



April 15, 2015

Ms. G. Cheryl Blundon
Board of Commissioners of Public Utilities
120 Torbay Road, P.O. Box 12040
St. John's, NL A1A 5B2

Dear Ms. Blundon:

Re: Newfoundland and Labrador Hydro's Amended General Rate Application

Please find enclosed the original and twelve (12) copies of the Consumer Advocate's Requests for Information numbered CA-NLH-332 to CA-NLH-360 in relation to the above noted Application.

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

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

Yours very truly,

O'DEA EARLE



THOMAS JOHNSON, Q.C.

TJ/cel
Encl.

cc: Newfoundland & Labrador Hydro
P.O. Box 12400
500 Columbus Drive
St. John's, NL A1B 4K7
Attention: Geoffrey P. Young, Senior Legal Counsel

Newfoundland Power
P.O. Box 8910
55 Kenmount Road
St. John's, NL A1B 3P6
Attention: Gerard Hayes, Senior Legal Counsel

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

AND

IN THE MATTER OF
a General Rate Application (the "*Amended Application*")
by Newfoundland and Labrador Hydro for
approvals of, under Sections 70 and 75 of the Act, changes
in the rates to be charged for the supply of power
and energy to Newfoundland Power, Rural Customers
and Industrial Customers; and under Section 71 of the
Act, changes in the Rules and Regulations applicable
to the supply of electricity to Rural Customers.

**CONSUMER ADVOCATE
REQUESTS FOR INFORMATION
CA-NLH-332 to CA-NLH-360**

Issued: April 15, 2015

1 CA-NLH-332 (Re: TIR-PUB-NLH-20) The RFI requests monthly load data for
2 each Industrial Customer in 2014, 2015 and 2016. The response is
3 redacted, but it is understood that the information was provided to
4 the Board. Further, Hydro cited confidentiality concerns for not
5 providing this information in its response to CA-NLH-282 The
6 Consumer Advocate believes that it is necessary for all parties to
7 have this information in order to conduct a proper review of the
8 Application. Please indicate what the parties need to do in order to
9 respond to confidentiality concerns and gain access to this
10 information.

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12 CA-NLH-333 (Re: PUB-NLH-388) The question refers to fuel adjustment
13 provisions, but the response refers to supply cost deferral
14 mechanisms. Does Hydro believe these two things to be the same?
15 Please explain.

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17 CA-NLH-334 (Re: NP-NLH-354) Is Hydro proposing to use the approved
18 methodology for determining the Holyrood capacity factor in the
19 cost of service study; i.e., five-year historical period?

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21 CA-NLH-335 (Re: CA-NLH-273) Please add columns to the table for the
22 Amended GRA and the Latest Fuel Prices scenarios showing for
23 each year the Holyrood fuel conversion factor and the cost of
24 energy generated at Holyrood in cents/kWh.

25
26 CA-NLH-336 (Re: CA-NLH-280) If the Board determines that the revenue
27 requirement for 2014 and 2015 should be recovered as proposed by
28 Hydro, and the Board's Order is made after Teck Resources closes
29 operations in June 2015, will Teck Resources be responsible for a
30 share of these costs, and if so, what is Hydro's best estimate of the
31 costs to be collected from Teck Resources?

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CA-NLH-337

(Re: CA-NLH-281) Please identify the referenced confidentiality concerns relating to Teck Resources historical sales and revenue data in light of its intention to close operations in June 2015. Further, please explain why cost recovery information for Teck Resources is not required for the Board’s review of the reasonableness of the proposed rates for 2015 when Teck Resources will have shuttered operations long before 2015 rates become effective and the 2014 additional revenue requirement Hydro is seeking will have to be recovered from other customers. Finally, please quantify the intergenerational equity issues that have arisen owing to inaction on IIC rates since the last GRA and provide an explanation of how this has/will impact Teck Resources, the other IICs, NP (and its customers) and other electricity consumers in the Province.

CA-NLH-338

(Re: CA-NLH-290) Hydro references in its response “*the approved Cost of Service methodology*”. Please provide a list of all components of the cost of service study for the 2015 Test Year where Hydro has strayed from the “approved cost of service methodology” and provide an explanation of why it has done so in each instance.

CA-NLH-339

(Re: CA-NLH-314) Please provide proof that the sales contract with CBPP and all other agreements with CBPP relating to its hydro generation are consistent with documentation governing CBPP access to Provincial water rights.

CA-NLH-340

(Re: CA-NLH-315 and CA-NLH-321) Please identify each study that Hydro proposes to undertake between now and the filing of the next GRA and include a high-level schedule; i.e., marginal cost

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study, cost of service methodology, rate design study including RSP design, GRA.

