



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
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2017-11-06

Ms. Tracey Pennell
Senior Counsel
Newfoundland and Labrador Hydro
P.O. Box 12400
St. John's, NL A1B 4K7

Dear Ms. Pennell:

**Re: Newfoundland and Labrador Hydro – 2017 General Rate Application
Requests for Information**

Enclosed are Information Requests PUB-NLH-109 to PUB-NLH-139 regarding the above- noted application.

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

Sincerely,

Cheryl Blundon
Board Secretary

Enclosure

ecc Newfoundland & Labrador Hydro
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Wabush and Labrador City
Mr. Senwung Luk, E-mail: sluk@oktlaw.com

1 **IN THE MATTER OF**
2 the *Electrical Power Control Act, 1994*,
3 SNL 1994, Chapter E-5.1 (the “*EPCA*”)
4 and the *Public Utilities Act*, RSNL 1990,
5 Chapter P-47 (the “*Act*”), as amended; and
6
7 **IN THE MATTER OF** a General Rate
8 Application by Newfoundland and Labrador
9 Hydro to establish customer electricity rates
10 for 2018 and 2019.

**PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION**

PUB-NLH-109 to PUB-NLH-139

Issued: November 6, 2017

- 1 **PUB-NLH-109** Further to the response to PUB-NLH-009, when is it expected that the
2 necessary processes will be put in place for the open access regime in the
3 Province?
4
- 5 **PUB-NLH-110** Further to the responses to PUB-NLH-011 and NP-NLH-115, provide the
6 savings in the Off-Island Purchases Account using the revised forecast for
7 No.6 fuel as of the end of September, 2017.
8
- 9 **PUB-NLH-111** Further to the response to PUB-NLH-014, will any changes be required in
10 the operational guidelines for the Island Interconnected System (IIS) once
11 Hydro starts receiving power over the LIL? If yes explain in detail the
12 changes and the potential consequences for the reliability of the IIS.
13
- 14 **PUB-NLH-112** Further to the response to PUB-NLH-014, what is the current status of the
15 commercial discussions to provide additional reliability referred to in the
16 response and when does Hydro anticipate that information will be available
17 on this in this proceeding?
18
- 19 **PUB-NLH-113** Further to the response to PUB-NLH-016, lines 12-16 and 18-32, which
20 states that off-island purchase costs “can be disclosed after they have
21 occurred so the PUB and the parties will be able to review and consider
22 them,” and transmissions costs are exempt, explain the process to review
23 power purchase costs and whether such costs require approval by the Board.
24
- 25 **PUB-NLH-114** Further to the response to PUB-NLH-017 and NP-NLH-115, provide the
26 forecast amount of off-island purchases for each month in 2018.
27
- 28 **PUB-NLH-115** Further to the response to PUB-NLH-023, explain what generation and
29 transmission assets Hydro will own once the LIL, LTA and Muskrat Falls
30 assets are commissioned, what assets will be maintained but not owned by
31 Hydro and what assets and services will be subject to regulation by the
32 Board.
33
- 34 **PUB-NLH-116** Further to the response to PUB-NLH-023, page 3, lines 15-22, how will the
35 cost, ownership and utilization of these new assets be treated from a
36 regulatory perspective?
37
- 38 **PUB-NLH-117** Further to the response to PUB-NLH-023, describe the activities related to
39 integration with the North American grid that are subject to review and
40 approval by the Public Utilities Board and the processes to be used for such
41 review.
42
- 43 **PUB-NLH-118** Further to the responses to PUB-NLH-038 and PUB-NLH-040, are
44 discussions currently ongoing relating to the extension of the agreement
45 which expires December 31, 2017, relating to purchases from Exploits and
46 Star Lake facilities and what is the status of such discussions?

