O'DEA EARLE

November 6, 2013

Newfoundland and Labrador Board of
Commissioners of Public Utilities
120 Torbay Road
P.O. Box 21040
St. John's, NL
A1A 5B2

Attention: Ms. Cheryl Blundon
Director of Corporate Service and Board Secretary

Dear Ms. Blundon:

Re: NLH-2013 General Rate Application

Please find enclosed the original and twelve (12) copies of the Requests for Information CA-NLH-152 to 220 of the Consumer Advocate.

For convenience, the copies are on three-hole punched paper. A copy of this letter and the enclosed Requests for Information have been sent today to the parties listed below.

Yours truly,

THOMAS J. JOHNSON

TJJ:amc
Enc.

cc. Newfoundland & Labrador Hydro
(Mr. Colin Feltham and Mr. Geoff Young)

Newfoundland Power Inc.
(Mr. Gerard Hayes & Mr. Liam O'Brien)

323 Duckworth Street | P.O. Box 5955 | St. John's, NL | A1C 5X4
t. 709-726-3524 | f. 709-726-9600 | www.odeaearle.ca

Corner Brook Pulp and Paper Limited, North Atlantic Refining Limited and Tech Resources
(Mr. Paul Coxworthy & Mr. Dean Porter)

Vale Newfoundland and Labrador Limited
(Mr. Tom O'Reilly, Q.C. & Mr. Denis Fleming)

Innu Nation
(Ms. Nancy Kleer & Ms. Stephanie Kearns)

Town of Labrador
(Mr. Edward Hearn, Q.C.)

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 "*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-NLH-152 to CA-NLH-220

Issued: November 6, 2013

CA-NLH-152 (Re: Response to NP-NLH-27) Please provide the same comparison, but for both cases base revenues from sales on proposed rates.

CA-NLH-153 (Re: Response to NP-NLH-27) Has Hydro prepared a new load forecast since the forecast filed with the GRA? If so, please provide a comparison of the current load forecast to the forecast used in the GRA broken down by customer class.

CA-NLH-154 (Re: Response to NP-NLH-27) Note 7 indicates that the reduction in No. 6 fuel costs is due to price and volume changes. Please provide details of the calculation culminating in the $25.9 million reduction in No. 6 fuel costs. Further, will Hydro be re-filing based on the updated forecasts in its response to NP-NLH-27?

CA-NLH-155 (Re: Response to NP-NLH-48) What is the probability that purchases from Nalcor will vary from forecast by +/- 10%, and alternatively +/- 5%?

CA-NLH-156 (Re: Response to NP-NLH-48) How would Hydro propose to deal with a situation where Nalcor purchases vary by +10%, and alternatively, -10% under the current RSP and regulatory regime?

CA-NLH-157 (Re: Response to CA-NLH-32) Given that Hydro is not in position to "determine the appropriate price signals", why is it proposing to more than double the price signal in the NP demand charge?

CA-NLH-158 (Re: Response to CA-NLH-35) It has been over five years since the NP Rate Review was completed, and Hydro is just now identifying items to be investigated relating to treatment of NP's

Curtailable Load. When does Hydro plan to undertake the investigation and in what format will it be undertaken?

CA-NLH-159 (Re: Response to CA-NLH-64) How would Lummus change its recommendations if the RSP were abandoned?

CA-NLH-160 (Re: Response to CA-NLH-65) Was there any correspondence relating to the general discussions held with NP staff? If so, please file.

CA-NLH-161 (Re: Response to CA-NLH-58) It is understood that NP, Rural Customers and the ICs receive benefits of reduced energy costs owing to the change in production regime at the CBPP hydro plant. Please explain why it is appropriate for the IC class to also receive benefit of reduced load when there is a change in operation of a hydro plant owned by one of the ICs.

