

1 **IN THE MATTER OF**

2 the *Electrical Power Control Act, 1994*,  
3 SNL 1994, Chapter E-5.1 (the "*EPCA*")  
4 and the *Public Utilities Act*, RSNL 1990,  
5 Chapter P-47 (the "*Act*"), as amended;

6  
7  
8 **AND**  
9

10  
11 **IN THE MATTER OF**

12 an application by Newfoundland and Labrador Hydro  
13 pursuant to Sections 70 and 76 of the Act for approval  
14 of the Rate Stabilization Plan rules and components of  
15 the rates to be charged to Industrial Customers.

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**PUBLIC UTILITIES BOARD  
REQUESTS FOR INFORMATION**

**PUB-NLH-1 to PUB-NLH-20**

**Issued: August 8, 2013**

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1 **Application, page 2, number 5**

2 **"The Board, in Orders No. P.U. 39(2010) and No. P.U. 1(2011) approved, on an interim**  
 3 **basis, the rules and regulations governing the RSP."**

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 5 **Application, page 2, number 6**

6 **"Order No. P.U. 6(2012) approved, on an interim basis, the rates and rules to apply to Vale**  
 7 **Newfoundland and Labrador Limited."**

8  
 9 **Application, page 2, number 7**

10 **"Order No. P.U. 9(2013) approved, on an interim basis, the rates and rules to apply to**  
 11 **Praxair Canada Inc."**

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 13 **PUB-NLH-1** In each of the above clauses Hydro indicates that the rules governing the Rate  
 14 Stabilization Plan ("RSP") have been approved on an interim basis. Please  
 15 confirm that it is the intention of Hydro, in this Application, that the RSP rules  
 16 be approved on a final basis.  
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 18

19 **Application, page 2, number 9**

20 **"Hydro is therefore applying for the following rate changes, also set out in Schedule A of**  
 21 **this Application, for Industrial Customer effective September 1, 2103:**

22 **(a) Eliminating the RSP Rate for all Industrial Customers except Teck Resources; and**

23 **(b) Setting the Teck Resources RSP Surplus adjustment rate to 1.111 cents per kWh."**  
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25 **PUB-NLH-2** Please explain why, given the filing of Hydro's General Rate Application  
 26 requesting new base rates to become effective January 1, 2014, the requested  
 27 RSP and base rates to become effective September 1, 2013 should not be made  
 28 interim.  
 29  
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31 **Application, page 2, number 10**

32 **"Hydro is also proposing that effective September 1, 2013, the RSP rules related to the**  
 33 **allocation of the load variation be modified such that the year-to-date net load variation for**  
 34 **both Newfoundland Power and the Industrial Customers be allocated among the customer**  
 35 **groups based upon energy ratios."**  
 36

37 **PUB-NLH-3** Please explain why, given the filing of Hydro's General Rate Application  
 38 requesting changes to the RSP rules to become effective January 1, 2014, the  
 39 requested change to the rules proposed in this application should not be made on  
 40 an interim basis.  
 41  
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43 **Application, page 3, number 11**

44 **"Hydro is also making application that the Island Industrial Customer interim rates, from**  
 45 **January 1, 2008 to August 31, 2013 be made final."**

**PUB-NLH-4** Please provide from the Order in Councils ("OCs"), included with the Application, evidence that the interim rates from January 1, 2008 to August 31, 2013 should be made final, effective September 1, 2013, without further review of the Board.

**PUB-NLH-5** Please confirm that Hydro is requesting that the Board approve as final the interim rates charged to Industrial Customers over the period from January 1, 2008 to August 31, 2013 without a review of these interim rates.

**PUB-NLH-6** Please explain why Hydro believes that the interim rates charged to Industrial Customers over the period from January 1, 2008 to August 31, 2013 should be finalized at this time without further review.

**Application, July 2013 Rate Stabilization Plan Evidence, page 1/17-19, Hydro states that: "Funding of \$49 million will be drawn from the January 1, 2007 to August 31, 2013 accumulated load variation component of the RSP (RSP Surplus) and will be credited to the IC RSP on August 31, 2013 for the IC rate phase-in;"**

**PUB-NLH-7** Please provide details of the calculations that show how the \$49 million from the January 1, 2007 to August 31, 2013 accumulated load variation component of the RSP will be allocated to the Industrial Customer RSP throughout the three-year phase-in of rates.

**PUB-NLH-8** In the event that the Industrial Customer rates approved by the Board as a result of Hydro's General Rate Application are not identical to those proposed by Hydro, and since this issue is addressed in the OCs only in the case of Teck, how does Hydro intend to address the variances in the amounts deducted from the \$49 million to allow the phase-in of the new rates?

**PUB-NLH-9** OC2013-089 and OC2013-090 state that "No further adjustments will be made to these amounts credited." In the event that the final rates approved by the Board as a result of Hydro's General Rate Application cause the proposed phase-in to require more or less than \$49 million to meet Hydro's revenue requirements for each of the years over which the rates are being phased in, how does Hydro propose to deal with any variance?

