



Newfoundland Power Inc.

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DELIVERED BY HAND

June 15, 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 Amended General Rate Application – Requests for Information

Please find enclosed the original and 12 copies of Newfoundland Power's Requests for Information numbered:

- (1) NP-CA-2 to NP-CA-9 with respect to the pre-filed evidence of Mr. C. Douglas Bowman;
- (2) NP-IC-13 to NP-IC-27 with respect to the pre-filed evidence of Mr. Patrick Bowman & Mr. Hamid Najmidinov;
- (3) NP-PUB-18 to NP-PUB-25 with respect to the pre-filed evidence of Dr. J.W. Wilson & Associates;
- (4) NP-PUB-26 to NP-PUB-33 with respect to the pre-filed evidence of Mr. Brad Rolph; and
- (5) NP-V-5 to NP-V-8 with respect to the pre-filed evidence of Mr. Mel Dean.

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

Electronic copies of these Requests for Information will be forwarded in due course.

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



Yours very truly,



Peter Alteen, QC
Vice President,
Regulation & Planning

Enclosures

c. Geoffrey Young
Newfoundland and Labrador Hydro

Paul Coxworthy
Stewart McKelvey

Ed Hearn, QC / Dennis Browne, 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

Genevieve Dawson
Nunatsiavut Government



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.

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

To: Mr. C. Douglas Bowman

NP-CA-002 to NP-CA-009

June 15, 2015

Requests for Information***Pre-filed Testimony of C. Douglas Bowman, June 4, 2015 (“C. Douglas Bowman Evidence”)***

- NP-CA-002 [Response to Request for Information NP-NLH-402]
- Hydro has stated that the marginal costs of supply for the Labrador interconnected system will be similar to the marginal costs of supply for the Island interconnected system once the Labrador-Island interconnection is complete. Does Mr. Bowman agree with Hydro’s assessment? Please explain your reasoning in detail.
- NP-CA-003 Does Mr. Bowman believe that the Labrador interconnected system should be treated in essentially the same fashion as the Island interconnected system is treated in future cost of service studies once the Labrador-Island interconnection makes them part of the same bulk power supply grid? Please explain your reasoning in detail.
- NP-CA-004 Does Mr. Bowman believe that interconnected system customers located closer to Holyrood should pay higher rates than customers located next to a hydraulic power source? Please explain your reasoning in detail.
- NP-CA-005 Does Mr. Bowman believe that rational people can hold different but valid opinions on fairness? Please explain.
- NP-CA-006 Does Mr. Bowman believe that the Board ought to base rates on temperature or weather in various parts of the province? Please explain.
- NP-CA-007 Does Mr. Bowman believe that allocation of the rural deficit must necessarily be somewhat arbitrary? Please explain.
- NP-CA-008 Does Mr. Bowman still believe that Hydro should not make dramatic changes to rates before the results of the post Labrador-Island interconnection new embedded and marginal cost studies are known as he did in his evidence dated April 25, 2014? If not, please explain in detail the reasoning supporting Mr. Bowman’s change of position.
- NP-CA-009 Does Mr. Bowman believe, given the impending Labrador-Island interconnection, that Hydro should not make dramatic changes to the RSP at this time?

RESPECTFULLY SUBMITTED at St. John's, Newfoundland and Labrador, this 15th day of June, 2015.



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

To: Mr. Patrick Bowman and Mr. Hamid Najmidinov

NP-IC-013 to NP-IC-027

June 15, 2015

Requests for Information

Updated Pre-filed Evidence of Patrick Bowman and Hamid Najmidinov, InterGroup Consultants Ltd., June 4, 2015 (“InterGroup Consultants Evidence”)

- NP-IC-013 [InterGroup Consultants Evidence, page 64, lines 3 to 9]
- Please confirm that InterGroup believe that Industrial customers should be able to capture the marginal cost savings from conservation initiatives, and not share those savings with other customers. If the witnesses are unable to provide the confirmation requested, please explain in full.
- NP-IC-014 [Response to Request for Information NP-IC-013]
- If InterGroup believes that Industrial customers should be able to capture the marginal cost savings from conservation initiatives, does InterGroup believe that Industrial customers should capture the marginal cost of Industrial customer initiatives that increase their load and not share those costs with other customers? If not, please explain why reductions in load should be treated differently from increases in load.
- NP-IC-015 [InterGroup Consultants Evidence, page 63, line 9 to page 64 line 2]
- Please provide the net effect of a customer undertaking CDM (in cents/kWh) based on the marginal cost of energy following completion of the Labrador infeed.
- NP-IC-016 [InterGroup Consultants Evidence, page 32, Table 5-2]
- Please confirm it is InterGroup’s understanding that the Newfoundland Power peak information provided for the years 2005 to 2014 are on a winter peak basis (December to March).
- NP-IC-017 [InterGroup Consultants Evidence, page 32, Table 5-2]
- Please confirm that the Newfoundland Power peak provided for “2015 GRA forecast” is on a calendar peak basis (January to December).
- NP-IC-018 [Pre-Filed Testimony of C. Douglas Bowman, page 20, line 11 to page 21, line 4]
- Does InterGroup agree with Mr. C. Douglas Bowman that approving the interim changes to Hydro’s Utility Rate to reflect the curtailable load credit in the calculation of billing demand for Newfoundland Power is reasonable until a review of the longer-term benefits of interruptible/curtailable load is completed giving consideration to the results of a marginal cost study reflecting the Labrador-Island

interconnection? If InterGroup does not agree, please provide a full explanation of the basis of the disagreement.