CA-NLH-162 (Re: Response to CA-NLH-56 and CA-NLH-59) Please confirm that for the period 2014 through 2017 Hydro forecasts that the CBPP Agreement will save about $600,000 annually in fuel costs (CA-NLH-56). Are there any other system savings during this period stemming from the CBPP Agreement? Please confirm that for the period 2014 through 2017 Hydro forecasts that the CBPP Agreement will save CBPP about $640,000 annually on its electricity bills (CA-NLH-59). On the basis of these forecasts, please explain why the CBPP Agreement is a good deal for the electricity consumers on the Island Interconnected System.

CA-NLH-163 (Re: Response to CA-NLH-52) Can we conclude from the Customer Survey results that 8% of customers indicated a willingness to pay for improved reliability? Why were these two

questions incorporated in the Customer Survey in 2006, and then dropped from the survey after 2009?

CA-NLH-164 (Re: Response to CA-NLH-78) Please confirm that there are no obligations or conditions placed upon the ICs in return for the rate subsidy conveyed through the Government Orders-in-Council.

CA-NLH-165 (Re: Response to CA-NLH-39) Is Hydro and its cost of service consultant aware of any jurisdictions that have an "inherent cross-subsidy" or any other type of subsidy, approaching 44%?

CA-NLH-166 (Re: Response to PUB-NLH-113, Attachment 1) Please identify the current basis for allocating the rural deficit to customer classes and comment on the "fairness" of using this method today versus 20 years ago when PUB-NLH-113, Attachment 1 was issued.

CA-NLH-167 (Re: Response to PUB-NLH-113, Attachment 1) For the past 20 years, please show average base rates, average rural deficit rate, total average rate and revenue to cost ratio for each customer class that has been responsible for contributing to the rural deficit. Please show average rates in cents/kWh.

CA-NLH-168 (Re: Response to CA-NLH-53) In GRA, Volume II, Exhibit 3 it is stated certain facilities for construction supply to Muskrat Falls "will be fully contributed and is assigned as common due to the system capacity benefits". Please identify any assets that have been assigned as common and quantify the system capacity benefits; i.e., capacitor banks and other terminal station equipment.

CA-NLH-169 (Re: Response to PUB-NLH-89) The response indicates that Hydro considered whether a source of funding was available to facilitate

phasing in rate increases for customers on the Labrador Interconnected Systems, but was unable to identify such a funding source. Did Hydro consider funding by other customer classes similar to what is currently being done for the rural deficit, or the $37.6 million subsidy being conveyed to the ICs? Please address the pros and cons of using similar methodologies to fund a rate phase-in for Labrador Interconnected customers.

CA-NLH-170 (Re: Response to CA-NLH-9) Please confirm that Hydro knows its marginal cost structure prior to the Labrador in-feed (i.e., 2014 to 2017), and provide the annual marginal costs of capacity and energy for this period.

CA-NLH-171 (Re: Response to CA-NLH-31) Please file the annual marginal costs of capacity and energy both pre- and post-infeed used in the TRC test evaluating CDM programs.

CA-NLH-172 (Re: Response to IC-NLH-74) Hydro's July 2010 Generation Planning Issues Report lists as a key issue that it "must continue to take into account the consideration of demand reduction initiatives through demand management programs and rate design". Please provide a list of all such demand reduction initiatives undertaken since the 2010 report was issued and provide an estimate of the impact on Island Interconnected system demand requirements.

CA-NLH-173 (Re: Response to CA-NLH-70) The report in Exhibit 11 states "such a mechanism for the curtailable load has cost of service implications". Please quantify the cost of service implications.

CA-NLH-174 (Re: Response to CA-NLH-70) The report in Exhibit 11 states "Hydro and NP agree to propose changes to the wholesale demand

and energy rate to accommodate a change in the treatment of NP's curtailable load at Hydro's next GRA". Please confirm that changes to NP's demand and energy rate to accommodate a change in the treatment of NP's curtailable load have not been proposed by Hydro and NP at this GRA.

CA-NLH-175 (Re: Response to CA-NLH-70) The response states "Hydro is proposing that the parties discuss options for treatment of NP curtailable load that address Hydro's concerns" (listed in Section 2.1 of Exhibit 9). Specifically, what is Hydro proposing? Please provide details of Hydro's expectations of the parties to this GRA with regard to treatment of NP's curtailable load.

