

Office of the Consumer Advocate

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October 6, 2017

Via Courier

Board of Commissions of Public Utilities
120 Torbay Road, P.O. Box 2140
St. John's, NL A1A 5B2

Attention: **G. Cheryl Blundon, Director of
Corporate Services / Board Secretary**

Dear Ms. Blundon:

RE: Newfoundland and Labrador Hydro - 2017 General Rate Application

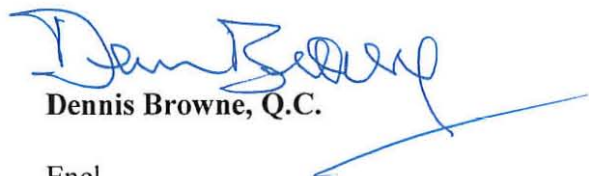
Further to the above-captioned, enclosed please find enclosed the original and thirteen (13) copies of the Consumer Advocate's Requests for Information CA-NLH-001 to CA-NLH-160.

A copy of this letter, together with enclosure, has been forwarded to the parties listed below.

Also, we note that the date set for the Consumer Advocate's second run of Requests for Information to be filed is **Wednesday, November 1**. However, NL Hydro is not required to respond to the Consumer Advocate's first round of Requests for Information until **Friday, October 27**. This only provides four (4) days for the Consumer Advocate to respond. We would therefore ask the Board to extend the time for the Consumer Advocate to respond to **Monday, November 6, 2017**.

We look forward to hearing from you.

Yours truly,



Dennis Browne, Q.C.

Encl.
/bb

cc **Newfoundland & Labrador Hydro**
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**Communities of Sheshatshiu, Happy Valley-Goose Bay
Wabush and Labrador City**
Senwung Luk (sluk@oktlaw.com)

IN THE MATTER OF

the *Electrical Power Control Act, 1994*
SNL 1994, Chapter E-5.1 (the “*EPCA*”)
and the *Public Utilities Act*, RSNL 1990,
Chapter P-47 (the “*Act*”), as amended; and

IN THE MATTER OF a General Rate
Application by Newfoundland and Labrador
Hydro to establish customer electricity rates
for 2018 and 2019.

**CONSUMER ADVOCATE
REQUESTS FOR INFORMATION**

CA-NLH-001 to CA-NLH-160

Issued: October 6, 2017

Recent GRAs and Rate Changes

CA-NLH-001 Please provide a table listing each General Rate Application filed by Hydro over the last 20 years including the date and title of the application, the date and reference number of the Board's Decision, and the effective date, the average rate and the average percentage rate increase (by system) approved by the Board.

CA-NLH-002 Please provide a table showing for the past 10 years the average rate and the average year-over-year percentage rate change (by system) including rate adjustments approved by the Board and adjustments brought on by the RSP and any other automatic adjustment formulas.

CA-NLH-003 Please provide a table showing the average rates for each of Hydro's customer classes for each of the past 5 years, and forecast for 2018, 2019 and 2020.

CA-NLH-004 (Reference 2017 GRA Volume I, page 4.11) It is stated (lines 2 to 4) "*Hydro is forecast to incur approximately \$1.2 million in 2018 in external regulatory costs with respect to the current Application. Hydro is proposing to defer and amortize these costs over a three year period commencing in 2018 consistent with past regulatory practice of the Board.*" What were the external regulatory costs of the 2013 GRA and the Amended 2013 GRA, and what amount did the Board allow Hydro to recover in rates and over what period of time?

CA-NLH-005 (Reference 2017 GRA Volume I, page 4.11) It is stated (lines 2 to 4) "*Hydro is forecast to incur approximately \$1.2 million in 2018 in external regulatory costs with respect to the current Application. Hydro is proposing to defer and amortize these costs over a three-year period commencing in 2018 consistent with past regulatory practice of the Board.*" Over what period of time are the rates requested in this Application expected to be in effect?

Muskrat Falls Impacts

CA-NLH-006 (Reference 2017 GRA, Volume I, page 1.4) It is stated (lines 25 to 28) "*It is well known that the impact of the Muskrat Falls Project on customer rates will be significant. Hydro has been working with its parent company,*

Nalcor Energy (Nalcor), and the Government of Newfoundland and Labrador, to determine potential options to help mitigate and manage these cost increases for customers.” What options are being considered, and have any of these options been incorporated in this 2017 GRA?

CA-NLH-007 (Reference 2017 GRA Volume I, p1.4) Has Hydro and its parent Nalcor Energy considered altering the Muskrat Falls Power Purchase Agreement as an alternate way to help future ratepayers following any rate increases that may be triggered by the commissioning of Muskrat Falls?

CA-NLH-008 (Reference 2017 GRA Volume I, pages 1.4 and 1.5) It is stated (page 1.4, lines 25 to 28) “*It is well known that the impact of the Muskrat Falls Project on customer rates will be significant. Hydro has been working with its parent company, Nalcor Energy (Nalcor), and the Government of Newfoundland and Labrador, to determine potential options to help mitigate and manage these cost increases for customers.*” Was the proposal to “*set aside any potential savings from off island purchases to mitigate future rate increases after the full commissioning of the Muskrat Falls Project* (page 1.5, lines 8 to 10) agreed to by Nalcor and/or the Government? Please provide documentation relating to any such agreements.

CA-NLH-009 (Reference 2017 GRA, Volume I, page 1.5) Regarding the proposed Off-Island Purchases Deferral Account for Holyrood fund savings due to imports via the Maritime Link and Labrador Island Link, was Hydro directed by the provincial government, or Nalcor, to make such a proposal? If so, please provide the documentation containing any relative directives.

CA-NLH-010 (Reference 2017 GRA, Volume I, page 1.5) If Hydro was not directed by the provincial government or Nalcor to propose the Off-Island Purchases Deferral Account, then what role, if any did either party have in the development of the proposal?

CA-NLH-011 (Reference 2017 GRA Volume I, page 1.9) It is stated (lines 2 to 4) “*In June 2017, Nalcor announced that the LIL and the LTA are scheduled to enter service in mid-2018, ahead of the associated Muskrat Falls Plant commissioning date in 2020. The Maritime Link is scheduled to enter service at the end of 2017.*” Please provide the latest forecast of the in-service dates for these facilities including month and year.

- 1 CA-NLH-012 (Reference 2017 GRA Volume I, page 1.10, 1.2.3) Hydro states “*As a result*
2 *of the Muskrat Falls Project transmission assets and the ML providing*
3 *service in advance of the full commissioning of the Muskrat Falls project*
4 *Hydro and Nalcor will be expected to provide open access to its*
5 *transmission facilities.*” Under open access can Hydro Quebec and/or
6 Emera sell power directly to Newfoundland Power?
7
- 8 CA-NLH-013 (Reference 2017 GRA Volume I, page 1.10, 1.2.3) If Hydro Quebec and/or
9 Emera can sell power directly to Newfoundland Power how will this affect
10 rates before the commissioning of Muskrat Falls?
11
- 12 CA-NLH-014 (Reference 2017 GRA Volume I, p. 1.10, 1.2.3.) If Hydro Quebec and/or
13 Emera can sell power directly to Newfoundland Power how will this affect
14 rates after the commissioning of Muskrat Falls?
15
- 16 CA-NLH-015 (Reference 2017 GRA Volume I, page 1.10, 1.2.3.) Under open access can
17 Hydro Quebec and/or Emera sell power directly to the Industrial
18 Customers?
19
- 20 CA-NLH-016 (Reference 2017 GRA Volume I, page 1.10, 1.2.3.) If Hydro Quebec and/or
21 Emera can sell power directly to the Industrial Customers how will this
22 affect rates before the commissioning of Muskrat Falls?
23
- 24 CA-NLH-017 (Reference 2017 GRA Volume I, page 1.10, 1.2.3) If Hydro Quebec and/or
25 Emera can sell power directly to the Industrial Customers how will this
26 affect rates after the commissioning of Muskrat Falls?
27
- 28 CA-NLH-018 (Reference 2017 GRA Volume I, page 1.10, 1.2.3) Hydro states “*While*
29 *Order in Council OC2013-343 directs that costs associated with the*
30 *Muskrat Falls Project be recovered from Island Inter-connected rates, it*
31 *prohibits the recovery of those costs until the project is commissioned or*
32 *near commissioning and Hydro is receiving services.*” Does this mean that
33 Hydro Quebec and Emera can sell power directly to Newfoundland Power
34 and the Industrial Customers with no Newfoundland and Labrador
35 Transmission Line and Labrador Transmission Line open access before
36 Muskrat falls is online?

