

HAND DELIVERED

February 25, 2015

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: Newfoundland and Labrador Hydro's 2013 General Rate Application**

Please find enclosed the original and 12 copies of Newfoundland Power's Requests for Information NP-NLH-307 to NP-NLH-360 in relation to the above-noted Application.

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

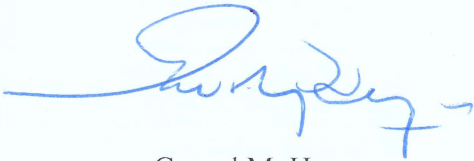
In addition to the new Requests for Information enclosed herewith, Newfoundland Power requests that Newfoundland and Labrador Hydro provide revised responses to the following Requests for Information to include the information specified below:

1. Requests for Information NP-NLH-005, NP-NLH-011, NP-NLH-023, NP-NLH-025, NP-NLH-092, NP-NLH-221, NP-NLH-223, NP-NLH-243, PUB-NLH-169, PUB-NLH-170, PUB-NLH-228, PUB-NLH-236, PUB-NLH-240, PUB-NLH-252, PUB-NLH-260, revised to include 2016 forecast information, and 2017 if available;
2. Requests for Information NP-NLH-057 and CA-NLH-206, revised to include explanations with respect to the 2014 and 2015 test years;
3. Requests for Information CA-NLH-024 and IN-NLH-123, revised for any changes since the previous responses were prepared;
4. Request for Information NP-NLH-069, revised based on the inclusion of actual data for all of 2014;
5. Request for Information NP-NLH-020, revised to provide a 5-year forecast for the period 2015 through 2019;
6. Request for Information NP-NLH-016, revised to include 2014 actuals.

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

Enclosures

c. Geoffrey Young  
Newfoundland and Labrador Hydro

Paul Coxworthy  
Stewart McKelvey

Ed Hearn, QC  
Miller & Hearn

Nancy Kleer  
Olthuis, Kleer, Townshend LLP

Thomas Johnson, QC  
O'Dea Earle Law Offices

Thomas O'Reilly, QC  
Vale Newfoundland and Labrador Limited

Yvonne Jones, MP  
Labrador

**IN THE MATTER OF** the Public  
Utilities Act, R.S.N. 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.

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

**NP-NLH-307 to NP-NLH-360**

**February 25, 2015**

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- NP-NLH-311 Further to the response to Request for Information NP-NLH-251, Attachment 1 (Rev 1, Dec 19-14):
- Please explain why forecast annual interest on sinking funds (line 30) is lower in 2015 and 2016 when compared to 2014 while the balance of sinking funds (line 16) is higher in 2015 and 2016 when compared to 2014.
- NP-NLH-312 Please provide standby generation costs for the period 2007 (including the 2007 test year) to 2015 test year. (Volume I, Section 2: Regulated Activities, page 2.76, line 21, *et. seq.*)
- NP-NLH-313 Please confirm the amount of payroll taxes included in the 2014 and 2015 test years is related to only Hydro employees and does not include payroll taxes related to Nalcor and its other affiliates. In the response, please explain how payroll taxes are accounted for and allocated to each company. (Volume I, Section 2: Regulated Activities, page 2.41, lines 7 to 9)
- NP-NLH-314 Gross salaries have increased from \$55.7 million in 2007 to \$88.0 million in the 2015 test year, or 58%. What is this percentage increase on an inflation adjusted basis? In the response, please describe the basis of the inflation adjustment. (Volume I, Section 2: Regulated Activities, Table 2.4, page 2.33)
- NP-NLH-315 Operation and maintenance costs have increased from \$93.4 million in 2007 to \$138.2 million in the 2015 test year, or 48%. What is this percentage increase on an inflation adjusted basis? In the response, please describe the basis of the inflation adjustment. (Volume I, Reconciliation to Original GRA Filing, Table 2, page 1.13R)
- NP-NLH-316 Finance department costs have increased from \$11.9 million in 2007 to \$16.9 million in the 2015 test year, or 42%. What is this percentage increase on an inflation adjusted basis? In the response, please describe the basis of the inflation adjustment. (Volume I, Section 2: Regulated Activities, Schedule 1)
- NP-NLH-317 Corporate Relations department costs have increased from \$5.0 million in 2007 to \$7.5 million in the 2015 test year, or 50%. What is this percentage increase on an inflation adjusted basis? In the response, please describe the basis of the inflation adjustment. (Volume I, Section 2: Regulated Activities, Schedule 1)
- NP-NLH-318 Please explain how Hydro forecasts loss on disposal costs. The explanation should consider the variability of the cost on an annual basis. (Volume I, Section 3: Finance, Schedule 1, page 1 of 11, line 8)

