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November 6, 2017

SENT VIA E-MAIL

Cheryl Blundon
Board Secretary
Board of Commissioners of Public Utilities
P.O. Box 21040, St. John's, NL A1A 5B2

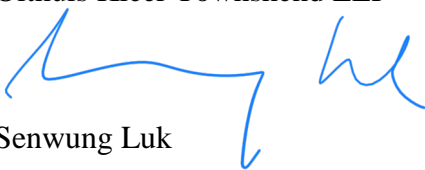
Dear Ms Blundon:

Re: 2017 General Rate Application of Newfoundland and Labrador Hydro, Requests for Information, Round #2

Enclosed are the original and twelve (13) copies of the Labrador Interconnected Group's RFIs, numbered LAB-NLH-052 through LAB-NLH-075, inclusive, in respect of the above-noted Application.

We have provided a copy of this correspondence together with enclosures to all concerned parties. We trust you will find the enclosed satisfactory.

Yours truly,
Olthuis Kleer Townshend LLP



Senwung Luk

SL/tm

- c. Newfoundland and Labrador Hydro (gyoung@nlh.nl.ca; traceypennell@nlh.nl.ca; alex.templeton@mcinnescooper.com; NLHRegulatory@nlh.nl.ca)
Newfoundland Power (ghayes@newfoundlandpower.com; lobrien@curtisdawe.nf.ca; regulatory@newfoundlandpower.com)
Consumer Advocate (dbrowne@bfma-law.com; sfitzgerald@bfma-law.com; bbailey@bfma-law.com; sarahfitzgerald@bfma-law.com)
Industrial Customer Group (pcoxworthy@stewartmckelvey.com; dporter@poolealthouse.ca; dfleming@coxandpalmer.com)
Iron Ore Company of Canada (van.alexopoulos@ironore.ca; benoit.pepin@riotinto.com)

IN THE MATTER OF the *Public Utilities Act*, RSN 1990, Chapter P-46 (the “Act”); and

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

Requests for Information

by the Labrador Interconnected Group

LAB-NLH-052 to LAB-NLH-075

November 6, 2017

1 **Requests for Information – Round 2**

2

3 **LAB-NLH-52 Re: IOC-NLH-021, LAB-NLH-029**

4 Citation (IOC-NLH-021):

5 Hydro is currently undertaking a Transmission Planning study to assess the
6 system in western Labrador. This study will involve the technical and
7 economic evaluation of alternatives including the construction of new
8 transmission lines or generation, including additions as referenced in Hydro's
9 2017 GRA, Evidence, Chapter 5. The study will allow for development of a
10 transmission system expansion plan to deliver least-cost reliable power to
11 forecasted loads.

- 12 a) When, and in what forum, will this Transmission Planning study be presented to the
13 Board?
- 14 b) Please describe any discussions that NLH has had with Hydro-Quebec regarding any role
15 that Hydro-Quebec transmission facilities could play in alleviating capacity constraints in
16 Western Labrador.
- 17 c) In the event that new industrial loads seek service in Labrador that would require an
18 expensive increase to transmission capacity, does NLH have the option to a) refuse
19 service, or b) charge the new customer an incremental rate to ensure that other customers
20 are not penalized by the addition? Please elaborate.
- 21
- 22

23 **LAB-NLH-53 Re: Re: IOC-NLH-024**

24 Citation:

25 The estimated revenue requirement related to the capital investment based on
26 the 2014 capital cost projection (excluding increased operating and
27 maintenance costs) is approximately \$24.7 million per year. Based on the 2019
28 Test Year forecast Power on Order of 245 MW, approximately 60% of the
29 additional transmission revenue Transmission customer class. This additional
30 revenue requirement reflects an average monthly demand charge of \$5.05 per
31 kW or approximately 0.9¢ per kWh.

32 Please specify:

- 33 a) what percentage of the \$24.7 million per year in additional revenue requirement will be
34 borne by (i) residential and (ii) general service customers in Labrador;
- 35 b) The average amount per kWh that this will add to (i) residential and (ii) general service
36 rates in Labrador.
- 37

1 **LAB-NLH-54 Re: Re: LAB-NLH-003**

2 Preamble:

3 Tables 3-3(i) and 3-3(ii) indicate T-SAIFI and T-SAIDI for the Island Interconnection
4 System (“IIS”) and the Labrador Interconnected System (“LIS”), respectively.