NP-IC-019 [InterGroup Consultants Evidence, page 36, footnote 76]

Please explain in detail how Hydro's use of Newfoundland Power's native load net of the curtailable credit in the 2015 Cost of Service Study is different from Hydro's past Cost of Service Study practice of using Newfoundland Power's forecast native peak which explicitly deducted Newfoundland Power's curtailable load.

NP-IC-020 [InterGroup Consultants Evidence, page 36, line 30 to page 37, line 16]

In Order No.P.U. 47 (2014), the Board approved Hydro's proposal to revise its Utility Rate, on an interim basis, to include a revised calculation of billing demand to reflect a curtailable credit for the period December 1, 2014 to March 31, 2015.

Please explain how approval on a final basis of the interim changes to Hydro's Utility Rate in Order No. P.U. 47 (2014) would impact each of the issues raised by InterGroup in this section of its testimony.

NP-IC-021 [Response to Request for Information IC-NLH-126]

Please confirm that the electricity demand of Corner Brook Pulp & Paper used in Hydro's 2015 Cost of Service Study reflects full deduction for the output of Corner Brook Pulp & Paper's Deer Lake power hydraulic facility. If InterGroup is unable to provide the confirmation requested, please explain in detail why not.

NP-IC-022 In Hydro's 2015 CBPP Capacity Assistance Report filed with the Board on April 15, 2015, it is provided on page 4 in Table 1 that Hydro incurred capacity assistance costs of \$1,752,000 from Corner Brook Pulp and Paper for the 2014-2015 Winter Season.

Please provide a calculation of the capacity assistance cost of \$1,752,000 on a per kW basis.

NP-IC-023 [InterGroup Consultants Evidence, page 36, line 29]

Please describe in detail the "distribution system issues" to which InterGroup refer.

NP-IC-024

In Order No. P.U. 7 (2002-2003), the Board states on page 115:

“The Board is not convinced that there is any inherent unfairness in the methods in which NLH treats the non-firm load and demand credit for the IC and NP. While the end result of the Interruptible ‘B’ credit and the generation credit is the same i.e. additional energy is available to the system when needed, the mechanisms are different and hence it would be expected that the method for compensation would be different.

The Board accepts NLH’s treatment of the generation credit for NP and the Interruptible ‘B’ credit for the IC.”

Does InterGroup agree that Hydro is proposing in the 2015 Cost of Service Study to treat the Newfoundland Power curtailable credit in a conceptually similar manner as the Newfoundland Power generation credit? If not, please explain why not.

NP-IC-025

In Order No. P.U. 7 (2002-2003), the Board states on page 115:

“The Board is not convinced that there is any inherent unfairness in the methods in which NLH treats the non-firm load and demand credit for the IC and NP. While the end result of the Interruptible ‘B’ credit and the generation credit is the same i.e. additional energy is available to the system when needed, the mechanisms are different and hence it would be expected that the method for compensation would be different.

The Board accepts NLH’s treatment of the generation credit for NP and the Interruptible ‘B’ credit for the IC.”

Please explain in detail the degree to which InterGroup believe the Board’s conclusion in Order No. P.U. 7 (2002-2003) is relevant to Hydro’s proposed treatment of Newfoundland Power’s curtailable load in the 2015 Cost of Service Study.

NP-IC-026

In Order P.U. 7 (2002-2003), the Board states on page 114:

“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.”

The Board accepts NLH’s proposal that the frequency converters be specifically assigned to the IC in the COS.”

Please explain in detail the changes in circumstance that have occurred since 2001 that would justify the Board treating the frequency converter as a common asset in Hydro’s 2015 Cost of Service Study.

NP-IC-027

[InterGroup Consultants Evidence, page 60, lines 23 to 27]

Please provide data of each and every occasion that supports the claims that the 50 Hz hydraulic generation is used by all other Island Interconnected customers during (i) normal situations, when the Corner Brook Pulp and Paper ("CBPP") generation provides stability and grid support and (ii) emergencies when the CBPP generation can be heavily used to maintain service to all ratepayers. In the response, please specify any of the occasions that Hydro compensated CBPP for use of its 50 Hz hydraulic generation indicating the amount of compensation in each case.