NP-NLH-319

Please complete the following table, detailing Hydro's actual loss on disposal costs.

<b>Newfoundland and Labrador Hydro Loss on Disposal Costs Year Ended December 31, 2013 (\$millions)</b>	
	<b>Amount</b>
3-year average	
5-year average	
10-year average	
2007 – 2013 average	

NP-NLH-320

Please complete the following table providing a breakdown of all costs included in Hydro's 2014 and 2015 test years related to preparation for interconnection to the North American grid. (Volume I, Section 2: Regulated Activities, page 2.52, lines 14 to 21)

<b>Newfoundland and Labrador Hydro Interconnection Costs 2014 and 2015 Test Years (\$millions)</b>		
	<b>2014</b>	<b>2015</b>
Return on rate base		
Amortization		
Operating expenses		
Other		
<b>Total revenue requirement</b>		

NP-NLH-321

Please update Schedule 1.2, page 1 of 6 of Hydro's 2015 Test Year Cost of Service Study assuming the currently-approved methodology for the allocation of the rural deficit is used. (Volume II, Exhibit 13)

- NP-NLH-322 Further to the response to Request for Information CA-NLH-108 (Revision 1, Nov 28-14):
- In relation to the consulting costs and GRA and Board related costs included in the 2014 and 2015 test years, please provide the names of all third party consultants that Hydro has engaged, or expects to engage, and the amounts paid, or expected to be paid, to each.
- NP-NLH-323 Please provide the most current copies of all credit rating reports for Newfoundland and Labrador Hydro, Nalcor, and the Government of Newfoundland and Labrador.
- NP-NLH-324 Further to the November 10, 2014 Letter to the Board:
- “On June 6, 2014, Hydro notified the Board and the Parties that it would be filing an amended GRA in the fall of 2014 based on updated financial information.”*
- Please describe in detail Nalcor’s/Hydro’s management decision making process that resulted in the decision not to proceed with the July 2014 hearing and instead to file an amended GRA in the fall of 2014. In the response, please indicate the members of management who participated in the decision-making process.
- NP-NLH-325 Further to the response to Request for Information PUB-NLH-139:
- Please indicate whether or not there have been any changes to the membership of the Boards of Directors of Hydro or Nalcor and if there has been any change in the relationship between the Boards of Directors and the executives of each company since the response was prepared.
- NP-NLH-326 Further to the response to Request for Information NP-NLH-003 (Revision 1, Nov 28-14):
- Please revise the response to include Hydro’s actual reliability performance for 2014.
- NP-NLH-327 Please provide Chart 2.3: Hydro’s Improvement in Asset Reliability Measures revised to show the 2010 – 2014 Average. (July 30, 2013 General Rate Application, Volume I, Section 2: Regulated Activities, page 2.12, Chart 2.3)