**Application, July 2013 Rate Stabilization Plan Evidence, page 11, Table 3.**

**PUB-NLH-10** Please provide a breakdown of each of the specifically assigned charges shown for each year for each of the Industrial Customers.

**Application, July 2013 Rate Stabilization Plan Evidence, page 14/16-17, Hydro states that: "...the IC rate phase in will be considered to have been completed at August 31, 2015."**

**PUB-NLH-11** According to OC2013-089, OC2013-090, OC2013-207 and OC2013-208 the phase-in period will begin on September 1, 2013 and continue over a three-year period. If the effective date of the rate change, as set out in the application, is September 1, 2013, how can the phase-in period to August 31, 2015 been seen as a three-year period?

**PUB-NLH-12** Please explain why Hydro has not continued with step rate adjustments for the Industrial Customers into the year ending August 31, 2016.

**Application, Schedule B, page RSP-10 to RSP-12, section 2.2, Hydro states, in the section dealing with Teck Resources:**

**“Note: Once new base rates are approved based on Hydro’s 2013 Test Year, Hydro will apply for the disposition of any differences between the adjustment amounts calculated and the adjustment which would have been calculated using the 2013 approved Test Year rates. The difference will be refunded to, or collected from, Teck Resources, in a manner to be approved by the Board.”**

**PUB-NLH-13** Since this Note is found only in the section relating to Teck Resources, does this mean that any difference in revenue resulting from approved rates to the other Industrial Customers that are different from those submitted in the General Rate Application will not be refunded to, or collected from, the other Industrial Customers?

**PUB-NLH-14** Although the OCs included with the Application make specific reference to a phase-in, in three equal annual percentage increases, of rates to Teck Resources, they are silent on the rate at which rates to the other Industrial Customers will be phased in over the three-year period. Please explain why Hydro has not chosen to phase in rates to the other Industrial Customers during the three-year period in three equal annual percentage increases.

**PUB-NLH-15** If the change in the base rate for Teck Resources was phased in in the same manner as the change in the base rates for Corner Brook Pulp and Paper and for North Atlantic Refining Limited, please provide details of the forecast impact on the base and RSP rates of Teck Resources compared to those proposed in the application.

**PUB-NLH-16** If the change in the base rate for Teck Resources was phased in in the same manner as the change in the base rates for Corner Brook Pulp and Paper and for North Atlantic Refining Limited, please provide details of the forecast impact on the base and RSP rates of the other Industrial Customers compared to those proposed in the Application.

**PUB-NLH-17** Please provide to the Board a comparison that illustrates the impact on customers of the change to the load variation of the RSP as proposed in this Application. The comparison should include:

- i. The current forecast load for the Industrial Customers and for Newfoundland Power Inc. over the upcoming three years (2014, 2015, and 2016);
- ii. A significant reduction in load for the Industrial Customers in 2014 that carries forward into 2015 and 2016, while the forecast load for Newfoundland Power Inc. remains equal to that forecast in (i) above;
- iii. A significant reduction in load for Newfoundland Power Inc. in 2014 that carries forward into 2015 and 2016, while the forecast load for Industrial Customers remains equal to that forecast in (i) above;
- iv. A significant increase in load for the Industrial Customers in 2014 that carries forward into 2015 and 2016, while the forecast load for Newfoundland Power Inc. remains equal to that forecast in (i) above;
- v. A significant increase in load for Newfoundland Power Inc. in 2014 that carries forward into 2015 and 2016, while the forecast load for the Industrial Customers remains equal to that forecast in (i) above;
- vi. A significant increase in load for both the Industrial Customers and for Newfoundland Power Inc. in 2014 that continues into 2015 and 2016; and
- vii. A significant reduction in load for both the Industrial Customers and for Newfoundland Power Inc. in 2014 that continues into 2015 and 2016.

For simplicity, the size of the significant increase and the significant reduction in load in each case should be the same.

**In Board Order No. P.U. 40(2003), the Board noted that the Participating Parties had proposed changes to the RSP that would cause the fuel element of the load variation component to be assigned to the customer class which caused the variation, as had already been the treatment of the revenue element of the load variation component. The Board reviewed the evidence regarding this matter and approved the amendment.**

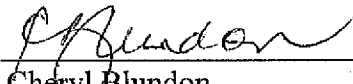
**PUB-NLH-18** Has Hydro considered maintaining this treatment of both the revenue and the fuel elements of the load variation component of the RSP while putting in place a cap on the variation that would require that for variances outside of this cap Hydro would be required to seek relief? If not, why not?

**PUB-NLH-19** Since load is an essential component of the Cost of Service of an electrical utility, would it be reasonable to assume that any significant variation in load would ideally require an immediate full evaluation of the forecast Cost of Service of the utility? If not, why not?

**PUB-NLH-20** In Appendix F, page 1, Column G, the second subheading reads Col I \*(1 + Col E), Line 10. Please confirm that "Col I" should read "Col F".

**DATED** at St. John's, Newfoundland this 8<sup>th</sup> day of August, 2013.

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

Per   
Cheryl Blundon  
Board Secretary