CA-NLH-176 (Re: Response to IC-NLH-72) The response states "Both requests were denied for reasons unnoted at the time". Has Hydro since found out the reasons why the requests were denied, and if so, what are they?

CA-NLH-177 (Re: Response to NP-NLH-119) The response states "Although Hydro did not perform any analysis with respect to the potential impact on NP's cash flow under the proposed wholesale rate, Hydro is willing to explore options during the GRA process". Please provide details of what Hydro is proposing, including format and timing to explore such options.

CA-NLH-178 (Re: Response to PUB-NLH-96) The response states "Such mechanisms, however, can also protect consumers from overpaying". Are such mechanisms necessary to protect customers from overpaying when there is an allowed range of return on rate base in place?

CA-NLH-179 (Re: Response to CA-NLH-61) What is the purpose of the lower bound on the allowed range of return on rate base if "shortfalls remain to the account of the shareholder"?

CA-NLH-180 (Re: Response to CA-NLH-79) The response states "If the load variation component did not exist, Hydro would likely seek other regulatory deferral mechanisms given the magnitude of the load variations indicated above". Please provide examples of the regulatory deferral mechanisms that Hydro might seek if the load variation component did not exist.

CA-NLH-181 Does Hydro believe there will continue to be a need for the RSP following commissioning of the Labrador in-feed?

CA-NLH-182 (Re: Response to CA-NLH-12 of Application on RSP Rules and Components of the Rates to be Charged to Industrial Customers) Hydro states that the subsidy granted the IC class through the Government OCs is $37.6 million. Please put the level of this subsidy into perspective as follows: 1) by comparing it to the average annual revenues received from the IC class during the period 2008 to 2012 and equating it to the number of years of free power received by the IC class (i.e., had rates not been frozen and the load variation component had been assigned on the basis of load ratio share as proposed), and 2) by deriving the Dollar amount that Newfoundland Power's customers would have received if an equivalent subsidy had been offered them; i.e., take the equivalent number of years of free power received by the IC class and apply it to the average annual revenues received from NP during the 2008 to 2012 period.

CA-NLA-183	(Re: Table 3.6, P. 3.22) Please reconcile opening and closing Net Fixed Assets as reported on Table 3.6 to Net Fixed Assets as reported in the CA-NLH-116 Schedule 1.
CA-NLH-184	Please reconcile 2013 Additions to Plant in Service on CA-NLH-116 to original 2013 Capital Budget as shown in CA-NLH-119.
CA-NLH-185	Please discuss the impact to 2013 Additions to Plant in Service on CA-NLH-116 as a result of the reduced expected total expenditures shown in CA-NLH-119.
CA-NLH-186	(Re: CA-NLH-116, 119) Does Hydro propose to reduce its Net Fixed Assets in the 2013 Forward Average Rate Base to allow for reduced expenditures?
CA-NLH-187	(Re: CA NLH-116) Hydro has projected that 2015 Additions to Plant in Service will be $203,407,026, almost twice the amount projected in future years. Please explain the mechanism would Hydro have in place, or propose to put in place, to address the impact of such a significant expenditure, should it in fact take place.
CA-NLH-188	(Re: CA-NLH-126) Please provide a copy of the Lead/Lag study to support the calculation of the Net Lag days used in this calculation.
CA-NLH-189	(Re: CA-NLH-126) Please discuss if any significant accounting or operational policy changes have been introduced by Hydro (i.e. changes in billing cycles) subsequent to the Lead/Lag study used to support the calculation of the Net Lag days used in this calculation.

CA-NLH-190 (Re: CA-NLH-126) Please explain and show the calculation of the HST adjustment.

CA-NLH-191 (Re: Table 3.6, P. 3.22) Please explain where Fuel is reported for the purposes of reporting in the audited financial statements.

CA-NLH-192 (Re: Table 3.6, P. 3.22 and CA-NLH-127) Please explain what makes up the components of the monthly Fuel amount (i.e. are these measures (dip values) taken at the end of each month). Please identify by location, tank, quantity and price.