- 1 CA-NLH-019 (Reference 2017 GRA Volume I, page 1.10, 1.2.3) After Muskrat Falls is
 2 online what is the projected Newfoundland and Labrador open access
 3 Transmission Line Tariff?
 4
- 5 CA-NLH-020 (Reference 2017 GRA Volume I, page 1.10, 1.2.3.) Does the projected
 6 Newfoundland and Labrador open access Transmission Line tariff conform
 7 to regulatory reciprocity standards?
 8
- 9 CA-NLH-021 (Reference 2017 GRA Volume I, page 1.10, 1.2.3) What is the current open
 10 access tariff for Hydro to use the Hydro Quebec Transmission Line?
 11
- 12 CA-NLH-022 (Reference 2017 GRA Volume I, page 1.10) It is stated (lines 24 to 26) "*The*
 13 *deferral account will permit the savings from off island purchases to offset*
 14 *the transmission costs to be incurred by Hydro. Any additional savings will*
 15 *be set aside for the benefit of customers.*" Is the deferral account proposed
 16 to offset transmission costs, or is it proposed to mitigate the overall rate
 17 increases expected to be brought on by the Muskrat Falls project?
 18
- 19 CA-NLH-023 (Reference 2017 GRA Volume I, page 1.5) "*Hydro is proposing to*
 20 *establish a deferral account, the Off-Island Deferral Account, to include*
 21 *the difference between: (i) the actual costs attributable to off-island power*
 22 *purchases, including the cost of delivery and (ii) the costs that would have*
 23 *been incurred if that same amount of energy had been supplied from the*
 24 *Holyrood Thermal Generating Station based on the approved Test Years*
 25 *unit cost of No. 6 fuel.*" Has Hydro ever established such an account in the
 26 past?
 27
- 28 CA-NLH-024 (Reference 2017 GRA Volume I, page 1.9) Please provide the annual
 29 anticipated cost savings associated with Hydro's avoidance of the purchase
 30 of between 2.1 million and 3.6 million barrels of oil due to the off-island
 31 purchases of electricity. Please provide this information in tabular format
 32 for each relevant year with a range for the savings per year, expressed in
 33 barrels of oil and dollar terms and state the assumed price of oil.
 34
- 35 CA-NLH-025 (Reference 2017 GRA Volume I, page 1.6) Please provide a revised Table
 36 1-1 showing rate increases under the assumption that fuel cost savings due
 37 to off-island purchases of electricity are passed on to customers at the time
 38 when these savings are realized, rather than diverting those savings into a
 39 deferral account to help future ratepayers pay for Muskrat Falls.

- 1 CA-NLH-026 (Reference 2017 GRA Volume I) What are Hydro's plans to use any funds
2 in the proposed Off-Island Purchases deferral account for the future benefit
3 of Labrador Inter-Connected customers, Labrador isolated systems, L'Anse
4 Au Loup customers, and island isolated customers?
5
- 6 CA-NLH-027 (Reference 2017 GRA Volume I) Has Hydro surveyed its customers as to
7 their preference between using either fuel-cost savings due to off-island
8 purchases of electricity for rate mitigation in 2018 and 2019 or using those
9 savings for post-Muskrat Falls mitigation?
10
- 11 CA-NLH-028 (Reference 2017 GRA Volume I, page 1.11) Hydro states "*Setting*
12 *customer rates for 2018 and 2019 such that the potential net savings*
13 *derived from the use of transmission assets are deferred to mitigate the full*
14 *Muskrat Falls Project costs is consistent with the principle of*
15 *intergenerational equity.*" Please explain Hydro's understanding of
16 intergenerational equity as it applies in this instance.
17
- 18 CA-NLH-029 (Reference 2017 GRA Volume I, page 1.11) Has Hydro used the principle
19 of intergenerational equity in previous Hydro rate-making?
20
- 21 CA-NLH-030 (Reference 2017 GRA Volume I, page 1.11) Please confirm that the
22 expected average island residential electricity rate inclusive of HST in 2021
23 will be 26.32¢ and that the present average rate for these customers,
24 inclusive of HST is 13.46¢ and thus the "gap" referred to is 12.87¢ per kWh.
25
- 26 CA-NLH-031 (Reference 2017 GRA Volume I, page 1.11) If improved conservation
27 reduced customer demand by 5% in 2021 what would be the impact on the
28 expected customer rate in 2021 of 26.32¢ per kWh?
29
- 30 CA-NLH-032 (Reference 2017 GRA Volume I, page 1.11) If improved conservation
31 reduced customer demand by 10% in 2021 what would be the impact on the
32 expected customer rates in 2021 of 26.32¢ per kWh?
33
- 34 CA-NLH-033 (Reference 2017 GRA Volume I, page 1.7 and correspondence to the PUB
35 dated August 23, 2017 from Hydro) With the July 1st 6.6% increase in
36 retail rates, combined with the forecast 6.4% increase on January 1, 2017
37 and the 8.2% increase on July 1, 2018, the customer retail rate will have
38 increased by 22.7% in one year. Has Hydro projected how the 22.7% one-
39 year increase will reduce customers' demand? If so, by how much? Has

Hydro studied the impact of the one-year 22.7% increase in rates on low income consumers in particular?

CA-NLH-034 (Reference 2017 GRA Volume I, page 1.11) It is stated (lines 11 to 14) *“Hydro’s proposal to have its 2018 and 2019 Test Year revenue requirements, and resulting rates, not consider any off-island power supplied to the Island through the operation of the Labrador-Island Link or the Maritime Link, will permit customer rates to gradually increase leading up to inclusion of the Muskrat Falls Project costs in rates.”* Are customers required to pay for the Maritime Link? Is OC2013-343 relevant to the Maritime Link?

CA-NLH-035 (Reference 2017 GRA Volume I, page 1.10, lines 13 to 14) Please file a copy of OC2013-343 for the record, and/or any revisions to same.

CA-NLH-036 (Reference 2017 GRA Volume I, page 3.45) Please explain how the NLSO will be funded.

CA-NLH-037 (Reference 2017 GRA Volume II, Exhibit 2, page 4) It is stated (line 5) *“The NLSO will reside in Hydro but will be functionally separate”*. If the objective is to ensure functional separation, why will NLSO reside within Hydro rather than outside Hydro? What are FERC requirements in this regard?

CA-NLH-038 (Reference 2017 GRA Volume I, page 5.4, 5.2.3) In providing open access to their transmission facilities during the transitioning stage, will Hydro and Nalcor Energy allow Newfoundland Power and Hydro’s Industrial Customers non-discriminatory access to the Labrador Island Link and the Maritime Link to purchase energy on wholesale markets off the island of Newfoundland for use on the island?

CA-NLH-039 (Reference 2017 GRA Volume I, page 5.4, 5.2.3) In providing open access to their transmission facilities during the transitioning stage, will Hydro and Nalcor Energy allow independent power producers on the island to have access to those transmission facilities on a non-discriminatory basis so they could export power or sell energy to Newfoundland Power or Hydro’s industrial customers or Hydro’s industrial customers?

CA-NLH-040 (Reference 2017 GRA Volume II, Exhibit 2, page 4) It is stated (lines 19 to 22) *“The NLSO is also responsible for offering open and non-discriminatory access to the Newfoundland and Labrador interconnected transmission system to all transmission customers, including Nalcor affiliates and non-affiliated third parties.”* Name these non-affiliated third parties. How would CBPP be allowed to buy and sell power under an open access regime?

CA-NLH-041 (Reference 2017 GRA Volume I, page 5.4) It is stated (lines 4 to 7) *“Government direction (Order in Council (OC) 2013-343) requires near or full commissioning of the Muskrat Falls Project prior to Hydro being able to recover from customers the costs associated with the Labrador-Island Link (LIL), Labrador Transmission Assets (LTA), and Muskrat Falls generation.”* Is it appropriate to separate the Labrador-Island Link from the Muskrat Falls project since customers will benefit from the link through reduced fuel costs as soon as the Link is placed in service and prior to the in-service date for Muskrat Falls generation? Would this not better address the reciprocity requirements discussed on page 5.5 lines 2 to 6, and be more consistent with inter-generational equity concerns discussed on page 5.6. lines 1 to 2? Has Hydro approached the Government in an effort to have OC 2013-343 amended?

