

HAND DELIVERED

January 13, 2014

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

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

Ladies and Gentlemen:

**Re: An Applicaiton by Newfoundland and Labrador Hydro pursuant to Sections 70 (1) and 76 of the Act for approval of the Rate Stabilization Plan rules and refunds to Newfoundland Power and Hydro Rural Customers**

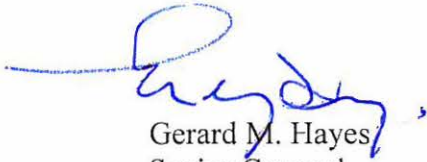
Please find enclosed the original and 12 copies of Newfoundland Power's Requests for Information SR-NP-NLH-1 to SR-NP-NLH-43 in relation to the above-noted Application.

For convenience, the Requests for Information are provided on three-hole punched paper.

A copy of this letter, together with enclosures, has been forwarded directly to the parties listed below.

If you have any questions regarding the enclosed, please contact the undersigned at your convenience.

Yours very truly,



Gerard M. Hayes  
Senior Counsel

c. Geoffrey Young  
Newfoundland and Labrador Hydro

Thomas Johnson  
O'Dea Earle Law Offices

**IN THE MATTER OF** the Electrical Power  
Control Act, RSNL 1994, Chapter E-5.1 (the  
EPCA) and the Public Utilities Act, RSNL 1990,  
Chapter P-47 (the Act), and regulations thereunder;

**IN THE MATTER OF** an Application  
By Newfoundland and Labrador Hydro for the  
Approval, pursuant to Sections 70(1) and 76 of  
the Act, of the Rate Stabilization Plan rules and  
A refund to be provided to Newfoundland Power  
Inc. customers and to Newfoundland and Labrador  
Hydro Rural Customers

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**Requests for Information by  
Newfoundland Power Inc.**

**SR-NP-NLH-1 to SR-NP-NLH-43**

**January 13, 2014**

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## Requests for Information

<b>Reference:</b>	<b>Application for Approval of RSP Rules and Refunds to Newfoundland Power and Hydro Rural Customers</b>
SR-NP-NLH-1	Does Hydro's Surplus Refund Plan propose to transfer funds to Newfoundland Power or to Newfoundland Power's customers? Please provide a detailed explanation of the cash flows associated with Hydro's Surplus Refund Plan. (Application, Paragraph 4a)
SR-NP-NLH-2	Has Hydro been specifically directed by Order in Council to provide a refund to Hydro's Rural customers whose rates are based on the rates charged by Newfoundland Power? (Application, Paragraph 4a)
SR-NP-NLH-3	Please confirm whether Hydro's Surplus Refund Plan proposes that the energy billed in 2013 and not the total energy consumed in 2013 is intended to form the basis of calculating the proposed refund. (Application, Paragraph 4b)
SR-NP-NLH-4	Please indicate the manner in which Newfoundland Power's costs associated with the proposed refund are to be recovered in Hydro's Surplus Refund Plan. (Application, Paragraph 4f)
SR-NP-NLH-5	<p>Paragraph 99 of the opinion rendered by the Supreme Court of Newfoundland Court of Appeal in the matter of a case stated by the Board of Commissioners of Public Utilities (the "Stated Case") states:</p> <p>"A reserve fund could be ordered by the Board to be used in the future to improve service, or to keep rates low or for some other purpose that is consistent with the objectives and policies of the legislation."</p> <p>In light of the electricity supply issues encountered on the Island Interconnected System in January 2014, and in light of the cited passage from the Stated Case, has Hydro considered whether it would be of benefit to customers to ask the Provincial Government to consider directing the disposition of the Newfoundland Power RSP surplus to some other purpose consistent with the objectives and policies of the legislation, including improving service? If not, please explain why not.</p>
SR-NP-NLH-6	Has Hydro had any conversations with the Provincial Government concerning how the Newfoundland Power RSP surplus might be used to mitigate Hydro's increase in capital spending required in future years to finance either (i) Hydro's proposed 230kV transmission line from Bay D'Espoir to Western Avalon; (ii) Hydro's proposed 60 MW gas turbine to be installed at Holyrood; or (iii) any other material expenditure required to ensure security of supply until Muskrat Falls is fully operational? If not, why not?