5 The data can be reorganized as follows:

T-SAIFI	2012	2013	2014	2015	2016
IIS	1.76	3.3	3.64	2.89	2.91
LIS	5.00	7.50	10.50	6.00	2.25

6

T-SAIDI	2012	2013	2014	2015	2016
IIS	173.57	438.04	462.48	425.84	323.84
LIS	95.50	1320.00	466.50	1187.75	337.25

7

8 For T-SAIFI, the LIS figures are about three times as high as the IIS figures, except for 2016.

9 For T-SAIDI, the LIS figures were dramatically higher than the IIS data in 2013 and 2015.

10

11 Please:

- 12 a) Confirm that the tables presented in the Preamble accurately represent the data in Tables
- 13 3-3(i) and (ii);
- 14 b) Confirm the affirmations in the preamble comparing the T-SAIFI and T-SAIDI values for
- 15 the IIS and the LIS;
- 16 c) Explain why the T-SAIFI and T-SAIDI values are so much higher, in some years, for the
- 17 LIS than they are for the IIS.

18

19 **LAB-NLH-54 Re: Re: LAB-NLH-003**

20 Preamble:

21 Tables 3-4(i) through 3-4(v) indicate SAIFI and SAIDI for the Island Interconnection
22 System, the Labrador Interconnected System, the L’Anse au Loup system, and the Island
23 and Labrador Isolated Systems, respectively.

24 The data can be reorganized as follows:

25

SAIFI	2012	2013	2014	2015	2016
IIS	3.24	4.31	4.51	4.96	7.31
LIS	5.44	8.74	9.76	10.48	5.06
L'Anse au Loup	6.36	4.05	18.79	11.42	7.60
Island Isolated	2.69	2.85	3.63	2.34	2.35
Labrador Isolated	9.10	6.82	12.37	9.91	7.83

1

SAIDI	2012	2013	2014	2015	2016
IIS	7.58	16.77	14.92	13.17	19.43
LIS	9.28	28.56	26.48	28.81	10.62
L'Anse au Loup	8.54	5.40	22.21	8.60	4.54
Island Isolated	4.93	2.55	4.56	0.60	4.97
Labrador Isolated	14.48	7.16	17.46	22.30	10.29

2 For both SAIFI and SAIDI, the figures for the Labrador Interconnected System are substantially
3 greater than those for the Island Interconnected System in most years.

4 For both SAIFI and SAIDI, the figures for the Labrador Isolated System are substantially greater
5 than those for the Island Isolated System in all years.

6 Please:

7 a) Confirm that the tables presented in the Preamble accurately represent the data in Tables
8 3-4(i) through (v);

9 b) Confirm the affirmations in the preamble comparing the SAIFI and SAIDI values for the
10 various systems;

11 c) Explain why the SAIFI and SAIDI values are so much higher, in most years, for the
12 Labrador systems than they are for the Island systems.

13

14 **LAB-NLH-54: Re: LAB-NLH-006**

15 Citation:

16 Hydro confirms while there is no mandatory requirement to follow NERC
17 reliability standards in Newfoundland and Labrador, it is voluntarily
18 establishing a multi-stage Reliability Compliance Program. Hydro has engaged
19 the Government of Newfoundland and Labrador in the planning efforts in
20 relation to NERC adoption which will include the required governance
21 structure, policies, procedures and processes to ensure that Hydro complies

1 with the standards and associated requirements, as set forth in the NERC
2 Reliability Standards and considered to have the most significant contribution
3 to the planning and operation of the Provincial electrical system.

4 Is Hydro also consulting the Public Utilities Board regarding NERC standards implementation?
5 If not, why not? Please elaborate.

6

7 **LAB-NLH-55: Re: LAB-NLH-013**

8 Citation:

9 Hydro was requested to provide the costs by ‘proceeding.’ As a result, Hydro
10 has interpreted the request to mean a comprehensive summary of all regulatory
11 proceedings rather than the External Hearing Costs proceeding of
12 approximately \$1.2 million that was referenced in the citation.

- 13 a) Please explain what is meant by “the External Hearing Costs proceeding” in the citation.
14 b) With regard to Attachment 1, please clarify:
15 a. That all costs are in \$000.
16 b. Under “External Costs”, the distinction between “PUB Costs” and “Consultants”.
17 Does “Consultants” refer to consultants engaged by both the PUB and by
18 intervenors (cost award)?
19 c) With regard to Attachment 1, please provide breakdowns and details concerning:
20 a. The consultant costs of \$2,199 in 2015 for GRA;

21

22

23 **LAB-NLH-56: Re: LAB-NLH-020**

24 Citation:

25 The implementation of an Open Access regime will not adversely affect native
26 load customers primarily because Hydro will only pay its proportional share of
27 the revenue requirement based on transmission usage.