- NP-NLH-328 Please explain the internal operations and planning that Hydro undertakes to maximize the fuel conversion rate for its Holyrood Thermal Generating Station. (Volume I Section 2: Regulated Activities, page 2.74, lines 22 to 26)
- NP-NLH-329 Please provide specifications for the different types of No. 6 fuel that Hydro has used at Holyrood since 2001. The specifications should indicate sulphur content and heating content of each type of fuel. (Volume I Section 2: Regulated Activities, page 2.74, lines 22 to 26)
- NP-NLH-330 Please update Table 2.21 to show the actual fuel conversion factor for 2014 and the forecast fuel conversion factor for 2015. (Volume I, Section 2: Regulated Activities, page 2.75, Table 2.21)
- NP-NLH-331 When will Hydro be presenting further evidence regarding the stabilization of costs relating to the fuel conversion rate? (Volume I, Section 2: Regulated Activities, page 2.75, lines 10 to 12)
- NP-NLH-332 What incentive will Hydro have to optimize the fuel conversion factor at the Holyrood Thermal Generating Station if Hydro's proposed deferral account and recovery method is approved? (Volume I, Section 3: Finance, page 3.50, lines 10 to 11)
- NP-NLH-333 Please explain the impact that the operational and maintenance issues associated with the following had on the fuel conversion rates for Holyrood in 2013 and 2014:
- The high content aluminum and silicon oil consumed by the Holyrood thermal generating station in 2013.
  - Unit 1 being out of service for much of the year due to damage incurred on January 11, 2013.
  - Maintenance and repairs associated with the January 2014 outages.
  - Any changes in the dispatch of the Holyrood plant or the requirement to maintain sufficient generation reserves on the Island Interconnected System in 2014.
- NP-NLH-334 Further to the response to Request for Information NP-NLH-069 (Revision 1, Dec 3-14):
- Please provide a 5-year regression analysis and forecast conversion factor for 2015 based on data from the years 2001, 2002, 2003, 2004 and 2005.



NP-NLH-335 Further to the response to Request for Information NP-NLH-069 (Revision 1, Dec 3-14):

Please describe how Hydro determines the monthly Running Heat Content (BTU/bbl) shown in Table 1.

NP-NLH-336 Further to the response to Request for Information NP-NLH-069 (Revision 1, Dec 3-14):

Please describe how Hydro determines the Gross Average Unit Loading (kW) shown in Table 1.

NP-NLH-337 Further to the response to Request for Information NP-NLH-069 (Revision 1, Dec 3-14):

Please conduct a 10-year regression analysis for the Holyrood fuel conversion factor.

NP-NLH-338 Please complete the following table with regards to Hydro's Holyrood fuel conversion factor:

<b>Holyrood Fuel Conversion Factor 2007 to 2015F</b>			
<b>Year</b>	<b>Average Annual Running Heat Content (BTU/bbl)</b>	<b>Holyrood Production (Net) (GWh)</b>	<b>Fuel Conversion Factor (kwh/bbl)</b>
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015F			

- NP-NLH-339 Further to the response to Request for Information NP-NLH-188 (Revision 1, Nov 28-14):
- Please explain the year over year variances in station service energy consumption for each of the years from 2013 to 2017F.
- NP-NLH-340 Please provide the impact on 2014 revenue requirement if the Holyrood conversion factor of 630 kWh/bbl approved for ratemaking purposes in Order No. P.U.8 (2007) was used rather than Hydro's proposed conversion factor of 588 kWh/bbl. (Volume I, Section 2: Regulated Activities, page 2.74, line 20)
- NP-NLH-341 Further to the response to Request for Information CA-NLH-270 (Revision 1, Nov 28-14):
- Please provide an update to this response. The updated response should indicate whether 2016 remains the planned date for the transfer of the Exploits assets to Hydro and, if so, when this transfer is scheduled to occur. The updated response should outline all actions taken by Hydro in relation to this matter, including any discussions or written correspondence with Government.
- NP-NLH-342 Further to the response to Request for Information CA-NLH-270 (Revision 1, Nov 28-14):
- Please outline any circumstances under which (i) the assets would not be transferred by 2016, or (ii) the assets would not be transferred to Hydro at all.
- NP-NLH-343 Please provide an estimate of the impact on the 2015 test year if Hydro owned the Exploits generation assets instead of having to purchase the Exploits power from Nalcor at 4¢ per kWh. (Volume I, Reconciliation to Original GRA Filing, page 1.11R, lines 12 to 18)