**Reference: Evidence on Rate Stabilization Plan – Surplus Refund Plan**

- SR-NP-NLH-7 Please provide Hydro’s reasoning for providing the refund to customers on their April 2014 electricity bills and not any other month. (Surplus Refund Plan, Page 6, Lines 2-3)
- SR-NP-NLH-8 Does Hydro’s Surplus Refund Plan propose any differences in the refund offered to Newfoundland Power customers compared to the refund offered to Hydro’s Island Interconnected Rural customers as well as Hydro’s Rural customers on Isolated systems? If so, please outline all differences? (Surplus Refund Plan, Page 6, Lines 4-6)
- SR-NP-NLH-9 How does Hydro’s Surplus Refund Plan propose to treat customer balances where the customer does not specify their choice between receiving the refund as a credit or in the form of a cheque? (Surplus Refund Plan, Page 6, Lines 7-10)
- SR-NP-NLH-10 Is it correct to use the term *prospective* to describe the basis of allocating the refund where the refund will be based on *historical* consumption during the 2013 calendar year? (Surplus Refund Plan, Page 11, Lines 1-2)
- SR-NP-NLH-11 Does Hydro have the ability to produce customer data from January 1, 2007 to August 31, 2013? If so, please describe the cost and effort associated with such production. (Surplus Refund Plan, Page 11, Lines 6-7)
- SR-NP-NLH-12 Please indicate each and every administrative challenge associated with using historical electricity consumption over the 2007 to 2013 period as the basis for allocating a refund. (Surplus Refund Plan, Page 11, Lines 8-9)
- SR-NP-NLH-13 What advantages, from both a customer and utility perspective, would be associated with using historical electricity consumption over the January 1, 2007 to August 31, 2013 period, as opposed to the January 2013 to December 2013 period, as the basis for calculating refunds? (Surplus Refund Plan, Page 11, Lines 8-9)
- SR-NP-NLH-14 Please list the similarities and differences in Hydro’s Surplus Refund Plan and the 2009 Consumers Energy Company refund. (Surplus Refund Plan, Page 11, Lines 16-18)
- SR-NP-NLH-15 How does Hydro’s Surplus Refund Plan propose to deal with its customers that leave the system between January 1, 2013 and March 31, 2014? (Surplus Refund Plan, Page 12, Lines 26-29)

- SR-NP-NLH-16 Please explain in detail how Hydro's proposed approach "puts the refund in the hands of the customers sooner than historical approaches...". (Surplus Refund Plan, Page 13, Lines 1-2)
- SR-NP-NLH-17 How many current Island Interconnected Hydro Rural customers and Hydro Rural customers on Isolated systems did not consume energy from January 1, 2007 to August 31, 2013? (Surplus Refund Plan, Page 13, Lines 8-13)
- SR-NP-NLH-18 Please provide the revenue to cost ratios for each of Hydro's (i) Island Interconnected Rural customers, (ii) L'Anse au Loup System customers, (iii) Island Isolated customers, and (iv) Labrador Isolated customers, for each year from 2007 through 2013. (Surplus Refund Plan, Page 13, Line 20 to Page 14, Line 17)
- SR-NP-NLH-19 Please provide Hydro's estimate of the cost to fully implement the Surplus Refund Plan for its Island Interconnected Rural customers and Rural customers on Isolated Systems? How does Hydro propose to recover those costs? (Surplus Refund Plan, Page 13, Line 20 to Page 14, Line 17)
- SR-NP-NLH-20 Please provide Hydro's estimate of the cost to fully implement the Surplus Refund Plan for its Island Interconnected Hydro Rural customers and Hydro Rural customers on Isolated Systems if refunds were based on electrical consumption from January 1, 2007 to August 31, 2013? (Surplus Refund Plan, Page 13, Line 20 to Page 14, Line 17)
- SR-NP-NLH-21 The policies regarding automatic changes in rural rates, as directed by the Provincial Government and reflected in Section 16 of Hydro's Rules and Regulations, are stated to take effect upon changes in Newfoundland Power rates. Orders in Council OC2013-089, OC2013-090, and OC2013-091 specify that the refund of the Newfoundland Power RSP surplus "shall not be in the form of an electricity rate adjustment". How do these provisions respecting Rural rates justify a refund to any of Hydro's Rural customers of a portion of the Newfoundland Power RSP surplus?
- SR-NP-NLH-22 What amount is proposed to be refunded to Hydro's Island Interconnected Rural customers and Hydro's Rural customers on Isolated Systems on a per customer basis (exclusive of finance charges accrued after August 31, 2013)? Please provide average refunds on a customer class basis for each class of service Hydro provides to those rural customers. (Surplus Refund Plan, Page 16, Lines 6-8)
- SR-NP-NLH-23 Please provide the proposed aggregate refund to Hydro's Island Interconnected Rural customers and Rural customers on Isolated Systems on a customer class basis (exclusive of finance charges accrued after August 31,

