

February 25, 2015

**VIA COURIER and ELECTRONIC MAIL**

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

Dear Ms. Blundon:

**RE: 2013 Amended General Rate Application of Newfoundland and Labrador Hydro**

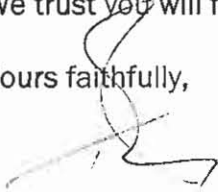
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Enclosed are the original and twelve (12) copies of Vale's further RFIs in respect of the above-noted Application.

We have provided a copy of this correspondence together with enclosures to all concerned parties.

We trust you will find the enclosed satisfactory.

Yours faithfully,



Thomas J. O'Reilly, Q.C.

TJOR/js

Encl.

c.c. Geoffrey P. Young, Newfoundland & Labrador Hydro  
Gerard Hayes, Newfoundland Power  
Thomas J. Johnson, O'Dea, Earle  
Paul Coxworthy, Stewart McKelvey  
Edward M. Hearn, Q.C., Miller & Hearn  
Senwung Luk, Olthuis, Leer, Townshend LLP  
Yvonne Jones, MP Labrador  
Genevieve M. Dawson, Benson Buffett

**Thomas J. O'Reilly, Q.C.** | Partner

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

1            REQUESTS FOR INFORMATION OF VALE NEWFOUNDLAND & LABRADOR LIMITED

2    V-NLH-85 to V-NLH-111

3    Issued February 25, 2015

4    V-NLH-85      Reference: 2014 Cost Recovery Application, appendix A, 2014 test year  
5    COS

6    Please provide the 2014 COS using the return on equity that was  
7    approved by the Board following the 2007 GRA.

8    V-NLH-86      Reference: 2014 Cost Recovery Application, appendix A, 2014 test year  
9    COS

10    Please provide the 2014 COS that removes the rural portion of the rate  
11    base for purposes of calculating the rate base available for return on  
12    equity (i.e. on the same basis as the 2007 GRA was prepared).

13    V-NLH-87      Reference: 2014 Cost Recovery Application, appendix A, 2014 test year  
14    COS

15    Please provide the 2014 COS that includes both of the following  
16    modifications:

17    i)      Use the return on equity that was approved by the Board  
18    following the 2007 GRA.

1 ii) Removes the rural portion of the rate base for calculating the  
2 rate base available for equity return (i.e. on the same basis as  
3 the 2007 GRA was prepared).

4 **V-NLH-88** Reference: 2014 Cost Recovery Application, appendix A, 2014 test year  
5 COS, page 1 of 107, line 1

6 Please provide the total cost of all activities related to the power  
7 outages in January 2014 and the subsequent follow-up activities that  
8 are included in the operating, maintenance and administration expense  
9 showing the expenses incurred for regular labour, overtime labour,  
10 benefits, materials and supplies.

11 **V-NLH-89** Reference: 2013 Amended GRA Filing: Reconciliation to Original GRA  
12 Filing, page 1.4R, lines 5-8

13 Please provide a table that shows the original plan (2010) for  
14 transformer and breaker maintenance for each year, the actual annual  
15 progress to date and the revised schedule. The table should include the  
16 number of transformers, number of breakers and the annual cost.

17 **V-NLH-90** Reference: 2013 Amended GRA, Application, page 12, section 44(23)(a)

18 This clause appears to be in conflict with the 2015 interim rate  
19 application. Please clarify Hydro's current position.

20 **V-NLH-91** Reference: 2013 Amended GRA, Rate Schedules

21 The industrial firm rates (page 6-7 of 46) and the RSP (pages 10-17) in  
22 the Amended Application appear inconsistent with the 2015 Interim  
23 Rate Application. Please clarify which rates Hydro is currently proposing  
24 for the amended GRA.

25 **V-NLH-92** Reference: 2013 Amended GRA, Section 1: Introduction, page 1.8, lines  
26 16-20 (online version)

27 Please complete the following table:

28 **Muskrat Falls and Holyrood Energy**

Year	Island Interconnected Energy from Muskrat Falls (gWh)	Holyrood Energy Production (gWh)
2017		
2018		
2019		
2020		
2021		
2022		

- 1 **V-NLH-93** Reference: 2013 Amended GRA, Section 1: Introduction, page 1.13,  
2 lines 8-13
- 3 Please quantify the forecasted additional annual hours that the  
4 Holyrood units can be shut down as a result of the new CT installation  
5 and the positive effect that this is forecast to have on the Holyrood fuel  
6 conversion factor.
- 7 **V-NLH-94** Reference: 2013 Amended GRA, Section 2: Regulated Activities, page  
8 2.28, lines 1-2
- 9 Please explain the upgrade performed on the three Labrador Island Link  
10 related 230 kV breakers, the purpose of the upgrade, the cost, if it was  
11 capitalized and whether this is properly a cost to Hydro.
- 12 **V-NLH-95** Reference: 2013 Amended GRA, Section 2: Regulated Activities, table  
13 2.6, page 2.39
- 14 Please explain the reasons for the \$6.3 million increase in the cost of  
15 professional services between 2013 and 2014 and the \$4.1 million  
16 increase from 2013 to 2015.
- 17 **V-NLH-96** Reference: 2013 Amended GRA, Section 2: Regulated Activities, table  
18 2.8, page 2.43
- 19 Between 2007 and 2013 total operating expense changed by \$14.1  
20 million. Please explain why the total operating expense changed by  
21 \$26.4 million in just two years between 2013 and 2015.
- 22 **V-NLH-97** Reference: 2013 Amended GRA, Section 2: Regulated Activities, page  
23 2.46, lines 12-16
- 24 Are the \$1.0 million cost and the \$1.6 million cost associated with the  
25 new CT both reoccurring annual costs. If not, please specify the length of  
26 time each will exist.
- 27 **V-NLH-98** Reference: 2013 Amended GRA, Section 3: Finance, page 3.10, lines 6-  
28 7
- 29 Please reconcile the 2014 test year total revenue requirement with the  
30 2014 COS in the same manner that 2015 total revenue requirement is  
31 reconciled in footnote 7 on the same page.

