board (4-23) that
2 it is an average risk Canadian utility, if not where in the reason for the
3 decision would the company disagree with the Board?
4
- 5 CA-NP-02 Does the company accept that a 45% common equity ratio exceeds the
6 average allowed common equity ratios for Canadian transmission and
7 distribution electric utilities?
8
- 9 CA-NP-03 Does the company accept that lower financial risk due to the 45%
10 common equity ratio translates into a lower allowed ROE if NP is an
11 average Canadian utility? If not, why not.
12
- 13 CA-NP-04 Please provide the estimated ROE since 2005 assuming that the Board had
14 continued to use the ROE adjustment methodology consistently
15 throughout that period. At what point did the company judge the allowed
16 ROE from the formula to be inconsistent with a fair ROE?
17
- 18 CA-NP-05 In 2010 the Board rebased the allowed ROE to 9.0%. Please provide the
19 subsequent annual allowed ROEs resulting from that award and the use of
20 the automatic ROE adjustment methodology to 2015.
21
- 22 CA-NP-06 Is it the company's view that the Canadian financial system is still under
23 stress due to the financial crisis?
24
- 25 CA-NP-07 Please provide the monthly yield on the Company's first mortgage bond
26 and the equivalent maturity long Canada bond yield since 2000.
27
- 28 CA-NP-08 Please graph the average annual yield on the company's debt, the actual
29 allowed ROE and the allowed ROE emanating from the ROE adjustment
30 formula for each year since 2005.
31

- 1 CA-NP-09 Does the company judge that its actual borrowing cost from the first
2 mortgage bonds meets the fair return standard?
3
- 4 CA-NP-10 Please discuss whether the company has recently performed a review of its
5 rate base to ensure that all assets are currently and forecast to be used and
6 useful in providing service.
7
- 8 CA-NP-11 Does the company accept that if assets are not forecast to be used and
9 useful they should be removed from rate base and any losses borne by its
10 shareholder?
11
- 12 CA-NP-12 NP discusses depreciation rates on pages 4-7 to 4-8. Please provide the
13 composite depreciation rate used by the company since 2000 and the
14 associated economically useful life.
15
- 16 CA-NP-13 Did Gannett Fleming and/or NP take into account the possibility that some
17 of NP's assets may be stranded in the future and no longer used and useful
18 for providing service? If so please discuss in detail.
19
- 20 CA-NP-14 Please provide a copy of the actuarial review of NP's defined benefit
21 pension plan so that all of the actuarial assumptions can be assessed. In
22 particular provide the composition of the fund in terms of equity, fixed
23 income and other categories and the assumed rates of return applied to
24 each and the associated expected rate of return on plan assets.
25
- 26 CA-NP-15 Please provide the 2016 future year forecast provided to the company by
27 the company's consulting actuarial firm.
28
- 29 CA-NP-16 Please provide the trust agreement under which the company issues its
30 first mortgage bonds.
31

1 CA-NP-17 Why does the company issue first mortgage bonds rather than senior
2 unsecured debt?
3

4 CA-NP-18 Has the company ever issued second mortgage bonds and are there any
5 restrictions on their issue if they have?
6

7 CA-NP-19 At 4-13 NP provides the actual return on equity for the company. Please
8 provide the actual ROE, the allowed ROE and the interest coverage ratio
9 (EBIT/Interest) for each year since 1990 and explain any significant
10 deviations in the actual from allowed ROE (+/-1%).
11

12 CA-NP-20 With reference to the above RFI, please discuss whether any significant
13 historical deviations are now covered by deferral accounts.
14

15 CA-NP-21 Please provide a list of all current deferral accounts and their balances.
16

17 CA-NP-22 Please discuss the major causes in the deviation of actual from allowed
18 ROE for the years 2013-2015 discussed at 4-14.
19

20 CA-NP-23 Please discuss why the ROE in table 4-11 differs from the allowed ROE of
21 8.80%.
22

23 CA-NP-24 Please discuss why the company continues to require a band around its
24 allowed ROE and reference other regulated Canadian electric transmission
25 and distribution companies that have a similar band.
26

27 CA-NP-25 Please provide the underlying assumptions used in Table 4-12 and provide
28 a similar table assuming an ROE and common equity comparable to that
29 currently allowed in the electric transmission and distribution companies
30 in Alberta and Quebec.
31

1 CA-NP-26 Please discuss whether the credit metrics associated with the table derived
2 in answer to CA-NP-25 are consistent with an A-, A or other credit rating
3 and provide the actual bond rating for transmission and distribution
4 utilities in Alberta (CU) and Quebec (HQ).
5

6 CA-NP-27 Please discuss whether the credit metrics associated with the table derived
7 in answer to CA-NP-25 are consistent with an A-, A or other credit rating.
8

9 CA-NP-28 Please provide any recent Moody's analyses of its rating methodology
10 used for evaluating regulated utilities, similar to those filed in both the
11 2009 and 2012 hearings. If no new ones have been issued please provide
12 the latest documents.
13

14 CA-NP-29 Please provide any DBRS documents that describe its generic policies
15 towards regulated Canadian and US utilities.
16

17 CA-NP-30 Please provide copies of equity analyst reports on Fortis since 2012 that
18 reference NP in a material way.
19

20 CA-NP-31 Please provide Fortis common equity ratio, interest coverage ratio, cash
21 flow to debt and interest coverage and bond rating since 2005.
22

23 CA-NP-32 At page 4-18 NP refers to procedures in North America as they relate to
24 returns being substantially similar. Does this judgment apply to US
25 jurisdictions that use historic test years, rather than forward test years
26 and/or areas that do not have regular rate reviews?
27

28 CA-NP-33 NP refers at page 4-21 to its capital structure as being stable for decades.
29 Please indicate whether NP's capital structure was altered when NP moved
30 to a forward test year basis and state when its capital structure was last
31 reviewed in detail.

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- CA-NP-34 Please indicate when NP’s major deferral accounts for weather and power costs were introduced and whether this change in its underlying risk was taken into account in terms of its capital structure.
- CA-NP-35 Would NP regard its common equity as riskier if the embedded interest cost were 15% or 3%, please discuss and explain why.
- CA-NP-36 At 4-21 NP discusses the evolution of its common equity ratio since 1991 please provide the DBRS and CBRs bond rating and the annual average interest coverage ratio (EBIT/Interest) for each year since 1990 and whether the rating was altered when the Board approved a range of 40-45% common equity in 1991.
- CA-NP-37 Mr. Coyne uses a medium term forecast of the ten year government bond rate from 2016-2018 (page 27). Please explain why Mr. Coyne judges the market to be inefficient in determining the current long Canada yield in the sense that the market takes these forecasts into account in setting the current yield. Is Mr. Coyne, in effect, double counting the expected increase in interest rates?
- CA-NP-38 At 4-24 NP discusses the province’s short term growth outlook. Would NP agree that this largely reflects the completion of major projects like Muskrat Falls and Hebron. Further can NP indicate whether at any time it was judged that there would be a “new” Hebron or Muskrat falls every time there was a new rate hearing?
- CA-NP-39 Would NP accept that the company was regarded as an average risk Canadian utility prior to the period of rapid growth resulting from these recent major construction projects?