CA-NLH-341

(Re: CA-NLH-272) Do the figures in the following table reflect Hydro’s most current estimate of marginal costs on the Island Interconnected system? If not, please submit the table with the correct figures.

<i>Year</i>	<i>Capacity (\$/kW/year)</i>	<i>Energy (cents/kWh)</i>
2015	51	10.6
2016	70	13.3
2017	94	13.8
Average	71.67, or \$5.98/month	12.6

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CA-NLH-342

(Re: CA-NLH-288 and CA-NLH-303) The response (part c) indicates that CBPP will save \$595,000 annually in each of 2016 and 2017. The response also shows (Table 1) that the cost savings from the CBPP Demand Credit Contract are estimated to be \$476,464 and \$505,936 in 2016 and 2017, respectively. Therefore, during this two-year period Hydro estimates energy savings of \$982,400, but expects to receive \$1,190,000 less revenue as a result of the agreement. CA-NLH-303 shows that for 2015, the fuel savings would be roughly allocated as follows: 84% to NP, 9% to the IICs and 7% to Hydro Rural Customers. How is the revenue reduction estimated at \$595,000 annually (CA-NLH-288, part c) allocated to customer classes in the cost of service study? Please provide a table comparing the estimated allocations to customer classes of energy savings to estimated allocations of the \$595,000

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in lost revenues.

CA-NLH-343

(Re: IC-NLH-176) Is the marginal cost study being sole-sourced to NERA, and if so, on what basis?

CA-NLH-344

(Re: CA-NLH-285) Please confirm that the response includes all revenues, and all purchases, from these customers. Further, please explain when and for what purpose Hydro made purchases of CBPP cogeneration for each of the actual and forecast years shown, and explain why these purchases are not included in the response to CA-NLH-284.

CA-NLH-345

(Re: CA-NLH-285) Is the reduction in firm demand between 2014 and 2016 due entirely to the closure of plant operations at Teck Resources?

CA-NLH-346

(Re: CA-NLH-285) The response indicates that sales to Teck Resources, NARL and CBPP in 2014 of 48,000 kW/month of firm demand and 336.93 GWh of energy produced revenues of \$16.951 million, or 5.0 cents/kWh. Please confirm that net revenues in 2014 from these three customers after accounting for purchases was \$1.066 million, or 0.32 cents/kWh sold. Please also confirm that the marginal cost of energy to supply these three customers in 2014 was 16.3 cents/kWh, or almost \$55 million (from CA-NLH-33).

CA-NLH-347

(Re: CA-NLH-284) The response indicates that sales to CBPP in 2014 of 9,000 kW/month of firm demand and 65.79 GWh of energy produced net revenues of \$3.520 million, or 5.4 cents/kWh sold. After accounting for purchases, CBPP received net revenue from Hydro in 2014 of \$2.704 million. Please confirm the

1 following:

- 2 a) These figures incorporate the savings to CBPP resulting
3 from the capacity agreement, but if not, please adjust the
4 figures accordingly;
- 5 b) The marginal cost of energy to supply CBPP in 2014 was
6 16.3 cents/kWh, or more than \$10.7 million;
- 7 c) These figures do not include purchases of CBPP
8 cogeneration, and if they did, CBPP would have received
9 net revenue from Hydro in 2014 of \$12.36 million (see CA-
10 NLH-285).
- 11 d) The revenues from CBPP recovered all costs of providing
12 standby power to CBPP. Please provide a calculation
13 showing the cost of providing standby power to CBPP
14 based on the 2015 Test Year Cost of Service Study' i.e., the
15 costs included in the cost of service study for transmission
16 and generation on standby to supply CBPP during
17 occasions when its generation is out of service.

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19 CA-NLH-348 (Re: CA-NLH-278) Please complete the following table. Please
20 base the marginal cost of supply on the cost of production from
21 Holyrood if Hydro is unable to come up with a more accurate
22 assessment of marginal costs.

23

<i>Year</i>	<i>Energy Consumed (GWh)</i>		<i>Average Revenue (cents/kWh)</i>		<i>Average Marginal Cost of Energy Supply (cents/kWh)</i>	
	<i>IIC</i>	<i>NP</i>	<i>IIC</i>	<i>NP</i>	<i>IIC</i>	<i>NP</i>
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CA-NLH-349

Please show balances for each component of the RSP for each month since September 2013 through to the most recent month in 2015 for which actual data are available. Further, please show the cost responsibility for payment of these balances by customer class.

CA-NLH-350

Further to PUB-NLH-387 (in which Hydro was asked why and how it selected the +/- \$500,000 for both proposed deferral accounts) Hydro referred to a \$500,000 threshold from a 1992 Peat Marwick Report. Please express the \$500,000 from 1992 in 2015 dollars.