2018 and 2019 Test Years

CA-NLH-042 (2017 GRA, Volume 1, page 1.5) It is stated (lines 2 to 8) *“This presents an opportunity to reduce the use of costly Holyrood generation by using lower cost off-island purchases in 2018, 2019, and 2020. Hydro’s 2018 and 2019 Test Year revenue requirements, as submitted, reflect the continued use of Holyrood fuel with no access to off-island purchases. Hydro is proposing that any costs or savings associated with the use of the Labrador-Island Link and the Maritime Link prior to the full commissioning of the Muskrat Falls Project be set aside in a deferral account.”* Please confirm that the test year revenue requirements for 2018 and 2019 do not reflect Hydro’s best estimates of fuel/supply costs in these years.

CA-NLH-043 (2017 GRA, Volume 1, page 1.5) It is stated (lines 2 to 8) *“This presents an opportunity to reduce the use of costly Holyrood generation by using lower cost off-island purchases in 2018, 2019, and 2020. Hydro’s 2018 and 2019 Test Year revenue requirements, as submitted, reflect the continued use of*

Holyrood fuel with no access to off-island purchases. Hydro is proposing that any costs or savings associated with the use of the Labrador-Island Link and the Maritime Link prior to the full commissioning of the Muskrat Falls Project be set aside in a deferral account." Please provide regulatory precedence in NL and elsewhere where a utility has based its test year revenue requirement calculation on a fictitious future and the regulator has decided in favour of the approach.

CA-NLH-044

(2017 GRA, Volume 1, page 1.5) It is stated (lines 2 to 8) "*This presents an opportunity to reduce the use of costly Holyrood generation by using lower cost off-island purchases in 2018, 2019, and 2020. Hydro's 2018 and 2019 Test Year revenue requirements, as submitted, reflect the continued use of Holyrood fuel with no access to off-island purchases. Hydro is proposing that any costs or savings associated with the use of the Labrador-Island Link and the Maritime Link prior to the full commissioning of the Muskrat Falls Project be set aside in a deferral account.*" Please show how this approach is consistent with requirements set out in the Electrical Power Control Act, 1994 that rates be reasonable and not unjustly discriminatory, and established based on forecast costs for the supply of power.

CA-NLH-045

(2017 GRA, Volume 1, page 1.12) It is stated (lines 4 to 12) "*In Order 73/15, Manitoba's Public Utilities Board approved an interim rate increase for Manitoba Hydro of 3.95%. The revenues from 2.15% of that rate increase are to be placed in a deferral account to mitigate expected rate increases from when the Bipole Transmission Reliability Project (Bipole III) comes into service in 2018/19. In Order 73/15, the Manitoba regulator stated that, "Because very significant rate increases will be needed at that time, the Board sees a compelling policy reason to gradually increase rates to avoid rate shock for consumers three years from now." The funds set aside in the Board-ordered deferral account will be used to smooth the significant rate increases that may otherwise be required when the Bipole III is completed, helping to mitigate the resulting rate shock.*" In the Manitoba application, was the revenue requirement based on the best available estimates and forecasts of costs and revenues for the given test year, and were the funds set aside to smooth future rate increases derived from a fixed percentage rate increase over and above the amount needed to generate the test year revenue requirement?

- 1 CA-NLH-046 (Reference 2017 GRA Volume I, page 1.12, 1.2.5) Is the Bipole
 2 Transmission Reliability Project under the jurisdiction of the Manitoba
 3 Utilities Board? Was that project approved by the Manitoba Utilities
 4 Board? Are the Bipole assets included in Manitoba Hydro's rate base?
 5
- 6 CA-NLH-047 (Reference 2017 GRA Volume I, page 1.12) It is stated (lines 4 to 12) "*In*
 7 *Order 73/15, Manitoba's Public Utilities Board approved an interim rate*
 8 *increase for Manitoba Hydro of 3.95%. The revenues from 2.15% of that*
 9 *rate increase are to be placed in a deferral account to mitigate expected*
 10 *rate increases from when the Bipole Transmission Reliability Project*
 11 *(Bipole III) comes into service in 2018/19. In Order 73/15, the Manitoba*
 12 *regulator stated that, "Because very significant rate increases will be*
 13 *needed at that time, the Board sees a compelling policy reason to gradually*
 14 *increase rates to avoid rate shock for consumers three years from now."*
 15 *The funds set aside in the Board-ordered deferral account will be used to*
 16 *smooth the significant rate increases that may otherwise be required when*
 17 *the Bipole III is completed, helping to mitigate the resulting rate shock."*
 18 Why is Hydro proposing a revenue requirement based on a fictitious test
 19 year scenario, and a complicated formula to determine money to be put
 20 aside for rate mitigation purposes rather than follow Manitoba's lead to set
 21 aside a simple percentage of the rate increase to accomplish the same
 22 objective, but in a simple, understandable and transparent manner?
 23
- 24 CA-NLH-048 (Reference 2017 GRA Volume I, page 1.12) It is stated (lines 4 to 12) "*In*
 25 *Order 73/15, Manitoba's Public Utilities Board approved an interim rate*
 26 *increase for Manitoba Hydro of 3.95%. The revenues from 2.15% of that*
 27 *rate increase are to be placed in a deferral account to mitigate expected*
 28 *rate increases from when the Bipole Transmission Reliability Project*
 29 *(Bipole III) comes into service in 2018/19. In Order 73/15, the Manitoba*
 30 *regulator stated that, "Because very significant rate increases will be*
 31 *needed at that time, the Board sees a compelling policy reason to gradually*
 32 *increase rates to avoid rate shock for consumers three years from now."*
 33 *The funds set aside in the Board-ordered deferral account will be used to*
 34 *smooth the significant rate increases that may otherwise be required when*
 35 *the Bipole III is completed, helping to mitigate the resulting rate shock."* Is
 36 Hydro aware of other such regulatory precedents in NL or any other
 37 jurisdiction where rates were set at levels over and above the revenue
 38 requirement in order to generate revenues to mitigate future rate increases?

- 1 CA-NLH-049 (Reference 2017 GRA Volume I, page 4.1) It is stated (lines 3 to 7) “*In*
2 *accordance with section 80 of the Public Utilities Act and section 3(a)(iii)*
3 *of the Electrical Power Control Act, 1994, rates charged by Newfoundland*
4 *and Labrador Hydro (Hydro) should provide the Company with the*
5 *opportunity to earn a fair, just, and reasonable rate of return. Sound*
6 *financial performance is necessary to ensure Hydro’s ability to deliver least*
7 *cost, reliable electrical service to its customers.*” Is there anything in the
8 Public Utilities Act and the Electrical Power Control Act, 1994 that allows
9 Hydro to file for a revenue requirement that it claims will over-earn relative
10 to its revenue needs, or to file Test Years with costs that it claims are
11 significantly overstated?
12
- 13 CA-NLH-050 (Reference 2017 GRA Volume I, page.1.2) Based on current rates, provide
14 a table showing what Hydro’s annual net loss/profit, return on rate base,
15 and return on equity would be in 2018 and 2019 if the savings from off-
16 island purchases were not placed in the deferral account.
17
- 18 CA-NLH-051 (2017 GRA, Volume 1, page 1.5) It is stated (lines 2 to 8) “*This presents an*
19 *opportunity to reduce the use of costly Holyrood generation by using lower*
20 *cost off-island purchases in 2018, 2019, and 2020. Hydro’s 2018 and 2019*
21 *Test Year revenue requirements, as submitted, reflect the continued use of*
22 *Holyrood fuel with no access to off-island purchases. Hydro is proposing*
23 *that any costs or savings associated with the use of the Labrador-Island*
24 *Link and the Maritime Link prior to the full commissioning of the Muskrat*
25 *Falls Project be set aside in a deferral account.*” What are the merits of
26 following this approach versus calculating the revenue requirement on the
27 basis of Hydro’s best forecast of costs and revenues in the 2019 test year,
28 and negotiating a rate impact mitigation plan with the Parties based on a
29 fixed rate rider similar to what was done in Manitoba?
30
- 31 CA-NLH-052 (Reference 2017 GRA Volume I, Section 6.3) In this section of the
32 Application, Hydro explains the “*Off-Island Purchases Deferral Account*”.
33 Please provide a numerical example based on the 2019 Test Year and
34 Hydro’s best estimate of off-island purchase amounts and costs showing
35 how the deferral account would work and its interaction with other supply
36 cost deferral accounts to allay any fears the Parties and the Board might
37 have related to double counting.

