



October 21, 2014

Ms. G. Cheryl Blundon
Board of Commissioners of Public Utilities
120 Torbay Road, P.O. Box 12040
St. John's, NL A1A 5B2

Ladies & Gentlemen:

Re: Newfoundland and Labrador Hydro – Application for approval of the deferral and recovery of expenses associated with the increased capacity-related supply costs on the Island Interconnected System

In relation to the above noted, please find enclosed the original and twelve (12) copies of:

1. The Consumer Advocate's Intervenor's Submission; and
2. Requests for Information CA-NLH-1 to CA-NLH-8.

We trust you will find the enclosed to be in order.

Yours very truly,

O'DEA, EARLE

A handwritten signature in blue ink, appearing to read 'TJ Johnson', is written over the printed name 'THOMAS JOHNSON'.

THOMAS JOHNSON

TJ/cel

Encl.

cc: Newfoundland and Labrador Hydro
Attention: Geoffrey P. Young

Newfoundland Power
Attention: Gerard Hayes,

Island Industrial Customers Group
Attention: Mr. Paul Coxworthy (Stewart McKelvey)

Vale Newfoundland and Labrador Limited
Attention: Mr. Thomas O'Reilly, Q.C. (Cox & Palmer)

Praxair Canada Inc.
Attention: Ms. Sheryl Nisenbaum

IN THE MATTER OF

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

AND

IN THE MATTER OF

an Application by Newfoundland and Labrador Hydro, pursuant to Sections 78 and 80 of the *Act*, for approval of the deferral and recovery of expenses associated with the increased capacity-related supply costs on the Island Interconnected System in 2014 (the Application).

**CONSUMER ADVOCATE
REQUESTS FOR INFORMATION
CA-NLH-1 to CA-NLH-8**

Issued: October 21, 2014

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CA-NLH-1

(Re: October 2014 Evidence submitted as part of Application) It is stated on page 7 lines 9 to 15 that in 2014, Hydro has incurred not only the capacity-related costs that are the subject of this Application, but also numerous other costs related to the Board's Outage Inquiry that are not accounted for in existing rates. Hydro goes on to say that it will be proposing a recovery mechanism for these additional costs as part of the amended GRA filing that will be submitted to the Board this fall. Why is Hydro submitting this Application for 2014 capacity-related costs now rather than wait until the amended GRA filing is submitted in the fall? Will the amended application submitted in the fall not supersede any approval granted in this Application, and will it not provide the Board a more complete picture of costs incurred in 2014, thus providing the Board a more appropriate basis upon which to base its decision?

CA-NLH-2

(Re: October 2014 Evidence submitted as part of Application) It is stated on page 7 lines 9 to 15 that in 2014, Hydro has incurred not only the capacity-related costs that are the subject of this Application, but also numerous other costs related to the Board's Outage Inquiry that are not accounted for in existing rates. Hydro goes on to say that it will be proposing a recovery mechanism for these additional costs as part of the amended GRA filing that will be submitted to the Board this fall. While there is little doubt that Hydro needs additional funds beyond what is currently being recovered in rates, this was not enough to sway the Board in its decisions on the Interim Rates Applications. How is this Application different from Hydro's previous Interim Rates Applications and why should the Board approve recovery of costs requested in this Application when it refused interim rate relief in

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the previous Interim Rates Applications?

CA-NLH-3

(Re: October 2014 Evidence submitted as part of Application) On page 9 lines 9 to 12, Hydro quotes from a previous Board Order as follows: “...*The Board has accepted that an expense may be considered an extraordinary repair if it meets the minimum threshold of \$500,000 and would cause a rate shock or a shock in Hydro’s earnings that is considered unreasonably high...*”. Please confirm that Hydro does not consider the capacity-related expenses referred to in this Application as “*extraordinary repairs*”. If Hydro does consider these expenses to be “*extraordinary repairs*”, please provide support.

CA-NLH-4

(Re: October 2014 Evidence submitted as part of Application) On page 3 lines 11 to 20, it appears that the cost/kW of CBPP interruptible power for the past winter was about \$102/kW. If this calculation is incorrect, please provide the correct calculation, and in either case, provide a comparison of the cost/kW of CBPP interruptible power over the past winter to 1) the annualized cost in \$/kW of a combustion turbine, and 2) the cost in \$/kW of Newfoundland Power’s Curtailable Service.

CA-NLH-5

(Re: October 2014 Evidence submitted as part of Application) On page 4 lines 15 to 16, it is stated that only the fuel costs for testing the diesel and as turbine units is included in the test year. Given that a GRA is expected to cover a 3-year period or more, why are there no fuel costs beyond testing included in the GRA; i.e., fuel to supply some average annual production based on historical experience?

CA-NLH-6

(Re: October 2014 Evidence submitted as part of Application, page

1 6, lines 8 to 16) If Hydro had a traditional fuel adjustment clause,
2 would there be a need for the energy supply cost component of the
3 capacity-related costs in this Application? Please provide support
4 for the response.

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6 CA-NLH-7 (Re: October 2014 Evidence submitted as part of Application, page
7 5, lines 4 to 6) Please provide details of the calculation of the
8 incremental fuel costs for NP generation during the outage events
9 of 2014.

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11 CA-NLH-8 (Re: October 2014 Evidence submitted as part of Application, page
12 7, lines 2 to 7) Hydro states that it will incur a “*substantial net loss*
13 *in 2014*”. What is this financial loss expected to cost consumers,
14 and what is the expected impact on rates with and without approval
15 of this Application (i.e., increased short-term borrowing costs)?

Dated at St. John’s in the Province of Newfoundland and Labrador, this 21st day of
October, 2014.



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