

HAND DELIVERED

February 6, 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 Application 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-44 to SR-NP-NLH-65 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
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.

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

SR-NP-NLH-44 to SR-NP-NLH-65

February 6, 2014

Requests for Information

- SR-NP-NLH-44 Please provide the specific language from Section 16 of Hydro's Rules and Regulations, "Policies for Automatic Rate Changes", upon which Hydro relies in concluding that a rebate or refund of the Newfoundland Power RSP Surplus to Newfoundland Power customers requires a flow-through effect to the Hydro Rural customers on the L'Anse au Loup System.
- SR-NP-NLH-45 Further to the response to Request for Information SR-PUB-NLH-002, please complete the following table comparing the "effective rates" for Newfoundland Power's Domestic customers, Hydro Rural Domestic customers on the L'Anse Au Loup System and Hydro Rural Domestic customers on Labrador Diesel systems. For the Hydro Rural Domestic customers include the bill effects of the Northern Strategic Plan rebate.

Effective Rate Comparison for Domestic Customers						
Monthly kWh Usage	Newfoundland Power		L'Anse Au Loup		Labrador Diesel	
	\$ ¹	¢ per kWh	\$ ^{1,2}	¢ per kWh	\$ ^{1,2}	¢ per kWh
500						
1,000						
1,500						
2,000						
2,500						

¹ Including Taxes

² Include effects of Northern Strategic Plan

- SR-NP-NLH-46 Further to the response to Request for Information SR-PUB-NLH-002, does Section 16 of Hydro's Rules and Regulations, "Policies for Automatic Rate Changes", require that the L'Anse au Loup System customers pay the same "published" or the same "effective" rates as Newfoundland Power?
- SR-NP-NLH-47 Further to the response to Request for Information SR-PUB-NLH-013, please confirm that, as a result of the Northern Strategic Plan rebate, the customers on the L'Anse au Loup System pay a lower "effective rate", and not the "same rates", as Newfoundland Power customers.
- SR-NP-NLH-48 Further to the response to Request for Information SR-PUB-NLH-013, if charging L'Anse au Loup System customers a lower "effective rate" than the customers of Newfoundland Power is not inconsistent with Section 16 of Hydro's Rules and Regulations, "Policies for Automatic Rate Changes", please explain why the distribution of the Newfoundland Power RSP Surplus solely to Newfoundland Power customers without a flow-through effect to customers on the L'Anse au Loup System is inconsistent?

SR-NP-NLH-49 Further to the response to Request for Information SR-NP-NLH-038, page 2, lines 13-18: Hydro stated:

*“With regard to Isolated Systems Customers, it becomes clearer that Government’s intention on rates policies is with respect to the effective rate that Rural Customers pay. Rate changes for electricity consumption above the Lifeline Block is described as follows: “Rates charged for consumption above this block will be automatically adjusted by **the average rate of change** granted Newfoundland Power from time to time” (emphasis added).”*

Given the average rate of change to reflect approved rate changes in Newfoundland Power customer rates is applied to the **published rate** for Hydro Rural customers above the Lifeline Block, please provide further explanation as to how this excerpt is reflective of Government’s intention regarding “effective rates” vs. “published rates”.

SR-NP-NLH-50 Further to the response to Request for Information SR-NP-NLH-032, please update this response to reflect the preliminary estimate of Newfoundland Power’s administrative costs that was provided to Hydro on October 2, 2013 in advance of its filing of its refund plan in this proceeding (i.e., approximately \$1.8 million).

SR-NP-NLH-51 Further to the response to Request for Information SR-NP-NLH-028, please update this response assuming cheques are requested by all customers with credit account balances after application of the proposed refund (i.e., 95% are estimated to have credit account balances as indicated in the response to Request for Information SR-NP-NLH-026).

SR-NP-NLH-52 Further to the response to Request for Information SR-NP-NLH-010, a customer has an electricity account (Account #1) for a dwelling occupied from January 1, 2007 to July 15, 2013. The customer moved to a new dwelling in July 2013 and opened a new account (Account #2). Account #2 is still an active account in the month of refund disposition.

Is Hydro proposing that the refund for this customer will be calculated based upon the total 2013 billed usage for Account #1 and Account #2 or is Hydro proposing that the refund be calculated using only 2013 billed energy for Account #2 (i.e., the active account). Please explain the reasons for the response.

SR-NP-NLH-53 Further to the response to Request for Information SR-NP-NLH-008 and SR-PUB-NLH-012, Hydro indicated it is not proposing any differences in the refund approach for Hydro Rural and Newfoundland Power customers (i.e., based upon customers’ total energy consumption on bills issued during 2013 for all customers). However, in response to the Request for Information SR-PUB-

NLH-006, Hydro presents a proposed refund approach for Hydro Rural customers based upon a “% refund per NP customer class.”