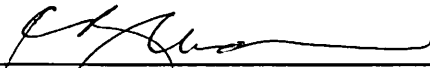
- 1 **PUB-NLH-119** Further to the response to PUB-NLH-046, please confirm, or correct if
2 necessary, that Hydro maintains the following supply reserves.
3
4 Spinning Reserve: Capacity of the largest generating unit (170
5 MW when either Holyrood Unit 1 or Unit 2
6 is online, otherwise 154 MW)
7 Plus
8 Additional Reserve: 70 MW minimum
9 Equals
10 Total Minimum Reserve: 240 MW (with Holyrood Unit 1 or Unit 2),
11 otherwise 224 MW
12
- 13 **PUB-NLH-120** Further to the response to PUB-NLH-046, please identify the typical
14 source(s) of the 70 MW of additional reserve that “is not necessarily on-line
15 but is available for a quick start in the event of a contingency event”.
16
- 17 **PUB-NLH-121** Further to the response to PUB-NLH-051, the guidelines for staff on
18 budgets which were attached do not include any directions or instructions
19 on cost control targets. Did Hydro provide any guidance or instructions to
20 staff on the necessity to minimize costs for the 2018 and 2019 test years? If
21 yes, provide the instructions. If no, why not?
22
- 23 **PUB-NLH-122** Further to the response to PUB-NLH-054, page 3, lines 20-25, explain in
24 detail what actions Hydro management is currently taking and plans to take
25 in 2018 and 2019 in its “aggressive approach” to cost management and
26 control.
27
- 28 **PUB-NLH-123** Further to the response to PUB-NLH-058, what information has Hydro
29 received from external consultants on expected 2018 general economic
30 salary increases?
31
- 32 **PUB-NLH-124** Further to the response to PUB-NLH-060, describe in detail the current
33 short term incentive plan. In the response describe in detail the revisions
34 Hydro has made to its short term incentive plan since Order No. P.U. 49
35 (2016) to address the concerns expressed by the Board in that Order on
36 Hydro’s short term incentive plan.
37
- 38 **PUB-NLH-125** Further to the response to PUB-NLH-060, provide copies of all 2017
39 performance contracts with Hydro employees that set out the terms and
40 conditions for 2017 short term incentive payments.
41
- 42 **PUB-NLH-126** Further to the response to PUB-NLH-060, describe in detail the process
43 used to establish the annual performance targets, evaluation measures and
44 related payments for short term incentive payments.

- 1 **PUB-NLH-127** Further to the response to PUB-NLH-060 and CA-NLH-136, list the
2 positions eligible to receive incentive payments for 2016 performance, the
3 maximum amount that was potentially available to be paid and the actual
4 amount paid out to each position.
5
- 6 **PUB-NLH-128** Further to the response to PUB-NLH-064 which states that there is no
7 calculation underlying the productivity allowance, how did the executive
8 determine the appropriate amount for this “self-imposed target”?
9
- 10 **PUB-NLH-129** Further to the response to PUB-NLH-074, when is it expected that an
11 application will be made to the Board for approval of the open access
12 transmission tariff?
13
- 14 **PUB-NLH-130** Further to the response to PUB-NLH-074, when does Hydro expect that the
15 costs associated with the transmission of recall power to the Island
16 Interconnected system will be finalized and submitted to the Board?
17
- 18 **PUB-NLH-131** Further to the response to PUB-NLH-090, have any of the jurisdictions
19 referred to in the response specifically approved the proposed change to
20 average rate base methodology requested by Hydro to include significant
21 capital additions in both the opening and closing rate base for rate setting
22 purposes?
23
- 24 **PUB-NLH-132** Further to the response to PUB-NLH-090, as no Canadian jurisdictions are
25 included in the response, can it be concluded that there are no Canadian
26 regulatory precedents?
27
- 28 **PUB-NLH-133** Further to the response to NP-NLH-071, explain the significant increase in
29 audit and legal fees from 2015 to 2019TY.
30
- 31 **PUB-NLH-134** Further to the response to NP-NLH-120, please provide further details on
32 what is the impact on Hydro’s revenue requirement as noted in footnote 5.
33
- 34 **PUB-NLH-135** Further to the response to NP-NLH-120, please explain the ownership of
35 the upgrades referenced in footnote 5.
36
- 37 **PUB-NLH-136** Further to the response to CA-NLH-142, explain why Hydro uses
38 embedded contractors rather than directly retaining the individuals as
39 employees and the process followed to decide to retain an embedded
40 contractor. In the response, include the level of authority required to
41 authorize the retention of an embedded contractor.
42
- 43 **PUB-NLH-137** Further to the response to CA-NLH-142, provide the length or term of each
44 existing contract with an embedded contractor.

- 1 **PUB-NLH-138** Further to the response to CA-NLH-142, what amount is included in the
2 2018 and 2019 revenue requirements for payment of embedded contractors?
3
4 **PUB-NLH-139** Further to the response to IC-NLH-102, how is Hydro's use of expected
5 unserved energy related to the criteria outlined in the response to this RFI?

DATED at St. John's, Newfoundland this 6th day of November, 2017.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per 

Cheryl Blundon
Board Secretary