2013) expressed as a percentage of annual revenue. (Surplus Refund Plan, Page 16, Lines 6-8)

- SR-NP-NLH-24 How does Hydro's Surplus Refund Plan propose to communicate the option of receiving a cheque to its Island Interconnected Rural customers and Rural customers on Isolated Systems? As part of this response, please provide a copy of any proposed draft customer communication that has been prepared as part of Hydro's preparation of its plan. (Surplus Refund Plan, Page 16, Line 28 to Page 16, Line 28 to Page 17, Line 33)
- SR-NP-NLH-25 Please describe in detail Hydro's proposed process for determining the form in which Hydro's Island Interconnected Rural customers and Rural customers on Isolated Systems wish to receive their refund? (Surplus Refund Plan, Page 16, Line 28 to Page 17, Line 3)
- SR-NP-NLH-26 Under Hydro's Surplus Refund Plan, customers with a credit account balances after the application of the proposed refund will be given the option of receiving a cheque for the balance on the account. What percentage of Hydro's Island Interconnected Rural customers and Rural customers on Isolated Systems does Hydro believe will meet this criteria?
- SR-NP-NLH-27 How many cheques does Hydro anticipate having to provide to its Island Interconnected Rural customers and its Rural customers on Isolated Systems? (Surplus Refund Plan, Page 16, Line 28 to Page 17, Line 3)
- SR-NP-NLH-28 How much does Hydro expect it will cost to provide the cheque option to its customers? (Surplus Refund Plan, Page 16, Line 28 to Page 17, Line 3)
- SR-NP-NLH-29 Please provide a sample Newfoundland and Labrador Hydro customer bill that details a customer's refund amount based on Hydro's estimate of a 2 cents per kilowatt-hour refund. (Surplus Refund Plan, Page 17, Lines 3-5)
- SR-NP-NLH-30 How does Hydro's Surplus Refund Plan propose to address the HST aspects, including the Provincial Government Residential Energy Rebate, of the proposed refunds?
- SR-NP-NLH-31 Please provide an estimated chronology of rate adjustments and refunds for Newfoundland Power customers that includes (i) Hydro's proposed interim rates; (ii) the RSP Surplus Refund Plan; (iii) operation of the Rate Stabilization Plan; (iv) the Board's determination of final rates as a result of Hydro's current General Rate Application; and (v) any adjustment between Hydro's proposed interim rates and final rates. In the answer, where possible, please quantify the rate adjustments and refunds.

SR-NP-NLH-32 Does Hydro believe that the administrative costs, including Newfoundland Power's administrative costs, of refunding the Newfoundland Power Surplus amount based upon the period in which the RSP Surplus funds accumulated ( i.e., January 1, 2007 to August 31, 2013), would significantly diminish the value of the RSP Surplus refund? As part of the response, please numerically demonstrate the projected administrative cost per customer relative to the projected refund per customer. (Surplus Refund Plan, Page 11, Lines 22-25)

SR-NP-NLH-33 Please provide an explanation that could explain to Customer A why no refund is being provided in the following circumstances given the RSP Surplus amount accumulated over the period January 2007 to August 31<sup>st</sup>, 2013.

Customer A owns a fish plant that operated continuously for the period January 2007 to December 2012. Due to changes in the industry, Customer A shut down operations completely in December 2012 to complete renovations on the facility to be able to process a different product. Customer A reopened the facility in January 2014. However Customer A had no usage in 2013.

SR-NP-NLH-34 Please provide an explanation that could explain to Customer A why Customer B should get 100% of the refund in the following circumstances given the RSP Surplus amount accumulated over the period January 2007 to August 31<sup>st</sup>, 2013.

Customer A owns a manufacturing facility that operated continuously for the period 2007 to 2012. Customer A sold the facility to Customer B in December 2012. Customer B operated the facility for the period January 2013 to April 2014.