28 Please elaborate on how “the proportional share of the revenue requirement based on
29 transmission usage” will be determined in the Open Access Transmission Tariff.

30 **LAB-NLH-57: Re: LAB-NLH-028**

31 Citation:

- 32 d) This project was placed on hold pending a restart decision by Alderon.
33 e) The existing transmission system supplying western Labrador has a transfer capacity of 345
34 MW (delivered to the 46 kV bus). Schedule 3-II indicates an IOC load forecast of 245 MW in
35 2018 and 2019. Of the 162.4 MW required for Hydro Rural Interconnected in 2018, 89 MW
36 is forecast for supply to western Labrador. Combined, the 2018 peak load for western

1 Labrador equals 334 MW, excluding transmission system losses. Load growth of 11 MW
2 would therefore require an expansion of the transmission system.

- 3 f) ...
4 g) Hydro is presently studying the power supply options for Labrador West including supply
5 from Hydro-Quebec.
6

Table 1 Forecast Electricity Sales for Labrador West

	2017 Forecast		2018 Test Year		2019 Test Year	
	MW	GWh	MW	GWh	MW	GWh
Hydro Rural Interconnected						
Domestic		175.2		175.0		174.9
General Service		156.3		163.8		172.4
Other		18.9		19.3		19.8
Total Hydro Rural Interconnected	79.5	350.4	80.6	358.3	81.7	367.0
Industrial Customers	245.4	1735.5	245.3	1734.3	245.0	1733.1
Total Deliveries	324.9	2085.9	325.9	2092.6	326.7	2100.1

Notes:

1. Other includes area lights, distribution losses and Hydro company use.
2. Demands by retail class are not separately forecasted. Demands for Total Deliveries are the sum of the non-coincident peaks.
3. Table includes rounding errors.
4. On October 11, 2017, Hydro received a request from IOC to increase their power on order for 2018. The requested increase is 5MW relative to the 2018 Test Year customer requirement.

7
8
9 Preamble:

10 LAB-NLH-027, Attachment 1 indicates the 2018 capacity forecast for Labrador as
11 follows:

12 HVGB:	81.5 MW
13 Churchill Falls:	0.3 MW
14 Wabush	22.5 MW
15 Labrador City:	58.1 MW

- 16 a) Has NLH received any indication that the Alderon project is likely to be restarted in the
17 foreseeable future? Please elaborate.
18 b) Please explain the source of the value of 89 MW in paragraph e), given that Table 1
19 indicates Rural Interconnected load of 80.6 MW in 2018;
20 c) Please correct paragraph e), if necessary.
21 d) Please explain how transmission losses are treated in Table 1 (“Forecast Electricity
22 Sales”, which shows 80.6 MW for Hydro Rural Interconnected customers in 2018, and in
23 LAB-NLH-027, Attachment 1 (“... Electricity Requirements ...”), which shows a total of
24 80.9 (0.3 + 22.5 + 58.1) MW for Labrador West in 2018.
25 e) Please explain why Hydro sees the need for new transmission in Labrador West, given
26 that Table 1 shows an increase in forecast deliveries of just 1.8 MW from 2017 to 2019.
27 f) Please provide further details concerning the discussions of supplying power to Labrador
28 West from Hydro-Quebec, including but not limited to the following questions:
29 a. Under what eventualities would such additional supply be required?
30 b. What volumes and prices are under discussion?

1 c. Would this option in any way reduce pressure on the Labrador West transmission
2 system? If so, please explain how.
3

4 **LAB-NLH-58: Re: LAB-NLH-033, Attachment 1**

5 Preamble:

6 By far the most significant investment on the Labrador transmission system from 2016
7 through 2019 is the “Project Proposal – Interconnect MFA to HVY” in 2018, with a
8 forecast cost of \$23,513,900.

- 9 a) Please provide a full description of this project.
10 b) Has this project already been approved by the PUB?
11 c) Please provide copies of (or references to, if found on the PUB website) any documents
12 pertaining to this project, its cost, and its justification.
13 d) Please explain the reasons why this investment is required.
14

15 **LAB-NLH-58: Re: LAB-NLH-034**

16 Citation:

17 a) The proposed rate does not have an explicit price difference between the
18 winter and the non-winter periods and therefore would not be considered a
19 seasonal rate. However, if a customer’s demand requirements are likely to
20 exceed 90% of their annual Power on Order in the winter months but are not
21 likely to do so in the non-winter months, then the higher second-price block
22 would be the cost of adding to peak demand in the winter while the lower-
23 priced first-block price would apply in the non-winter months. In such
24 circumstances, the customer will perceive that the proposed rate design does
25 include attributes of a seasonal rate design and may adjust their behavior in
26 response.