- 1 CA-NLH-053 (Reference 2017 GRA Volume I, page 6.8) It is stated (lines 6 to 8)
 2 *“Through evaluation of the evidence provided in the GRA process, the*
 3 *Board will determine whether Hydro’s proposed approach to disposition is*
 4 *reasonable or if an alternate approach is preferred.”* Please identify the
 5 alternate approaches considered by Hydro and provide the pros and cons of
 6 each relative to the proposed approach.
 7
- 8 CA-NLH-054 (Reference 2017 GRA Volume I, page 6.5, 6.3.1) Would it be more cost
 9 effective for Hydro to directly solicit opportunities for energy purchases
 10 from other jurisdictions rather than contract with Nalcor Energy Marketing
 11 to do so? Is Hydro paying any of the costs associated with Nalcor Energy
 12 Marketing? What jurisdictions has Nalcor Energy Marketing approached
 13 to solicit opportunities and with what results?
 14
- 15 CA-NLH-055 (Reference 2017 GRA Volume I, page 6.5, 6.3.1.) Does Hydro have any
 16 agreements in place with out-of-province entities to supply it with energy
 17 via the Maritime Link? If so, please identify them.
 18
- 19 CA-NLH-056 (Reference 2017 GRA Volume I, page 6.8) It is stated (lines 6 to 8)
 20 *“Through evaluation of the evidence provided in the GRA process, the*
 21 *Board will determine whether Hydro’s proposed approach to disposition is*
 22 *reasonable or if an alternate approach is preferred.”* Did Hydro consider
 23 replacing the proposed deferral account, the RSP and other supply cost-
 24 related deferral accounts with a single supply cost variance account that
 25 tracks variances between the test year supply cost and actual supply costs?
 26 Please provide pros and cons of this approach versus the proposed
 27 approach.
 28
- 29 CA-NLH-057 (Reference 2017 GRA Volume I, page 3.26) It is stated (lines 13 to 14) *“The*
 30 *energy supplied from CF(L)Co is supplied from two distinct blocks: the*
 31 *Recapture Block and the Twin Falls Power Corporation (TwinCo) Block.”*
 32 How much energy is available from CF(L)Co for sale to the Island
 33 Interconnected System in the summer and winter periods in 2018, 2019 and
 34 2020, and at what cost? Is Nalcor Energy Marketing involved in
 35 negotiating this sale? Who at Nalcor Energy Marketing has met with Nova
 36 Scotia Power and what other market participants has Nalcor Energy
 37 Marketing met? What were the results of these meetings?

- 1 CA-NLH-058 (Reference 2017 GRA Volume I, page 5.6) It is stated (lines 11 to 13)
 2 *“reflecting the forecast savings from pre-commissioning off-island*
 3 *purchases in the 2018 and 2019 Test Year revenue requirements is*
 4 *anticipated to keep rates flat or potentially reduce rates slightly.”* Please
 5 provide the calculations and assumptions that support this statement.
 6
- 7 CA-NLH-059 (Reference 2017 GRA Volume I, page 1.9) It is stated (lines 19 to 21) *“For*
 8 *the period from 2018 until full-commissioning of the Muskrat Falls Project,*
 9 *the use of off island purchases could provide a reduction in the range of 1.3*
 10 *to 2.3 TWh in Holyrood generation”*. Please provide the calculations and
 11 assumptions that support this statement.
 12
- 13 CA-NLH-060 (Reference 2017 GRA Volume I, page 5.6) It is stated (lines 11 to 13)
 14 *“reflecting the forecast savings from pre-commissioning off-island*
 15 *purchases in the 2018 and 2019 Test Year revenue requirements is*
 16 *anticipated to keep rates flat or potentially reduce rates slightly.”* Based on
 17 this expected future, what is Hydro’s forecast revenue requirement in 2018
 18 and 2019, and what is the average rate and rate increase needed to collect
 19 this revenue requirement?
 20
- 21 CA-NLH-061 (Reference 2017 GRA Volume I, page 4.2) Based on the revenue
 22 requirements for 2018 and 2019 test years as given in table 4.1, what would
 23 be Hydro’s rate of return on rate base and on equity if its fuel savings from
 24 off-island purchases were not placed in the Deferral Account?
 25
- 26 CA-NLH-062 (Reference 2017 GRA Volume I, page 5.6) It is stated (lines 11 to 13)
 27 *“reflecting the forecast savings from pre-commissioning off-island*
 28 *purchases in the 2018 and 2019 Test Year revenue requirements is*
 29 *anticipated to keep rates flat or potentially reduce rates slightly.”* Please
 30 file a cost of service study for 2019 based on this expected future.
 31
- 32 CA-NLH-063 (Reference 2017 GRA Volume I, page 5.6) It is stated (lines 11 to 13)
 33 *“reflecting the forecast savings from pre-commissioning off-island*
 34 *purchases in the 2018 and 2019 Test Year revenue requirements is*
 35 *anticipated to keep rates flat or potentially reduce rates slightly.”* Based on
 36 this expected future and the Alberta interim rates test identified below,
 37 should the Board approve Hydro’s proposed interim rates for January 1,
 38 2018? Specifically, does Hydro’s application pass the Alberta interim rates
 39 test? The Alberta interim rates test includes two parts with the first part

relating to quantum and need for the rate increase and the second part relating to the general public interest.

Part One

- i. Is the identified revenue deficiency probable and material?
- ii. Can all or some portion of any contentious items be excluded from the amount collected?
- iii. Is the increase required to preserve the financial integrity of the applicant or to avoid financial hardship to the applicant?
- iv. Can the applicant continue safe utility operations without the interim adjustment?

Part Two

- i. Do the interim rates promote rate stability and ease rate shock?
- ii. Do the interim adjustments help maintain intergenerational equity?
- iii. Can interim rate increases be avoided through the use of carrying costs?
- iv. Are the interim rate increases required to provide appropriate price signals to customers?
- v. Is it appropriate to apply the interim rider on an across-the-board basis?

CA-NLH-064

(Reference 2017 GRA Volume I, page 1.9) It is stated (lines 12 to 17) “*In 2020, commissioning period energy is anticipated to be available from the Muskrat Falls Plant. The Maritime Link will also be available and there may be opportunities via the ML to purchase short term supplies to further reduce fuel use. This opportunity will be managed by Nalcor Energy Marketing, on behalf of Hydro, who has met with Nova Scotia Power and other market participants to determine if, and how much, non-firm "economy" energy is available.*” It is understood that purchases over the ML could be made as early as December 1, 2017 (GRA Volume I, page 6.8,

lines 14 to 19). Please explain how the process for making purchases over the ML will work. For example, how will Nalcor Energy Marketing know how much energy to purchase to displace generation at Holyrood TGS, how will the energy be procured (i.e., through a competitive bid process, by purchasing energy in a U.S.-based day-ahead market, etc.) and how will Hydro prove to the Board and the Parties that this energy has been procured on a least cost basis? Name the potential suppliers Nalcor Energy has found to supply this energy?

CA-NLH-065 (Reference 2017 GRA Volume I, page 1.9) It is stated (lines 12 to 17) “*In 2020, commissioning period energy is anticipated to be available from the Muskrat Falls Plant. The Maritime Link will also be available and there may be opportunities via the ML to purchase short term supplies to further reduce fuel use. This opportunity will be managed by Nalcor Energy Marketing, on behalf of Hydro, who has met with Nova Scotia Power and other market participants to determine if, and how much, non-firm "economy" energy is available.*” Given that Hydro expects to start purchasing energy over the ML as early as December 1, 2017, and given that Nalcor has already been in discussions with market participants, please provide a table identifying the expected source, cost, availability, timing and savings (relative to energy generated at Holyrood TGS) of energy purchases over the ML.

CA-NLH-066 (Reference 2017 GRA Volume I, page 3.44) At page 3.44 it is stated “... *the Maritime Link will provide an alternate supply of up to 300 MW to the Island System further enhancing reliability.*” Is there enough spare transmission line capacity to the Avalon available for the winter peak?

