



September 4, 2013

Ms. G. Cheryl Blundon
Director of Corporate Services and 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: Newfoundland and Labrador Hydro – Application for Rate Stabilization Plan
Rules and Components of the Rates to be Charged to Island Industrial
Customers**

In relation to the above, please find enclosed please find one (1) original and twelve (12) copies of the Consumer Advocate's Requests for Information numbered CA-NLH-11 to CA-NLH-24.

A copy of this correspondence, together with enclosures, has been forwarded directly to the parties listed below.

We trust the foregoing is found to be in order.

Yours very truly,

O'DEA, EARLE

A handwritten signature in blue ink, appearing to read 'T. Johnson', is written over the printed name.

THOMAS JOHNSON

TJ/cel

encl.

cc: **Newfoundland and Labrador Hydro**
Mr. Geoffrey Young
Mr. Colin Feltham

Newfoundland Power Inc.
Mr. Gerard Hayes
Mr. Liam O'Brien
Mr. Peter Alteen



Industrial Customers

Mr. Paul Coxworthy

Dean Porter

Vale Newfoundland and Labrador Limited

Mr. Tom O'Reilly

Mr. Denis Fleming

Mr. Darryl Drover

Mr. Mark Sheppard

Mr. Richard White

Praxair Canada Inc.

Mr. David Meade

Ms. Sheryl Niesbaum

IN THE MATTER OF

the *Electrical Power Control Act*, RSNL 1994,
Chapter E-5.1 (the "*EPCA*") and the
Public Utilities Act, RSNL 1990, Chapter P-47
(the "*Act*"), and regulations thereunder;

AND

IN THE MATTER OF

an Application by Newfoundland and Labrador
Hydro for the approval, pursuant to Sections 70 (1)
and 76 of the Act, of the Rate Stabilization Plan
rules and components of the rates to be charged
to Industrial Customers.

**CONSUMER ADVOCATE
REQUESTS FOR INFORMATION
CA-NLH-11 to CA-NLH-24**

Issued: September 4, 2013

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2 CA-NLH-11 (RSP Application, CA-NLH-1) In light of Board Order No. P.U.
3 26 (2013), please update the list in the response to CA-NLH-1
4 showing all remaining aspects of this Application for which Hydro
5 is seeking approval.
6
7 CA-NLH-12 (RSP Application, RSP Evidence, Table 3, page 11) Please provide
8 a table comparing current average rates in cents/kWh for NP and
9 each IC to average rates derived in the cost of service study
10 included in the 2013 GRA. Include columns showing current
11 average rates in cents/kWh, consumption for 2013 (actual for
12 months when available, forecast when not), average 2013 cost of
13 service rates, the ratio of current rates to 2013 cost of service rates,
14 and the amount in Dollars that current rates are under- or over-
15 collecting relative to 2013 cost of service rates. Does Hydro agree
16 that this is an accepted means in the industry for determining
17 cross-subsidies in a rate regime? If not, please provide what Hydro
18 believes is the accepted methodology for determining cross-
19 subsidization in a rate regime and file a table showing the levels of
20 cross-subsidization on this basis.
21
22 CA-NLH-13 (RSP Application, RSP Evidence, Table 3 page 11) Please provide
23 the same table requested in CA-NLH-12, but comparing for each
24 of 2014, 2015 and 2016 average proposed rates in cents/kWh to
25 average rates derived in the cost of service study included in the
26 2013 GRA. Include columns showing proposed average rates in
27 cents/kWh, forecast consumption for the year, average 2013 cost
28 of service rates, the ratio of proposed rates for the year to 2013 cost
29 of service rates, and the amount in Dollars that proposed rates for
30 the year are under- or over-collecting relative to 2013 cost of
31 service rates.

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CA-NLH-14 (RSP Application, RSP Evidence Table 4, page 12) Please comment on the fairness of the rate increases proposed in Table 4 from the perspective of Vale whose proposed rate increases are far from equal over the three year phase-in period, and Praxair which had yet to take delivery of power by September 1, 2013.