27 b) The proposed design does not claim superiority to a formal seasonal rate.
28 However, the proposed design achieves a similar seasonal effect while also
29 providing an improved marginal price signal to manage demand requirements
30 in all months of the year. Hydro does not rule out the use of seasonal pricing as
31 a vehicle for rate design in the future. (emphasis added)

32 Preamble:

33 Paragraph a) appears to say that the proposed rate design is not a seasonal rate, but would
34 have attributes of a seasonal rate in the event that a customer’s demands were greater in
35 the winter than in the summer.

36 Paragraph b) claims that “the proposed design achieves a similar seasonal effect” as a
37 formal seasonal rate.

1 The Labrador transmission system is nearing its limits during the winter months, but not
2 during the other months of the year.

- 3 a) Please confirm or correct the statements made in the Preamble.
4 b) Please confirm that, under the proposed rate, if a customer's demand requirements were
5 to exceed 90% of their annual Power on Order in the summer months only, the rate
6 impact would be the same as if an identical increase took place the winter months.
7 c) Taking into account the response to the previous question, please explain in what way the
8 proposed rate "achieves a similar seasonal effect".
9 d) Please explain in detail why Hydro chose to implement the proposed rate design, rather
10 than a true seasonal rate design.
11 e) Has Hydro explored the cost of service of installing wind generation to serve the winter
12 peak in the Labrador Interconnected System? Why or why not? What have been the
13 results of such exploration?

14 **LAB-NLH-59: Re: NP-NLH-004**

15 Citation 1 (GRA, page 1.10, lines 19-20)

16 Hydro is proposing that the costs to use the Muskrat Falls Project transmission
17 assets be recognized and paid for from the savings from off-island purchases.

18 Citation 2:

19 Nalcor's Power Supply division is responsible for determining the costs to
20 operate and maintain the transmission assets of the Muskrat Falls Project,
21 specifically the Labrador-Island Link and the Labrador Transmission Assets.
22 Hydro has been advised that the current estimates provided to Hydro are
23 supported by research into existing HVdc transmission assets that have high
24 reliability requirements similar to those required of the Labrador-Island Link,
25 and based on existing practices employed in Newfoundland and Labrador on
26 AC assets. It is Hydro's understanding that approval of annual O&M budgets
27 will reside with the Boards of Directors of the companies owning these assets.¹

28 Preamble:

29 The response suggests that the cost of using the Muskrat Falls Project transmission assets
30 will be determined by Nalcor's Power Supply division, taking into account the O&M
31 budgets determined by the Labrador-Island Link Limited Partnership and the Labrador
32 Transmission Corporation.

- 33 a) Please confirm or correct the statement in the Preamble.
34 b) Please indicate precisely what role, if any, the PUB will have in determining the revenue
35 requirements related to the transmission assets of the Muskrat Falls Project, specifically
36 the Labrador-Island Link and the Labrador Transmission Assets.
37

¹ The Labrador-Island Link is owned by the Labrador-Island Link Limited Partnership. The Labrador Transmission Assets are owned by the Labrador Transmission Corporation.

1 **LAB-NLH-60: Re: LAB-NLH-042**

2 Citation 1:

3 The NLSO does not require the authority of the Board to carry out all of its
4 functions—some of them it can carry out by agreement with the transmission
5 owners—but it will need rates approved to enable it to charge a transmission
6 rate, including an open access tariff.

7 Citation 2 (GRA, section 4.3):

8 The NLSO will reside in Hydro but will be functionally separate and will act
9 as the independent system operator for the transmission system in the
10 Province. It will operate the facilities owned by Hydro and Nalcor along with
11 interconnections to Emera’s Maritime Link assets on the island.