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

**To: Dr. John W. Wilson
NP-PUB-018 to NP-PUB-025**

**To: Mr. Brad Rolph
NP-PUB-026 to NP-PUB-033**

June 15, 2015

Requests for Information

Pre-filed Evidence of J.W. Wilson & Associates, Inc., June 1, 2015 (“J.W. Wilson Evidence”)

- NP-PUB-018 [J.W. Wilson Evidence, page 1]
- Does Dr. Wilson believe that the use of marginal cost pricing signals ought to apply to all customers served by Hydro, including isolated customers and customers on the Labrador interconnected system?
- NP-PUB-019 [Response to Request for Information NP-NLH-402]
- Hydro has stated that the marginal costs of supply for the Labrador interconnected system will be similar to the marginal costs of supply for the Island interconnected system once the Labrador-Island interconnection is complete. Does Dr. Wilson share this view? Please explain.
- NP-PUB-020 Please explain what weight, if any, Dr. Wilson gives in his evidence to the fact that Hydro’s estimates of marginal bulk power supply costs on the Island interconnected system may change dramatically following the interconnection of Muskrat Falls.
- NP-PUB-021 [J.W. Wilson Evidence, pages 29-30]
- Please provide any other evidence that Dr. Wilson relies upon to support his assessment of the relative importance of efficient demand vs. energy price effects.
- NP-PUB-022 [J.W. Wilson Evidence, page 16]
- Dr. Wilson discusses that he proposed a phase-in of the increase in rates that using the Board’s approved Rural Deficit Allocation would call for. In that regard, does Dr. Wilson believe that the choice of cost of service methodology ought to be separate from rate design? Please explain.
- NP-PUB-023 If the Rural Deficit were viewed as an overall cost of doing business, not related to any one function or classification of the total costs, what would Dr. Wilson’s opinion be of allocating it in the same way those other costs are allocated?
- NP-PUB-024 Once Labrador and the Island of Newfoundland are interconnected, would it be any more or less fair to serve Labrador interconnected customers and Newfoundland Power customers on a relatively uniform rate than it is to serve Labrador isolated and Island isolated customers at the same rate as Newfoundland Power, as is currently done? Please explain.

NP-PUB-025 In Dr. Wilson's opinion, if the Board were to set Newfoundland Power's tailblock based on Holyrood operating costs, would it make sense to lower the tailblock closer to the marginal energy cost reflected in Hydro's NERA based marginal costs, once the Labrador-Island interconnection is completed? Please explain.

Pre-filed Evidence of Brad Rolph, June 4, 2015 ("Brad Rolph Evidence")

NP-PUB-026 [Brad Rolph Evidence, page 31]

Please explain in full Mr. Rolph's views as to the degree, if any, that the Board should make distinctions between rate payers and tax payers in its regulatory decision-making concerning Hydro. In the response, please explicitly address the distinction that Mr. Rolph perceives between rate payers and tax payers.

NP-PUB-027 Please fully explain how Mr. Rolph's markup of between 2% and 5% reconciles with "arms-length" inter-affiliate pricing principles currently in place for Newfoundland Power.

NP-PUB-028 Please fully explain what evidence Mr. Rolph would expect the Board to assess in determining the appropriateness of subsidies between rate payers, tax payers, and private third parties such as Nalcor's oil partners. In the response, please specifically address any relevant regulatory principles the Board should use in its assessment.

NP-PUB-029 [Brad Rolph Evidence, page 25]

Please explain the basis upon which Mr. Rolph determined his sample of regulated Canadian energy companies. In the response, please specifically address why Mr. Rolph changed his sample from those contained in his evidence, dated April 25, 2014.

NP-PUB-030 Please address the degree, if any, Mr. Rolph believes the Board should consider the inter-affiliate code of conduct between Newfoundland Power and its affiliates in assessing inter-affiliate transactions between Hydro and its affiliates.

NP-PUB-031 Please confirm that Mr. Rolph reviewed Newfoundland Power's inter-affiliate code of conduct prior to preparing evidence for this proceeding.

NP-PUB-032 Please provide a list of evidence filed by Mr. Rolph before Canadian regulatory tribunals concerning issues related to utility inter-affiliate codes of conduct.

NP-PUB-033

[Brad Rolph Evidence, pages 33-43]

In Mr. Rolph's opinion, would it be reasonable for Hydro to charge a mark-up on its common services charged to its affiliates by an arm's length amount, between two percent and five percent, as proposed by the OECD?

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

To: Mr. Mel Dean

NP-V-005 to NP-V-008

June 15, 2015

Requests for Information***Pre-filed Evidence of Mel Dean, June 4, 2015 (“Mel Dean Evidence”)***

- NP-V-005 [Mel Dean Evidence, page 7, lines 21-23]
- Is Mr. Dean aware of any other jurisdictions which use similar methodologies to determine specifically assigned OM&A charges for utility customers? If so, please provide examples and detailed explanations of these methodologies.
- NP-V-006 [Mel Dean Evidence, page 12, lines 13-16]
- Please confirm that wind turbines are required to shut down during periods of excessive winds such as those that can be experienced in Newfoundland which has a high annual mean wind speed.
- NP-V-007 Please confirm that all of Mr. Dean’s prior evidence before the Board was given as an *employee* of an industrial customer of Hydro.
- NP-V-008 Please provide a list of other Canadian regulatory tribunals before which Mr. Dean has given evidence.

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