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October 14, 2022

Paul L. Coxworthy  
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**Via Electronic Mail**

Newfoundland and Labrador Board of Commissioners of Public Utilities  
120 Torbay Road  
P.O. Box 21040  
St. John's, NL A1A 5B2

**Attention: Ms. G. Cheryl Blundon, Director of Corporate Services  
and Board Secretary**

Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro- 2023 Capital Budget Application**

Enclosed please find the Island Industrial Customers Group Requests for Information IC-NLH-006 to 015 dated October 14, 2022 in relation to the above noted Application.

We trust this is in order.

Yours truly,

Stewart McKelvey

Paul L. Coxworthy

PLC/tas

Enclosures

ecc. Newfoundland and Labrador Hydro  
Shirley Walsh  
NLH Regulatory  
Kimberley Duggan  
Newfoundland Power  
Dominic Foley  
Lindsay S.A. Hollett  
Regulatory Email  
Consumer Advocate  
Dennis Browne, K.C., Brown Fitzgerald Morgan & Avis  
Stephen F. Fitzgerald, Brown Fitzgerald Morgan & Avis  
Sarah G. Fitzgerald, Brown Fitzgerald Morgan & Avis  
Bernice Bailey, Brown Fitzgerald Morgan & Avis  
Bernard Coffey, K.C.

Newfoundland and Labrador  
Board of the Commissioners  
of Public Utilities  
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Labrador Interconnected Group  
Senwung Luk, Olthuis Kleer Townshend LLP  
Josh Favel, Olthuis Kleer Townshend LLP  
Board of Commissioners of Public Utilities  
Jacqui H. Glynn  
PUB Official Email

**IN THE MATTER OF** the *Public Utilities Act*,  
RSNL 1990, C. P-47 (the "Act"); and

**IN THE MATTER OF** an Application  
by Newfoundland and Labrador  
Hydro ("Hydro") for approval of:

- a) Its capital budget for 2023,  
pursuant to Section 41(1) of  
the Act;
- b) Its proposed capital purchases  
and construction projects for  
2023 in excess of \$50,000,  
pursuant to Section 41(3)(a) of  
the Act; and
- c) For an Order, pursuant to  
Section 78 of the Act, fixing and  
determining its average rate  
base for 2021 ("Application").

**REQUESTS FOR INFORMATION OF THE  
ISLAND INDUSTRIAL CUSTOMERS GROUP**

IC-NLH-006 – IC-NLH-015

ISSUED OCTOBER 14<sup>th</sup>, 2022

**IC-NLH-006 Reference: Hydro response to IC-NLH-001**

Has Hydro made or commissioned any review, or is it aware of any third party which has made a review, of reliability of service metrics for its industrial customers as compared to reliability of service metrics for the industrial customers of electricity utilities in other Canadian jurisdictions? If not, would it be possible for Hydro to make or commission such a review, and if so, is there any reason why Hydro would be disinclined from doing so?

**IC-NLH-007 Reference: Hydro response to IC-NLH-002**

Please calculate, or if not calculable then estimate, the rate impact on Braya Renewable Fuels of the 2023-2024 and 2026-2027 projects listed in Table 6 to be specifically assigned to Braya Renewable Fuels.

**IC-NLH-008 Reference: Hydro's response to PUB-NLH-011, Volume III, Table 8 of the Reliability and Resource Adequacy Study 2022 Update filed October 3, 2022, and October 6, 2022 Technical Conference**

PUB-NLH-011 requested that Hydro detail the anticipated annual capital expenditures for each year assuming that generation is maintained at the Holyrood TGS until 2027. Hydro's response advised that future capital expenditure requirements for the Holyrood TGS would be informed by the update to the Reliability and Resource Adequacy Study (filed October 3, 2022). Footnote 107 at page 25 of Volume III of the RRAS 2022 Update appears to indicate that Table 8 in Volume III of the RRAS Update is based on the Hatch report filed with the RRAS Assessment to Determine the Potential Long-Term Viability of the Holyrood Thermal Generating Station. Please reconcile Table 8, Volume III, RRAS 2022 Update, and also Hydro's currently projected capital, operating and fuel costs for the Holyrood TGS, with Table 1-7 of the referenced Hatch report, explaining any differences between the Tables in the capital, operating and fuel costs for each year, and identifying whether Table 8 is intended to reflect scenario 1, 2, 3 or 4 as examined in the Hatch report, or a different scenario for Holyrood TGS operations

**IC-NLH-009 Reference: Hydro's response to PUB-NLH-011, Volume III, Table 8 of the Reliability and Resource Adequacy Study 2022 Update filed October 3, 2022, and October 6, 2022 Technical Conference**

With reference to IC-NLH-008, and footnote 4 to the Hydro's cover letter to the March 31, 2022 RRAS filing states that estimates developed by Hatch were Association for Advancement of Cost Engineering Class 4 estimates, with an expected accuracy of -30%/+50%. Please confirm that all amounts included in Table 8 of the RRAS 2022 Update are AACE Class 4 estimates, with an expected accuracy of -30%/+50%. If that is not confirmed, then please explain how the Table 8 amounts were estimated and the expected accuracy range of those estimates. Please also comment on whether the expected accuracy of the Table 8 estimates can be expected to decline over the time period, ie can the 2024 estimates be expected to be more likely to fall within an expected accuracy of -30%/+50% than, say, the 2029 estimates.