CA-NLH-067 (Reference 2017 GRA Volume I, page 3.44) Is there an agreement in place for the reference 300 MW of alternate supply?

CA-NLH-068 (Reference 2017 GRA Volume I, page 3.44) How was the referenced amount of 300 MW alternate supply determined?

Cost of Service and Rates

CA-NLH-069 (Reference 2017 GRA Volume I, page 1.7) Please provide Table 1-1 with an additional column showing the proposed 2019 TY Increase Relative to July 1, 2017 Rates and the July 2018 increase already approved.

- 1 CA-NLH-070 (Reference 2017 GRA Volume I, page 1.6) It is stated (lines 8 to 14) that
 2 proposed interim customer rate impacts are 9.7% for Newfoundland Power
 3 and 6.2% for Island Industrial Customers. Why is the rate impact on
 4 Newfoundland Power so much greater than that for the Island Industrial
 5 Customers? Please provide a breakdown of the costs that are driving the
 6 different rate impacts.
 7
- 8 CA-NLH-071 (Reference 2017 GRA Volume I, page 1.6) It is stated (lines 8 to 14) that
 9 proposed interim customer rate impacts are 9.7% for Newfoundland Power
 10 and 6.2% for Island Industrial Customers. Is Hydro concerned about the
 11 significantly higher rate increases proposed for Newfoundland Power than
 12 other customer classes? What options has Hydro considered in an effort to
 13 mitigate the rate impacts on Newfoundland Power and its customers?
 14
- 15 CA-NLH-072 (Reference 2017 GRA Volume I, page 4.4) Table 4-3 shows Hydro's
 16 forecast fuel costs for the 2015, 2018 and 2019 Test Years. Please confirm
 17 that the fuel cost estimates do not reflect Hydro's best estimates for the 2018
 18 and 2019 Test Years, and provide Table 4-3 with Hydro's best estimate.
 19
- 20 CA-NLH-073 (Reference 2017 GRA Volume I, page 4.10) It is stated (lines 6 to 7) "*Fuel*
 21 *inventory is comprised of a thirteen-month average of No. 6 fuel, diesel,*
 22 *and gas turbine fuel inventories.*" Please quantify the rate impact on
 23 customer classes if the thirteen-month inventory were based on Hydro's
 24 best estimate of fuel consumption in the 2018 and 2019 test years.
 25
- 26 CA-NLH-074 (Reference 2017 GRA Volume I, page 5.7) It is stated (lines 1 to 2) "*there*
 27 *are certain cost of service issues not related to the completion of the*
 28 *Muskrat Falls Project that are required to be dealt with in the current*
 29 *GRA.*" Please explain why it is necessary to address each of these issues
 30 prior to the cost of service study that Hydro proposes to file in 2018, and
 31 why other issues have not been addressed in this GRA; i.e., the
 32 classification of a portion of network transmission costs to energy.
 33
- 34 CA-NLH-075 (Reference 2017 GRA Volume I, page 5.3) It is stated (lines 20 to 25) "*By*
 35 *letter dated September 9, 2016, the Board approved the delay in conducting*
 36 *the Cost of Service Methodology Review. However, the Board indicated*
 37 *that certain cost of service issues, such as issues related to the methodology*

for calculating specifically assigned charges, could be, and should be, addressed in the usual course apart from the full cost of service methodology review.” Please file a copy of this letter for the record.

CA-NLH-076 (Reference 2017 GRA Volume I, page 5.8) It is stated (lines 12 to 13) “Hydro is proposing to discontinue the generation credit agreement between Hydro and CBPP on December 31, 2018.” Given that low-cost off-island purchases are expected to be available in 2018, why is Hydro proposing the CBPP pilot be discontinued on December 31, 2018 rather than January 1, 2018? What benefits are customers expected to receive in 2018 from this agreement that justify its continuance through year-end 2018?

CA-NLH-077 (Reference 2017 GRA Volume I, page 5.8) It is stated (line 22) “Hydro is engaged in discussions to sell the frequency converter to CBPP.” When did these discussions start, and in Hydro’s opinion, why have they not been concluded?

CA-NLH-078 (Reference 2017 GRA Volume I, page 5.11) It is stated (lines 15 to 18) “The Island Industrial Customers indicated support for the proposed change in methodology; Hydro will also be initiating discussions with Newfoundland Power and the Consumer Advocate in an attempt to negotiate a settlement on this issue.” Hydro goes on to say (lines 20 to 21) “Hydro proposes to implement this revision to its cost of service methodology to become effective January 1, 2018 on an interim basis.” Why has Hydro discussed the change with the Island Industrial Customers, but not Newfoundland Power and the Consumer Advocate? Why is Hydro proposing the change effective January 1, 2018 prior to discussions with Newfoundland Power and the Consumer Advocate? When does Hydro intend to discuss this change with Newfoundland Power and the Consumer Advocate?

CA-NLH-079 (Reference 2017 GRA Volume I, page 5.16) It is stated (lines 1 to 4) “The Board’s approval of interim rates effective July 1, 2015, during Hydro’s last GRA was also effective in limiting the revenue deficiencies to be recovered from customers at the conclusion of the GRA. Hydro believes its proposed approach in the current GRA would also achieve this desired result.” If the objective is to limit revenue deficiencies, why is Hydro proposing different rate increases for different customer classes on the Island Interconnected System?

- 1 CA-NLH-080 (Reference 2017 GRA Volume I, page 5.17) It is stated (lines 13 to 14) “*The*
2 *mechanics for determining the Utility Rate for Newfoundland Power have*
3 *included maintaining a second block price signal to reasonably reflect the*
4 *price of Holyrood fuel.*” Why is it important to reflect Holyrood fuel costs
5 in the price signal to Newfoundland Power when 1) it does not reflect
6 marginal costs, and 2) Hydro is not proposing a similar price signal for the
7 Island Industrial Customers?
8
- 9 CA-NLH-081 (Reference 2017 GRA Volume I, page 5.17) It is stated (lines 13 to 14) “*The*
10 *mechanics for determining the Utility Rate for Newfoundland Power have*
11 *included maintaining a second block price signal to reasonably reflect the*
12 *price of Holyrood fuel.*” Please file Hydro’s best estimate of marginal costs
13 for 2018 and 2019.
14
- 15 CA-NLH-082 (Reference 2017 GRA Volume I, page 5.27) It is stated (lines 8 to 11)
16 “*Hydro has also updated its wheeling rate from 0.443¢ per kWh to 0.980¢*
17 *per kWh for Island Industrial Customers to reflect 2019 Test Year costs.*
18 *There are no customers currently accessing the wheeling rate. However,*
19 *Hydro is proposing to maintain the rate in the event that it may be*
20 *required.*” Why has this rate more than doubled, and does the magnitude
21 reflect that of the transmission tariff that Hydro would be filing in an open
22 access regime? What are the components of the wheeling rate as devised
23 to reflect the stated costs?
24
- 25 CA-NLH-083 (Reference 2017 GRA Volume I, page 5.37, lines 1 to 6) Please provide
26 examples of blocked transmission demand rates used elsewhere in the
27 industry. Are there any energy benefits derived from the Labrador
28 transmission?
29
- 30 CA-NLH-084 (Reference 2017 GRA Volume II, Exhibit 13, pages 52 of 60 through 60 of
31 60) Please identify all jurisdictions in the survey that are using Hydro’s
32 proposed methodology for allocating specifically-assigned O&M costs, and
33 all jurisdictions that are using Hydro’s current methodology for allocating
34 specifically-assigned O&M costs.
35
- 36 CA-NLH-085 (Reference 2017 GRA Volume II, Exhibit 13, page 16 of 60) It is stated
37 (lines 1 to 11) “*An alternative might be to track actual expenses associated*

with each customer's dedicated transmission assets and bill the customer directly, while in addition charging them for their share of remaining transmission-related expenses on the basis of the standard transmission allocator. Under this system, a customer who is directly assigned high asset costs for new or upgraded transmission assets would also have the lower expenses associated with new equipment. Directly assigned O&M costs under this system would be removed from the COS, although customers would continue to be allocated their share of common transmission-related O&M costs. The outcome of this approach is fairly allocated cost for the share of the transmission system common to all customers plus charges for actual repair costs. Since this system is applied, at least by a few small U.S. utilities, it has a regulatory precedent." It is later stated (lines 13 to 15) "Hydro has reviewed this approach. Unfortunately, the review concluded that it is not currently feasible, since current and past accounting processes do not supply sufficient detail to identify each individual O&M expense with a specific customer." Hydro indicates that the current methodology for allocating specifically-assigned O&M costs is unfair, and it appears that the fairest approach, and one that has regulatory precedent, is to charge actual O&M costs. Given the importance of fairness and regulatory precedence, why is Hydro not considering modification of its accounting system to enable tracking of actual O&M costs for direct assignment to customers?

