

IN THE MATTER OF the *Public Utilities Act*,
R.S.N.L. 1990, Chapter P-47, as amended (the
"Act"); and

IN THE MATTER OF a General Rate
Application by Newfoundland Power Inc. to
establish customer rates for 2010

To: Board of Commissioners of Public Utilities

Suite E210, Prince Charles Building

120 Torbay Road

P.O. Box 12040

St. John's, NL A1A 5B2

Attention: Ms. G. Cheryl Blundon,

Director of Corporate Services and Board Secretary

- 1 CA-NP-209 Further to the reply to CA-NP-45 (part (a)), please provide a copy of the
2 evidence filed by FortisAlberta in support of the creation of a pension cost
3 deferral account as referred to therein.
- 4 CA-NP-210 Further to the reply to CA-NP-45 (part (a)), please provide a copy of the
5 Board's reasons in approving in December of 2008, Hydro One's deferral
6 account to deal with variances in pension expense.
- 7 CA-NP-211 Further to the reply to CA-NP-45 (part (c)), how was Ms. McShane's
8 conclusions as to NP's fair return on equity influenced, if at all, by the
9 assumed existence or absence of the Pension Expense Deferral Account?
- 10 CA-NP-212 Further to the reply to CA-NP-47, please provide a copy of Sections 3461.76-

1 77 of the CICA standards referred to therein.

2 CA-NP-213 Further to the reply to CA-NP-48 (part (b)), please provide copies of the
3 Provincial and Federal Government announcements referred to therein.

4 CA-NP-214 Further to the reply to CA-NP-50, the Company, at lines 22 to 25 states:

5 **"However, such a course of action would fully acquit the**
6 **solvency deficiency which existed in the pension plan as at**
7 **Dec 31, 2008, assuming pension plan asset performance met**
8 **plan expectations over the next 5 years. ²"**

9 (a) What are the plan's performance expectations over the next 5 years?

10 (b) With reference to footnote 2, what is the plan's expectations as regards
11 salary increases?

12 CA-NP-215 Further to the reply to CA-NP-52, would the Company consider the tax
13 reductions planned for 2010, 2011 and 2012 from 32% to 30.5% to 29%
14 respectively to result in material tax savings to the Company?

15 CA-NP-216 With respect to the quarterly customer satisfaction surveys provided in CA-
16 NP-59, provide a sample questionnaire with sample customer's responses
17 provided thereon and explain how the information provided by the customer
18 is used to yield that customer's level of satisfaction with the Company.

1 CA-NP-217 At page 58 of the Newfoundland and Labrador's 2007 Energy Plan, it states:

2 **"As part of our energy conservation and efficiency strategy,**
3 **the Provincial Government will establish the Energy**
4 **Conservation and Efficiency Partnership (ECEP) with an**
5 **initial investment of \$5 million to coordinate and assist with**
6 **energy conservation and efficiency initiatives and will put**
7 **renewed emphasis on the actions in our provincial Climate**
8 **Change Plan."**

9 (a) Are NP and NLH eligible to receive funding for energy conservation
10 and efficiency initiatives pursuant to the ECEP?

11 (b) What, if any, funding has ECEP provided to NP and NLH for energy
12 conservation and efficiency initiatives pursuant to the ECEP?

13 (c) Please detail any efforts undertaken by NP to obtain funding from
14 ECEP, or any other government sponsored fund, to assist with its
15 energy conservation and efficiency initiatives.

16 (d) Is NP expecting any such funding (as in (b) and (c) above) in 2010?

17 CA-NP-218 Further to the reply to CA-NP-77 (part (a)), please explain the basis for the
18 Company's current forecast including no change in Rate Stabilization
19 Adjustment for July 1, 2010.

20 CA-NP-219 Further to the reply to CA-NP-77 (parts (b) and (c)), what is the relevance of
21 comparing the rates of NP's customers and others in Atlantic Canada, given

1 the hydraulic resources available in this province relative to the generation
2 sources available in other provinces?

3 CA-NP-220 Further to the reply to CA-NP-78, please file a copy of the October, 2009 fuel
4 price projection once it is made available to NP.

5 CA-NP-221 At line 13-14 of CA-NP-89 it states, "Newfoundland Power has re-aligned
6 existing personnel and added new staff to support implementation of the
7 Conservation Plan." Please fully detail the re-alignment of existing
8 personnel and the addition of new staff referred to therein that has taken
9 place. Please also fully detail the re-alignment of staff and addition of new
10 staff forecast in 2010 in support of the Conservation Plan.

11 CA-NP-222 Further to CA-NP-92, (a) why is the amount shown in Table 2 - General
12 Conservation Operating Costs under the category of Planning expected to
13 increase in 2010 over 2009 levels? (b) What are the detailed Planning
14 Expenditures which are being forecasted for 2010?

15 CA-NP-223 Further to CA-NP-92, what were the Planning costs associated with the
16 Potential Study and the Five Year Conservation Plan?

17 CA-NP-224 What are NP's non-conservation Advertising Costs for 2008 to 2010 (f)
18 broken down by category (eg. safety) and media (eg. television)?

19 CA-NP-225 Further to the reply to CA-NP-96, please fully describe the Company's
20 methodology and process for forecasting of expenses for 2009. As part of the

1 answer, please address whether and if so how NP's methodology and
2 process has changed relative to the methodology and process used to
3 forecast test year expenses for 2010.

