



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

E-mail: shirleywalsh@nlh.nl.ca

2019-10-30

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

Dear Ms. Walsh:

**Re: Newfoundland and Labrador Hydro - 2018 Capital Budget Application - Network Additions Policy Review and Labrador Interconnected System Expansion Study - Requests for Information**

Enclosed are Requests for Information (RFIs) PUB-NLH-066 to PUB-NLH-085 regarding the above-noted application. The Board requests that Hydro file the responses to these RFIs by 3:00 p.m. on Tuesday, November 12, 2019.

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 telephone (709) 726-6781.

Sincerely,

Sara Kean  
Assistant Board Secretary

SK/rr

Enclosure

ecc **Newfoundland and Labrador Hydro**  
NLH Regulatory, E-mail: NLHRegulatory@nlh.nl.ca  
**Newfoundland Power Inc.**  
Gerard Hayes, E-mail: ghayes@newfoundlandpower.com  
NP Regulatory, E-mail: regulatory@newfoundlandpower.com  
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**Labrador Interconnected Group**  
Senwung Luk, E-mail: sluk@oktlaw.com  
Julia Brown, E-mail: jbrown@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 regulations thereunder; and  
7

8 **IN THE MATTER OF** Order No. P.U. 43(2017)  
9 in relation to Hydro’s 2018 Capital Budget application;  
10 and  
11

12 **IN THE MATTER OF** the Network Additions Policy Review  
13 dated October 1, 2018; the Labrador Interconnected System – Network  
14 Additions Policy dated December 14, 2018; the Labrador Interconnected  
15 System Transmission Expansion Study dated October 31, 2018; and  
16 Revision 1 dated November 5, 2018 filed by Newfoundland and  
17 Labrador Hydro.

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**PUBLIC UTILITIES BOARD  
REQUESTS FOR INFORMATION**

**PUB-NLH-066 to PUB-NLH-085**

**Issued: October 30, 2019**

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1 **Network Additions Policy Review, October 1, 2018**

- 2
- 3 **PUB-NLH-066** Reference page 1, lines 7-10, *Network Additions Policy Review*:
- 4 a. Provide data on the number of data centres/cryptocurrency, their
- 5 demand and energy consumption during the period considered in the
- 6 passage.
- 7 b. Provide the same information for the Department of National Defense
- 8 separately.
- 9 c. Provide the same information for all remaining customer additions
- 10 during the same period.
- 11
- 12 **PUB-NLH-067** Reference page 1, lines 10-11, *Network Additions Policy Review*:
- 13 a. Explain the types of upstream network facilities that Hydro is referring
- 14 to in the passage.
- 15 b. Will increased load of data centres/cryptocurrency mining during
- 16 times other than the system peak result in increases in additions to
- 17 upstream network facilities? If so, please explain what upstream
- 18 network facilities would be needed.
- 19 c. Are the types of upstream network facilities additions caused by data
- 20 centres/cryptocurrencies similar to those caused by other customers
- 21 that experience similar levels of load growth?
- 22 d. Provide the costs of upstream network facilities additions caused by
- 23 data centres/cryptocurrencies.
- 24 e. Provide the costs of upstream network facilities additions caused by all
- 25 other customers.
- 26
- 27 **PUB-NLH-068** Reference page 4, lines 19-24, *Network Additions Policy Review*:
- 28 a. Explain Hydro's approach to determine if the transmission network
- 29 addition is a common asset.
- 30 b. Explain Hydro's approach to determine if the transmission network
- 31 addition is specifically assigned.
- 32 c. Provide a list of all transmission network additions that Hydro has
- 33 functionalized as specifically assigned.
- 34
- 35 **PUB-NLH-069** Reference page 5, lines 22-25, *Network Additions Policy Review*:
- 36 a. Explain how to calculate the benefits that accrue to a customer by new
- 37 transmission investments that are common and not dedicated to any
- 38 particular customer.
- 39 b. Provide any citation to the economic or cost of service literature that
- 40 supports the answer to above.
- 41
- 42 **PUB-NLH-070** Reference page 6, lines 3-6, *Network Additions Policy Review*:
- 43 a. Provide any analysis supporting the statement "potential for material
- 44 customer rate impacts..."
- 45 b. Provide estimates of the amount and cost of transmission network
- 46 additions on the Labrador Interconnected system in the near future.