SR-NP-NLH-35 Under Hydro's Surplus Refund Plan, does Customer A in the following circumstances receive a refund? If yes, please explain how the refund would be provided to the customer. If no, please explain why this provides fair treatment to the customer.

Customer A owns a manufacturing facility that operated continuously for the period January 2007 to February 2014. Customer A closes the business in February 2014 and the electricity account was closed in March 2014. Customer A has no account billing in April 2014.

SR-NP-NLH-36 Under Hydro's Surplus Refund Plan, does Customer A in the following circumstances receive a refund? If no, please explain why this provides fair treatment to the customer.

Customer A owns a manufacturing facility that operated continuously for the period January 2007 to March 2014. Customer A closes the business in March 2014 and the final bill is issued to Customer A in April 2014.

- SR-NP-NLH-37 Under Hydro's Surplus Refund Plan, is any refund provided in the following circumstances? If yes, please explain how the refund would be provided to the customer. If no, please explain why this provides fair treatment to the customer.

A customer owns three businesses with separate electrical services; each electricity account is in three separate business names (i.e., A, B, C). The three business accounts were active for the period January 2007 to December 2013. In January 2014, the owner renames the businesses to a single name, Business D, with 3 accounts. All billings to Business D are for 2014 as it had no billings in 2013 under the new name. Businesses A, B and C have no active accounts in April 2014.

- SR-NP-NLH-38 The Rural Rate Alteration provision in Hydro's RSP provides:

"Newfoundland Power Rate Change Impacts: This component is calculated for Hydro's rural customers whose rates are directly or indirectly impacted by Newfoundland Power's rate changes, with the following formula:

$$(M-N) \times O$$

Where:

M=Cost of Service Rate;

N=Existing Rate;

O=Actual Units (kWh, bills, billing demand)"

(Newfoundland and Labrador Hydro 2013 General Rate Application, Rate Schedules, Section B: Fuel Cost Variation, Load Variation and Rural Rate Alteration, 1.4 Rural Rate Alteration, pages 10 and 11 of 47)

The formula  $(M-N) \times O$  appears to operate only in the event of a Newfoundland Power rate change. Orders in Council OC2013-089, OC2013-090, and OC2013-091 specify that the refund of the Newfoundland Power RSP surplus "shall not be in the form of an electricity rate adjustment". Therefore, how is the Rural Rate Alteration provision engaged by the refund of the Newfoundland Power RSP surplus?



**Reference: Exhibit 1 - Supplemental Evidence on Hydro's Rate Stabilization Plan - Surplus Refund Plan**

SR-NP-NLH-39 Please complete the following table detailing the pertinent utility refund cases. (Supplemental Evidence on Hydro's RSP Surplus Refund Plan, Section 2)

<b>Pertinent Utility Refund Cases</b>					
<b>Company</b>	<b>(A) Accumulation Period (months)</b>	<b>(B) Amount Accumulated (\$)</b>	<b>(C) Customers Eligible for Refund (#)</b>	<b>(D) = (B) / (C) Amount Accumulated per Customer (\$)</b>	<b>Refund as a percentage of Average Customers Annual Bill (%)</b>
Newfoundland and Labrador Hydro (This Application)					
Newfoundland and Labrador Hydro (Wabush)					
Nicor Gas					
FirstEnergy					
Consumers Energy					
Peoples Gas Light and Coke Company					
New York Public Service Commission					
Alberta Energy and Utilities Board					

SR-NP-NLH-40 Please describe in detail the process undertaken by Lummus Consultants to identify "pertinent cases". (Supplemental Evidence on Hydro's RSP Surplus Refund Plan, Section 2)

SR-NP-NLH-41 Did Lummus Consultants' research consider any aspect of customer service or customer satisfaction associated with the delivery of the rebates included in its examples? (Supplemental Evidence on Hydro's RSP Surplus Refund Plan, Section 3, Page 6)

SR-NP-NLH-42 Please provide copies of all documentation filed with the Board related to the Wabush surplus issue, and a copy of all Board Orders that addressed the matter. (Supplemental Evidence on Hydro's RSP Surplus Refund Plan, Section 3, Page 6)

SR-NP-NLH-43 Please detail the costs associated with the refund of the Wabush surplus.  
(Supplemental Evidence on Hydro's RSP Surplus Refund Plan, Section 3,  
Page 6)

**RESPECTFULLY SUBMITTED** at St. John's, Newfoundland and Labrador, this 13<sup>th</sup> day of  
January, 2014.



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