



May 8, 2014

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 General Rate Application

**Re: Requests for Information CA-IC-1 to CA-IC-11
Requests for Information CA-V-1 to CA-V-2**

Please find enclosed the original and twelve (12) copies of the Requests for Information as outlined above in relation to the Newfoundland and Labrador General Rate Application.

A copy of the letter, together with the Requests for Information, 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

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



Aird & Berlis, LLP
Brookfield Place, 181 Bay Street
Suite 800, Box 754
Toronto, ON M5J 2J9
Attention: Mr. Fred Cass

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

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

Miller & Hearn
PO Box 129
450 Avalon Drive
Labrador City, NL A2V 2K3
Attention: Ed Hearn, Q.C.

Olthuis, Kleer, Townshend LLP
229 College Street, 3rd Floor
Toronto, ON M5T 1R4
Attention: Senwung Luk

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

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 "*Application*")
by Newfoundland and Labrador Hydro for
approvals of, under Section 70 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-IC-1 to CA-IC-11**

Issued: May 8, 2014

1 CA-IC-1 Please file for the record the most recent annual reports for each
2 Industrial Customer and/or its parent company.

3
4 CA-IC-2 (Re: Pre-filed Testimony of P. Bowman and H. Najmidinov, page
5 3, lines 15 to 20) It is stated that the cost of service study uses a
6 2013 load level for NP that does not reflect an appropriate peak
7 load level. Would use of forecast 2014 or 2015 load levels in the
8 cost of service for both NP and the ICs alleviate this problem? If
9 not, why not?

10
11 CA-IC-3 (Re: Pre-filed Testimony of P. Bowman and H. Najmidinov, page
12 3, lines 21 to 29) It is stated that the cost of service study should be
13 adjusted to normalize the annual loads of Vale and Praxair. On
14 page 21 (lines 20 to 24) it is stated “*it is important to review the
15 Cost of Service not just from the perspective of precisely reflecting
16 the 2013 Test Year, but also from the perspective that the rates to
17 be charged arising from this Cost of Service study will be applied
18 in 2014 and beyond. As such, the Cost of Service must also be
19 checked for reasonableness to longer term system costs*”. Given
20 the transitional nature of Vale and Praxair demand and the fact that
21 the rates deriving from the GRA are expected to be in place for
22 several years, would it be a more accurate reflection of cost
23 causation principles if Vale and Praxair demands were normalized
24 over a three year period; i.e., 2014 through 2016? If not, why not?

25
26 CA-IC-4 (Re: Pre-filed Testimony of P. Bowman and H. Najmidinov, page
27 29, lines 31 to 34) It is stated “*It is also clear that the existing high
28 load factor industrial customers are being materially prejudiced by
29 being included in a class with other customers who do not share
30 like characteristics (most notably an equal Power on Order
31 throughout the year)*”. Would it be more appropriate to treat Vale

1 and Praxair as a separate class in the cost of service study? If not,
2 why not?

3
4 CA-IC-5 (Re: Pre-filed Testimony of P. Bowman and H. Najmidinov, page
5 3, lines 37 to 40) It is stated with regard to interruptible/curtailable
6 load “*the COS representation of both of these offerings should*
7 *parallel the methods used in the past for Interruptible B (i.e., costs*
8 *to make incentive payments to customers are included in COS, but*
9 *peak loads are calculated based on the non-interrupted levels)*”.
10 Should peak loads in the cost of service study be calculated
11 independent of customer owned generation as well; i.e., should
12 customer-owned generation be addressed separately from the cost
13 of service study? If not, why not?

14
15 CA-IC-6 (Re: Pre-filed Testimony of P. Bowman and H. Najmidinov, page
16 7, lines 5 to 6) It is stated “*In the case of each of the IIC Group*
17 *members, electricity costs make up a substantial portion of the*
18 *operating costs of the customers’ operation*”. What percentage of
19 each Industrial Customer’s incremental production cost is
20 attributable to electricity costs?

21
22 CA-IC-7 (Re: Pre-filed Testimony of P. Bowman and H. Najmidinov, page
23 12, lines 27 to 28) It is stated “*The proposed increases are*
24 *especially problematic for the IIC Group given the savings this*
25 *group has provided to the overall system*”. Please provide a list of
26 all programs and actions taken by the IIC Group since 2006 that
27 resulted in the system savings referred to in this statement and
28 quantify the system savings that resulted from each.

29
30 CA-IC-8 (Re: Pre-filed Testimony of P. Bowman and H. Najmidinov, page
31 12, lines 27 to 28) It is stated “*The proposed increases are*

1 *especially problematic for the IIC Group given the savings this*
2 *group has provided to the overall system”. Have the system*
3 *savings provided by the IIC Group been properly accounted for in*
4 *the 2013 cost of service study? If not, please identify the*
5 *modifications that should be made to the cost of service study in*
6 *order to properly account for these savings.*

7
8 CA-IC-9 (Re: Pre-filed Testimony of P. Bowman and H. Najmidinov, page
9 37, lines 23 to 27) Please explain how a marginal cost based rate or
10 a two block rate would be made obsolete by the Labrador in-feed,
11 and how such rate designs would exacerbate rate pressures if the
12 rates were designed to collect the same revenue requirement.

13
14 CA-IC-10 (Re: Pre-filed Testimony of P. Bowman and H. Najmidinov, page
15 52, lines 29 to 32) With respect to the CBPP contractual limit on
16 frequency converter use, it is stated “*Consideration should be*
17 *given to revisiting the 18 MW contractual limit on Frequency*
18 *Converter use, and in the event this can be safely and reliability*
19 *increased from the 18 MW level, CBPP should be given the*
20 *opportunity to revise its annual Power on Order at that time*
21 *without any form of restriction or penalty”.*

- 22
23 i. Was the 18 MW contractual limit negotiated between
24 Hydro and CBPP?
25 ii. Was this contractual limit discussed by Hydro and CBPP
26 during the re-negotiations of the contract relating to the
27 generation credit? If not, why not?
28 iii. Would it be more appropriate for Hydro and CBPP to open
29 up negotiations on the entire supply agreement in light of
30 the 18 MW contractual limit on frequency converter use,
31 the generation credit, and the recent negotiations on

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interruptible power following the 2013/14 outage events? If not, why not?

- iv. Is it anticipated that these negotiations would be completed in time for the Board’s Order on the 2013 GRA?
- v. Would it be more appropriate for Hydro to have separate contracts with CBPP for 1) generation purchases and 2) supply to the mill? If not, why not?

CA-IC-11

(Re: Pre-filed Testimony of P. Bowman and H. Najmidinov, page 51, lines 27 to 31) With respect to the CBPP frequency converter, it is stated “*regardless as to use, the asset reflects a necessary legacy component of the existing system, which would not have been able to deliver power cost benefits to all of today’s ratepayers without the Frequency Converter having been an integral part of the investment*”. In the Board’s Order on the 2001 GRA (Order No. P.U. 7 (2002-2003), page 114), the Board states “*The Board agrees with NLH that the frequency converters should be specifically assigned to the industrial customers as they are of benefit to only those customers. The suggestion that a previous assignment of plant would not be able to be changed if the circumstances for the original assignment changed is neither acceptable nor reasonable*”. Please reconcile these statements indicating where the Board erred in its decision.

Dated at St. John's in the Province of Newfoundland and Labrador, this 8th day of May, 2014.



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