- 12 a) Regarding Citation 1, please explain in what sense the NLSO will “charge” a
13 transmission rate. Will rates be paid to the NLSO, or to the asset owners?
14 b) Will the NLSO charge (or set) a transmission rate for the use of the transmission assets of
15 the Muskrat Falls Project, specifically the Labrador-Island Link and the Labrador
16 Transmission Assets? If not, how will the rates for the use of those assets be charged (or
17 set)?
18 c) If the NLSO will charge (or set) a transmission rate for the use of the transmission assets
19 of the Muskrat Falls Project, will that rate be fixed or approved by the PUB? If not, how
20 will it be fixed?
21 d) If the transmission rate to be charged by the NLSO for the use of the transmission assets
22 of the Muskrat Falls Project will be fixed or approved by the PUB, will the PUB have
23 jurisdiction to determine a just and reasonable rate, based on the actual costs of those
24 assets? Please elaborate.
25 e) Please explain the implications of OIC 2013-343 for the rates charged (i) to NLH and (ii)
26 to third parties for the use of the LiL and the LTA.
27

28 **LAB-NLH-61: Re: LAB-NLH-066**

29 Citation:

30 FERC requirements, with regard to market-based rate authorization, govern
31 the ability to import and export energy into/out of U.S. markets. This authority
32 requires that, as a condition of Nalcor Energy Marketing taking transmission
33 service over transmission systems where FERC regulations are followed,
34 Nalcor Energy Marketing’s transmission owning affiliates must provide
35 comparable transmission service to third parties, including affiliates of the
36 transmission providers over whose systems Nalcor Energy Marketing takes
37 transmission service. Failure to satisfy this requirement may result in FERC’s
38 revocation of Nalcor Energy Marketing’s market-based rate authority.

- 39 a) In order to meet FERC’s reciprocity requirements, is it necessary that “comparable
40 transmission service” be provided under an Open Access Transmission Tariff similar to

1 or superior to the *pro forma* OATT that FERC requires of transmission operators under
2 its jurisdiction?

3 b) In order to meet this standard, is it necessary (i) that transmission rates charged to
4 affiliates such as NLH be the same as those charged to third parties, and (ii) that
5 transmission rates be approved by an independent regulatory authority?

6 c) Please explain how this standard can be met in light of section 1 of OIC 2013-343.

7

8 **LAB-NLH-61: Re: LAB-NLH-043**

9 Citation:

10 b) Functional separation is the FERC approved structure for compliance with
11 the Standards of Conduct for transmission providers.

12 c) The Standards of Conduct requirements apply to transmission owners and
13 operators, and govern how transmission employees interact with any affiliate
14 marketing operations. There are no functions within Hydro that have to remain
15 functionally separate from the NLSO.

16 Preamble:

17 Paragraph c) implies that Hydro does not and will not sell electricity on the wholesale
18 market.

19 Please:

20 a) confirm or correct the statement in Preamble.

21 b) clarify if, under the Power Purchase Agreement concerning Muskrat Falls power, Hydro
22 could ever be in a position of having committed to take more electricity than its
23 customers might require at any given moment; and

24 c) clarify if function separation is the only FERC-approved structure for compliance with
25 the Standards of Conduct for transmission providers, or if other structures (e.g. separate
26 corporate entities) are also acceptable to FERC.

27

28 **LAB-NLH-62: Re: LAB-NLH-044**

29 Citation:

30 a) The NLSO, acting as the Transmission Operator for the Province's bulk
31 electric system, will be responsible for transmission operations in Labrador.
32 This will include the 735 kV lines running from the Churchill Falls generating
33 station to the Labrador/Quebec Border.

34 b) The frontier and interface between the control area managed by the NLSO
35 and that managed by the Reliability Coordinator of Quebec will be at the
36 delineation point of ownership of the 735 kV lines, i.e., the Labrador/Quebec
37 Border.

1 c) Hydro is in discussions with Hydro-Quebec on this issue. (emphasis added)

2 Preamble:

3 The use of the future tense in paragraphs a) and b) suggests that NLSO is not currently
4 responsible for operation of the 735 kV lines running from the Churchill Falls generating
5 station to the Labrador/Quebec Border.

6 Please:

- 7 a) confirm or correct the statement in the Preamble.
8 b) Indicate the status of discussions with Hydro-Québec on this issue. Have the general
9 principles mentioned in paragraphs a) and b) been agreed to, or not?
10 c) Explain what will happen if no agreement can be reached with Hydro-Québec.

11

12 **LAB-NLH-63: Re: LAB-NLH-045**

13 Citation:

14 a) ... For the Labrador Balancing Authority Area, which includes the Churchill
15 Falls (CF) generating station, the NLSO expects to balance generation with
16 load and interchange. To perform this balancing function, the NLSO will
17 require close coordination with the CF facility for the provision of generating
18 unit status and capability information as well as maintenance plans.

19 b) Hydro is in discussions with Hydro-Quebec on this issue.

20 Preamble:

21 The use of the future tense in paragraph a) suggest that NLSO does not currently balance
22 generation with load and interchange in the Labrador Balancing Authority Area.