**IC-NLH-010 Reference: Hydro's response to PUB-NLH-011, Volume III, Table 8 of the Reliability and Resource Adequacy Study 2022 Update filed October 3, 2022, and October 6, 2022 Technical Conference**

With reference to IC-NLH-009, is it possible to arrive, by the first quarter of 2023, at Table 8 cost estimates that are more accurate, in terms of being informed by more up to date inputs and forecasts for capital, operating and fuel costs for the period covered by Table 8, and also by applying a more rigorous estimating methodology than AACE Class 4 estimates? If so, is there any reason why Hydro would be disinclined to have prepared and filed with the Board such updated and more accurate estimates by the first quarter of 2023?

**IC-NLH-011 Reference: Hydro's response to PUB-NLH-011, Reliability and Resource Adequacy Study 2022 Update filed October 3, 2022, and October 6, 2022 Technical Conference**

With reference to the statement at page 13 of the Five-Year Plan (2023-2027) filed with Hydro's Application that it reflects an investment of \$606 million in expenditures to be recovered through customer costs, please advise whether, in light of the RRAS 2022 Update, this still represents an accurate reflection of the expenditures to be incurred during that period and to be recovered through customer rates, and if not, please provide a new total estimate of the expenditures for this period to be recovered through customer rates and the estimated difference in rate impact to customers.

**IC-NLH-012 Reference: Hydro's response to PUB-NLH-011, Reliability and Resource Adequacy Study 2022 Update filed October 3, 2022, and October 6, 2022 Technical Conference**

With reference to Volume 1, Attachment 1, RRAS 2022 Update, at page 5 of the October 3, 2022 Memorandum of Daymark Energy Advisors, it is stated that "Continuing to rely on aging thermal facilities (i.e., Holyrood TGS and Hardwoods GT) as critical to reliably meet Hydro's on-Island electricity needs is a growing concern that bears close monitoring.... Strong consideration should be given [to] accelerating their replacement prior to 2030. Daymark is aware and very much supportive of Hydro's ongoing efforts to study what would be required to accelerate the integration of renewable energy into the electrical grid." Please confirm that Hydro is reviewing all options for accelerating replacement of the Holyrood TGS prior to 2030, and please comment on the process to be followed and expertise resources, internal and external to Hydro, to be used to inform that review process, and Hydro's proposed plan and process for involving the Board, its customers and other stakeholders in that review process, including timelines and milestones for that review process.

**IC-NLH-013 Reference: Hydro's response to PUB-NLH-011, Reliability and Resource Adequacy Study 2022 Update filed October 3, 2022, and October 6, 2022 Technical Conference**

Please confirm that Hydro, based on its current information including but not limited to the RRAS 2022 Update, has no intention or expectation of filing any application for supplementary capital expenditures on the Holyrood TGS prior to the filing of its 2024 Capital Budget Application.

**IC-NLH-014 Reference: 2023 Capital Budget Overview, Table 9: Prioritization by Risk Mitigated and October 6, 2022 Technical Conference**

Please identify those projects in Table 9 whose justification is entirely or primarily driven by reliability and resource adequacy (in the sense those terms are being used in the RRAS Review) requirements, and those projects whose entire or primary justification is not driven by reliability and resource adequacy. Please provide, in tabular form, a listing of the Table 9 projects if they were to be prioritized based only upon reliability and resource adequacy requirements.

**IC-NLH-015 Reference: 2023 Capital Budget Overview, Table 8: Prioritization by Risk Mitigated per Million and Table 9: Prioritization by Risk Mitigated and October 6, 2022 Technical Conference**

Please comment on what changes to its methodologies and practices for prioritization of projects that Hydro intends to make or propose (if Hydro feels constrained by current Board Guidelines in this regard) by or for its 2024 Capital Budget Application.

**DATED** at St. John's, in the Province of Newfoundland and Labrador, this 14<sup>th</sup> day of October, 2022.

**POOLE ALTHOUSE**

Per: Paul J. Coomworthy  
for Dean A. Porter

**COX & PALMER**

Per: Paul J. Coomworthy  
for Denis J. Fleming

**STEWART MCKELVEY**

Per: Paul J. Coomworthy  
Paul L. Coxworthy

- TO: The Board of Commissioners of Public Utilities  
Attention: Ms. Cheryl Blundon, Board Secretary, Ms. Jacqui Glynn, PUB Official  
Email
- 
- TO: Newfoundland & Labrador Hydro  
Attention: Shirley Walsh, Kimberley Duggan, NLH Regulatory
- TO: Newfoundland Power  
Attention: Mr. Dominic J. Foley, Ms. Lindsay Hollett, NP Regulatory
- TO: Consumer Advocate  
Attention: Dennis M. Browne K.C., Mr. Stephen F. Fitzgerald, Ms. Sarah G. Fitzgerald, Ms. Bernice Bailey, Mr. Bernard M. Coffey, K.C
- TO: Labrador Interconnected Group  
Attention: Senwung F. Luk, Josh Favel