- 1 **PUB-NLH-071** Reference page 6, lines 7-9, *Network Additions Policy Review*, does Hydro  
2 believe that the share of peak demand consumed by a customer is not an  
3 economically reasonable measure of the benefit that accrues to the  
4 customer?  
5
- 6 **PUB-NLH-072** Please provide citation to the economic or cost of service literature to  
7 support the concept of “beneficiary pays approach”.  
8
- 9 **PUB-NLH-073** Does the principle of marginal costing rely on a beneficiary pays  
10 approach?  
11
- 12 **PUB-NLH-074** Reference page 8, lines 4-5, *Network Additions Policy Review*, provide  
13 support for the list of experiences of utilities and transmission  
14 organizations referred to in the passage.  
15
- 16 **PUB-NLH-075** Reference page 8, lines 15-16, *Network Additions Policy Review*, confirm  
17 that the beneficiary pays method would, all else equal, result in less of the  
18 transmission revenue requirement being assigned as common. If not,  
19 please explain why not.  
20  
21
- 22 **Labrador Interconnected System Network Additions Policy Summary Report, December**  
23 **14, 2018**  
24
- 25 **PUB-NLH-076** Reference page 1, lines 25-26 and page 2, lines 10, *Labrador*  
26 *Interconnected System Network Additions Policy Summary Report*,  
27 compare and contrast your distribution system policy regarding new  
28 customers and the financing of necessary investment requirements with  
29 your proposed Network Additions Policy.  
30
- 31 **PUB-NLH-077** Reference page 4, lines 14-15, *Labrador Interconnected System Network*  
32 *Additions Policy Summary Report*:  
33 a. Why did Hydro select a threshold of 200kW?  
34 b. Provide any data analysis and workpapers for the selection of the 200  
35 kW.  
36
- 37 **PUB-NLH-078** Reference page 4, lines 21-24, *Labrador Interconnected System Network*  
38 *Additions Policy Summary Report*, referring to the “Upstream Capacity  
39 Charge”:  
40 a. Describe the types of transmission investments that would be included  
41 in the Upstream Capacity Charge.  
42 b. Would the Upstream Capacity Charge recover any of the specifically  
43 assigned asset costs?  
44
- 45 **PUB-NLH-079** Reference page 4 lines 24-25 and page 5, lines 1-2, *Labrador*  
46 *Interconnected System Network Additions Policy Summary Report*, why  
47 does Hydro believe that the approach is consistent with the beneficiary  
48 pays approach?

- 1 **PUB-NLH-080** Reference page 5, lines 10-14, *Labrador Interconnected System Network*  
2 *Additions Policy Summary Report:*  
3 a. Clarify if the capacity in Table 1 is the total capacity of the upgrade or  
4 the incremental capacity of the upgrade.  
5 b. Explain how the incremental capacity was calculated.  
6
- 7 **PUB-NLH-081** Reference page 7, lines 16-20, *Labrador Interconnected System Network*  
8 *Additions Policy Summary Report:*  
9 a. Explain the time horizon over which transmission projects would be  
10 included in the Expansion Advancement Cost.  
11 b. Explain why this time horizon is appropriate.  
12 c. Explain if and why the time horizon used to develop the Expansion  
13 Advancement Cost differs from the five-year distribution capital plan  
14 used to determine cost allocation for distribution system modifications  
15 resulting from new service requests.  
16
- 17 **PUB-NLH-082** Reference page 8, lines 4-11, *Labrador Interconnected System Network*  
18 *Additions Policy Summary Report:*  
19 a. Explain the basis for the service life of an industrial customer of 25  
20 years.  
21 b. Provide all supporting workpapers.  
22
- 23 **PUB-NLH-083** Reference page 8, lines 13-15, *Labrador Interconnected System Network*  
24 *Additions Policy Summary Report*, it seems that Hydro believes that  
25 industrial customers are less likely to relocate than non-industrial  
26 customers. Please confirm. If the answer is yes, please provide the  
27 evidence, data, support for Hydro's belief.  
28
- 29 **PUB-NLH-084** Reference page 8, lines 13-15, *Labrador Interconnected System Network*  
30 *Additions Policy Summary Report:*  
31 a. Explain how the "uncertainty associated with duration for customers  
32 who do not meet the definition of Industrial Customers" is reflected in  
33 load forecast of the Transmission Expansion Plan.  
34 b. Explain how the "uncertainty associated with duration for customers  
35 who do not meet the definition of Industrial Customers" may affect the  
36 Transmission Expansion Plan.  
37
- 38 **PUB-NLH-085** Regarding Hydro's NAP, has Hydro examined and considered the  
39 possibility of using existing curtailment (interruptible) rates as an  
40 alternative to its NAP?  
41 a. If yes, describe and discuss any analysis conducted and policy  
42 considerations.  
43 b. If no, comment on using curtailment rates in lieu of or as a  
44 complement to the NAP.

**DATED** at St. John's, Newfoundland this 30<sup>th</sup> day of October, 2019.

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

Per   
Sara Kean  
Assistant Board Secretary