23 Please:

- 24 a) confirm or correct the statement in the Preamble.
25 b) Indicate the status of discussions with Hydro-Québec on this issue. Have the general
26 principles mentioned in paragraph a) been agreed to, or not?
27 c) Explain what will happen if no agreement can be reached with Hydro-Québec.

28 **LAB-NLH-64: Re: LAB-NLH-046**

29 Citation:

30 Under section 70 of the *Public Utilities Act*, rates for electrical service,
31 including transmission service, are not enforceable unless approved by the
32 Board, therefore, when the tariff has been developed, appropriate steps will be
33 taken to obtain Board approval. The Board's usual practice is for the party
34 seeking the approval of a rate to make an application to the Board seeking

1 approval and Hydro would anticipate the Board to follow its usual practices in
2 consideration of a rates application.

- 3 a) Please explain how section 1 of OIC 2013-343 affects the duties and obligations of the
4 Board with respect to approval of a transmission rate application under s. 70 of the *PUA*.
5 b) When does Hydro expect to present the transmission tariff to the Board for approval?

6

7 **LAB-NLH-65: Re: LAB-NLH-049**

8 Citation:

9 Response provided by CA Energy Consulting.

- 10 a) Page 4.15 of Hydro's evidence in its 2013 GRA Amended Application
11 states: "From a system planning perspective, Hydro no longer assumes that
12 wind generation will be available to supply system capacity requirements.
13 Therefore, Hydro is proposing that the purchased power costs related to wind
14 be classified as 100% energy related. This proposal is reflected in the 2015
15 Test Year Cost of Service Study." The basis for the planners' views is their
16 experience with wind generation in past peak hours. This experience is
17 illustrated in a table showing the record of wind generation availability in peak
18 hours in the years 2008-13. This table appears in Hydro's response to NP-
19 NLH-043 Rev. 1 in the Amended 2013 GRA proceeding.

20

21 Preamble:

22 The referenced table Hydro's response to NP-NLH-043 Rev. 1 in the Amended 2013 GRA
23 proceeding is reproduced below:

Wind Farm Production Data				
Year	Island Coincident Peak ⁽¹⁾ (MW)		Annual Delivered Energy (GWh)	
	St. Lawrence	Fermeuse	St. Lawrence	Fermeuse
2008 ⁽²⁾	N/A	N/A	7.82	0.00
2009 ⁽³⁾	23.3	11.3	100.64	53.74
2010	26.0	3.6	100.46	82.80
2011	25.8	3.6	110.00	87.96
2012	0.0	26.0	103.84	91.20
2013	1.9	3.1	96.38	95.52
2014 ⁽⁴⁾⁽⁵⁾⁽⁶⁾	0	0	99.54	81.72
2015F	0	0	104.80	84.41
2016F	0	0	104.80	84.41
2017F	0	0	104.80	84.41
2018F	0	0	104.80	84.41
2019F	0	0	104.80	84.41
2020F	0	0	104.80	84.41
2021F	0	0	104.80	84.41
2022F	0	0	104.80	84.41

Notes:

1. 2009 Peak refers to the winter 2009-10 peak; 2010 Peak refers to winter 2010-11 peak, and so on.
2. A partial operating year for St. Lawrence.
3. A partial operating year for Fermeuse.
4. Energy production includes actuals to May 31.
5. Energy forecasts for the remainder of 2014 and for 2015-2022 based on engineering estimates for the projects.
6. At the time of the coincident peak for forecast years, the wind farms are assumed to be not producing.

1
2
3 Please:

- 4 a) Confirm that, for each of the five years for which actual wind farm production data is
- 5 presented (2009 through 2013), capacity was produced by at least one of the two wind
- 6 farms during the Island Coincident Peak in each year;
- 7 b) Confirm that the zeros found in the table for years 2014 through 2022 represent forecasts,
- 8 and not actual data;
- 9 c) Confirm that, as per note 6, for forecast years, the wind farms are assumed not to be
- 10 producing during the coincident peak;
- 11 d) Provide any analyses carried out with regard by or for Hydro with regard to the actual
- 12 wind farm production during the coincident peak.

