

1 **IN THE MATTER OF** the *Electrical Power Control*  
2 *Act, 1994*, SNL 1994, Chapter E-5.1 and the *Public*  
3 *Utilities Act*, RSN 1990, Chapter P-47;

4  
5 **AND IN THE MATTER OF** a General Rate  
6 Application by Newfoundland and Labrador Hydro  
7 to establish customer electricity rates for 2018 and  
8 2019 (« *NLH 2017 GRA* »).

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11 **Request for information #3 of the Iron Ore Company of Canada (« IOC »)**  
12 **to**  
13 **Newfoundland and Labrador Hydro (« NLH »)**

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18 **References:** (i) NLH 2017 GRA, Evidence, revision 4, Exhibit 14 2018 Test Year Cost of Service  
19 Study, Schedule 1.2  
20 (ii) NLH 2017 Additional Cost of Service Information, March 22, 2018, Appendix H,  
21 page 8, Schedule 1.2  
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23 **Preamble:** Revenues and cost of service information changed from the Evidence, revision 4. See  
24 for example:  
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<u>Labrador Industrial Firm (2018)</u>		
	<u>Cost of Service</u>	<u>Revenue</u>
Original (Revision 4)	\$5,671,926	\$5,663,538
Additional (2018-03-22)	\$5,648,038	\$5,645,827

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28 **IOC – NLH – 039:** Explain why the revenues and cost of service for the Labrador Industrial Firm class in  
29 the Additional Cost of Service Information are different than in Revision 4 for 2018 and  
30 2019.  
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32 **IOC – NLH – 040:** Are the costs of the circuit breakers and of the MFA-HVY projects included in the  
33 Additional Cost of Service cost study different than the amounts included in Revision 4  
34 of the Application? If different, please explain why.  
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38 **References:** (i) Order P.U. 2 (2018) – NLH 2017 GRA  
39 (ii) Order P.U. 9 (2018) – NLH 2018 Capital Budget Application  
40 (iii) NLH 2017 GRA, Evidence, Exhibit 10 – Average Rate Base Methodology  
41 (iv) NLH 2017 Additional Cost of Service Information, March 22, 2018  
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1 **Preamble:** On March 23, the Board issued its Order P.U. 9 (2018), denying NLH 2018 Capital  
2 Budget Application with regards to the addition of a new transmission section from  
3 Muskrat Falls to Happy-Valley-Goose Bay. The Board found:

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5 *[...] Hydro has not completed a comprehensive plan to address load growth and reliability on*  
6 *the Labrador Interconnected system. In particular Hydro did not demonstrate that it has*  
7 *explored options to manage load in the context of additional demand. Hydro admitted that it did*  
8 *not discuss load curtailment with existing and prospective customers, despite the potential*  
9 *benefits in relation to transient or short duration peaks. [...]* (page 8)

10  
11 *As a part of the application for approval of such a significant project Hydro is required to*  
12 *demonstrate that it conducted appropriate planning for the system in a comprehensive manner*  
13 *which would include development of reasonable planning criteria, identification of needs on the*  
14 *system and assessment of reasonable alternatives. This planning must address both Labrador*  
15 *East and Labrador West as they are both part of the Labrador Interconnected system. In*  
16 *addition, Hydro would be expected to address its obligation to provide least cost reliable service,*  
17 *considering the impact on existing customers of meeting new loads which may affect adequacy*  
18 *or reliability on the system. Hydro acknowledged that it could apply to the Board to be relieved*  
19 *of its obligation to serve but argued that, while this issue is important, it should not impact the*  
20 *approval of the proposed project. The Board does not accept this position and believes that*  
21 *Hydro should address this issue before this project is approved. [...]* (pages 8-9)

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23 Notwithstanding this recent Order P.U. 9 (2018), NLH's evidence, Exhibit 10:  
24 *Rate base methods for determining utility rates: Consideration of alternatives and*  
25 *recommendations* supports a request from NLH to include the prospective cost of the  
26 MFA-HVY transmission line in its rate base and Test Year Cost of service.

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28 **IOC – NLH – 041:** Confirm that NLH will withdraw the cost of the Muskrat Falls to Happy Valley  
29 transmission line from its 2018 and 2019 rate base and Test Year Cost of service for  
30 the determination of the Labrador Industrial Transmission and of Labrador retail rates.  
31 If not, please justify.  
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33 **IOC – NLH – 042:** Please update the Cost of service information (Appendix B, page 2 – Schedule 1.1  
34 and Appendix H, page 43 – Schedule 2.3E) to reflect the impact of Order P.U. 9  
35 (2018).  
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38 Montréal, province of Québec, March 29, 2018.

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40 **Iron Ore Company of Canada**  
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44 Per: Benoît Pepin

- 1 To: PUB and List of participants