1 CA-NP-40 At 4-26 NP prefers to demographics and long run cost recovery risk. Has
2 this been taken into account in its depreciation rate? If not, why not?
3

4 CA-NP-41 At 4-29 NP refers to potential competition as a result of increased power
5 costs. Please provide the cost of conversion for a typical residential
6 customer to an oil furnace and the current annual cost of heating with oil
7 versus electricity for different rate classes.
8

9 CA-NP-42 NP refers to the 1990s as a period of inter-fuel competition. Please
10 provide a similar comparison of the annual cost for different rate classes
11 of using fuel oil versus electricity for the worst point in time when
12 electricity was at the greatest possible disadvantage and the number of
13 customers switching to fuel oil at that time as a % of the total number of
14 customers.
15

16 CA-NP-43 Please provide extracts from NP's business risk summary from the 1991
17 rate hearing, which targeted a 40-45% common equity ratio by 1993, that
18 refers to inter-fuel competition.
19

20 CA-NP-44 Please provide extracts from any business risk evidence that the company
21 filed in the 1990s that refers to inter-fuel competition in the residential
22 space heating market.
23

24 CA-NP-45 Please provide operating costs on a kWh basis for the major Canadian
25 electricity distribution companies (4-32).
26

27 CA-NP-46 Please provide the monthly yields on NP's first mortgage bonds with the
28 same maturity long Canada bond and the benchmark A rated bond for
29 each month since 2005 (4-33).
30

31 CA-NP-47 In terms of NP's credit metrics at 4-42 please explain why with the

1 continued decline in NP's embedded debt cost (4-12) from 7.06% to a
2 forecast 6.11% in 2016 NP's credit metrics would not improve with a
3 continuation of the current 8.80% allowed ROE and 45% common equity
4 ratio?
5

6 CA-NP-48 Would NP judge that targeting a particular bond or credit rating is a useful
7 part of fair rate of return regulation? In particular, are there alternative
8 ways of achieving financial market access than rewarding the equity
9 holders with a higher ROE?
10

11 CA-NP-49 NP gets its common equity from Fortis as its sole owner. Can NP confirm
12 that Fortis has had very large preferred share issues over the last two years
13 and provide details of both the amounts and the dividend rate at which the
14 shares were issued?
15

16 CA-NP-50 When did NP issue its preferred shares and when was the last time it
17 considered either issuing preferred shares to the public market or to its
18 parent company?
19

20 CA-NP-51 Assuming the Board decides to replace 5% common equity with 5%
21 preferred shares at the same allowed ROE of 8.8%, what would NP regard
22 as a fair cost for the preferred shares if they are either issued to Fortis or
23 the Board simply deems the % and rate?
24

25 CA-NP-52 Please provide the overall utility cost of capital with the current capital
26 structure, embedded debt cost and 8.80% ROE plus that resulting from
27 substituting 5% common with 5% preferred shares. Please indicate the
28 impact on the revenue requirement.
29

30 CA-NP-53 Coyne Evidence: Please confirm that previously, for example before the
31 Alberta Utilities Commission, Mr. Coyne has filed testimony with Mr.

1 Stephen Gaske also of Concentric and that they are both senior members
2 of Concentric providing fair rate of return testimony.

3

4 CA-NP-54 Coyne Evidence: Please confirm that Mr. Gaske filed testimony
5 before the Regie in a recent intervention on behalf of Intragaz Limited
6 Partnership (R-3807-2012) and that Mr. Gaske recommended an 11.50%
7 fair ROE based on the median ROE of a proxy group of Canadian utilities
8 supported by the DCF results from a proxy group of US utilities (page 5).

9

10 CA-NP-55 Coyne Evidence: Please confirm that in recent testimony before the
11 Regie for Hydro Quebec Transmission and Distribution (R- 3842-2013)
12 Mr. Coyne used the same sample as Mr. Gaske except for the addition of
13 Valener, but that he based his estimate on the mean rather than the median
14 ROE.

15

16 CA-NP-56 Coyne Evidence: Please confirm that in his HQT and HQD evidence Mr.
17 Coyne placed principal weight on the US sample estimates, whereas Mr.
18 Gaske placed primary emphasis on the Canadian sample's estimates?

19

20 CA-NP-57 Coyne Evidence: Please confirm that in his current evidence Mr.
21 Coyne places primary weight on a combined US and Canadian sample of
22 electric companies that is 2/9 Canadian and 7/9 American.

23

24 CA-NP-58 Coyne Evidence: Please confirm that in current testimony for
25 FortisBC Energy he places equal weight on Canadian and US evidence.

26

27 CA-NP-59 Coyne Evidence: Please explain in detail why Concentric witnesses
28 would switch between using averages (means) and medians and why they
29 have been inconsistent in their emphasis on US versus Canadian estimates
30 over the last three years? If there is no inconsistency please clarify.

31

1 CA-NP-60 Coyne Evidence: In terms of the stand-alone principle does Mr.
2 Coyne judge it fair for ratepayers to pay the higher costs from a smaller
3 inefficient utility than a larger one when the smaller utility is protected and
4 unable to reap the advantages of economies of scale?
5

6 CA-NP-61 Coyne Evidence: In terms of the financial risk imposed by the use of
7 debt (page 7) if a company always earns its allowed ROE can Mr. Coyne
8 explain what additional risk the use of debt is imposing on the
9 shareholder?
10

11 CA-NP-62 Coyne Evidence: Please provide evidentiary support for the statement
12 that in 2012 the Canadian economy had begun to recover from the global
13 financial crisis, rather than an earlier date.
14

15 CA-NP-63 Coyne Evidence: When does Mr. Coyne estimate that all the
16 Canadian jobs lost in the recession were recovered?
17

18 CA-NP-64 Coyne Evidence: Please explain at what time after the financial crisis
19 in 2008/9 Mr. Coyne judged that Canadian economic growth “had
20 resumed” (page 8)
21

22 CA-NP-65 Coyne Evidence: Please provide the rankings of the Bank of Canada’s
23 key risk assessment; that is, what is the lowest risk level and how many
24 rungs are there to the highest?
25

26 CA-NP-66 Coyne Evidence: Is Canada still in a technical recession in the second
27 half of 2015 (page 9)?
28

29 CA-NP-67 Coyne Evidence: Mr. Coyne discusses the change in recent market
30 conditions. Please provide a table with the average values for GDP
31 growth, inflation, the long Canada bond yield, the credit spread for A

1 issuers, the level of the TSX composite and the yield spread (Long Canada
2 minus 91 day Treasury Bill yield as of the end of 2012 and 2015.
3

4 CA-NP-68 Coyne Evidence: Does Mr. Coyne accept that if two securities are
5 combined in a portfolio that unless they are perfectly correlated the overall
6 risk of the portfolio decreases?
7

8 CA-NP-69 Coyne Evidence: Does Mr. Coyne accept that if investors are now
9 able to buy US and Canadian (and global) securities that unless they are
10 all perfectly correlated the risk of a portfolio decreases?
11

12 CA-NP-70 Coyne Evidence: Does Mr. Coyne accept that if risk decreases, so too
13 does the required and fair rate of return?
14

15 CA-NP-71 Coyne Evidence: Can Mr. Coyne point to areas of his evidence where
16 he has taken into account the reduced risk and lower required returns,
17 consistent with growing market integration between the US and Canada.
18

19 CA-NP-72 Coyne Evidence: Can Mr. Coyne provide references to any research
20 that shows that increasing integration of capital markets does not cause
21 the fair equity return to decrease?
22

23 CA-NP-73 Coyne Evidence: Mr. Coyne points to the correlation between GDP
24 growth rates between the US and Canada; unemployment rates, inflation
25 etc., as indicators of integration between the two countries. Can Mr.
26 Coyne provide a similar analysis for Canada and the UK, Japan and
27 Europe?
28

29 CA-NP-74 Coyne Evidence: If Mr. Coyne finds that the factors he uses to
30 support growing market integration between Canada and the US exist as
31 well between Canada and these other developed countries, can he think of

1 any reason why data from these other countries is not as useful as US
2 data? (page 15)

3

4 CA-NP-75 Coyne Evidence: Does Mr. Coyne accept that integration means the
5 “law of one price” holds, that is, the same thing sells for the same price in
6 both countries? If not, why not?

7

8 CA-NP-76 Coyne Evidence: In 2003 10 year Canada bond yields exceeded those
9 in the United States, whereas currently they are considerably less. Would
10 Mr. Coyne comment on whether this is due to the fact that the government
11 bond market is not integrated or alternatively that the US is a riskier
12 market than Canada?

13

14 CA-NP-77 Coyne Evidence: Does Mr. Coyne attribute any relevance to the fact
15 that currently long term US government bond yields are higher than in
16 Canada and are forecast to remain so?

17

18 CA-NP-78 Coyne Evidence: In terms of Mr. Coyne’s Canadian sample can he
19 discuss Valener’s exposure to electricity earnings?