15 **LAB-NLH-66: Re: LAB-NLH-051**

16 Citation:

17 For the purpose of the determining the cost of service for customers on the
 18 Labrador Interconnected System, the Labrador Interconnected System does not
 19 include loads on the Labrador-Island Link (LIL) or the Labrador Transmission
 20 Assets (LTA). LIL and LTA are parts of the Muskrat Falls Project and, in
 21 accordance with OC2013-343, the costs associated with those assets are
 22 required to be recovered in Island Interconnected rates. Therefore, any
 23 transmitting of energy over LIL and LTA to the Island will not be reflected in

1 column 5 of Schedule 3.1 E in the Labrador Interconnected Cost of Service
2 Study, as the load transmitted over LIL and LTA to the Island will not impact
3 allocation of transmission demand costs on the Labrador Interconnected
4 system.

5 Please indicate whether or not the transmitting of energy over LIL and LTA to the Island is
6 reflected in column 5 of Schedule 3.1 A in the Island Interconnected Cost of Service Study.

7

8 **LAB-NLH-67: Re: CA-NLH-012, CA-NLH-039**

9 Citation:

10 With the exception of net metering customers, pursuant to section 14.1 of the *Electrical Power*
11 *Control Act, 1994*, Hydro has the exclusive right to sell power directly to Newfoundland Power
12 and the Island Industrial Customers.

- 13 a) Does NLH have an obligation under the *EPCA* to purchase power from Hydro Quebec
14 for service to Labrador Interconnected customers if that is the least cost option for
15 providing power to those customers?
16 b) Does NLH have an obligation to purchase power from Hydro Quebec for service to
17 customers from the Island portion of the Province if that is the least cost option for
18 providing power to those customers?
19 c) Is there any legal impediment to Newfoundland Power serving the Labrador
20 Interconnected communities?
21 d) Is there any legal impediment to industrial or other customers in Labrador purchasing
22 power directly from Hydro Quebec and/or Emera and taking delivery under the open
23 access transmission tariff?
24 e) Is there any legal impediment to independent power producers in Labrador accessing
25 transmission facilities on a non-discriminatory basis?
26 f) Do either Newfoundland Power or Newfoundland and Labrador Hydro have defined
27 service territories? If so, where are those territories defined?

28

29 **LAB-NLH-68: Re: CA-NLH-023**

30 Citation:

31 In appropriate circumstances deferral accounts are sound regulatory tools to address earnings
32 volatility associated with certain costs outside of the utility's control.

- 33 a) Which costs associated with the Off-Island Purchases Deferral Account are outside of
34 Hydro's control?
35 b) Does Hydro have any contingency plans for the Off-Island Purchases Deferral Account
36 should the Government cancel the Muskrat Falls Project? Are any such plans part of the
37 present Application?

38

1 **LAB-NLH-69: Re: CA-NLH-025, CA-NLH-026**

2 a) Please complete the following table:

	2018		2019	
	With Off-Island Purchases Deferral Account	Without Off-Island Purchases Deferral Account	With Off-Island Purchases Deferral Account	Without Off-Island Purchases Deferral Account
Hydro Rural Residential Rate (¢/kWh)				
Magnitude of Rural Deficit (\$ millions)				
Rural deficit allocated to NP customers (\$ millions)				
Rural deficit allocated to Labrador Interconnected customers (\$ millions)				
Revenue derived from NP customers				
Cost of serving NP customers				
Revenue/cost ratio of NP customers				
Revenue derived from Labrador Interconnected customers				
Cost of serving Labrador				

Interconnected customers				
Revenue/cost ratio of Labrador Interconnected customers				

1

2 b) In the calculation of revenue/cost ratios for NP customers in Hydro's Application, how
3 does Hydro account for cost savings arising from avoided Holyrood generation?
4

5 c) In the calculation of revenue/cost ratios for NP customers in Hydro's Application, does
6 the cost of service include the transmission costs of the Labrador Transmission Assets or
7 the Labrador-Island Link?
8

9 d) CA-NLH-026 asks about impacts on customers rates on the Labrador Interconnected
10 System, but Hydro's response refers to IOC-NLH-005 and IOC-NLH-011 refer to the
11 Labrador Industrial customers only. Please answer the question with respect to domestic
12 customers on the Labrador Interconnected System.

13

14 **LAB-NLH-70: Re: CA-NLH-030**

15 Citation:

16 Based on current information, without rate mitigation, Hydro confirms that
17 Nalcor's projected average residential rate post Muskrat Falls increases are as
18 indicated in the question.

19 a) Is there any reason for NLH to defer to Nalcor's estimates of NLH's future rates? If so,
20 please explain why Nalcor is better able to estimate Hydro's future rates than is Hydro
21 itself.

22 b) What is a) Nalcor's and/or b) Hydro's estimate of the average residential electricity rate
23 inclusive of HST in 2021 for the Labrador Interconnected system?