CA-NLH-086 (Reference 2017 GRA Volume II, Exhibit 13, page 53 of 60) It is stated "Bonneville Power Administration allocates O&M costs based on asset measures (circuit miles of line, type of pole, size of substation/transformer) and applies system per-unit O&M costs pertaining to these facilities." Does Hydro track costs in this manner today and did it consider using this methodology for allocation of specifically-assigned O&M costs? What would be the cost consequences for Newfoundland Power and each Island Industrial Customer if this methodology were employed?

CA-NLH-087 (Reference 2017 GRA Volume II, Exhibit 13, page 53 of 60) It is stated "Emera Maine, who's directly served transmission customers are generation sources only, allocates O&M costs to these sources based on their share of (undepreciated) transmission assets, valued at original cost." Is this the methodology used by Hydro today? If not, what would be the cost consequences for Newfoundland Power and each Island Industrial Customer if this methodology were employed?

- 1 CA-NLH-088 (Reference 2017 GRA Volume III, Exhibit 14, page 106 of 107) What is
 2 the expected capacity factor forecast for Holyrood TGS in 2017, 2018 and
 3 2019?
 4
- 5 CA-NLH-089 (Reference 2017 GRA Volume I, page 1.4) It is stated (lines 14 to 18) "*This*
 6 *includes the construction of a third transmission line (TL267) from Bay*
 7 *d'Espoir to Western Avalon with a total capital expenditure of*
 8 *approximately \$291 million. TL267 will have a positive impact on system*
 9 *reliability and will help alleviate system constraints relating to power flow*
 10 *to the Avalon Peninsula resulting from an increase in customer demand.*"
 11 Please confirm that the costs of this line have been classified as 100%
 12 capacity-related similar to other network transmission assets and quantify
 13 the impact of this line on customer classes in terms of revenue allocation
 14 and rates.
 15
- 16 CA-NLH-090 (Reference 2017 GRA Volume I, page 1.4) It is stated (lines 14 to 18) "*This*
 17 *includes the construction of a third transmission line (TL267) from Bay*
 18 *d'Espoir to Western Avalon with a total capital expenditure of*
 19 *approximately \$291 million. TL267 will have a positive impact on system*
 20 *reliability and will help alleviate system constraints relating to power flow*
 21 *to the Avalon Peninsula resulting from an increase in customer demand.*"
 22 Please quantify the impact of this line on customer classes in terms of
 23 revenue allocation and rate impacts if 10%, 20%, 30%, 40% and 50% of its
 24 costs were classified as energy.
 25
- 26 CA-NLH-091 (Reference 2017 GRA Volume I, page 3.25) It is stated (lines 15 to 18) "*The*
 27 *reduced production forecast for Hydro's Island Interconnected System gas*
 28 *turbines and diesels for 2017 through to the 2019 Test Year reflect the*
 29 *reliability benefit of the planned in service of a third transmission line from*
 30 *Bay d'Espoir to Western Avalon (TL267).*" How much energy production
 31 from gas turbines and diesels is being saved in 2018 and 2019 as a result of
 32 the new transmission line? How much energy is saved through loss
 33 reduction resulting from the new line (page 3.28, line 18)?
 34
- 35 CA-NLH-092 (Reference 2017 GRA Volume I, page 3.22) It is stated (lines 23 to 27)
 36 "*Newfoundland Power's sites are modeled in Hydro's Vista analysis as one*
 37 *pseudo site with characteristics and input hydrology that result in a*
 38 *reasonable estimate of its generation. Several other small plants (Snook's*
 39 *Arm, Venam's Bight, Rattle Brook, and Roddickton mini hydro) are*

included with Newfoundland Power's sites as they are too small to warrant modelling separately and have similar characteristics to Newfoundland Power's sites." Newfoundland Power and Hydro have a number of small hydro sites located around the Province. Is energy production from these smaller sites, and for that matter, even some of the larger hydro sites around the Province, likely to be reduced as low-cost energy becomes available from off-Island purchases and the coming into service of Muskrat Falls? How has Hydro taken this possibility into account in the 2018 and 2019 Test Years?

CA-NLH-093 (Reference 2017 GRA Volume I, Chapter 3 – Schedule VI) Extend Schedule 3-VI to show the corresponding cost per MWh corresponding to each energy supplier. Also include the cost per MWh for Holyrood generation.

CA-NLH-094 (Reference 2017 GRA Volume I, Chapter 3 – Schedule VI) If Hydro is successful in accessing off-island sources of electricity at a cost per MWh lower than corresponding Holyrood costs then explain whether it would continue to purchase supply from the various sources listed in Schedule VI?

Hydro's Reliability Performance and Programs

CA-NLH-095 (Reference 2017 GRA Volume I, page 1.19) It is stated (lines 1 to 2) "*Since 2014, Hydro's End Consumer performance for SAIFI and SAIDI has improved by approximately 75% and 77%, respectively.*" How did the year 2014 rank it terms of Hydro's reliability performance over the past 25 years; i.e., the fifth worst year in the past 25 years?

CA-NLH-096 (Reference 2017 GRA Volume I, page 1.19) Please provide Table 1-2 with an additional column showing SAIDI and SAIFI performance averaged over the five-year period from 2008 to 2012.

CA-NLH-097 (Reference 2017 GRA Volume I, page 1.19) Please provide Table 1-2 showing 5-year rolling averages for the years ending 2012 through 2016.

CA-NLH-098 (Reference 2017 GRA Volume I, page 2.12) It is stated (line 2) "*Hydro is increasing its use of AMR technology for customer metering.*" Besides Happy Valley, what AMR programs is Hydro pursuing, and what are the expected costs and benefits of each?

- 1 CA-NLH-099 (Reference 2017 GRA Volume I, page 2.16) Please provide an update on
 2 the net metering program. For example, how many net metering
 3 installations are expected, the costs and benefits of implementation, and
 4 how these costs and benefits have been incorporated in the cost of service
 5 study for the 2018 and 2019 Test Years.
 6
- 7 CA-NLH-100 (Reference 2017 GRA Volume I, page 2.16) With respect to the net
 8 metering program, what is Hydro's aggregation policy; i.e., different
 9 generation technologies at one site, multiple generation facilities owned by
 10 one customer, a single installation owned by several customers (community
 11 solar), tenant net metering aggregation, multi-site metering aggregation,
 12 etc?
 13
- 14 CA-NLH-101 (Reference 2017 GRA Volume I, page 2.16) With respect to the net
 15 metering program, please provide Hydro's connection standards and
 16 schemes.
 17
- 18 CA-NLH-102 (Reference 2017 GRA Volume I, page 2.16) With respect to the net
 19 metering program, how are customer installations categorized (i.e.,
 20 households, non-households, commercial, industrial, agriculture, municipal
 21 buildings, etc.) and what limits are placed on each category?
 22
- 23 CA-NLH-103 (Reference 2017 GRA Volume I, page 2.16) With respect to the net
 24 metering program, are any financial incentives provided to customers to
 25 encourage more widespread development; i.e., tax incentives, investment
 26 support through low interest loans, etc?
 27
- 28 CA-NLH-104 (Reference 2017 GRA Volume I, page 2.16) With respect to the net
 29 metering program, how are customers compensated for energy provided to
 30 the system that is over and above their purchases from Hydro, and what is
 31 the time interval for such compensation; i.e., monthly, annually, etc?
 32
- 33 CA-NLH-105 (Reference 2017 GRA Volume I, page 3.2) It is stated (lines 9 to 12) "*Hydro*
 34 *is preparing for interconnection to the North American grid. Through*
 35 *interconnection management, the Company is evaluating opportunities and*
 36 *risks associated with this interconnection and ensuring the tasks required*
 37 *for successful integration are on target and disruptions to customers are*
 38 *well managed and minimized.*" Please file a copy of this program including
 39 identification of tasks and schedule.