NP-NLH-344 Please complete the following table:

<b>Third Party Consultant Costs (\$000s)</b>									
<b>Consultant</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015F</b>
AMEC Americas Limited									
Henville Consulting Inc.									
MQO Research									
NATIONAL Public Relations									
Cathy Dornan Public Affairs									
Mr. Brian Tink									
Ventyx, an ABB company									

NP-NLH-345 Please provide an update on the status of negotiations with Vale for a Capacity Assistance Agreement. If the Agreement has been finalized, please provide a detailed summary of its terms. (Volume I, Section 2: Regulated Activities, page 2.13, lines 15 to 18)

NP-NLH-346 Has Hydro received any direction from or engaged in any discussions with Government regarding the proposed changes to the rural deficit allocation methodology? If so, please provide details of any such direction and/or discussion. (Volume I, Section 4: Rates and Regulation, page 4.7, line 10 to page 4.15, line 2)

NP-NLH-347 Please comment on the reasonableness of including changes to the rural deficit allocation methodology in the general rate hearing at this time. Include in this response consideration of the merits of having a separate hearing to consider the rural deficit allocation, as was done in the mid-1990s.

NP-NLH-348 Please confirm that current Labrador Interconnected Rural customer rates fully reflect the 2007 test year cost of serving those customers, including an allocation of the rural deficit based on the currently-approved allocation methodology. In the response, please provide the amount of the rural deficit, cost of service and any credit associated with CFB Goose Bay that is included in current rates.

NP-NLH-349 Please confirm that Hydro's proposed change to the rural deficit allocation methodology will, in effect, lower the contribution from Labrador Interconnected Rural customers to the rural deficit, effectively offsetting increases in the cost to serve Labrador Interconnected Rural customers since the 2007 test year. In the response, please provide the amount of the rural deficit, cost of service and any credit associated with CFB Goose Bay included in the proposed rates.

NP-NLH-350 On December 23, 2014, the Government of Newfoundland and Labrador issued Order in Council OC2014-372. The order states:

*“Under the authority of section 5.1 of the Electrical Control Power Act, 1994, the Lieutenant Governor in Council is pleased to direct the Board of Commissioners of Public Utilities to adopt a policy for Non-Government Rural Isolated Domestic and General Service customers of Newfoundland and Labrador Hydro that:*

*i) any changes in rates charged to these customers shall be equal to changes approved for equivalent rate classes of Newfoundland Power customers on or after January 1, 2007;*

*ii) notwithstanding (i), commencing January 1, 2016 rates for these customers shall be those that would have come into effect but for this directive and directives OC2006-512, OC2008-365, OC2009-390, OC2010-322 and OC2012-329; and*

*iii) the provisions of this directive do not apply to rates to be established for these customers following December 31, 2015.”*

Please confirm that the referenced section of evidence below does not accurately reflect the impact of the Government direction in OC2014-372, and provide revised evidence that does reflect the Order in Council. In the revised evidence, please address the impact of whether rate changes for the Non-Government Rural Isolated Domestic and General Service customers arising out of this general rate application are effective prior to, on or after January 1, 2016. Also, please address in the revised evidence any impact of related rate changes for the Non-Government Rural Isolated Domestic and General Service customers on the rural deficit, including amounts to be recovered from Newfoundland Power's customers. (Volume I, Section 4: Rates and Regulation, page 4.41, lines 12 to 20)