20

21 CA-NP-79 Coyne Evidence: Mr. Coyne (page 18) states that Canadian regulators
22 have “accepted” the use of US data and proxy groups to estimate the
23 ROE for Canadian firms. Please provide statements from Canadian
24 decisions that have used US estimates without any adjustments in
25 determining the fair ROE for a Canadian regulated utility.

26

27 CA-NP-80 Coyne Evidence: Would Mr. Coyne accept that all equities are
28 “similar”, but to use an estimate from say Apple to apply to a US utility
29 we have to make a risk adjustment? Alternatively, to use an estimate
30 directly without adjustment requires the two companies to have the same
31 risk?

1

2 CA-NP-81 Coyne Evidence: Mr. Coyne references the BCUC. Can he confirm
3 that in their 2009 decision they made a downward adjustment of 0.50% -
4 1.0% for estimates from US regulated companies? Can Mr. Coyne
5 explain why he did not reference this statement or where in his evidence
6 he has made a similar downward adjustment to his US estimates?

7

8 CA-NP-82 Coyne Evidence: Mr. Coyne references the Regie in support of using
9 US ROE estimates. Is he aware that the Regie stated in its 2009 Gaz
10 Metro decision (page 295):

*“The evidence therefore does not make it possible to conclude that
the regulatory, institutional, economic and financial contexts of the
two countries and their impacts on the resulting opportunities for
investors are comparable.”*

11 Does Mr Coyne regard this explicit statement as supporting his use of US
12 evidence without adjustments?

13

14 CA-NP-83 Coyne Evidence: Mr. Coyne references this Board as support for his
15 use of US evidence. Is he aware that this Board also made a downward
16 adjustment of 0.50-1.0% for US estimates?

17

18 CA-NP-84 Coyne Evidence: Mr. Coyne states (page 21) that investors typically
19 rely on projected earnings growth rather than dividend growth. Please
20 provide evidentiary support for this statement, given that they only receive
21 the dividend not the earnings.

22

23 CA-NP-85 Coyne Evidence: Is Mr. Coyne aware that there are mutual funds of
24 firms that have paid a stable dividend and grown that dividend at a regular
25 rate? Is he aware of any mutual funds that have based their portfolio on
26 stable earnings that have grown at a regular rate? Please provide details if
27 he has.

1

2 CA-NP-86 Coyne Evidence: Please provide the Value Line book value per share
3 and dividend per share forecast growth rates for each company and
4 compare them with the earnings growth rates (footnote 27). Is it Mr.
5 Coyne assessment that the earnings forecasts are the same as the dividend
6 forecasts?

7

8 CA-NP-87 Coyne Evidence: Mr. Coyne claims that analyst growth rates are no
9 longer biased high due to the optimism bias (page 22-23). For each of the
10 firms in his US and Canadian samples please provide the dividend,
11 earnings and book value per share for each year since 1990. From that data
12 please compare the average and compound growth rates for each with the
13 growth rate in Canadian and US GDP as appropriate. Is it Mr. Coyne's
14 judgement that these firms on average have grown faster or slower than
15 their respective economy's GDP growth rate?

16

17 CA-NP-88 Coyne Evidence: Mr. Coyne uses a medium term forecast of the ten
18 year government bond rate from 2016-2018 (page 27). Please explain why
19 Mr. Coyne judges the market to be inefficient in determining the current
20 long Canada yield in the sense that the market takes these forecasts into
21 account in setting the current yield. Is Mr. Coyne, in effect, double
22 counting the expected increase in interest rates?

23

24 CA-NP-89 Coyne Evidence: Is Mr. Coyne aware that this Board at one point
25 used the current, as distinct, from the forecast long Canada yield, in its risk
26 premium assessment based largely on this observation stated in the
27 previous Request for Information?

28

29 CA-NP-90 Coyne Evidence: Please indicate why Mr. Coyne would disagree with
30 financial theory that the best predictor of the long term return from bonds
31 is the current long term bond yield and that the yield curve is the best

1 predictor for future bond yields?

2

3 CA-NP-91 Coyne Evidence: Can Mr. Coyne provide all evidence he is aware of

4 that economists are better predictors of future interest rates than

5 participants in the bond market?

6

7 CA-NP-92 Coyne Evidence: Can Mr. Coyne explain why instead of his interest

8 rate forecast it is not better to simply automatically adjust the ROE for

9 future changes in the forecast long Canada bond yield as in the automatic

10 adjustment formula?

11

12 CA-NP-93 Coyne Evidence: Can Mr. Coyne explain why he uses two beta

13 estimates that adjust betas towards 1.0 rather than other publicly available

14 estimates like Yahoo and Capital IQ that do not (footnote33)?

15

16 CA-NP-94 Coyne Evidence: Mr. Coyne states that it is better to adjust betas “for

17 the tendency of beta to revert towards the market average of 1.0 over

18 time.” Please provide all evidence that he is aware of that persistently

19 low risk entities, like Utilities, have their beta revert towards 1.0 over

20 time. Is he aware of any empirical research that utility betas revert to

21 1.0 as he claims?

22

23 CA-NP-95 Coyne Evidence: Please provide citations from any and all Canadian

24 regulators that have accepted the beta adjustment methodology used by

25 both Value Line and Bloomberg; that is, automatically adjusting the actual

26 beta with 1.0.

27

28 CA-NP-96 Coyne Evidence: Please indicate when in Mr. Coyne’s judgement the

29 average beta for a Canadian regulated utility was equal to 1.0.

30

31 CA-NP-97 Coyne Evidence: Please provide all evidence for the statement (page

1 29) that risk premiums are highly correlated “because” the markets are
2 integrated. Is Mr. Coyne aware that from fundamental principles, the
3 market risk premium will be the same in completely segregated markets if
4 the level of risk and risk aversion is the same in both markets?

5

6 CA-NP-98 Coyne Evidence: In terms of the Brattle Group report referenced on
7 page 29, would Mr. Coyne agree that the Brattle Group normally
8 intervenes on behalf of companies? If not please indicate any times they
9 have appeared in Canada on behalf of other participants in a hearing.

10

11 CA-NP-99 Coyne Evidence: Is Mr. Coyne aware of the Credit Suisse document
12 by Dimson et al that looks at market risk premiums around the world and
13 shows that they are similar even in markets that have very large barriers
14 to capital flows?

15

16 CA-NP-100 Coyne Evidence: In terms of Mr. Coyne’s forward looking DCF
17 estimates for the market on page 29 please confirm that these estimates
18 are based on analyst forecasts, provide the source for the analyst forecasts
19 and explain why he has not used the multi-stage DCF model.

20

21 CA-NP-101 Coyne Evidence: In his forward DCF risk premium study he is using
22 an unadjusted analyst growth forecast of 10.02% for Canada in JMC-5
23 and 9.66% for the US, whereas he uses a forecast GDP growth rate for
24 Canada of 3.94% for Canada and 4.55% for the US. Can Mr. Coyne
25 explain:

26 a. Why the US firms are forecast to grow more slowly than
27 Canadian firms when the US economy is forecast to grow more
28 rapidly?

29 b. What happens if these growth forecasts are unbiased and
30 Canadian firm earnings actually do grow at 10.02%, while
31 GDP only grows at 3.94%? Is it not a matter of arithmetic that

1 all national income will eventually accrue to corporate earnings
2 leaving nothing as wages! If not please explain in detail how
3 earnings can grow at 6.0% more than GDP indefinitely to
4 infinity.

5
6 CA-NP-102 Coyne Evidence: Please provide the forward looking DCF market
7 risk premium estimate using a multi-stage DCF model.

8
9 CA-NP-103 Coyne Evidence: Please provide the underlying data used in the Duff
10 and Phelps and Morningstar publications referenced on page 30 with the
11 referenced to the underlying source data. Please indicate the fixed
12 income instrument used for the risk free rate in these studies.

13
14 CA-NP-104 Coyne Evidence: Please provide the underlying data, that is the return
15 estimates as well as the bond yield used for the market risk premium study
16 referred to on page 29 and 30.

