



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

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2019-07-19

Ms. Shirley Walsh
Senior Legal Counsel - Regulatory
Newfoundland and Labrador Hydro
P.O. Box 12400
St. John's, NL A1B 4K7

Dear Ms. Walsh:

**Re: Newfoundland and Labrador Hydro - 2017 GRA Compliance Application
Requests for Information**

Enclosed are Requests for Information PUB-NLH-001 to PUB-NLH-007 regarding the above-noted application.

If you have any questions or require any clarification, please do not hesitate to contact the undersigned.

Yours truly,

Cheryl Blundon
Board Secretary

CB/cj

Enclosure

ecc **Newfoundland & Labrador Hydro**
NLH Regulatory, E-mail: NLHRegulatory@nlh.nl.ca
Newfoundland Power Inc.
Mr. Gerard Hayes, E-mail: ghayes@newfoundlandpower.com
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Ms. Bernice Bailey, E-mail: bbailey@bfma-law.com
Iron Ore Company of Canada
Mr. Gregory Moores, E-mail: gmoores@stewartmckelvey.com
Labrador Interconnected Group
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; and
11

12 **IN THE MATTER OF** a compliance application
13 by Newfoundland and Labrador Hydro pursuant to
14 Order No. P.U. 16(2019).
15

**PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION**

PUB-NLH-001 to PUB-NLH-007

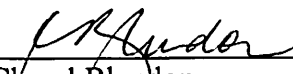
Issued: July 19, 2019

- 1 **PUB-NLH-001** Provide the estimated year-end RSP Hydraulic Variation component
2 balance for 2019 and 2020 based on the following scenarios:
3
4 i. Proposal to apply the credit balance in the RSP Hydraulic Variation
5 component to offset rate increases is denied and Hydro experiences
6 average reservoir in-flows for the balance of 2019 to the end of 2020.
7 ii. Proposal to apply the credit balance in the RSP Hydraulic Variation
8 component to offset rate increases is denied and Hydro experiences a
9 firm water cycle beginning in 2019 to the end of 2020.
10 iii. Proposal to apply the credit balance in the RSP Hydraulic Variation
11 component to offset rate increases is approved and Hydro experiences
12 average reservoir in-flows for the balance of 2019 to the end of 2020.
13 iv. Proposal to apply the credit balance in the RSP Hydraulic Variation
14 component to offset rate increases is approved and Hydro experiences
15 a firm water cycle beginning in 2019 to the end of 2020.
16
- 17 **PUB-NLH-002** Provide the year-end balance in the RSP Hydraulic Variation component
18 for each of the last 25 years.
19
- 20 **PUB-NLH-003** Provide the estimated rate impact for all customers under each of the
21 following scenarios:
22
23 i. 25% of RSP Hydraulic Variation component credit balance is applied
24 to offset the proposed rate increases;
25 ii. 50% of RSP Hydraulic Variation component credit balance is applied
26 to offset the proposed rate increases; and
27 iii. 75% of RSP Hydraulic Variation component credit balance is applied
28 to offset the proposed rate increases.
29
- 30 **PUB-NLH-004** In Order No. P.U. 39(2017) the Board stated:
31
32 *The Application proposed that the \$42.2 million balance in these accounts*
33 *be transferred to the Hydraulic Variation Account of the RSP. This*
34 *transfer would provide immediate recovery to Hydro but would deplete the*
35 *balance in the Hydraulic Variation Account and create a negative balance*
36 *in the account to be recovered from customers over a number of years*
37 *through the annual RSP adjustment. The Board is concerned that this*
38 *transfer is inconsistent with the normal operation of the Hydraulic*
39 *Variation Account and may serve to defeat the purpose of this account,*
40 *which is to smooth out the impacts of annual variances in system inflows*
41 *and storage levels over a number of years. The proposed approach is*
42 *especially concerning given recent reports in relation to aggregate*
43 *reservoir storage levels on the Island Interconnected system.*

- 1 Please explain how Hydro's current proposal to apply the balance in the
 2 Hydraulic Variation component of the RSP addresses the concerns
 3 expressed by the Board in Order No. P.U. 39(2017).
 4
- 5 **PUB-NLH-005** Hydro states in Table 5, page 9 of Exhibit 1 that the projected rate impacts
 6 effective October 1, 2019 would be 16.3% for Island Industrial Customers
 7 (IC) and 10.7% for island retail customers (16.2% wholesale) without any
 8 rate mitigation and 11.2% and 7.6% (10.7% wholesale) respectively if the
 9 credit balance in the RSP Hydraulic Variation component is applied to
 10 offset the proposed increases. Please explain how Hydro determined the
 11 amount of mitigation that should be applied and that the proposed rate
 12 increases of 11.2% for IC (further reduced by the Specifically Assigned
 13 Account credit balance) and 7.6% for retail customers were appropriate.
 14
- 15 **PUB-NLH-006** The Reference Question from the Government of Newfoundland and
 16 Labrador states rates for domestic customers will increase to 22.89 cents
 17 per kilowatt hour in 2021. Please provide the current domestic rate in
 18 cents per kWh, the mitigated rate following implementation on October 1,
 19 2019 if Hydro's proposals in this application are approved and the
 20 unmitigated rate on October 1, 2019 if Hydro's proposal to apply the RSP
 21 Hydraulic Variation component to offset rate increases is not approved.
 22
- 23 **PUB-NLH-007** Page 13, Exhibit 7, lines 5-10, Hydro states it is proposing to provide a
 24 customer refund to Hydro Rural customers on the Labrador Interconnected
 25 System. On page 9, lines 11-13, Exhibit 1 and paragraph (u) on page 13 of
 26 the Application Hydro states that it proposes to apply a billing credit for
 27 Labrador Rural Interconnected customers. Please confirm that Hydro's
 28 proposal to deal with excess revenue for Labrador Rural Interconnected
 29 customers is to provide a billing credit to customers and not to issue
 30 customer refund cheques.

DATED at St. John's, Newfoundland this 19th day of July, 2019.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per 
 Cheryl Blundon
 Board Secretary