4 CA-NP-226 In respect of 2009, please provide a copy of the corporate forecast that was
5 submitted for the review and approval of the Executive and please detail any
6 amendments that were made after its review by the Executive.

7 CA-NP-227 Further to the reply to CA-NP-97, please provide the initial Departmental
8 Budgets and explain what changes were made to each to arrive at the
9 approved forecast of \$52,758,000.

10 CA-NP-228 With regard to the reply to CA-NP-98, please fully explain how the initial
11 forecast of \$2,334,000 and the approved forecast \$1,623,000 for Temporary
12 Labour was arrived at.

13 CA-NP-229 With respect to CA-NP-99:

14 (a) please explain when the current contract pricing and scope for
15 vegetation management went into place and explain what the
16 contractual arrangement is;

17 (b) explain how the pricing and scope for 2010 (f) changed from 2009.

18 CA-NP-230 With reference to CA-NP-98, what maintenance work was deferred to
19 produce the \$432,000 reduction in forecast Plants, Subs, System Oper. and

1 Buildings.

2 CA-NP-231 With reference to CA-NP-98, please explain the basis for the \$93,000
3 reduction in the Initial forecast to Regular and Standby Labour Costs.

4 CA-NP-232 With reference to CA-NP-100, please provide a breakdown of the \$185,054
5 incurred in operating labour costs in respect of the December, 2007 Bonavista
6 Ice Storm by way of Regular and Standby, Temporary and Overtime.

7 CA-NP-233 With respect to the Company's labour cost forecast for 2010, how much is the
8 Company budgeting by way of Regular and Standby, Temporary and
9 Overtime for extraordinary storm events.

10 CA-NP-234 Reference: CA-NP-99 - this reply indicates that there was an \$81,000
11 reduction (to \$1,108,000) in the clothing allowance forecast for 2010 based on
12 historical levels of spending on this item. What were the levels of spending
13 on clothing from 2004 to 2009 (f)?

14 CA-NP-235 At CA-NP-102, p. 2 of 3, it states that "2008 tool & clothing costs were higher
15 than the 2008 test year forecast [i.e. 836,000 forecast vs. 1,168,000 actual]. This
16 was principally due to a larger employee base, higher than average Safety
17 and Clothing costs principally due to the replacement cost of fire retardant
18 clothing and additional clothing required for meter readers."

19 (a) What are the Company's obligations to its employees regarding
20 clothing allowances/replacement?

(b) How much was spent in 2008 to replace fire retardant clothing and how much is budgeted in 2009 and 2010 regarding this item?

CA-NP-236 In CA-NP-102 (p. 2 of 3), the Company indicates that 2008 actual costs for Stationary and Copying were \$168,000, less than forecast due to "the timing of the purchase of bills and envelopes."

(a) Please explain.

(b) Please also explain whether the 2010 forecast for Stationary and Copying may similarly be over-stated by reason of the timing issue as it was in NP's last test year.

CA-NP-237 In CA-NP-102 (p. 3 of 3), the Company indicates that 2008 Postage was \$259,000 lower than forecast because the budget was based on a two cent increase in letter mail postage rates which did not occur until 2009. Please:

(a) explain how a 2 cent change could produce such a large variance (\$259,000);

(b) provide postal rates in place in 2008, 2009 (f) and 2010 (f);

(c) explain why the Company's Postage costs (see Exhibit 2, line 24) are forecast to increase over 2008 and remain constant in 2009 (f) and 2010 (f), given the increased use of e-billings experienced by the Company.

1 CA-NP-238 In CA-NP-102 (p. 3 of 3), the Company indicates that 2008 Computer
2 Equipment & Software costs were \$301,000 lower than forecast as a result of
3 changes in the payment schedule for software maintenance expenses.

4 (a) Please fully explain.

5 (b) Please also explain whether the 2010 forecast for Computer
6 Equipment & Software may be similarly over-stated by reason of
7 payment scheduling considerations as it was in NP's last test year.

8 CA-NP-239 At Exhibit 2 to NP's GRA of May 10, 2007, the Insurances forecast for test
9 year 2008 was \$1,775,000. In Exhibit 2 (revised) filed on October 11, 2007, the
10 revised forecast for Insurance was \$1,585,000. According to CA-NP-102 (p.
11 2 of 3), the actual Insurance cost was \$1,344,000 or \$241,00 less than the
12 revised forecast of October 11, 2007 and \$431,000 less than the original
13 forecast. (a) Please provide the detailed basis for the \$1,100,000 Insurance
14 forecast in Exhibit 2, line 16. (b) With respect to CA-NP-102 (p. 2 of 3), please
15 show how the allocation of insurance costs were made in 2008 and how they
16 are forecast to be made in 2010 (f).

17 CA-NP-240 In CA-NP-102 (p. 1 of 3), the Company indicates that in 2008 it forecast
18 \$987,00 for Travel but exceeded this forecast by \$303,000 "principally due to
19 additional travel costs associated with union contract negotiations and more
20 employee relocations than expected."

