



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**  
120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

E-mail: [palteen@newfoundlandpower.com](mailto:palteen@newfoundlandpower.com)

2016-01-18

Mr. Peter Alteen  
Newfoundland Power Inc.  
55 Kenmount Road  
P.O. Box 8910  
St. John's, NL A1B 3P6


Dear Mr. Alteen:

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

Enclosed are Information Requests PUB-NP-074 to PUB-NP-095 regarding the above-noted application.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email, [jglynn@pub.nl.ca](mailto:jglynn@pub.nl.ca) or telephone (709) 726-6781.

Yours truly,

  
Cheryl Blundon  
Board Secretary

/cpj  
Encl.  
ecc.

**Newfoundland Power Inc**

Mr. Gerard Hayes, E-mail: [ghayes@newfoundlandpower.com](mailto:ghayes@newfoundlandpower.com)

Mr. Ian Kelly, QC, E-mail: [ikelly@curtislaw.com](mailto:ikelly@curtislaw.com)

**Newfoundland and Labrador Hydro**

Mr. Geoff Young, E-mail: [gyoung@nlh.nl.ca](mailto:gyoung@nlh.nl.ca)

NLH Regulatory, E-mail: [NLHRegulatory@nlh.nl.ca](mailto:NLHRegulatory@nlh.nl.ca)

**Consumer Advocate**

Mr. Thomas Johnson, E-mail: [tjohnson@odeaearle.ca](mailto:tjohnson@odeaearle.ca)

Ms. Colleen Lacey, E-mail: [clacey@odeaearle.ca](mailto:clacey@odeaearle.ca)

1 **IN THE MATTER OF**

2 the *Electrical Power Control Act, 1994*,  
3 SNL 1994, Chapter E-5.1 (the "*EPCA*")  
4 and the *Public Utilities Act*, RSNL 1990,  
5 Chapter P-47 (the "*Act*"), as amended; and  
6

7 **IN THE MATTER OF** a general rate  
8 application filed by Newfoundland Power  
9 Inc. on October 16, 2015.

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**PUBLIC UTILITIES BOARD  
REQUESTS FOR INFORMATION**

**PUB-NP-074 to PUB-NP-095**

**Issued: January 18, 2016**

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- PUB-NP-074** Further to PUB-NP-005 and CA-NP-204, explain why the median of salaries for the Canadian Commercial Industrial executive market was selected as the basis for the Executive salary policy. In the response state the date it was selected and last reviewed to determine its appropriateness and what other target groups were considered and rejected.
- PUB-NP-075** Further to PUB-NP-005 and CA-NP-204, explain why the Canadian Commercial Industrial non-executive market was selected as the basis for the salary policy for directors. In the response state the date it was selected and last reviewed to determine its appropriateness and what other target groups were considered and rejected.
- PUB-NP-076** Further to CA-NP-204, explain why the median of salaries paid by Atlantic Canadian utility companies was selected as the basis for the salary policy for managerial employees below the level of Director. In the response state the date it was selected and the date last reviewed to determine its appropriateness and what other target groups were considered and rejected.
- PUB-NP-077** Further to PUB-NP-007, explain how the minimum threshold level for Newfoundland Power's return on equity is established for the STI plans and state what it was each year from 2013 to 2015, inclusive.
- PUB-NP-078** Further to PUB-NP-007, state when the target percentage payouts for the STI plans were first established and all changes in such targets from 2010 to 2016, inclusive.
- PUB-NP-079** Further to PUB-NP-007, provide 2015 template STI Plans for one executive and one director that illustrates the corporate and individual performance measures, the weighting targets for each, the criteria used to evaluate performance related to the established targets, and the outcome for each measure.
- PUB-NP-080** Further to PUB-NP-007, provide the number of employees who received incentive payments each year 2012 to 2015, including the highest incentive amount and the average incentive amount paid to the executive group and the highest and average incentive amount paid to the director group.
- PUB-NP-081** Further to PUB-NP-007, explain the criteria and process used to assess the corporate performance measure "Regulatory Performance".
- PUB-NP-082** Further to PUB-NP-007, explain the specific criteria and process used to determine the annual cash compensation paid each year 2013 to 2015 to managerial employees who do not participate in the STI plan.
- PUB-NP-083** Further to PUB-NP-009 and PUB-NP-011, please provide details of any specific productivity measures utilized by Newfoundland Power.