- NP-NLH-351 Please illustrate the operation of the proposed Energy Supply Cost Variance Deferral Account during the period 2012 through 2014, assuming the mechanism had been approved based on a test year reflecting 2011 actual costs. Indicate in the response the dollar value of the annual variance determined by the Energy Supply costs formula in the proposed account definition that is due to each of (i) Gas Turbine/Diesel fuels costs; (ii) Nalcor Grand Falls, Bishop Falls and Buchans; and, (iii) other. (Volume I, Section 3: Finance Schedule VII, page 1 of 1)
- NP-NLH-352 Please illustrate the operation of the proposed Isolated System Supply Cost Variance Deferral Account during the period 2012 through 2014, assuming the mechanism had been approved based on a test year reflecting 2011 actual costs. Indicate in the response the dollar value of the annual variance determined by the Isolated System Supply Cost Variance formula in the proposed account definition that is due to each of (i) Diesel Fuel costs; (ii) purchases from Hydro Quebec; and, (iii) other. (Volume I, Section 3: Finance Schedule VI, page 1 of 1)
- NP-NLH-353 Please illustrate the operation of the proposed Holyrood Conversion Rate Deferral Account during the period 2012 through 2014, assuming the mechanism had been approved based on a test year reflecting 2011 actual costs. Indicate in the response the dollar value of the annual variance determined by the Conversion Rate Cost Variance formula in the proposed account definition that is due to each of (i) Running Heat Content; and (ii) other. (Volume I, Section 2: Regulated Activities Schedule IX, page 1 of 1)
- NP-NLH-354 Please confirm that the use of a five-year historical period in Hydro's cost of service study methodology arose out of the 1992 Generic Cost of Service Hearing and the recommendations contained in the Board's report to the Minister of Mines and Energy dated February 1993. (Volume II, Addendum to Exhibit 9, Section 2.3, page 2)
- NP-NLH-355 Please provide any historical and forecast Holyrood capacity factors presented to the Board by Hydro in connection with the 1992 Generic Cost of Service Hearing. (Volume II, Addendum to Exhibit 9, Section 2.3, page 2)
- NP-NLH-356 Please provide a revised 2015 test year revenue requirement if the forecast 2015 Holyrood capacity factor were used instead of the proposed five-year historical average capacity factor. Please provide the results in the form of Schedule 1.2 and Schedule 3.2A of Exhibit 13. (Volume II, Addendum to Exhibit 9, Section 2.3, page 2)

NP-NLH-357 In Order No. P.U. 1 (2015) the Board states:

*“As a result of the filing of the amended general rate application on November 10, 2014 it is likely that the proceeding, which began with the filing of the original general rate application on July 30, 2013, will not conclude until late 2015 at the earliest.”*

Please explain the implications for Hydro if rates are not implemented until after 2015.

NP-NLH-358 In Order No. P.U. 1 (2015) the Board states:

*“As a result of the filing of the amended general rate application on November 10, 2014 it is likely that the proceeding, which began with the filing of the original general rate application on July 30, 2013, will not conclude until late 2015 at the earliest.”*

Please explain the implications for Hydro’s customers if rates are not implemented until after 2015.

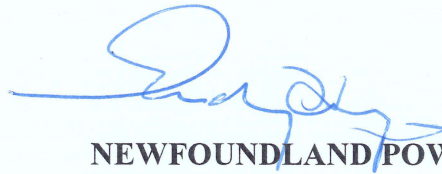
NP-NLH-359 In Order No. P.U. 1 (2015) the Board states:

*“As a result of the filing of the amended general rate application on November 10, 2014 it is likely that the proceeding, which began with the filing of the original general rate application on July 30, 2013, will not conclude until late 2015 at the earliest.”*

Considering that rates arising out of this proceeding appear unlikely to be in effect until early 2016, please explain why Hydro has not provided 2016 forecast information with the November 10, 2014 amended general rate application.

NP-NLH-360 Please explain why Hydro proposed a 2014 test year in its November 10, 2014 amended general rate application while not proposing to change customer rates for that year.

**RESPECTFULLY SUBMITTED** at St. John's, Newfoundland and Labrador, this 25<sup>th</sup> day of February, 2015.



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