- 1 **V-NLH-99** Reference: 2013 Amended GRA, Section 4: Rates and Regulation, page  
2 4.15, Classification of Purchases of Wind Generation.
- 3 What is the impact to the Island Industrial Customers' revenue  
4 requirement due to the proposed changes to the classification of wind  
5 generation? Please include all calculations.
- 6 **V-NLH-100** Reference: 2013 Amended GRA, Application, page 9, section 44(14)
- 7 What are the extraordinary repairs that Hydro is referring to in this  
8 clause?
- 9 **V-NLH-101** Reference: 2013 Amended GRA, Application, page 10, section 44(18)
- 10 If this clause is approved, what is the impact in ¢/kWh on Island  
11 Industrial Customer demand and energy rates for each year of the five-  
12 year period?
- 13 **V-NLH-102** Reference: RFI IC-NLH-024 (rev 1), attachment 1, page 2 of 4
- 14 Please detail the reasons for the 8.3% increase in hydraulic generation  
15 expense between 2013 and 2014 and a further 4.8% increase from  
16 2014 to 2015.
- 17 **V-NLH-103** Reference: RFI IC-NLH-091 (rev 1)
- 18 Please provide a similar summary for the 2014 test year COS.
- 19 **V-NLH-104** Reference: RFI V-NLH-074 (rev 1), table 1
- 20 Please detail the reasons for the forecasted fuel conversion factor to be  
21 lower in 2017 than in 2016.
- 22 **V-NLH-105** Reference: RFI V-NLH-074 (rev 1), table 1
- 23 Please explain the reason for the revision to the forecasted fuel  
24 conversion factor from 615 kwh/bbl in the original RFI to 606 kwh/bbl  
25 in revision 1.

- 1 **V-NLH-106** Reference: RFI V-NLH-064 (rev 0), lines 16-17  
2 Reference: Amended GRA, Exhibit 13, 2015 test year COS, page 40 of  
3 109, line 21, col. 13
- 4 Please explain the increase in the Vale terminal depreciation expense  
5 from the \$12,454 stated in V-NLH-064 to the \$13,167 in the 2015 test  
6 year COS.
- 7 **V-NLH-107** Reference: RFI V-NLH-083 Specific Assigned Charge
- 8 In the response to V-NLH-083, Hydro states that the information  
9 requested " .... is onerous and cannot be completed within the time  
10 frame for the proceeding". In a recent status report, Hydro stated this  
11 RFI does not need to be updated. Please explain the steps that would be  
12 required to provide a 2015 test year cost of service with the original  
13 costs restated in 2015 dollars.
- 14 **V-NLH-108** Reference: Hydro's GRA Rebuttal Evidence, May 2014, appendix A,  
15 page A-4, lines 1-5  
16 Reference: RFI V-NLH-083 Specific Assigned Charge
- 17 In his rebuttal evidence, Mr. Robert Greneman of Lummus Consultants  
18 recommends that the best inflation factor to use would be those in the  
19 Handy-Whitman Index of Public Utility Construction for the North Atlantic  
20 Region. Does Hydro agree with Mr. Greneman? If not, what source for  
21 inflation index would Hydro recommend? Please provide the annual  
22 inflation indices from 1968 to 2015 as listed in Hydro's recommended  
23 source.
- 24 **V-NLH-109** Reference: RFI V-NLH-083 Specific Assigned Charge
- 25 In Hydro's electronic fixed assets, equipment or other files, does Hydro  
26 store the complete list of plant in service, the date each piece of  
27 equipment went into service, its original cost and its function and sub-  
28 function?
- 29 **V-NLH-110** Reference: RFI V-NLH-083 Specific Assigned Charge
- 30 In the response to V-NLH-083 (revision 0), Hydro states that the  
31 information requested " .... is onerous and cannot be completed within  
32 the time frame for the proceeding". In a status report, Hydro stated this  
33 RFI does not need to be updated. What alternate procedures does Hydro  
34 propose in order to achieve a more equitable allocation of operating and  
35 maintenance expenses between customers?

1 **V-NLH-111** Reference: Hydro's GRA Rebuttal Evidence, May 2014, appendix A,  
2 page A-3 to A-4  
3 Reference: RFI V-NLH-083 Specific Assigned Charge

4 In his rebuttal evidence, Mr. Robert Greneman of Lummus Consultants  
5 proposes, as a starting point, an alternate solution to make the  
6 allocation of the operating and maintenance expense more equitable.  
7 Please re-state the 2015 cost of service using this approach.

**DATED** at St. John's, in the Province of Newfoundland and Labrador, this 25<sup>A</sup> day  
of February, 2015.

COX & PALMER

Per: \_\_\_\_\_

Thomas J. O'Reilly, Q.C.

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P. O. Box 21040  
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Attention: Board Secretary

TO: Newfoundland & Labrador Hydro  
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Senior Legal Counsel

TO: Newfoundland Power  
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Attention: Gerard Hayes  
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