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CA-NLH-351

Further to V-NLH-086, please confirm that the statement, “Hydro notes that Island customers are not allocated any portion of the rural deficit in determining revenue requirement or rates.” (emphasis added) is not correct and should have referred to “Island Industrial customers” instead?

CA-NLH-352

Further to CA-NLH-316 which states that “a decision was made in 2012 to conduct customer satisfaction surveys every two years, as this would be more effective and efficient from a cost and resource perspective.” Please provide the cost of an annual survey versus bi-annual and explain the resource commitment involved in making it an annual exercise.

CA-NLH-353

Further to NP-NLH-314, 315 and 316 pertaining to the percentage increase on a inflation adjusted basis (for gross salaries, operations and maintenance costs and corporate relations cost, respectively) please provide any available support for the contention that this data demonstrates reasonable cost control performance on the part of Hydro?

CA-NLH-354

In reply to PUB-NLH-376, Hydro provides a breakdown of the 2015 forecast system equipment maintenance costs of \$1.0 million associated with the new CT. How was the \$1.0 million in estimated operation and maintenance costs arrived at? Did Hydro consult with other owners of such new CTs for guidance on this estimate?

CA-NLH-355

In reply to PUB-NLH-376, Hydro provides details as to the \$1.6 million to provide for the extended (two year) warranty on the new CT. Please provide written confirmation from the supplier as to

1 the annual cost of the warranty and what the warranty will cover.
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3 CA-NLH-356 In reply to PUB-NLH-377, Hydro indicates that \$1.2 million in
4 operations and maintenance costs associated with the Labrador-
5 Island Link are included in the 2015 Test Year. Hydro has stated
6 at p. 2.52 of its evidence that “the Board may want to consider the
7 deferral of these costs for future recovery upon the in-service of
8 the Labrador Island Link.” What regulatory principles would
9 support the deferral of these costs versus their inclusion in the test
10 year?
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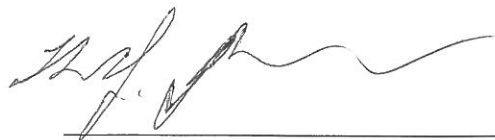
12 CA-NLH-357 Further to PUB-NLH-373, please provide a copy of any reports
13 arising from Mercer’s October 2014 Executive Compensation
14 review.
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16 CA-NLH-358 Further to CA-NLH-329, please file a comparison of hourly wages
17 for 2015 as soon as same becomes available.
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19 CA-NLH-359 Further to PUB-NLH-403, when is the transfer of the Twin Co
20 assets on the Labrador Interconnected System expected to occur
21 and when the transfer occurs, will the O&M expenses as reflected
22 in the 2015 test year (\$5,276,318) be expected to decrease?
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24 CA-NLH-360 Further to PUB-NLH-409, the reply states *inter alia* that the
25 increases in FTEs for Engineering and Operations relative to 2013
26 are predominately due to hiring more internal resources resulting
27 in less contract work. Why did Hydro opt for hiring more internal
28 resources rather than employ contract work and please demonstrate
29 the cost effectiveness of this approach.

Dated at St. John's in the Province of Newfoundland and Labrador, this 15th day of April, 2015.



Thomas Johnson, Q.C.
Consumer Advocate
323 Duckworth Street
St. John's, NL A1C 5X4
Telephone: (709) 726-3524
Facsimile: (709) 726-9600
Email: tjohnson@odeaearle.ca

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Vale Newfoundland and Labrador Limited
c/o Cox & Palmer
Suite 1000, Scotia Centre
235 Water Street
St. John's, NL A1C 1B6
Attention: Thomas J. O'Reilly, Q.C.

Corner Brook Pulp & Paper Limited,
c/o Stewart McKelvey
Cabot Place, 100 New Gower Street
P.O. Box 5038
St. John's, NL A1C 5V3
Attention: Paul Coxworthy

Browne Fitzgerald Morgan & Avis
P.O. Box 23135
Terrace on the Square
St. John's, L A1B 4J9
Attention: Dennis Brown, Q.C.

Olthuis, Kleer, Townshend LLP
250 University Avenue, 8th Floor
Toronto, ON
M5H 3E5
Attention: Nancy Kleer

House of Commons
Confederation Building, Room 682
Ottawa, ON K1A 0A6
Attention: Yvonne Jones, MP Labrador/Christian von Donat

Benson Buffett PLC
Suite 900, Atlantic Place
Water Street
P.O. Box 1538
St. John's, NL A1C 5N8
Attention: Genevieve Dawson