17
18 CA-NP-105 Coyne Evidence: With the full regression model estimates in JMC-7
19 please confirm that the coefficient on the bond yield is not significant at
20 normal levels and discuss why any weight should be placed on results that
21 are not significant?

22
23 CA-NP-106 Coyne Evidence: Further to the discussion of the model in JMC-7, is
24 it correct that inserting a dummy of 1.0 for the financial crisis resulted in a
25 drop in the market risk premium of 45.18% and that this is highly
26 significant?

27
28 CA-NP-107 Coyne Evidence: Please confirm that if Mr. Coyne had appeared
29 before the Board in 2009 he would have said the true market risk premium
30 using this model and the data then available for 2008 would have indicated
31 a market risk premium of -35.5%.

1

2 CA-NP-108 Coyne Evidence: Please confirm that Mr. Coyne's model predicts that

3 the market risk premium and the fair rate of return falls rather than

4 increases during a financial crisis? What is the intuition behind this result?

5

6 CA-NP-109 Coyne Evidence: Please confirm that to the "untrained eye" the plot

7 of the estimated market risk premium against the long Canada yield in

8 JMC-7 appears to be flat at a zero risk premium.

9

10 CA-NP-110 Coyne Evidence: In Appendix A Mr. Coyne looks at NP capital

11 structure in comparison to 2012? Why did he not look at it in terms of the

12 Board's decision in 1991 when NP was told to move the common equity

13 ratio down to a range of 40-45%?

14

15 CA-NP-111 Coyne Evidence: In terms of the Canadian regulated electric

16 companies at page A-6 please confirm that Maritime Electric has a

17 regulated common equity ratio of a minimum of 40%.

18

19 CA-NP-112 Coyne Evidence: Please provide the currently authorized ROEs for

20 the Canadian utilities in Figure A-1.

21

22 CA-NP-113 Coyne Evidence: Please provide Mr. Coyne's review of currently

23 allowed parameters for Canadian regulated utilities published by the

24 Canadian Gas Association in May 2015.

25

26 CA-NP-114 Coyne Evidence: Please confirm that Mr. Coyne appeared before the

27 Regie to testify on the allowed ROE for Hydro Quebec Transmission and

28 Distribution which are both treated as if they were privately owned based

29 on the stand-alone principle.

30

31 CA-NP-115 Coyne Evidence: Please confirm that the Regie allows an 8.2% ROE

1 on 35% common equity for distribution and an 8.2% ROE on 30%
2 common equity for transmission.

3

4 CA-NP-116 Coyne Evidence: Please confirm that Fortis BC Electric has
5 significant generation in its rate base and provide the proportion of rate
6 base those assets represent.

7

8 CA-NP-117 Coyne Evidence: For the US companies in Figure A-2 and A-3 please
9 indicate the deemed common equity ratios for these companies and
10 provide the docket numbers and decisions setting these common equity
11 ratios. Alternatively, if the regulators do not set or deem these common
12 equity ratios in the same way that they are set in Canada please
13 acknowledge that.

14

15 CA-NP-118 Coyne Evidence: Please provide NP's DBRS bond rating since 1990
16 and reference any statements made when the Board lowered it to a range
17 of 40-45% in 1991.

18

19 CA-NP-119 Coyne Evidence: Please provide evidence to support the statement
20 that small size indicates greater risk (page A-11).

21

22 CA-NP-120 Coyne Evidence: The discussion of NP's business risk mirrors that of
23 the company. Please

24 a. Indicate the timing of and the participation in the meetings
25 that took place between Concentric and NP staff (both face
26 and by conference call).

27 b. Please provide copies of all materials that NP passed to Mr.
28 Coyne to brief him on NP's business risk.

29 c. Please indicate any substantive differences in the
30 judgement of NP and Mr. Coyne in terms of NP's business
31 risk

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2 CA-NP-121 Coyne Evidence: Please provide a copy of the DBRS study reference
3 on page 23 and confirm that the weights placed on the factors are not those
4 placed by DBRS.

5

6 CA-NP-122 Coyne Evidence: Please provide a copy of the Moody's report
7 referenced on page A-26.

8

9 CA-NP-123 Coyne Evidence: Please confirm that the average US utility has more
10 regulatory risk than the average Canadian one as evidenced by Figure A-
11 27.

12

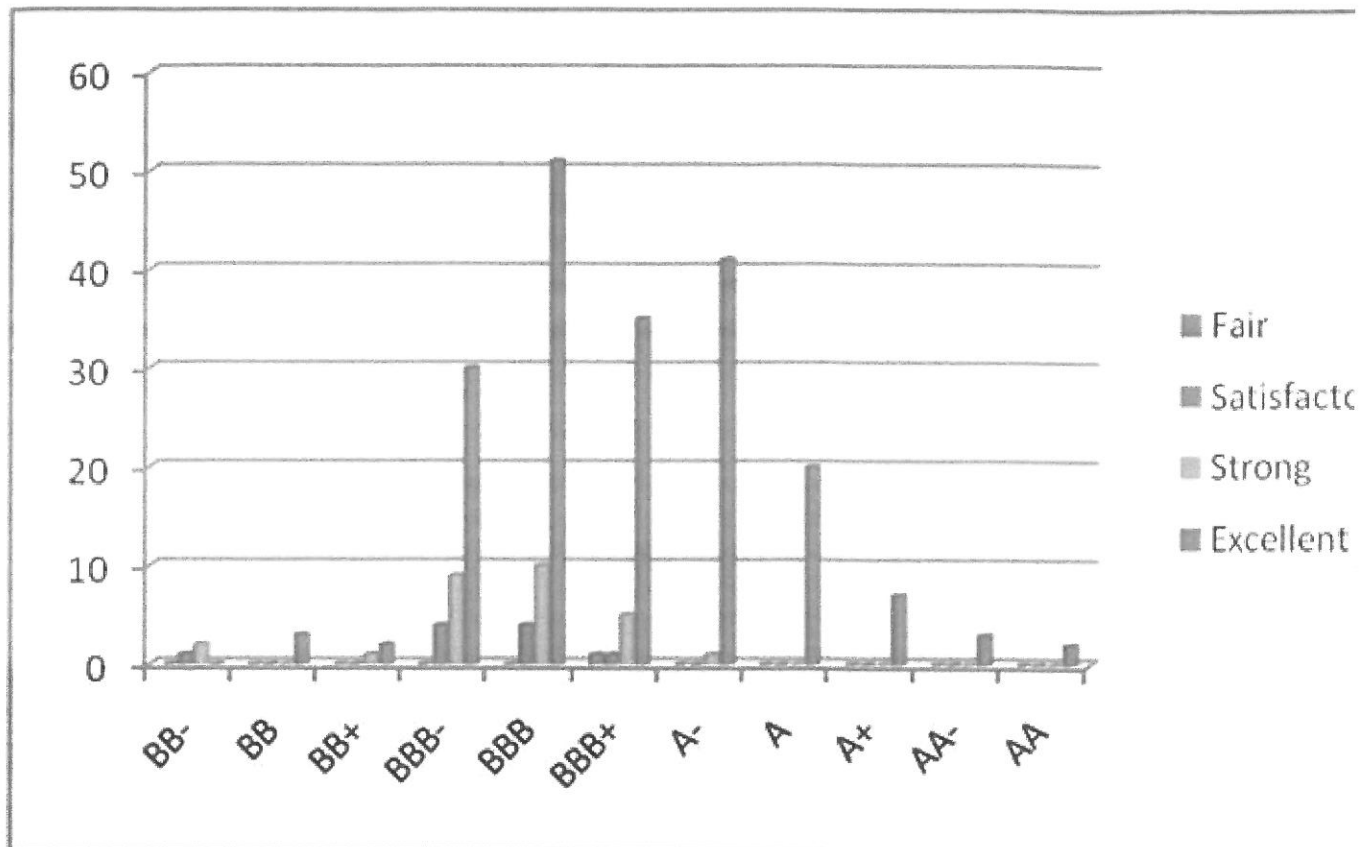
13 CA-NP-124 Coyne Evidence: Please provide the allowed and actual ROE for each
14 of the US operating companies in JMC-1, as well as the ROEs for the
15 parent holding companies from 1990 to the latest period.