- 1 CA-NLH-106 (Reference 2017 GRA Volume I, page 3.6) It is stated (lines 6 to 7) “*new*
2 *operating instruction which provides a method of assessing Avalon*
3 *capability and reserves.*” Please file a copy of this operating instruction.
4
- 5 CA-NLH-107 (Reference 2017 GRA Volume I, page 3.12) It is stated (lines 3 to 6) “*in*
6 *2016, Holyrood Units 1 and 2 were derated due to airflow and reheater*
7 *tube limitations, and Holyrood Unit 3 was derated due to issues with broken*
8 *generator leads, failed west fuel oil pump, air heater fouling, and fouling*
9 *on the water intake.*” What is the current status of Holyrood TGS? Have
10 these problems been addressed, and does Hydro believe that Holyrood is
11 now capable of operation at full availability?
12
- 13 CA-NLH-108 (Reference 2017 GRA Volume I, page 3.25) It is stated (lines 21 to 22)
14 “*Hydro presently has five capacity assistance agreements in place with its*
15 *Industrial Customers: two with Corner Brook Pulp and Paper, two with*
16 *Vale, and one with Praxair.*” Do these capacity assistance agreements
17 continue to provide value in 2018 and beyond with the ML and LIL
18 transmission projects coming on line? Please file copies of these capacity
19 assistance agreements for the record.
20
- 21 CA-NLH-109 (Reference 2017 GRA Volume I, page 3.31) It is stated (lines 22 to 25) “*The*
22 *Rural Deficit has grown from \$59.4 million as approved in the 2015 Test*
23 *Year to a forecast of \$67.2 million in the 2018 Test Year and \$72.5 million*
24 *in the 2019 Test Year, primarily due to increased operating and*
25 *maintenance costs, fuel costs, and power purchases, as well as return.*” Has
26 there been any discussions with Government concerning the growing
27 burden of the rural deficit on the customers required to pay the deficit?
28
- 29 CA-NLH-110 (Reference 2017 GRA Volume I) Provide a table showing the annual
30 penetration rate for electrical space heating in the L’Anse Au Loup system
31 since the start of the arrangement with Hydro Quebec to supply that system.
32
- 33 CA-NLH-111 (Reference 2017 GRA Volume I) Has Hydro investigated whether it would
34 experience a net reduction in costs if L’Anse Au Loup’s all-electric
35 domestic customers were provided with high efficiency heat pumps?
36
- 37 CA-NLH-112 (Reference 2017 GRA Volume I, page 3.43 and 3.44) It is stated (page 3.43,
38 lines 23 to 26 and Page 3.44, line 1) “*With the changes facing Hydro in the*
39

near term, it has become clear that there is a need to coordinate the activities the Company must undertake to ensure its ability to capitalize on the opportunities provided by the interconnection of these new HVdc transmission lines. Hydro has therefore created a new temporary position, Manager, Interconnection & Integration, reporting directly to the President.” Please provide the job description for this individual.

CA-NLH-113 (Reference 2017 GRA Volume I, page 3.45) It is stated (lines 1 to 8) “While Hydro has not been mandated by the Provincial Government to implement NERC standards, the Company recognizes the benefits that the NERC reliability standards provide and, as a prudent operational measure, is in the preliminary stages of reviewing and assessing the standards that are applicable for adoption into the Island Interconnected System. Hydro is also reviewing the approach it will use to implement applicable NERC reliability standards and the impacts that these standards will have on the Island Interconnected System when the Island of Newfoundland interconnects with Nova Scotia and Labrador via the Maritime and Labrador-Island links, respectively.” Please file a copy of Hydro’s plan and schedule for reviewing and assessing NERC standards, including the timing for when Hydro expects to move beyond the “preliminary stages” of its review.

CA-NLH-114 (Reference 2017 GRA Volume I, page 3.45) It is stated (lines 20 to 21) “In accordance with FERC standards, the Newfoundland and Labrador System Operator (NLSO) has been created to act as the independent system operator for the Province.” Does formation of the NLSO influence the timing of when off-island purchases will be made to displace high-cost thermal generation on the Island?

CA-NLH-115 (Reference 2017 GRA Volume II, Exhibit 3, page 7) It is stated (line 16) “Develop a revenue protection strategy.” What is a revenue protection strategy and to whom does it apply?

CA-NLH-116 (Reference 2017 GRA Volume II, Exhibit 3, page 8) It is stated (line 13) “The strategic plan is being reviewed and refreshed in 2017 to take Hydro into 2020”. When will this plan be made available to the Board?

CA-NLH-117 (Reference 2017 GRA Volume II, Exhibit 4, page 10) It is stated (lines 20 to 21) “When the communication plan has been developed, Hydro will

1 *provide the plan to the Board.*” When does Hydro expect to submit this plan
2 to the Board?

3
4 CA-NLH-118 (Reference 2017 GRA Volume II, Exhibit 4) Please confirm that the survey
5 determined that electricity customers in the Province want to know if they
6 are paying or receiving a subsidy and that they would expect that such
7 information be identified on their electricity bills and elsewhere. Does
8 Hydro’s customer service strategy include adding more information to
9 electricity customer bills?

10
11 CA-NLH-119 (Reference 2017 GRA Volume II, Exhibit 13, page 5 of 60) It is stated (lines
12 18 to 20) “*We also recommend that Hydro broach with CBPP the idea of*
13 *two-part pricing, specifically real-time pricing, as a replacement for its*
14 *current pilot project and associated Capacity Assistance agreements.*”
15 What is the status of this undertaking? Please provide all documentation
16 related to this effort including discussions with CBPP.

17
18 CA-NLH-120 (Reference 2017 GRA Volume I, page 1.7, footnote 9) Please provide the
19 date from which rate increases/decreases in the “Hydro rural other” areas
20 have been set at the same rate of change as applied to Newfoundland Power
21 retail customers. Provide the relevant directive for that policy.

22
23 CA-NLH-121 (Reference 2017 GRA Volume I, page 1.9, footnote 10) Regarding the past
24 practice of Nalco Energy Marketing (“NEM”) profit from external sales of
25 Recapture power being transferred to Nalcor Energy as dividends, has
26 Nalcor ever transferred those dividends to Hydro to assist in rate mitigation
27 or for any other purpose?

28
29 CA-NLH-122 (Reference 2017 GRA Volume I, page 1.9, footnote 10) Provide a tabular
30 summary of NEM’s annual profits on external sales that have been
31 transferred to Nalcor Energy.

32
33 CA-NLH-123 (Reference 2017 GRA Volume I, page 1.9, footnote 10) Of the
34 approximately 300 MW of Recapture energy available from CF(L) Co.,
35 how much of this capacity will be available in 2018 and 2019 for the island
36 of Newfoundland?

- 1 CA-NLH-124 (Reference 2017 GRA Volume I, page 1.1) Regarding the reduced
 2 emissions associated with use of Recaptured energy, are those reductions
 3 net of the reductions that otherwise would have been achieved by selling
 4 the power elsewhere?
 5
- 6 CA-NLH-125 (Reference 2017 GRA Volume I, p. 3.21) What plans are there, if any, to
 7 transfer ownership of Exploits Generation and Star Lake facilities to
 8 Hydro?
 9
- 10 CA-NLH-126 (Reference 2017 GRA Volume I, Schedule 3 - VII) Add a column to the
 11 table that shows monthly actual costs of No. 6 fuel for 2017 to date.
 12
- 13 CA-NLH-127 (Reference 2017 GRA Volume I, page 4.4 – 4.5) When were the forecast
 14 prices for 2018 and 2019 No. 6 fuel and diesel fuel prepared? How would
 15 they be affected by the appreciation of the Canadian dollar between May
 16 and September of 2017?
 17
- 18 CA-NLH-128 (Reference 2017 GRA Volume I, page 4.8 – 4.9) Is the additional 230 kV
 19 line from Soldiers Pond to Hardwoods being connected to the new Soldiers
 20 Pond facilities? What is the purpose of that line?
 21
- 22 CA-NLH-129 (Reference 2017 GRA Volume I) Please provide a table comparing
 23 Hydro's capital structure with those of Crown owned electric utilities in
 24 other provinces for the years 2010, 2013 and 2016.
 25
- 26 CA-NLH-130 (Reference 2017 GRA Volume I, Schedule 4 – III) Provide a similar
 27 schedule under the assumption that in 2018 and 2019 there are net savings
 28 of \$60 million due to off island purchases in each of those years, and an Off
 29 Island Purchases Deferral Account is not used; also include an additional
 30 line that shows a rate of return on equity. Please repeat assuming the net
 31 saving is \$90 million in each year.
 32
- 33 CA-NLH-131 (Reference 2017 GRA Volume I, Schedule 4 – IV) Regarding the debt
 34 guarantee fee (line 30), what rate is charged and what has been the rate over
 35 the years since 2001? Also, do other Crown owned electric utilities include
 36 the guarantee fees in their calculation of embedded costs of debt and, if so,
 37 at similar rates?