- 1 (a) What amount of the total Travel cost for 2008, 2009 (f) and 2010 (f) are
2 attributable to (i) Travel costs associated with the union contract
3 negotiations, and (ii) employee relocations?
- 4 (b) What positions were relocated in 2008 and 2009 (and to where)?
- 5 (c) What relocations are forecast in 2010 (f) in forecasting Travel expense?
- 6 CA-NP-241 In CA-NP-102 (p. 3 of 3, footnotes 1 to 4), references are made to non-
7 regulated costs which were removed from the 2008 operating expenses
8 provided. Please fully detail what these non-regulated costs were in respect
9 of.
- 10 CA-NP-242 Further to CA-NP-106, please provide the age and years of service of the
11 personnel who left the Company other than by way of retirement or death
12 from 2005 to 2009 year to date. What were the reasons for the individuals
13 leaving NP in 2007 and 2008.
- 14 CA-NP-243 Further to CA-NP-113 (p. 1 of 8, footnote 1), please provide the FTE
15 breakdown for 2004 to 2010 (f) of executives, managers, supervisory
16 positions, frontline technical staff, non-union clerical staff and professionals
17 that make up the Managerial category shown in Table 1.
- 18 CA-NP-244 Further to CA-NP-113, Table 1, please provide the FTE breakdown by
19 specific union position over the period 2004 to 2010 (f).

1 CA-NP-245 Further to CA-NP-116, in respect of the 8 employees that retired in 2008,
2 please indicate the date each retired and was replaced and indicate whether
3 their replacement was hired by public advertizing or internally.

4 CA-NP-246 With reference to CA-NP-123, did the President and CEO's Base Salary
5 increase from \$315,000 in 2007 to \$335,000 in 2008 to \$371,600 in 2009? Please
6 also provide the annual percentage increase from 2007 to 2008 and from 2008
7 to 2009.

8 CA-NP-247 With reference to CA-NP-120 and page 2 of the Hay Group report of January
9 2007 by David Crane, it states:

10 **"It is further recommended that the aggregate value of all**
11 **elements of compensation (i.e. including incentives,**
12 **pensions, employment perquisites, etc.) should also**
13 **approximate market median."**

14 Please provide details of the aggregate value of all elements of compensation
15 for each executive of NP for each of 2007, 2008, 2009 (f) and 2010 (f) and
16 indicate whether the same also approximates market median and how this
17 is determined.

18 CA-NP-248 With reference to CA-NP-120 and page 3 of the Hay Report of January 2007,
19 it states:

20 **"It is recommended that actual executive salaries continue to**
21 **be allowed to exceed 110% of the salary range midpoint only**
22 **under special circumstances recommended by the President**

1 **and CEO and approved by the Board of Directors.”**

2 Since and including 2007, has any executive’s salary been allowed to exceed
3 110% of the salary range midpoint? Please provide details and justification.

4 CA-NP-249 Reference CA-NP-123 and the correspondence from Hay Group to Mr. Earl
5 Ludlow dated November 11, 2008. When did NP’s executives’ salary change
6 to the Estimated 2009 Market Actual Salary Median as detailed in Table 1 (as
7 confirmed in Table 1 of CA-NP-122)?

8 CA-NP-250 Compare NP’s executives’ actual base salaries for 2008 and 2007 as compared
9 to the estimated Market Median Salary for those years as provided by Hay
10 Group.

11 CA-NP-251 Reference CA-NP-120. How much did Hay Group charge NP for its Analysis
12 of Executive Compensation - January, 2007 report?

13 CA-NP-252 How long did it take Hay Group to prepare the report at CA-NP-120?

14 CA-NP-253 Reference CA-NP-120. At page 3 of the Hay Report of January, 2007, it
15 stated, “Following a review of market practice, the following
16 recommendation is made based on market median. No changes are
17 proposed for Vice Presidents.” These comments were in respect of Annual
18 Short Term Incentive Targets. What did the “review of market practice”
19 consist of?

- 1 CA-NP-254 Does NP provide compensation data to the Hay Group?
- 2 CA-NP-255 How much did Hay Group charge for each of the letter reports at CA-NP-
3 123?
- 4 CA-NP-256 What is the most recent data that Hay Group has (as regards 2009) in its
5 database as to the Commercial Industrial executive market?
- 6 CA-NP-257 Further to CA-NP-122, what is NP's Forecast Salary Policy and Incentive
7 Target for its executives and managers in 2010?
- 8 CA-NP-258 Reference CA-NP-127. What were the 2007 and 2008 STI (non-regulated)
9 payments (shown in Tables 1 and 2) for and to whom were they paid?
- 10 CA-NP-259 Please compare (as a percentage) the base salary and STI compensation paid
11 to each member of the executive to the salary of a full time meter reader over
12 the years 2004 to 2010 (f) expressed in actual and today's dollars.
- 13 CA-NP-260 Further to CA-NP-129, list 5 cost saving measures that NP has instituted
14 since its last GRA which did not involve expenditures made in the
15 expectations of future savings which is the case with those listed in reply to
16 CA-NP-129.
- 17 CA-NP-261 Further to CA-NP-135, please detail what the Compensation Consultants
18 expense of \$30,000 is for in 2010 (f) and please detail what it was in 2009 and
19 2008.

1 CA-NP-262 Further to CA-NP-139, what is the proceeding number associated with the
2 litigation referred to?

3 CA-NP-263 Further to CA-NP-139, please provide a copy of the City of St. John's notice
4 to terminate NP's lease of water rights in the Mobile River watershed.

5 CA-NP-264 Further to CA-NP-139, please provide a copy of the preliminary ruling of the
6 arbitration panel established to determine the value of the assets involved.

7 CA-NP-265 Further to CA-NP-139, what are the potential risks and benefits to NP and its
8 ratepayers in connection with the Mobile River watershed litigation?