16

17 CA-NP-125 Coyne Evidence: Please provide the earnings, dividends, and book
18 value per share for each of the US holding companies in JMC-1 since
19 1990 until the latest period.

20

21 CA-NP-126 In answer to an information request in a 2010 Line 9 hearing before the
22 National Energy Board (IOL information request #197d) Ms. McShane
23 provided the following histogram of the number of US utilities in each
24 bond rating and their respective business risk scores. Can Mr. Coyne
25 update this histogram and /or comment on whether it is no longer accurate
26 for US utilities?



1

2 CA-NP-127 For ratemaking purposes, is NP's 45% common equity ratio currently the
3 highest of all investor owned Canadian regulated utilities? Please provide
4 a detailed comparison of NP's common equity ratio to that of other
5 investor owned utilities in Canada.

6

7 CA-NP-128 Since P.U. 13 (2013) was issued, have any other Canadian regulatory
8 jurisdictions performed cost of capital reviews or adjusted the rates of
9 return and/or common equity ratios for investor owned utilities? If so,
10 what were the outcomes of these changes?

11

12 CA-NP-129 Schedule 1, Page 4 of NP's 2016 Deferred Cost Recovery application
13 stated:

*"For 2016, Newfoundland Power's forecast return on equity is 8.08%.
This is below the 8.80% allowed in Order No. P.U. 13 (2013). It is also*

below the returns on equity currently allowed other investor owned Canadian regulated utilities.¹¹

¹¹ Returns on equity currently allowed for investor owned utilities by Canadian regulators are 8.75% (British Columbia), 8.30% (Alberta), 9.30% (Ontario), 8.90% (Quebec) and 9.00% (Nova Scotia). The 8.80% approved by the Board in Order No. P.U. 13 (2013) appears to be at the mean (and marginally below the median) of current equity returns allowed by other Canadian regulators.”

1 Please complete the following table for the information referenced in the
2 application, and complete the following calculations:

Line No.	Province	Newfoundland	Newfoundland	British Columbia	Alberta	Ontario	Quebec	Nova Scotia
	Utility	Newfoundland Power (Approved)	Newfoundland Power (2016 Forecast)					
1	Regulated Return on Equity (%)	8.80%	8.08%	8.75%	8.30%	9.30%	8.90%	9.00%
2	Common Equity for Rate Making (%)							
3	Weighted Average Return on Equity (%) (Line 1 * Line 2)							

3 CA-NP-130 Schedule 1, Page 4 of NP’s 2016 Deferred Cost Recovery application
4 stated:

5
6 “For 2016, Newfoundland Power’s forecast return on equity is 8.08%.
7 This is below the 8.80% allowed in Order No. P.U. 13 (2013). It is also
8 below the returns on equity currently allowed other investor owned
9 Canadian regulated utilities.¹¹”

10
11 For NPs actual historical results, please complete the following table:

Line No.	Year	2010	2011	2012	2013	2014
1	Actual Regulated Return on Equity (%)					
2	Actual Average Regulated Common Equity (%)					
3	Weighted Average Return on Equity (%) (Line 1 * Line 2)					

1
2 CA-NP-131 Schedule 1, Page 4 of NP's 2016 Deferred Cost Recovery application
3 stated:

"For 2016, Newfoundland Power's forecast return on equity is 8.08%. This is below the 8.80% allowed in Order No. P.U. 13 (2013). It is also below the returns on equity currently allowed other investor owned Canadian regulated utilities."¹¹

¹¹ Returns on equity currently allowed for investor owned utilities by Canadian regulators are 8.75% (British Columbia), 8.30% (Alberta), 9.30% (Ontario), 8.90% (Quebec) and 9.00% (Nova Scotia). The 8.80% approved by the Board in Order No. P.U. 13 (2013) appears to be at the mean (and marginally below the median) of current equity returns allowed by other Canadian regulators."

4 For the each investor owned utility referenced in footnote 11 of the
5 application, please complete the following table:

Line No.	Year	2010	2011	2012	2013	2014
1	Actual Regulated Return on Equity (%)					
2	Actual Average Regulated Common Equity (%)					
3	Weighted Average Return on Equity (%) (Line 1 * Line 2)					

6 CA-NP-132 NP's response to CA-NP-384 from the NP 2013/2014 GRA states:

"Newfoundland Power observes that, in Newfoundland and Labrador, the Board has consistently determined that a strong equity component is needed by Newfoundland Power to offset its relatively small size and low growth potential."

7 For the utilities listed in footnote 11 of NP's 2016 Deferred Cost Recovery
8 application, on what metrics or basis does NP consider itself to be
9 relatively smaller, if at all?

10

1 CA-NP-133 With respect to NP's size relative to other small Canadian Electric
2 Distributors, please complete the following table:

Line No.	Utility	Newfoundland Power	Maritime Electric	Fortis BC	FortisOntario
1	Geographic Service Area (km ²)				
2	Number of Customers				
3	Debt Rating				
4	Total Regulated Assets (\$B)				
5	Regulated Return on Equity (%)				
6	Common Equity for Rate Making (%)				
7	Weighted Average Return on Equity (%) (Line 5 * Line 6)				

3 CA-NP-134 Section 4(i) of the Electrical Power Control Act (EPCA) requires that rates
4 should provide sufficient revenue to the producer or retailer of the power
5 to enable it to earn a just and reasonable return as construed under the
6 Public Utilities Act so that it is able to achieve and maintain a sound credit
7 rating in the financial markets of the world. Provide evidence (if any
8 exists) to demonstrate that the forecast return on equity for 2016 and 2017
9 will present a risk to the credit ratings of Newfoundland Power.

10
11 CA-NP-135 With respect to growth in total contribution from sales (i.e. revenue minus
12 purchased power expense), please complete the following table:

Weather Normalized Contributions (\$000's)	2010	2011	2012	2013	2014	2015	2016	2017
Actual								
Test Year								

13 Please complete a comparison of weather normalized sales by customer
14 class, between the 2013 actual and 2013 Test Year, and the 2014 actual
15 and the 2014 Test Year. Please provide the forecast sales growth by
16 customer class for 2015, 2016 and 2017.

17

- 1 CA-NP-136 What is NP's five year average weather normalized revenue growth? How
2 does this compare to the forecasted growth rates used in this application
3 for 2015, 2016 and 2017? Please provide this information by customer
4 class. If a difference in these two growth rates exists, please explain the
5 basis for NP's forecasted growth rate and why it differs from the five year
6 average, by customer class.
7
- 8 CA-NP-137 How many new customer connections are included in the 2015, 2016 and
9 2017 forecast found in the application by customer class? Please explain
10 any variance from the five year actual average.
11
- 12 CA-NP-138 What is NP's forecast return on equity in 2016 and assuming revenue
13 growth at the five year weather normalized average?
14
- 15 CA-NP-139 What is the impact on contribution from sales (before tax) caused by a
16 variance of one GWh in NP's weather normalized domestic sales?
17
- 18 CA-NP-140 NP's 2014 MD&A, Page 3 states:

"Operating expenses increased by \$4.0 million, from \$55.7 million in 2013 to \$59.7 million in 2014. The increase reflects higher labor costs associated with restoration and customer service efforts following the loss of generation supply from Hydro and power interruptions in January 2014."