- 1 **PUB-NP-084** Further to PUB-NP-014, has Newfoundland Power studied alternatives  
2 available for emergency generation supply? If yes, state the potential  
3 alternatives and the costs of each. If not, state the timing and process to be used  
4 to determine potential alternatives.  
5
- 6 **PUB-NP-085** Further to PUB-NP-018, it is Newfoundland Power's position that the 2014  
7 increase in Uncollectable Bills to \$1.49 million was primarily attributable to  
8 changing economic conditions. Please provide details of any changing  
9 conditions since 2014, economic or otherwise, which led to the forecast  
10 decrease in Uncollectable Bills to approximately \$1.35 million for the period  
11 2015F to 2017F.  
12
- 13 **PUB-NP-086** Further to PUB-NP-033, it is stated that Newfoundland Power has an overall  
14 riskier outlook than at the time of the 2013/2014 General Rate Application  
15 ("GRA") and that it is Concentric Energy Advisors' opinion that  
16 Newfoundland Power is above average risk in comparison to its Canadian  
17 peers. Does Newfoundland Power concur with the opinions of Concentric?  
18 Explain the degree of materiality of the increase in risk since the last GRA and  
19 how it was determined that this increase caused Newfoundland Power to be  
20 above average risk compared to its Canadian peers.  
21
- 22 **PUB-NP-087** Further to PUB-NP-035, is it Newfoundland Power's view that all the investor-  
23 owned Canadian utilities referred to in the response are of average risk while it  
24 is above average risk?  
25
- 26 **PUB-NP-088** Further to PUB-NP-035, what weight or consideration should be given to the  
27 significant difference in the capital structures of the investor-owned utilities  
28 referred to in the response which all have lower equity in their capital  
29 structures than Newfoundland Power when considering the comparability of  
30 the allowed returns?  
31
- 32 **PUB-NP-089** Further to PUB-NP-040, explain what is meant by the statement in reference to  
33 operating costs associated with severe weather events that "*because these costs*  
34 *are not included in the rate making process, they are not recovered from*  
35 *customers in any formal sense*". Are the costs recovered in any way, and if yes,  
36 how?  
37
- 38 **PUB-NP-090** Further to PUB-NP-040, what percentage of capital costs associated with  
39 severe weather events has been recovered each year through the Unforeseen  
40 Allowance in the period 2010 to 2015?  
41
- 42 **PUB-NP-091** Further to PUB-NP-052, the response refers only to new regulatory deferrals  
43 requested in the 2016/2017 General Rate Application. List each existing  
44 regulatory deferral account and energy supply cost recovery mechanism, the  
45 date each was first established and explain the weight or consideration that

1 should be given for all existing and proposed deferral and energy supply cost  
2 recovery accounts in the Board's assessment of the appropriate return.

3  
4 **PUB-NP-092** Further to PUB-NP-056, the response does not list or explain changes since  
5 2013 and Board Order No. P.U. 13(2013). Is it correct that no changes have  
6 occurred to address the concern expressed by the Board in 2013 in relation to  
7 the potential for analysts' bias when using the constant growth discounted cash  
8 flow model?  
9

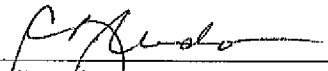
10 **PUB-NP-093** Page 1-9, lines 20-21: Please provide a table to state what the increase in rates  
11 would be in rates if the return on equity proposed of 9.5% was reduced to  
12 9.0%; 8.8% and 8.5%. In the response include in the table the amount of the  
13 change in the 2016 and 2017 Revenue Requirements related to each return on  
14 equity.  
15

16 **PUB-NP-094** Please provide the Utilization Forced Outage Probability (UFOP) for each gas  
17 turbine and the Forced Outage Rate (FOR) for each hydraulic unit for the  
18 period 2010 to 2015, inclusive and provide comparative CEA data for similar  
19 units of other utilities.  
20

21 **PUB-NP-095** Please provide Newfoundland Power's Corporate Performance Measures for  
22 the period 2013 to 2015 comparing annual targets with results.

**DATED** at St. John's, Newfoundland this 18<sup>th</sup> day of January, 2016.

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

Per   
Cheryl Blundon  
Board Secretary