9 CA-NP-266 Further to CA-NP-138, what amount has been billed to NP to date in respect
10 of the 2009 (f) \$275,000 Mobile Arbitration/Litigation expense for 2009?

11 CA-NP-267 Further to CA-NP-141, please explain in detail why Credit and Collection
12 Fees have increased from \$122,673 in 2007 and \$133,462 in 2008 to \$325,000
13 in 2009 (f) and \$338,000 in 2010 (f)?

14 CA-NP-268 Further to the reply of CA-NP-142, please explain (a) why NP believes it is
15 appropriate to assume the value of the annual insurance services should be
16 limited by 1,400 billable hours per year whereas the services are actually
17 available 1,950 hours per year? (b) If NP and its affiliates used the services
18 of one of the three risk management consulting firms contacted for 1,950
19 hours per year, would it be reasonable to expect to pay for only 1,400 of these
20 hours?

1 CA-NP-269 Further to the reply of CA-NP-148, please detail all instances over the past
2 15 years (a) where NP has provided assistance to other utilities outside of the
3 province; (b) where NP has been provided assistance by utilities from outside
4 of the province. Please provide the number of person hours expended.

5 CA-NP-270 Further to CA-NP-148, please detail the number of employees sent by other
6 Fortis subsidiaries to assist Fortis Turks and Caicos.

7 CA-NP-271 Further to CA-NP-148, on what basis was NP compensated for its work in
8 repairing the electrical system of Fortis Turks and Caicos.

9 CA-NP-272 Further to CA-NP-148, the reply states, "Newfoundland Power also
10 coordinated the Fortis support to the Fortis Turks and Caicos hurricane relief
11 effort." Please detail what NP's role was and how many personnel this
12 involved, the number of hours involved by each personnel, and the basis
13 upon which NP was paid for these services.

14 CA-NP-273 Further to CA-NP-148, please detail how many power line technicians were
15 deployed and how many hours each worked on this project.

16 CA-NP-274 Further to CA-NP-148, prior to Fortis establishing Fortis Tucks and Caicos,
17 did NP personnel ever assist the utility provider(s) in Turks and Caicos in
18 such restoration and repair efforts? If so, when?

19 CA-NP-275 Further to CA-NP-148, prior to Fortis establishing Fortis Turks and Caicos,
20 what external utilities provided services to Turks and Caicos in such

1 restoration and repair efforts? Have these external utilities continued to
2 provide such services since the establishment of Fortis Turks and Caicos?

3 CA-NP-276 Further to CA-NP-149, please provide a detailed breakdown of the staff
4 charges for 2009 (f) and 2010 (f) as shown on Table 1 of \$990,418 and \$980,723
5 respectively.

6 CA-NP-277 Further to CA-NP-150, please provide details as to personnel of other Fortis
7 Inc. companies that have been seconded to NP from 2007 to present.

8 CA-NP-278 Further to CA-NP-150, please explain why NP seconded these personnel to
9 other Fortis Inc. companies. Please also detail who carried out the functions
10 of these personnel while on secondment.

11 CA-NP-279 Further to CA-NP-150, what is the job description of:

12 (a) Director Financial Reporting & Treasury

13 (b) Treasurer

14 (c) Director Environment

15 CA-NP-280 Further to the reply of CA-NP-183:

16 (a) Please provide any information that NP has with respect to (i) the
17 energy efficiency of the new appliances typically installed in the new

1 premises of newly attached customers as compared to the average
2 efficiency of the stock of appliances used by existing customers; (ii) the
3 impact of changes in building codes (e.g., insulation standards) that
4 affect the envelope efficiency of new housing stock versus the existing
5 housing stock; and (iii) the impact of differences in the average size
6 (square feet) of new housing versus the existing housing stock in the
7 NP service area.

- 8 (b) If NP does not have the information requested in part (a), please
9 provide the directional impacts that NP expects to prevail and any
10 generic information that NP has with respect to these trends in other
11 jurisdictions.

12 CA-NP-281 Further to the reply of CA-NP-184:

- 13 (a) Was the property situated on Kenmount Road in St. John's and
14 described in CA-NP-184, Attachment A included in rate base in any
15 prior year.
- 16 (b) Please provide details of the regulatory treatment of this property
17 including the original purchase price, the dollar amount included in
18 rate base in each year since the property was purchased, and the
19 amount recovered in rates related to this property in each year (return
20 on capital, amortization if any, maintenance costs, development costs
21 to remove prior buildings, legal costs, etc.).

1 CA-NP-282 Further to the reply of CA-NP-185:

2 (a) With respect to the statement that "The future customer rate impacts
3 will only be determinable at the time the matter is addressed" please
4 confirm (i) that while the actual rate impacts could not be known until
5 the Board makes a determination about the method for disposing of
6 the Transitional Obligation, the dollar and rate impact of any
7 particular treatment can be determined at this time and (ii) that
8 footnote 87 does in fact provide the rate impact of two hypothetical
9 treatments of the Transitional Obligation.

10 (b) Does footnote 87 reflect treatments of the Transitional Obligation that
11 NP considers to be appropriate? If not, please provide alternate
12 treatments that NP believes should be considered in any future
13 proceeding, should the move to Accrual Accounting for OPEBs be
14 approved.

15 CA-NP-283 Further to the response of CA-NP-188, Attachment A:

16 (a) Please provide details of the "potential savings" under the CSO that
17 are forfeited by a customer that fails to curtail when requested by NP.
18 Does the customer forfeit prior credits, the credit in the current month
19 and/or future credits?