19 Please provide a listing by cost type of the \$4.0 million referenced above.
20 Please confirm that these non-recurring expenses have been excluded from
21 the 2016 Forecast.
22
- 23 CA-NP-141 Please provide NP's year-end hydraulic storage in GWh for each year
24 from 2010 to 2014, as well as 2015, 2016 and 2017 forecast year-end
25 storage levels.
26

- 1 CA-NP-142 Please provide the year-over-year change in purchased power expense as a
2 result of hydraulic storage variances from 2010 to 2014, as well as 2015,
3 2016 and 2017 forecasts.
4
- 5 CA-NP-143 Please provide the amount of recovery achieved through the Energy
6 Supply Cost Recovery Account for 2014 actual as well as 2015, 2016 and
7 2017 forecasts.
8
- 9 CA-NP-144 Provide details on the operation of the regulatory mechanism the Board
10 has, in the past, approved for use by Newfoundland Power to ensure flow
11 through of wholesale rate changes provides full recovery of changes in
12 costs resulting from such rate changes. Provide details of each previous
13 rate change in which the regulatory mechanism was applied.
14
- 15 CA-NP-145 Please complete the following table for 2016 assuming the annual sales
16 variances for all classes in each month of 2016.

	Annual Sales Variance Compared to 2016 Forecast	
	+1%	+1.5%
Return on Common Equity (%)		
Return on Rate Base (%)		
Mid-point of Return on Rate Base (%)		

- 17 CA-NP-146 Section 4 – Finance p. 4-21: Please file copies of:
18 a. P.U. 1 (1990)
19 b. P.U. 6 (1991)
20
- 21 CA-NP-147 Section 4 – Finance p. 4-21: Please file copies of:
22 a. P.U. 7 (1996-97)
23 b. P.I. 16 (1998-99)

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CA-NP-148 Coyne Evidence – Publications and Research, p. A-5: Please Identify all peer-reviewed articles or papers of the publications and research listed by Mr. Coyne.

CA-NP-149 Coyne Evidence – Publications and Research A-5: Please provide a copy of:
Autopilot error: “*Why Similar U.S. and Canadian Risk Profile Yield Varied Rate-making Results*” (with John Trogonoski), Public Utilities fortnightly, May 2010)

CA-NP-150 Coyne Evidence – Selected Speaking Engagements p. A-6: Please provide a copy of the following presentations, if available:
A comparative analysis of Return on Equity for Utilities in Canada and the U.S. Camput April 22, 2008.

CA-NP-151 Coyne Evidence: When did Mr. Coyne first provide cost of capital evidence in a utility regulatory proceeding in Canada? Please state the proceeding and the party for whom the evidence was provided.

CA-NP-152 Coyne Evidence – Attachment 1 – Expert Testimony of James M. Coyne: Please provide a copy of Mr. Coyne’s:
Fortis BC 2015 Evidence (including Rebuttal Evidence)

CA-NP-153 Coyne Evidence – Attachment 1 – Expert Testimony of James M. Coyne: Please provide a copy of Mr. Coyne’s:
Nova Scotia Power Evidence (2013 GRA)

CA-NP-154 Coyne Evidence – Attachment 1 – Expert Testimony of James M. Coyne: Please provide a copy of Mr. Coyne’s:

1 *Hydro-Quebec, Distribution and Hydro Quebec Trans Energie Evidence –*
2 *2013.*

3
4 CA-NP-155 Coyne Evidence – Attachment 1 – Expert Testimony of James M. Coyne:
5 Please provide a copy of Mr. Coyne’s:
6 *Northern States Power Company Evidence – 2015.*

7
8 CA-NP-156 Coyne Evidence – Attachment 1, p. A-4: Please provide a copy of Mr.
9 Coyne’s white paper in relation to regulatory and utility responses to a low
10 carbon world.

11
12 CA-NP-157 Coyne Evidence – Introduction – p. 1: At lines 25-26, Mr. Coyne states
13 that he in collaboration with the Canadian Gas and Canadian Electricity
14 Associations published a newsletter summarizing allowed ROEs and
15 capital structures for gas and electric utilities in Canada and the U.S.
16 Please provide copies of these newsletters for 2013, 2014 and 2015.

17
18 CA-NP-158 Coyne Evidence, p. 2, lines 16-17: Which past decisions of the Board did
19 Mr. Coyne review in consideration of the matters in his report.

20
21 CA-NP-159 Coyne Evidence, p. 16 – Second Proxy Group: What were the
22 characteristics or features of Edison International and ITC Holdings Corp.
23 that made them incomparable to Newfoundland Power in terms of
24 business and financial risk?

25
26 CA-NP-160 Coyne Evidence: Please provide the 2014 Form 10-K for Allete, Inc.

27
28 CA-NP-161 Coyne Evidence: Please provide the 2014 Form 10-K for Duke Energy
29 Corporation.

1 CA-NP-162 Coyne Evidence: Please provide the 2014 Form 10-K for Ever Source
2 Energy.
3

4 CA-NP-163 Coyne Evidence: Please provide the 2014 Form 10-K for Great Plains
5 Energy Inc.
6

7 CA-NP-164 Coyne Evidence: Please provide the 2014 Form 10-K for OGE Energy
8 Corporation.
9

10 CA-NP-165 Coyne Evidence: Please provide the 2014 Form 10-K for Pinnacle West
11 Capital Corporation.
12

13 CA-NP-166 Coyne Evidence: Please provide the 2014 Form 10-K for Westar Energy,
14 Inc.
15

16 CA-NP-167 Coyne Evidence, p. 31 – Flotation Costs and Financing Flexibility. Please
17 provide the evidence that Mr. Coyne relies upon to conclude that out of
18 pocket expenditures for preparation, filing, underwriting and other costs of
19 issuance of common equity including the cost of financial flexibility
20 requires an allowance of 50 basis points.
21

22 CA-NP-168 Coyne Evidence – Figure 15 – Allowed ROEs. Please reproduce the
23 figure showing the allowed percentage of equity in the capital structure
24 and provide the date each of the Canadian Electric Utilities listed were
25 awarded these returns as well as the allowed ROEs that had been in place
26 prior thereto.
27

28 CA-NP-169 Please provide a copy of the Board decision granting the 8.30% return (as
29 shown in Figure 15) to ATCO Electric Distribution.
30

- 1 CA-NP-170 Please provide a copy of the Board decision granting the 8.30% return (as
2 shown in Figure 15) to Fortis Alberta Inc.
3
- 4 CA-NP-171 Coyne Evidence – Appendix A – p. 22, footnote 25: Please provide a
5 copy of DBRS’s “Industry Study: The Regulatory Framework for
6 Utilities: Canada vs. the United States, A Rating Agency Perspective”,
7 October 2013.
8
- 9 CA-NP-172 Coyne Evidence – Appendix A – p. 26: Please provide a copy of the
10 Moody’s methodology document cited at footnote 26 and any later
11 revisions, if any.
12
- 13 CA-NP-173 Coyne Evidence – Appendix A: Capital Structure: On page 15, lines 21 to
14 24, it is stated “*The new electricity supply will be served by a new 1,100
15 kilometer transmission line, which will cross eight different climactic
16 zones to reach St. John’s, thereby increasing potential weather-related
17 risk to Newfoundland Power’s electricity supply*”. Please provide all
18 documentation supporting the premise that the new electricity supply will
19 increase the weather related risk to Newfoundland Power’s electricity
20 supply.
21
- 22 CA-NP-174 Coyne Evidence – Appendix A: Capital Structure: On page 15, lines 21 to
23 24, it is stated “*The new electricity supply will be served by a new 1,100
24 kilometer transmission line, which will cross eight different climactic
25 zones to reach St. John’s, thereby increasing potential weather-related
26 risk to Newfoundland Power’s electricity supply*”. Please provide
27 documentation demonstrating Mr. Coyne’s expertise in assessing weather-
28 related risk of electricity supply.
29
- 30 CA-NP-175 Coyne Evidence – Appendix A: Capital Structure: On page 15, lines 21 to
31 24, it is stated “*The new electricity supply will be served by a new 1,100*

1 *kilometer transmission line, which will cross eight different climactic*
2 *zones to reach St. John's, thereby increasing potential weather-related*
3 *risk to Newfoundland Power's electricity supply". Please reconcile this*
4 statement with the response to CA-NLH-115 (for the Board's Outage
5 Inquiry) where it is stated "*Hydro does not believe there would be any*
6 *scenarios where the post-Muskrat Falls power system would be less*
7 *reliable than the power system currently in place. In fact, the reliability of*
8 *supply to customers will be improved". In its response, Hydro goes on to*
9 provide the reasons why reliability of supply will be improved.