CA-NLH-193 Hydro's Table 3.6 shows Fuel increasing by $25,011 from 2007 ($25,874) to 2013 ($50,885). CA-NLH-127 shows an opening balance for 2013 fuel of $26,890 and an average value of $50,885. What are the driver(s) of fuel that would propel almost a 100% increase from 2007 and from the opening balance of 2013?

CA-NLH-194 Hydro has reported Fuel on Finance Schedule 1 Page 5 of 11 for 2007 to 2013. The value for 2011 is shown as $33,680 and the value for 2012 is $50,308. Please provide similar analysis for the calculation of average balances for 2011 and 2012 as provided in CA-NLH-127 for 2013.

CA-NLH-195 For the years 2010, 2011 and 2012 please reconcile the opening balances from CA-NLH-127 and the question above to where Fuel is reported to the values reported in the audited financial statements.

CA-NLH-196 Hydro has reported 2012 Fuel on Finance Schedule 1 Page 5 of 11 as $50,308 and 2013 Fuel as $50,885. Both years show considerable increase over previous years. Using the average cost

per litre as found on Table 4.8 one can determine an estimated value for average litres of fuel in storage. Based on the following it would appear that fuel capacity storage has increased by about 10,000 litres. Is this a reasonable assumption to explain the increase in fuel included in rate base? Please identify where storage facilities were constructed. If Storage capacity has not changed please provide explanation for the significant increase in 2012 and 2013.

	2007	2008	2009	2010	2011	2012	2013
Fuel (per Finance Schedule 1 Page 5 of 11) (212 of 258)	$25,874	$34,389	$20,817	$29,908	$33,680	$50,308	$50,885
Average Cost per Litre (Section 4: Rates and Regulation Table 4.8 Page 4.24) (246 of 258)	0.74415	0.99913	0.83102	0.85506	1.02919	1.07926	1.12417
Average Litres	34,770	34,419	25,050	34,978	32,725	46,613	45,265

CA-NLH-197 (Re: Table 3.6) Please explain where Material and Supplies are reported for the purposes of reporting in the audited financial statements.

CA-NLH-198 (Re: Table 3.6 and CA-NLH-128) Please explain what makes up the material components of the monthly Materials and Supplies amount.

CA-NLH-199 (Re: Table 3.6 and CA-NLH-131) Hydro states that "it is the opinion of Lummus Consultants that it is common practice in the utility industry to include such charges in rate base." Can Hydro or Lummus support this opinion by providing a sample list jurisdictions that have provided for the inclusion of deferred values as a component of rate base?

CA-NLH-200 (RE: Table 3.9) Hydro includes in the deferred charges 3 items; Foreign Exchange, CDM and General Rate Application. Hydro has previously or is applying currently for other deferral accounts;

		Rate Stabilization, Isolated systems diesel and power purchase costs. Hydro has excluded these deferral accounts from inclusion in rate base. Can Hydro comment on why it has chosen to do so?
	CA-NLH-201	(Re: Table 3.9 and CA-NLH-130) Hydro has acknowledged that it will not achieve the proposed 2013 CDM spending that it has included in the calculation of the deferred charge amount. Does Hydro intend to adjust its rate base calculation to account for this
	CA-NLH-202	Further to CA-NLH107, please provide summaries of exit interviews as regards reason for voluntary resignation for those who resigned from 2006 to 2013.
	CA-NLH-203	Further to CA-NLH-105, please provide a copy of the following documentation relating to the Mercer Review: (1) copy of letter(s) of engagement (ii) copy of all draft reports provided to Hydro by Mercer, (iii) copy of Mercer's final reported to Hydro.
	CA-NLH-204	Please provide a copy of Mercer's invoice(s) in relation to Mercer's review.
	CA-NLH-205	Further to CA-NLH-110, please explain why under the head of miscellaneous costs, the sub-heading of Energy Management increased from $153,784 in 2012 to $1,239,986 in 2013?
	CA-NLH-206	Further to CAN-NL-113, what is the sub-heading of "taxes" for 2013 of $3,218,570 comprised of.
	CA-NLH-207	Further to CA-NLH-099, what is Hydro's forecast for the Rural Deficit for the next 5 years.