20 (b) Please confirm that in the discussion of "Value" at page 83 of the
21 Attachment, a portion of the benefit may accrue to NP as well as to

1 the CSO participants and NP customers as a result of the DMI.

2 CA-NP-284 Further to the response of CA-NP-189, please confirm that although
3 “Newfoundland Power’s proposal to recongize costs associated with OPEBs
4 on an accrual basis will not result in an expense risk [that is entirely]
5 analogous to the pension risk discussed at pages 3-20 to 3.27” since “[a]nnual
6 OPEBs expense is not impacted by market asset performance”, variances in
7 both OPEBs and pension expense and related risk will result from variances
8 in the average remaining service life of employees and the discount rate. If
9 not, please explain.

10 CA-NP-285 Further to the response of CA-NP-193 (d):

11 (a) Please provide a comparison of the purchased power cost saving that
12 results from (i) a 1% reduction in energy with no reduction in peak
13 demand; (ii) a 1% reduction in peak demand with no reduction in
14 energy, and (iii) a 1% reduction in both energy and peak demand.

15 (b) Given that “[t]he Company’s Five Year Conservation Plan (the “Plan”)
16 is focused on energy conservation”, please comment on the benefits
17 of adding into the Plan programs that focus on reductions in peak
18 demand such as a program analogous to (i.e., addressing heating as
19 opposed to cooling load) the Peak Saver and Summer Challenge
20 programs implemented by several Ontario electric LDCs.

21 CA-NP-286 Further to the reply to CA-NP-201, please provide a copy of the following:

1 (a) The cases referred to at footnote 7 at p. 5 of National Energy Board
2 Reasons for Decision - Trans Quebec Maintenance Pipelines Inc. Cost
3 of Capital - March, 2009;

4 (b) The Federal Court of Appeal decision Trans Canada v. NEB referred
5 to on p. 5;

6 (c) A copy of the decision at footnote 9 of p. 5;

7 (d) Chapter 2 of the RH-2 - 2004, Phase II Decision referred to at p. 6.

8 CA-NP-287 Further to CA-NP-120, in Order No. P.U. 27 (1998-99) referenced therein, the
9 Board directed inter alia "... NP to provide any information in its possession
10 pertaining to total compensation paid to Executive Officers of Fortis Inc. and
11 all other companies in which Fortis Inc. has a significant influence as a
12 shareholder." The Board stated, "The Board believes that the information
13 requested is helpful in its assessment of the Executive Officers of Fortis Inc.
14 and all other companies in which Fortis Inc. has significant influence as a
15 shareholder. Please provide an update of the data provided by NP in
16 response to this above-referenced Order.

17 CA-NP-288 Further to CA-NP-120, in Order No. P.U. 27 (1998-99) the Board directed NP
18 "... to provide a copy of the original Terms of Engagement of the Hay
19 Group, subsequent renewals and final reports since 1985." Please provide a
20 copy of the Terms of Engagement of the Hay Group in relation to the
21 Analysis of Executive Compensation dated January 2007 (at CA-NP-120), and

1 subsequent renewals and final reports since 2007.

2 CA-NP-289 Please provide a copy of NP's current organizational chart and note any
3 changes made to the same since NP's last GRA.

4 CA-NP-290 Reference Section 2: Customer Operations, p. 2-3, footnote 6. Please provide
5 the year over year (since 2004 to 2010 (f)) number of customers who avail of
6 ebills (or are forecasted to avail of ebills).

7 CA-NP-291 Please provide the breakdown for the years 2004 to present, averaging
8 monthly, the number of customers who pay:

9 (a) by mail;

10 (b) electronically;

11 (c) by means other than (a) or (b) with a breakdown as to the means used;
12 and

13 (d) by equalized billing versus standard (pay as you go) billing.

14 CA-NP-292 Please provide a current cost per payment transaction comparison amongst
15 NP's various means of accepting customers' bill payments. Please also
16 provide NP's aggregate cost of handling all bill payments from 2004 to
17 forecast as well as the number of NP employees from 2004 to forecast who
18 are involved in the handling and processing of bill payments.

1 CA-NP-293 In reply to CA-NP-322 in the 2008 GRA, NP referred to arranging Aon
2 Consulting in 2006 to conduct a review of the group insurance plan. (a)
3 Please provide a copy of the Terms of Engagement and any reports provided
4 to NP in relation to this review. (b) Please also provide a copy of any further
5 such reports provided to NP since the Aon Consulting engagement.

6 CA-NP-294 With regard to the response to CA-NP-129:

7 (a) Please provide five cost saving programs that NP intends to
8 implement in the next three years and provide an estimate of the
9 expected cost savings and benefit to cost ratios of each program.

10 (b) Does NP intend to implement any distribution automation programs
11 in the next three years? If so, what benefits are expected?

12 (c) Does NP intend to implement "smart grid/smart meter" technology?
13 Is this technology feasible for the Island Interconnected System, and
14 what savings might be realized?

15 CA-NP-295 With regard to the response to CA-NP-153, please provide Table 1 relating
16 to actuals on a weather adjusted basis.

17 CA-NP-296 With regard to the response to CA-NP-154, please provide the same
18 information assuming the following:

19 (a) No change in peak demand and energy from current levels;

1 (b) A 1% increase above forecast in peak demand and energy; and

2 (c) A 2% decrease in peak demand and energy from current levels.