10
11 CA-NP-176 Coyne Evidence – Appendix A: Capital Structure: On page 15, lines 21 to
12 24, it is stated "*The new electricity supply will be served by a new 1,100*
13 *kilometer transmission line, which will cross eight different climactic*
14 *zones to reach St. John's, thereby increasing potential weather-related*
15 *risk to Newfoundland Power's electricity supply". As stated in CA-NLH-*
16 115 (from Outage Inquiry), the supply risk will be reduced rather than
17 increased as stated by Mr. Coyne. Please provide an update of Mr.
18 Coyne's cost of capital analysis based on this assumption.

19
20 CA-NP-177 Please provide a copy of NP's quarterly and annual reports for 2012 to
21 present.

22
23 CA-NP-178 Please provide a copy of Fortis Inc.'s annual report from 2012 to present.

24
25 CA-NP-179 Please file a copy of Grant Thornton's Annual Financial Review of NP for
26 2012 to present.

27
28 CA-NP-180 Please provide an up to date organizational chart for Newfoundland
29 Power.

30
31 CA-NP-181 Please outline any organizational changes that have taken place at

1 Newfoundland Power since the last GRA.

2

3 CA-NP-182 Please provide the job description of each Executive member and his or

4 her direct reports.

5

6 CA-NP-183 Please detail any inter-corporate or affiliated transactions from 2012 to

7 present and any forecasted in 2016 (f) and 2017 (f).

8

9 CA-NP-184 What are the current mark-up rates applied to NP employees who provide

10 services to related companies?

11

12 CA-NP-185 Please provide the reports from all reviews that have been undertaken by

13 Newfoundland Power (in the past five years) to evaluate the effectiveness

14 of any CDM programs after they have been put in place.

15

16 CA-NP-186 Volume 2B, Report 8, page 2: The report indicates there were 16

17 customers participating in the Curtailable Service Option during the 2014-

18 15 winter season providing an average curtailed load of 10.4 MW. What

19 impact is the revised Curtailable Service Option expected to have on these

20 figures?

21

22 CA-NP-187 Volume 1, Schedule A: Please provide an update on the status of

23 Newfoundland Power's rate options including the number of customers

24 availing of each rate option and Newfoundland Power's future plans for

25 offering rate options to its customers.

26

27 CA-NP-188 Please expand Tables 1-1, 2-1, 2-4, 3-3, 3-4, 3-5, 3-6, 3-7, 3-8 and 3-9 to

28 include the years 2009 to 2012.

29

30 CA-NP-189 Please expand Table 2-5 (Customer Telephone Calls) to show actuals to

31 date in 2015 and if possible the company's forecasts for 2016 and 2017.

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- CA-NP-190 Please expand Table -6 (eBills Customers) to show actuals for 2015 to date and if possible the company's forecasts for 2016 and 2017.
- CA-NP- 191 Please provide Newfoundland Power's FTEs by Permanent and Standby and Temporary from 2009 to 2017 (f), broken down by:
- i. Union v. non-union, and by
 - ii. functional area.
- CA-NP- 192 Please provide a table showing for 2009 to 2017 (f) Newfoundland Power's Vacancies (A), FTEs (B) and Vacancy Rate (A/B).
- CA-NP- 193 Please describe Newfoundland Power's annual operating budget process together with significant milestones.
- CA-NP- 194 When were the forecasts contained in the GRA for 2016 and 2017 made?
- CA-NP- 195 When were the forecasts for 2015 (f) made as referred to in the GRA and to what date were actuals used in arriving at the 2015 forecasts?
- CA-NP-196 When does NP expect to update its revenue and expense forecasts relative to the GRA?
- CA-NP- 197 Please detail any changes made to the test year budget by the Executive upon its review and provide a table comparing the original consolidated corporate forecast to that approved by the Executive and contained in the GRA.
- CA-NP- 198 Please outline any productivity allowances made for 2016 (f) and 2017 (f).

- 1 CA-NP- 199 Did Newfoundland Power have external expertise to assist with the review
2 of salaries and wages from the period 2012 onward? If so, please provide
3 a copy of each such report provided to Newfoundland Power.
4
- 5 CA-NP- 200 Did Newfoundland Power have external expertise to assist with the review
6 of employee benefits (other than salaries and wages) from the period 2012
7 onward? If so, please provide a copy of each such report provided to
8 Newfoundland Power.
9
- 10 CA-NP- 201 Please provide a comparison of Newfoundland Power's current group
11 insurance benefits with those provided by other Atlantic Canadian electric
12 utilities.
13
- 14 CA-NP- 202 Have the benefits provided through Newfoundland Power's group
15 insurance benefits been enhanced or improved since 2010? If yes, please
16 provide details of the changes.
17
- 18 CA-NP- 203 Does Newfoundland Power have a bonus or incentive plan(s) for any of its
19 employees? If so, please provide details of such plan(s).
20
- 21 CA-NP- 204 What comparator group(s) does Newfoundland Power consider in
22 assessing whether its wages, salaries and benefits are reasonable for:
23 a) Executive;
24 b) Non-executive Senior Management;
25 c) Management;
26 d) Unionized;
27 and please describe in detail the criteria used in the selection of the
28 comparator group(s) and whether there are different groups used for
29 various positions or classifications.
30
- 31 CA-NP- 205 Please provide any market data in the possession of Newfoundland Power

1 since 2012 to present in relation to managerial and executive
2 compensation. Please explain how this market data is used by
3 Newfoundland Power.

4

5 CA-NP- 206 Please provide Newfoundland Power's current manager and executive
6 group's salary, policy and incentive targets.

7

8 CA-NP- 207 Please provide in a table format, all compensation provided to each of the
9 executives and senior management of Newfoundland Power for the period
10 2012 to 2017F. Please indicate the annual percentage of increase or
11 decrease as the case may be.

12

13 CA-NP- 208 For the years 2012 to 2017F, please provide details of all incentive plans
14 or programs for Newfoundland Power's employees, including the level of
15 employee eligible to participate in the programs, the performance targets
16 and criteria used, the amounts paid out, or forecast to be paid out, and the
17 maximum payable, or forecast to be payable under the programs for each
18 year.

19

20 CA-NP- 209 Please file Newfoundland Power's latest executive and senior
21 management compensation review(s) and advise whether its
22 recommendations were implemented.

23

24 CA-NP-210 Re: 20% reduction in the number of outages attributable to equipment
25 failures and also to scheduled maintenance, page 1-3, lines 19-23
26 Please confirm that the reduction in outages due to scheduled maintenance
27 and equipment failure has resulted in a reduction in the number of labour
28 hours and costs associated with restoration of service and quantify the
29 savings. If not, please explain why not.

30

31 CA-NP-211 Re: 20% reduction in the number of outages attributable to equipment

1 failures and also to scheduled maintenance, page 1-3, lines 19-23
2 Please provide details of the staff reductions and/or redeployments that
3 have been implemented as a result of the reduced labour requirement,
4 including detail of the job categories that have experienced reductions in
5 the employee count.

6
7 CA-NP-212 Re: Business risk associated with long-term cost recovery, page 1-8, lines
8 4-8.

9 Please explain all sources of risk of long term cost recovery, detailing
10 regulatory, operational and market risks and explain in detail why NP is
11 vulnerable to each risk identified.

12
13 CA-NP-213 Re: Drivers of the proposed rate increase, page 1-9 and page 4-3, Table 4-
14 1

15 Please confirm that the required rate increase would be lower if the rate of
16 increase in electricity sales (i.e., sales growth) were not forecast to be
17 declining.

18
19 CA-NP-214 Re: Drivers of the proposed rate increase, page 1-9 and page 4-3, Table 4-
20 1

21 Please prepare a table showing the rate increase that would be required if
22 electricity sales were forecast to increase by 2.0% in 2016 and 2017 for
23 each customer class, taking into account the related increases in costs and
24 revenues.