CA-NLH-208 Further to CA-NLH-099, please express the totals of the Rural Deficit for the years 2007 to 2012 in 2013 dollars.

CA-NLH-209 Further to CA-NLH-114, please explain and show how the 2013 forecast cost recovery subheading of Intercompany Administration fee of ($3,950,186) was derived.

CA-NLH-210 Further to CA-NLH-103, please file a copy of Hydro's test year corporate operating budget submission that was presented to Hydro's leadership for approval, and detail what changes, if any, were made to same upon its review by leadership and the reason for these changes.

CA-NLH-211 Has Hydro made an allowance for productivity in its test year operating expenses? If so, please explain how the productivity allowance was arrived at. If not, please explain why not.

CA-NLH-212 Further to CA NLH-104, Hydro states that in 2012 it budgeted for 27 vacancies; however the actual vacancy was 52 full time employees. Hydro also states that in 2012 there were 34 retirements and 11 voluntary resignations and three employees commenced a leave of absence. How many retirements, voluntary resignations and leaves of absence, respectively, did Hydro forecast in its 2012 budget?

CA-NLH-213 In CA-NLH-104, Hydro states that "Through the recruitment and retention initiatives, the company anticipates reducing vacancies into the future. Therefore, the vacancy forecast was increased by 27 full time employees for 2012 to 40 full time employees for 2013." Please indicate what the company plans to do into the

future that it was not already doing in 2012 as regards recruitment and retention initiatives.

CA-NLH-214 Further to CA-NLH-104, Hydro states that it forecasted 40 vacancies for 2013 but its experience as of September 1, is trending closer to 50. How is Hydro's experience, as at November 1, 2013, trending?

CA-NLH-215 In the Board's last NP GRA Order and Decision, the Board required (see p. 56) NP to file a report by April 1, 2013 "which provides an update on the conservation programs, an evaluation of the referenced heat pumps and recommendations in relation to the appropriate process to be followed for review of the conservation programs". The Board also states "The process for the review of the conservation programs can be assessed thereafter with the input of Newfoundland and Labrador Hydro and the Consumer Advocate". Is Hydro prepared to provide an update on its conservation programs by April 1, 2014?

CA-NLH-216 Re PUB-NLH-027, please provide the same data as shown in Attachment 1 for 2013 and please also show the table for 2012 and 2013 in which the column "Atlantic Canadian Utilities (Average) excludes Hydro.

CA-NLH-217 Re: PUB-NLH-027, Hydro states at page 293 that Hydro's plan provides 100% reimbursement of eligible drugs with the employee paying the full cost of dispensing fees. Hydro goes on to states that Hydro's plan is consistent "within the range of the comparator group, which provides between 80% and 100% coverage for eligible expenses with some form of employee-paid contribution towards the dispensing fee that ranges from a full payment to a

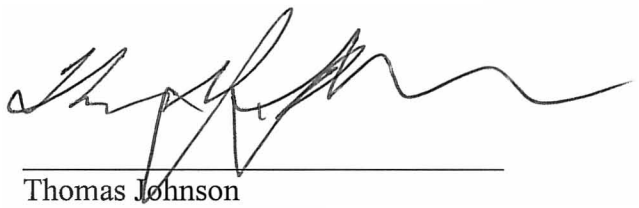
flat amount." Please individualize the benefits provided by the companies in the comparator group as regards (a) level of coverage and (b) dispensing fee treatment.

CA-NLH-218 As regards Supplemental Health benefits, please state who pays the premium and compare the same to each company in the comparator group.

CA-NLH-219 As regards Dental insurance, please state what each company in the comparator group provides as compared to Hydro's plan.

CA-NLH-220 How does Hydro's current group benefits compare with those provided by the Provincial Government to its employees?

Dated at St. John's in the Province of Newfoundland and Labrador, this 6th day of November, 2013.



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