3 CA-NP-297 With regard to the response to CA-NP-155:

4 (a) Is it accurate to state that customers on the Curtailable Service Option
5 have been interrupted on 12 occasions since January 1, 2008, and on
6 only one occasion the interruption was beneficial to the Island
7 Interconnected System in terms of improved reliability for other
8 customers on the system? If not, please explain how the customers on
9 the Island Interconnected System benefited from these interruptions.

10 (b) What is the purpose of the Curtailable Service Option? Is the
11 treatment of these customers consistent with treatment of
12 interruptible customers in other jurisdictions? Please provide
13 examples.

14 (c) Please provide a list of the industries served by the customers on the
15 Curtailable Service Option.

16 CA-NP-298 With regard to the response to CA-NP-173:

17 (a) Customer satisfaction is not listed as a factor considered when
18 establishing SAIDI and SAIFI targets. Why not? If it is, in what

1 manner is customer satisfaction taken into consideration?

2 (b) Given that expectations with respect to reliability performance will
3 necessarily vary from year to year, why are targets established for a
4 single year (i.e., 2009), and why to a three significant digit level of
5 accuracy (i.e., 2.74 and 2.37 for SAIDI and SAIFI, respectively in 2009)?
6 Would a rolling 3 or 5 year average make more sense? Would
7 establishing targets that are consistent with historical performance
8 during a period when customer satisfaction was at acceptable levels
9 make sense?

10 (c) Using such criteria and assuming customer satisfaction has been at
11 acceptable levels over the past 3 and 5 year periods, what might NP
12 choose as SAIDI and SAIFI targets?

13 CA-NP-299 With regard to the response to CA-NP-179:

14 (a) Does Hydro have a reliability policy for generation such that when the
15 expectation of lost load exceeds a specified level, they apply to
16 construct new generation facilities? Please provide this policy if it
17 exists.

18 (b) Does Hydro have a reliability policy for transmission such that when
19 there is an expectation that the system will go unstable (i.e., go in to
20 an emergency operating state) when a critical element of the system
21 is forced out of service (i.e., n-1 criteria), they apply to construct new

transmission facilities, or in some instances, new generation facilities to relieve the constraint? Please provide this policy if it exists.

(c) Does NP have a similar reliability policy for distribution that drives its decisions to apply for construction of new distribution facilities?

(d) What percentage of customer unreliability is driven by the generation and transmission system versus the distribution system on the Island Interconnected System?

CA-NP-300 With regard to the response to CA-NP-181:

(a) On page 3 it is stated that it is difficult to draw meaningful conclusions regarding company performance through comparisons with other utilities. The reason provided is that there are continued concerns with data availability and quality and observed differences in participating utilities' operating profile. Given the limited use of such comparisons, does NP believe that all testimony in the Application that uses benchmark comparisons should be ignored by the Board?

(b) Please provide a plan upon which NP is prepared to embark to allow meaningful conclusions to be drawn from future Peer Group Reports.

(c) Please provide the names and titles of the reviewers of the Peer Group Report who were unable to draw any meaningful conclusions.

1 (d) Can it be concluded that NP reliability performance represented by
2 SAIDI and SAIFI has improved relative to the benchmark? On the
3 basis of the benchmark comparison can it be concluded that NP
4 reliability performance has reached acceptable levels, or should there
5 be additional expenditures to improve reliability performance?

6 (e) Can it be concluded that safety performance represented by the all-
7 injury frequency rate has improved significantly relative to the
8 benchmark? Was NP not significantly above the benchmark in the late
9 1990s/early 2000s, but has been consistently below the benchmark for
10 the past four years?

11
12 (f) Would it be appropriate to show cost benchmarking data both with
13 and without the US\$/Can\$ exchange rate? Do operating costs occur
14 throughout the year lending itself to use of an average exchange rate
15 for the year?

16 (g) Can any conclusions be drawn from the benchmark cost data relating
17 to the advent of competition in the electricity sector in the United
18 States versus the absence of competition in the electricity sector of the
19 Province of Newfoundland and Labrador?

20 CA-NP-301 Please confirm that the 2010 forecast energy and demand used for setting
21 rates explicitly reflects the elasticity effects of all rate adjustments since the
22 last GRA. Please include details of the adjustments that were made with

1 supporting calculations.

2 CA-NP-302 Please provide:

3 8. The number of retirees retired by reason of disability under the age of
4 65.

5 9. Is there a provision in the Newfoundland Power Benefits plan for
6 disability waiver of premium?

7 CA-NP-303 Reference Volume 2, Tab 3

8 (a) Please provide copies of all other valuations of the NP Retirement
9 Income Plan done since December 31, 2005 whether for funding
10 purposes or otherwise.

11 (b) Please provide copies of all annual financial statements for the NP
12 Retirement Income Plan from and including December 31, 2005 to
13 date.

14 CA-NP-304 Reference Volume 2, Tab 5, p. 18-19

15 Please provide a copy of all group insurance booklets provided or available
16 to be provided to members of the NP Benefit Plan.

17 CA-NP-305 Reference Volume 2, Tab 5, p. 19

1 (a) Please provide the means of calculation for the annual premium paid
2 by members of the NP Benefit Plan who are under the age of 65 years,
3 and the amounts of premiums that have been charged to individual
4 members for the years 2004 to date.

5 (b) Please provide the total amount of premiums paid by retirees under
6 the age of 65 years on an annual basis for the years 2005 to and
7 including 2009.

8 (c) Please provide annual financial statements for the NP Benefit Plan for
9 the last 5 years.