CA-NLH-15 (RSP Application, CA-NLH-6, Attachment 2, page 11 of 27) The objectives of the RSP as agreed to by the Parties participating in the RSP Review are listed on page 11 of 27 of Attachment 2 to CA-NLH-6. Did Hydro review the RSP in this Application and the GRA: 1) on the basis of these objectives, and 2) with the participation of any of the Parties involved in the RSP Review? If so, please file a copy of the review and all correspondence with the Parties.

CA-NLH-16 (RSP Application, CA-NLH-6, Attachment 2, page 11 of 27) The objectives of the RSP as agreed to by the Parties participating in the RSP Review are listed on page 11 of 27 of Attachment 2 to CA-NLH-6. Please show how the changes to the RSP proposed in this Application and the GRA meet these objectives, and in particular, “provide for ease of understanding”.

CA-NLH-17 (RSP Application, CA-NLH-6, Attachment 2, page 15 of 27) In the July 20, 2007 letter from the Board to Hydro, the Board suggests a number of additional issues/questions to be considered in the RSP review including “Should the RSP be abandoned altogether for Hydro?” Did Hydro consider this option before filing this Application and the GRA? Please explain how each of the terms in the RSP provide value to consumers.

1 CA-NLH-18 (RSP Application, CA-NLH-6, Attachments) A number of the
2 correspondences between Hydro and the Board reference an
3 evaluation of the accounting treatment of the RSP subject to the
4 IFRS amendments and this review appears to be a primary reason
5 why the RSP rate review was never completed. Please provide a
6 summary of the results of the IFRS-related review and file a copy
7 of the report.
8

9 CA-NLH-19 (RSP Application, NP-NLH-6) For Teck Resources, please provide
10 a table comparing the average rate paid for power in each year
11 since 2008 to the average rate that would have been charged had
12 rates not been frozen and assuming the load variation component
13 of the RSP had been allocated on the basis of load ratio share as
14 proposed by Hydro in this Application. Extend the table out to
15 2015 based on forecast demand and proposed phase-in rates
16 compared to rates derived in the 2013 cost of service study.
17 Include columns showing excess/deficit amounts paid relative to
18 the cost of supply in each year and the revenue to cost ratio.
19

20 CA-NLH-20 (RSP Application, PUB-NLH-5) Given that Hydro is proposing
21 that IC interim rates from January 1, 2008 to August 31, 2013 be
22 made final, and that it is within the discretion of the Board to
23 decide whether to review this matter, will Hydro be filing
24 additional evidence to enable the Board to conduct a review of this
25 matter?
26

27 CA-NLH-21 (RSP Application, PUB-NLH-17) What does Hydro conclude from
28 the analysis undertaken in response to PUB-NLH-17?
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30 CA-NLH-22 (RSP Application, CA-NLH-7, Attachments 1, 2 and 3) In the year
31 2010, the Actual Revenues for Corner Brook Pulp & Paper and

1 North Atlantic Refining are greater than the revenues assuming no
2 RSP rate freeze. In all other years the opposite is true. It appears
3 this is a result of a significant reduction in 2010 in the RSP
4 adjustment. Please explain.
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6 CA-NLH-23

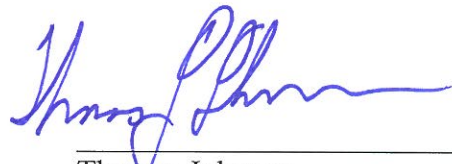
(RSP Application, CA-NLH-7, Attachment 2) Please confirm that
7 the rates and revenues shown in Attachment 2 are an accurate
8 reflection of what would have transpired had IC rates not been
9 frozen and the load variation component of the RSP had been
10 assigned on the basis of load ratio share as proposed by Hydro in
11 this GRA.
12

13 CA-NLH-24

(RSP Application, CA-NLH-7) On the basis of the analysis in CA-
14 NLH-7, for the 5-year period from 2008 through 2012, what was
15 the subsidy in Dollars received by each of the ICs annually, and in
16 total for the 5-year period, and what was the revenue to cost ratio?
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19 Dated at St. John's in the Province of Newfoundland and Labrador, this 4th day of
20 September, 2013.
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