Please reconcile the different approaches proposed by Hydro. In the response, please explain if the use of a “% refund per NP customer class” approach in determining the Hydro Rural refunds by class results in a different ¢ per kWh refund amount per customer class and why such an approach is appropriate.

- SR-NP-NLH-54 Further to the response to Request for Information SR-PUB-NLH-006, Hydro presents a proposed refund approach for Hydro Rural customers based upon a “% refund per NP customer class.” Please confirm whether this proposed approach will result in all Newfoundland Power customers receiving the same ¢ per kWh refund but the Hydro Rural customers receiving a ¢ per kWh refund that differs by class.
- SR-NP-NLH-55 Further to the response to Request for Information SR-NP-NLH-030, please provide all correspondence between Hydro and the CRA with respect to the proposed disposition of the Newfoundland Power RSP Surplus.
- SR-NP-NLH-56 Further to the response to Request for Information SR-NP-NLH-030, please provide any correspondence between Hydro and the Provincial Government with respect to the proposed disposition of the Newfoundland Power RSP Surplus and its effect on the 8% Provincial Residential Energy Rebate.
- SR-NP-NLH-57 Further to the response to Request for Information SR-NP-NLH-030, please confirm that a refund of the Newfoundland Power RSP Surplus by way of a rate adjustment through the RSP would result in customers receiving HST savings.
- SR-NP-NLH-58 Further to the response to Request for Information SR-NP-NLH-030, provide an estimate of the tax refund that would be provided to customers if the refund of the Newfoundland Power RSP Surplus funds did fall under the rules of Section 232(2) of the *Excise Tax Act*. In the response, assume the refund is based on a ¢ per kWh adjustment applied to historical electricity consumption over the period January 1, 2007 to August 31, 2013 and provide separately the effects of HST and the 8% Provincial Residential Energy Rebate.
- SR-NP-NLH-59 Further to the response to Request for Information SR-NP-NLH-030, when does Hydro expect to receive a reply to its request for a ruling on the appropriate HST treatment if the surplus funds were to be refunded to customers through credit notes related to previous years’ bills over the period 2007 to 2013?
- SR-NP-NLH-60 Further to the response to Request for Information SR-NP-NLH-030, if the Board were to decide that the refund of the Newfoundland Power RSP Surplus should be based on historical consumption for the period 2007 – 2013, is it

Hydro's view that the rules of Section 232(2) of the *Excise Tax Act* relating to price adjustments would apply, given the interim status of the RSP rules during the accumulation of the Newfoundland Power RSP Surplus? If not, why not?

SR-NP-NLH-61 In response to Request for Information SR-NP-NLH-013, Hydro states:

The advantage of using historical electricity consumption over the surplus accrual period (putting aside the cost, dedication of utility personnel and elapsed time, if the process worked perfectly) is that some customers may perceive that they received their accurate portion of the refund.

Does Hydro believe it is important for customers to perceive that they received their accurate portion of the refund? If not, why not?

SR-NP-NLH-62 Further to the response to Request for Information SR-NP-NLH-013, Hydro states an advantage of determining customer refunds using historical electricity consumption over the surplus accrual period is that: *"The utility could argue that it made its best efforts to refund the RSP balance accurately"*.

Given the magnitude of the Newfoundland Power RSP Surplus, does Hydro believe customers would expect the utilities to make their best efforts to refund the RSP balance accurately? If not, why not?

SR-NP-NLH-63 Further to the response to Request for Information SR-NP-NLH-042, was there any difference between the actual refund amounts Hydro provided to its Wabush customers and the refund amount of \$2.9 million approved by the Board? If so, please explain in detail.

SR-NP-NLH-64 Further to the response to Requests for Information SR-NP-NLH-042, did Hydro's experience in distributing the Wabush refund to customers provide any assistance in developing Hydro's proposal to refund the Newfoundland Power RSP Surplus? In the response, please explain how the experiences gained from disposition of the Wabush refund are reflected in the Newfoundland Power RSP Surplus refund proposal.

SR-NP-NLH-65 Further to the response to Requests for Information SR-PUB-NLH-003, please expand the table provided to compare the cost of disposition of the refund using historical consumption over the period 2007 to 2013 to the cost of Hydro's proposed approach.

RESPECTFULLY SUBMITTED at St. John's, Newfoundland and Labrador, this 6th day of February, 2014.



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