10 (d) Please confirm that retirees over the age of 65 years do not pay any
11 amount to the NP Benefit Plan.

12 CA-NP-306 Reference Volume 2, Tab 5, p. 17

13 (a) Please provide the basis upon which it was determined that the
14 average remaining service of active members under the NP Benefits
15 Plan is 15 years.

16 (b) What steps has NP taken to induce its employees to remain as active
17 employees until age 65?

18 (c) Please compare the basis upon which it was determined that the
19 average remaining service of active members is 15 years as per

1 question (a) above with the basis upon which it was determined on
2 page 43 of the 2008 Annual Report of NP that the average remaining
3 service of active members is 18 years.

4 (d) Please provide the impact in the form of restated calculations
5 respecting the Non-Pension Retirement Benefit Expense using an
6 average remaining service of 18 years.

7 CA-NP-307 Reference Volume 2, Tab 5, p. 19

8 (a) Please confirm that retirees under the age of 65 continue to pay an
9 amount equal to the amount of premium for individual active
10 members of the NP Benefit Plan to the plan.

11 (b) If the answer to (a) above is that retirees under the age of 65 do
12 continue to pay an amount equal to the amount of the premium for
13 individual active members, then please detail with calculations the
14 manner in which such payments have been reflected in the calculation
15 of the OPEB expense.

16 CA-NP-308 Reference Volume 2, Tab 5, p. 19

17 (a) What is the base against which the increases in utilization by age are
18 calculated?

19 (b) Please provide a comparison of the assumed increase in utilization by

1 age with the actual experience in utilization by age for retirees since
2 1998.

3 CA-NP-309 Reference Volume 2, Tab 5, p. 20

4 Please provide an example of how the cost per person has been adjusted to
5 the cost per member based on the actual age of the covered member using
6 the "Increases in Utilization by Age Assumptions."

7 CA-NP-310 Reference Volume 2, Tab 4, p. 5-8

8 Please provide Tables 3, 4 and 5 with the amounts derived on the basis of an
9 average remaining service period of 18 years.

10 CA-NP-311 Reference Volume 2, Tab 5, p. 11

11 As a result of Re-measurement as of December 31, 2008, an actuarial gain in
12 the amount of \$14,885,000 is applied to the previously calculated accrued
13 benefit obligation of January 1, 2005; is this change within the tolerable
14 margin of error for a 3 year period. Please apply the same error to the
15 December 31, 2008 evaluation on a go forward basis for 3 years and calculate
16 the resulting Net Periodic Benefit Cost.

17 CA-NP-312 Reference Volume 1, p. 2-22

1 The evidence of NP states “Substations and distribution expenditures reflect
2 the need to expand capacity related to aggregate increases in customer load.”
3 Please compare the rates of growth in aggregate customer load both actual
4 and forecast with the rate of increase in expenditure for substations from
5 2007 through 2010.

6 CA-NP-313 What evidence is there to support the elasticity effect asserted to diminish
7 growth in sales from 1.7% to 1.0%, having regard to the relative strength of
8 the Newfoundland and Labrador economy?

9 CA-NP-314 Please provide the accounting standard used to determine the discount rate
10 used in respect of calculations of the accrued value of the OPEB obligation.

11 CA-NP-315 In respect of the valuation of OPEB’s for accrual purposes, please identify the
12 source of the trend ratios for claims cost and increases in utilization by ratios
13 used in Retiree Claims Cost Analysis.

14 CA-NP-316 Please provide the amounts of any conservation rebates paid to entities
15 related to NP during the period 2007 to date.

16 CA-NP-317 Precisely what figures, in respect of pension and other post-employment
17 benefits (OPEB) are being used to determine the rate requirements. Please
18 provide detailed instructions as to how to trace these numbers, separately for
19 pension and OPEB, to reports and documents dealing specifically with their
20 derivation.

- 1 CA-NP-318 Are the pension expense numbers being used for the rate determination
2 derived from the actuarial valuation for funding purposes or from a separate
3 report for accounting purposes? If the latter, please provide that report.
- 4 CA-NP-319 Please provide a more thorough description of the benefits, insurance
5 arrangements, and premiums in respect of OPEB. For instance, page 19 of the
6 Report on Non-Pension Retirement Expense for Fiscal 2008 Under CICA
7 Section 3461 (OPEB valuation), specifies premium rates and employer cost
8 sharing of those rates. What benefits do these premiums cover? How do
9 these premiums factor into the calculation of OPEB expenses for purposes of
10 the rate application?
- 11 CA-NP-320 Provide a detailed description of the derivation of the following assumptions
12 (some of which appear in both the OPEB valuation and the pension
13 valuation), and explain how historical data and future expectations influence
14 the selection of each assumption as well as the relationship among the
15 various assumptions (as well as the relationship of assumptions between the
16 OPEB and pension valuations):
- 17 • Discount Rate
 - 18 • YMPE increase rate
 - 19 • Salary increase rate (how does this relate to the YMPE assumption
20 and to historical plan experience?)
 - 21 • Is there an underlying CPI increase assumption?
 - 22 • Health care cost trend rates by benefit type. What is the rationale for
23 an ultimate trend rate for prescription drugs that differs from the
24 assumption for health premium and other medical?