25
26 CA-NP-215 Re: Uncollectible Bills, page 2-6, Table 2-4 and Customer Account
27 Interest, page 4-4, Table 4-2

28 Please provide the detailed analysis supporting the percentage increases in
29 uncollectible bills and customer account interest. Provide a reconciliation
30 that demonstrates whether the underlying assumptions are consistent.

31

1 CA-NP-216 Re: Productivity initiatives throughout filing (e.g., reduced operating
2 costs due to adoption of AMR identified at page 2-9, lines 9-10)
3 Please prepare a list of all initiatives and/or fortuitous developments
4 identified in the filing that result in cost savings and show the values of
5 savings identified in each year from 2011 through 2017.
6

7 CA-NP-217 For each year from 2012 through 2017 show the prior year costs adjusted
8 for the cost reductions in the year and the total increase in costs, after
9 adjusting for the identified cost reductions. Please show the increase in
10 dollar and percentage terms.
11

12 CA-NP-218 Re: Increasing interest in energy conservation, page 2-13, lines 8-11
13 Please provide a table showing the number of takeCHARGE website visits
14 and annual percentage increases in the number of visits correlated with the
15 number of customers participating in conservation programs. Include an
16 explanation of any significant differences between the number of visits as
17 measure of interest and the level of participation.
18

19 CA-NP-219 Re: Increasing interest in energy conservation, page 2-13, lines 8-11
20 What action is NP taking to increase the rate of conversion of customers
21 that show interest in conversation by visiting the website and the level of
22 participation in conservation programs?
23

24 CA-NP-220 Re: System Average Interruption Frequency Index (SAIFI), Chart 3-4 and
25 20% reduction in the number of outages attributable to equipment failures,
26 page 1-3, lines 19-20
27 Please explain why SAIFI has been increasing although the number of
28 outages attributable to equipment failures has been declining.
29

30 CA-NP-221 Re: System Average Interruption Frequency Index (SAIFI), Chart 3-4 and
31 wind events, page 3-7, lines 1-7.

1 Please provide the impact of the high incidence of extreme wind incidents
2 in 2014 in terms of incremental costs incurred by NP in 2014.
3

4 CA-NP-222 Re: Target for customer reported trouble calls, page 3-13, lines 6-7
5 Please provide a table showing NP's performance relative to the 85%
6 target for the years 2011 through 2014 and for 2015 to date.
7

8 CA-NP-223 Re: Plant Upgrades, Energized Equipment, Table 3-1
9 What initiatives are underway to continue to improve the percentage of
10 upgrades performed on energized equipment?
11

12 CA-NP-224 Re: Plant Upgrades, Energized Equipment, Table 3-1
13 Does NP anticipate that there is a limit to the percentage of upgrades that
14 can be performed on energized equipment due to safety or other
15 considerations? Please explain the limit.
16

17 CA-NP-225 Re: Automatic Vehicle Location (AVL), page 3-19, lines 9-11
18 Please provide details of the costs and benefits of the AVL system
19 including capital and associated O&M costs as well as the benefits in
20 terms of increased productivity. Please quantify the value of the
21 productivity gains.
22

23 CA-NP-226 Re: Gross Operating Costs, page 3-25, Table 3-3
24 Please explain the factors that caused the 2014 increase to be above the
25 trend line and the 2015 increase to be below the trend line.
26

27 CA-NP-227 Re: Operating Cost – Electrical Supply, page 3-27, Table 3-5
28 For each Electrical Supply function please prepare a chart that shows the
29 cost in each year (2013 through 2017), the percentage increase in each
30 year and the variance from the trend line for this time period. Explain all
31 deviations from the trend line that exceed 5% of the 2013 costs.

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- CA-NP-228 Re: Operating Costs – Customer Services, page 3-28, Table 3-6
- For each Customer Services function, please prepare a chart that shows the cost in each year (2013 through 2017) the percentage increase in each year and the variance from the trend line for this time period. Explain all deviations from the trend line that exceed 5% of the 2013 costs.
- CA-NP-229 Re: Operating Costs-General, page 3-29, Table 3-7
- For each General function, please prepare a chart that shows the cost in each year (2013 through 2017) the percentage increase in each year and the variance from the trend line for this time period. Explain all deviations from the trend line that exceeds 5% of the 2013 costs.
- CA-NP-230 Re: Operating Costs by Breakdown, page, 3-30, Table 3-8
- Please explain the factors that caused the 2014 increase to be above the trend line and the 2015 increase to be below the trend line.
- CA-NP-231 Re: Capital Expenditures by Asset Class, page 3-34, Table 3-10
- Please prepare a table that contains the forecasts of capital expenditures by asset class by year that appeared in the last two NP GRA applications and the actual capital expenditures by asset class in each year included in the forecasts.
- CA-NP-232 Re: Power Supply Costs, page 5-4, Table 5-2
- Please confirm that the elasticity impact shown for 2016 reflect the timing of the proposed rate increases during the year.
- CA-NP-233 Re: Energy Sales and Demand Forecast, Tables 6-3 and 6-4
- Please prepare a table comparing the annual percentage increases in forecast energy sales and demand. Explain the drivers for any deviations between the rates of increase.

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- CA-NP-234 Re: Energy Sales and Demand Forecast, Tables 6-3 and 6-4
- Please provide details of DSM programs that will have the effect of reducing peak demand (i) through conservation and (ii) through shifting demand from peak to off peak periods.
- CA-NP-235 Re: Energy Sales and Demand Forecast, Tables 6-3 and 6-4 and footnote 14, page 6-8.
- Provide details of any initiatives that NP is aware of that could further reduce peak demand that it is not currently employing, including any initiatives could be implemented as a result of the expected increase in capacity costs per footnote 14.
- CA-NP-236 Re: Exhibit 2
- In the Operating Costs by Breakdown, please provide a further breakdown of the first line within the Labour category (Regular and Standby) showing for each year (i) total executive compensation, (ii) total non-executive management compensation, (iii) total other non-unionized compensation, and (iv) total compensation of unionized staff. Also for each of the four categories show the number of employees and FTEs in each year.
- CA-NP-237 Re: Exhibit 2
- Please provide a breakdown and detailed description of Other Company Fees.
- CA-NP-238 Re: 2. Labour Forecast 2015-17, section 3.0, 2015 to 2017 Labour Forecasts
- Please provide the actual retirements, the number replaced and the regular new hires to date for 2015 and well as the current projection for the full year for 2015.

1 CA-NP-239 Re: 2. Labour Forecast 2015-17, section 3.0, 2015 to 2017 Labour
2 Forecasts
3 Please provide the number of actual retirements, the number replaced and
4 the regular new hires each year during the period 2012 through 2014 as
5 well as the corresponding values of salaries and benefits.
6

7 CA-NP-240 Re: 2. Labour Forecast 2015-17, section 3.0, 2015 to 2017 Labour
8 Forecasts
9 Please provide the total salary and benefits of the forecast retirements, the
10 replacements and new hires for 2016 and 2017.
11

12 CA-NP-241 Rr: Application, paragraph 11 and Exhibit 8
13 Please confirm that the table showing 2017 return on rate base in Exhibit 8
14 assumes that the Board approves an overall average increase in current
15 customer rates of 3.1% with effect from July 1, 2016 and an overall
16 average increase in current customer rates of 0.0% in 2017. If not, please
17 explain the company's proposal for 2017 rates and the reasons for
18 including 2017 forecast costs in the application.
19

20 CA-NP-242 Re: Application, paragraph 11
21 Please confirm that the approvals being sought by the company include
22 the approval of an overall average increase in current customer rates of
23 0.0% in 2017. If not, please explain the company's proposal for 2017 rates
24 and the reasons for including 2017 forecast costs in the application.
25

26 CA-NP-243 Re: 2016 Revenue Shortfall, section 4.4.3, page 4-44 and Ex. 8
27 Question: Please confirm that the table showing 2017 return on rate base
28 in Exhibit 8 includes the recovery of the 2016 revenue shortfall through
29 the amortization proposed in section 4.4.3.

Dated at St. John's in the Province of Newfoundland and Labrador, this 1st day of December, 2015.



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