24

25 **LAB-NLH-71: Re: CA-NLH-034**

26 Citation:

27 "Hydro is advised that under the agreements in place with respect to the Muskrat Falls
28 Project, Nalcor is not required to pay for transmitting power and energy on the Maritime
29 Link. Hydro anticipates that it will obtain any power and energy transmitted on the Maritime
30 Link from Nalcor or from its wholly-owned subsidiary, Nalcor Energy Marketing
31 Corporation. Therefore, Hydro does not anticipate being charged for that transmission access

1 service. Other transmission customers who wish to use the transmission capability of the
2 Maritime Link might be required to pay in accordance with a tariff approved for that asset
3 but such payments will not be made to the Newfoundland and Labrador System Operator,
4 they will be payable to the entity responsible for that tariff governed under Nova Scotia law.”

- 5 a) Please explain why Nalcor is not required to pay for transmission on the Maritime Link;
6 b) Has Emera filed an open access transmission tariff for the Maritime Link with the
7 NSUARB? If is planning to do so?
8 c) Please explain how Nalcor’s right to use the Maritime Link without charge is consistent
9 with FERC’s principles of open transmission access.

10

11 **LAB-NLH-72: Re: CA-NLH-050, Attachment 1; NP-NLH-115, Attachment 1.**

12 Preamble 1:

13 NP-NLH-115, Attachment 1 estimates the balance of the Off-Island Supply Deferral
14 Account in 2018, 2019 and 2020. It calculates the fuel consumption savings in 2018 and
15 2019 at \$47,141,000 and \$104,971,000, respectively.

16 It estimates off-island purchase costs in 2018 and 2019 at \$1,016,000 and \$1,680,000
17 respectively.

18 And it estimates OpEx for LIL/LTA in 2018 and 2019 at \$27,300,000 and \$52,900,000,
19 respectively.

20 Preamble 2:

21 CA-NLH-050, Attachment 1 estimates the return on equity under existing rates with and
22 without the Off-Island Supply Deferral Account.

23 The “Fuels” expense is shown as \$47,141,000 for 2018 (the same figure as in Preamble
24 1), but \$77,366,000 in 2019.

25 The “LIL/LTA Transmission Costs” are shown to be \$27,300,000 and \$52,900,000 in
26 2018 and 2019, respectively (the same figures as seen in Preamble 1).

27 The Power Purchase amounts are the same as the off-island purchases costs in Preamble
28 1.

- 29 a) Please confirm that Preambles 1 and 2 correctly describe the tables presented by Hydro.
30 b) Please identify the source for the values used for “OpEx for LIL/LTA” in Preamble 1 and
31 for “LIL/LTA transmission cost” in Preamble 2.
32 c) Please explain why the “OpEx for LIL/LTA” in Preamble 1 in 2019 is different from the
33 LIL/LTA transmission cost for 2019 in Preamble 2.
34 d) Please confirm that CA-NLH-050, Attachment 1 demonstrates that, without the Off-
35 Island Supply Deferral Account, the required rate increases would be substantially lower
36 than those requested in the GRA.

1 e) Please specify the percent rate increase that would be required in the absence of the Off-
2 Island Supply Deferral Account.

3

4 **LAB-NLH-73: Re: IOC-NLH-006, LAB-NLH-044**

5 Preamble:

6 In IOC-NLH-006, the delivery point between NLH and Hydro Quebec is stated to be at the
7 height of land.

8 In LAB-NLH-044, the interface for the control area between NLH and Hydro Quebec is
9 stated to be at the Labrador/Quebec border.

10 a) Please explain why the delivery point between NLH and Hydro-Québec is defined
11 differently the interface for the control area between NLH and Hydro-Québec.

12

13 **LAB-NLH-74: Re: CA-NLH-159, Att 1**

14 a) Please confirm whether the statistics for Happy Valley-Goose Bay in this table includes
15 Sheshatshiu and North West River. If not, please explain why those communities have
16 been excluded from this table.

17

18 **LAB-NLH-75: Re: PUB-NLH-008**

19 a) What is the value of the greenhouse gas emissions credits of avoided consumption of
20 barrels of oil at Holyrood?

21 b) How is this value accounted for in the present Application?

22 c) Will there be a different treatment of the value of avoided greenhouse gas emissions
23 credits depending on whether the source of the generated electricity is the Recapture
24 Energy from CF(L) Co, or Muskrat Falls? Please provide an explanation for how such
25 treatment would be consistent with OC 2013-343, and the generally accepted principles
26 of utility ratemaking.

27