- 1 CA-NLH-132 (Reference 2017 GRA Volume I, Schedule 4 – V) Will the appreciation of
2 the Canadian dollar have any impact on the deferred charges associated
3 with Foreign Exchange (line 12)? If so, what are the implication for the
4 rate base?
5
- 6 CA-NLH-133 (Reference 2017 GRA Volume I, page 5.6) Regarding the June 23, 2017
7 Muskrat Falls Project Update that states that residential electricity rates
8 would increase to 22.89¢ per kilowatt hour in 2021 (exclusive of HST)
9 please confirm that no such rate has been authorized by the PUB and that
10 post-Muskrat Falls rates are not the subject matter of the present GRA.
11
- 12 CA-NLH-134 (Reference 2017 GRA Volume I) For all Hydro employees with 2016
13 overtime payment of \$40,000 or greater, (i) please provide their job title,
14 base salary, and any overtime they earned in bonuses. For the same job
15 titles in (i), provide the same information for the previous four years.
16
- 17 CA-NLH-135 (Reference 2017 GRA Volume I) What is the total cost for Hydro's
18 regulatory staff for 2016 and budgeted for 2017?
19
- 20 CA-NLH-136 (Reference 2017 GRA Volume I) What is the total amount of Hydro's
21 bonus payments in 2016?
22
- 23 CA-NLH-137 (Reference 2017 GRA Volume I) Please provide annual Hydro's bonus
24 payments by year for the previous four years.
25
- 26 CA-NLH-138 (Reference 2017 GRA Volume I) Please provide a copy of the Hydro's
27 bonus policy.
28
- 29 CA-NLH-139 (Reference 2017 GRA Volume I, p. 3.36, Table 3-19) Please provide the
30 details of the 2015 actual overtime paid of \$10,589,000.
31
- 32 CA-NLH-140 (Reference 2017 GRA Volume I, p. 3.36, Table 3-19) In a public document
33 made available by Nalcor on the 22nd of June, 2017, known as Nalcor
34 Energy and its Subsidiaries Compensation Disclosure, a Hydro mechanical
35 maintenance (HD repair) employee is shown as earning a base salary of
36 \$80,500, plus overtime of \$73,100, plus a bonus of \$7,500, in the calendar
37 year 2016. Please provide details / rationale for this bonus payment.

- 1 CA-NLH-141 (Reference 2017 GRA Volume I) Why is the overtime expense such a large
2 percentage of labour related cost from 2015 to 2019?
3
- 4 CA-NLH-142 (Reference 2017 GRA Volume I) How many embedded contractors does
5 Hydro currently employ?
6
- 7 CA-NLH-143 (Reference 2017 GRA Volume I) Please provide a list of the fifteen top
8 most highly paid Hydro embedded contractors.
9
- 10 CA-NLH-144 (Reference 2017 GRA Volume I) For the fiscal year 2016, what was the
11 total cost for Hydro's embedded contractors?
12
- 13 CA-NLH-145 (Reference 2017 GRA Volume I) How many embedded contractors were
14 employed by Hydro for the 2016 fiscal year?
15
- 16 CA-NLH-146 (Reference 2017 GRA Volume I) What is the projected cost for Hydro
17 embedded contractors in 2017?
18
- 19 CA-NLH-147 (Reference 2017 GRA Volume I, Schedule 3 - IX) Re: Total Operating
20 Expenses by Cost Type:
21
- 22 Provide details of employee future benefits in 2016.
23
- 24 (i) Provide details of professional services of \$14,408,000 in 2015.
25
- 26 (ii) Provide details of miscellaneous expenses in 2015 actual of
27 \$5,789,000.
28
- 29 (iii) Provide details of office supplies and expense in 2015 actual of
30 \$2,762,000.
31
- 32 CA-NLH-148 (Reference 2017 GRA Volume II, Exhibit 6, page 3) Please confirm that a
33 portion of Hydro's overall Transportation assets includes approximately
34 250 light duty vehicles (cars, pick-ups, vans) as disclosed in Hydro's
35 recently filed 2018 Capital Budget Application.
36
- 37 CA-NLH-149 (Reference 2017 GRA Volume II, Exhibit 6, page 3) If it is confirmed that
38 a portion of Hydro's overall Transportation assets includes approximately
39

250 light duty vehicles, how many of these are used exclusively by Hydro management?

CA-NLH-150 (Reference 2017 GRA Volume II, Exhibit 3, page 3) Can Hydro's management vehicles be used by Hydro management for personal use?

CA-NLH-151 (Reference 2017 GRA Volume II, Exhibit 3, page 3) Does Hydro charge Hydro management for personal vehicle use based on personal use mileage?

CA-NLH-152 (Reference 2017 GRA Volume II, Exhibit 3, page 3) Please provide a copy of Hydro's policy on personal use of Hydro's vehicles by Hydro management.

CA-NLH-153 (Reference 2017 GRA Volume II, Exhibit 3, page 3) Does Hydro report personal management use on T4s for management income taxes as a taxable benefit for personal use of the Hydro vehicles?

CA-NLH-154 (Reference 2017 GRA Volume II, Exhibit 3, page 3) If Hydro does include personal management use on T4s for income taxes, how is this taxable benefit for personal use by Hydro management calculated?

CA-NLH-155 (Reference 2017 GRA Volume I) Please provide the jurisdiction of the Board to deal with Muskrat Falls, in whole or in part, and how such jurisdiction is consistent with the Act and existing Orders-in-Council

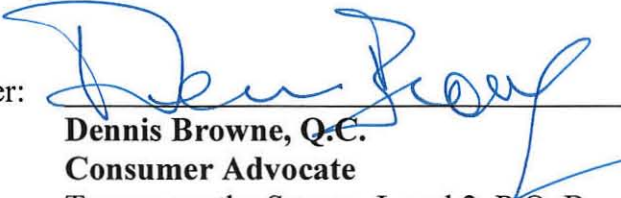
CA-NLH-156 (Reference 2017 GRA Volume I) In reference to the 300 MW of recall, it has been reported that Labrador may need 220 MW for winter peak. This would leave 80 MW for Muskrat Falls rate relief. Please advise if this is the Applicant's position? Furthermore, the Liberty Report indicates the in service for Muskrat Falls to be 2022-2023, whereas Nalcor has stated that in service would be 2020. Please advise who is correct?

CA-NLH-157 (Reference 2017 GRA Volume I) How many MW does the Applicant anticipate the IOC expansion in Labrador will require and what impact will that have on the 300MW recall referenced in the Application? Has the Applicant considered the re-opening of the Wabush Mines and how many MW will be required in that eventuality?

- 1 CA-NLH-158 (Reference 2017 GRA Volume I) In the Liberty Report of February 2017
2 Liberty has informed the Board that there could be less than 110 MW of
3 recall available given all of the foregoing. Please advise if the Applicant
4 concurs with Liberty's conclusion? If only 110 MW are available, how will
5 that affect the Applicant's calculations on the fund to be created in Nalcor's
6 scheme?
7
- 8 CA-NLH-159 (Reference 2017 GRA Volume I) Please provide demographic information
9 in reference to Hydro's domestic service area. Please provide the number
10 of domestic and other customers in Labrador and the location/community
11 in which these customers reside. Please provide particulars of the number
12 of domestic and other customers on the island of Newfoundland and the
13 location/community in which these customers reside.
14
- 15 CA-NLH-160 (Reference 2017 GRA Volume I) Please provide copies of any surveys you
16 may have forecasting demographic information in your domestic service
17 area.

DATED at St. John's, Newfoundland and Labrador, this 6th day of October, 2017.

Per:


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