- 1 • Mortality (provide details of any experience studies that have been
 - 2 conducted on the membership of these plans)
 - 3 • Withdrawal (provide details of any experience studies that have been
 - 4 conducted on the membership of these plans)
 - 5 • Retirement age (provide details of any experience studies that have
 - 6 been conducted on the membership of these plans)
 - 7 • Increases in utilization by age (provide details of any experience
 - 8 studies that have been conducted on the membership of these plans)
- 9 CA-NP-321 Describe how ABO is determined for the retirement allowance in respect of
- 10 those who have reached “full eligibility” as described on page 16 of the
- 11 OPEB report but who have not yet reached the maximum benefit level.
- 12 CA-NP-322 Provide further details regarding the Analysis of Other Liability Loss (Gain)
- 13 items in the OPEB valuation, distinguishing between experience losses
- 14 (gains) and assumption changes.
- 15 CA-NP-323 What is the rationale behind the inclusion of gains and losses in the
- 16 determination of benefit expenses? What objectives does this approach serve?
- 17 In what way is this approach superior to simply using current service cost as
- 18 the expense number? How does this approach impact on the
- 19 intergenerational equity of customers? How can the results calculated under
- 20 the current approach be expected to differ from the current service cost over
- 21 the long term?

1 CA-NP-324 What is the rationale behind the inclusion of interest cost in the
2 determination of benefit expenses? What is the rationale behind the inclusion
3 of transitional obligation (asset) in the benefit expense? How do these
4 inclusions impact on the intergenerational equity of customers?

5 CA-NP-325 In reply to CA-NP-322 in the 2008 GRA, NP made reference to a 2006
6 Newfoundland Power Benefits Presentation which was presented to its
7 employees in 2006. At page 8 of the presentation, it states under "Cost
8 Sharing":

- 9 "• Employees/Early retirees (under age 65) are cost shared 50/50 with
10 company (except optional insurances)
11 • We allocate your 50% in the most tax effective way
12 • Optional insurances are 100% employee paid"

13 (a) Please explain what is meant by the statement, "We allocate your 50%
14 in the most tax effective way."

15 (b) For how long has NP been cost sharing benefits on 50/50 basis with
16 Employees/Early retirees (under age 65)?

17 (c) How long has NP been paying the full cost of benefit for retirees 65
18 years and older and how did this arrangement arise and by what
19 agreement or arrangement does it continue to exist?

- 1 (d) How does NP's practice of not requiring retirees (who are age 65 and
2 older) to contribute to insurance premiums compare to:
- 3 (i) NLH's policy
4 (ii) Provincial Government's Policy
5 (iii) Other Utilities' policies including Fortis Inc. affiliates?
6 (iv) group benefit plans generally which are currently in place in
7 Canada.
- 8 CA-NP-326 Please provide the impact on the calculations respecting OPEBs as set out in
9 the Application of all retirees to pay one-half of the "premium".
- 10 CA-NP-327 Further to CA-NP-167, lines 10-11, please provide details on the summer
11 estimating program referenced to therein.
- 12 CA-NP-328 Please provide a copy of NP's Collection Policies.
- 13 CA-NP-329 How many customers were disconnected for lack of payment (broken down
14 by month) over 2004 to present?
- 15 CA-NP-330 Please provide a table showing the number of conversions from oil to electric
16 heat for the period 2004 to current and forecast.

- 1 CA-NP-331 Please summarize the Company's policy in respect of disconnection during
2 the winter season.
- 3 CA-NP-332 Reference CA-NP-58: At p. 99 (note (iv)) Notes to Consolidated Financial
4 Statements, it states: . . . "FortisAlberta's and Fortis BC's regulatory OPEB
5 assets are not subject to a regulatory return." Please explain this statement
6 and describe also the status of this issue in the case of NP.
- 7 CA-NP-333 Reference CA-NP-58: p. 91 of Notes to Consolidated Financial Statements, it
8 states: "Additionally, the Corporation, Terasen Gas companies, FortisAlberta,
9 Newfoundland Power and Maritime Electric provide retirement allowances
10 and supplemented retirement plans for certain of its executive employees."
11 Please detail what these allowances and supplemental retirement plans
12 consist of.
- 13 CA-NP-334 With regards to the answer given for CA-NP-10 (c):
- 14 (a) Please indicate what is confidential to the operations of
15 Newfoundland Power in the RBC Capital markets weekly credit
16 analysis and indicative new issue pricing?
- 17 (b) Please confirm that RBC Capital markets has requested that historical
18 editions of the above publication, which is widely available to
19 institutional clients, not be released.
- 20 (c) Please indicate whether the publication will be released on a

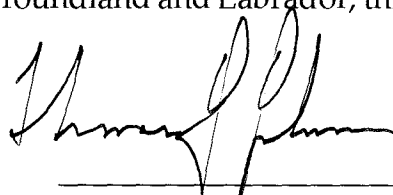
1 confidential basis provided that it is used only to check historic spread
2 behaviour.

3 CA-NP-335 With regards to CA-NP-22:

4 (a) Please confirm that EGNB has an allowed ROE of 13% and not the
5 12% as stated and that the referenced financial parameters are only for
6 the development period of the gas LDCs when their revenues do not
7 cover their cost of service and as a result the difference is added to a
8 deferral account for future disposition.

9 (b) Given that the two cited examples are for Greenfield gas LDCs during
10 their development phase, can Ms. McShane point to any mature
11 Canadian LDCs (gas or electric) that are allowed her recommended
12 financial parameters for Newfoundland Power?

DATED at St. John's, in the Province of Newfoundland and Labrador, this 27th day of July,
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