

October 29, 2019

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: 2020 Capital Budget Application – Consumer Advocate Submission Regarding Technical Conference – Newfoundland and Labrador Hydro's Reply

Newfoundland and Labrador Hydro ("Hydro") filed its 2020 Capital Budget Application ("CBA") on August 1, 2019. The Consumer Advocate, Newfoundland Power Inc. ("Newfoundland Power"), and the Industrial Customer Group all filed Intervenor Submissions on or before September 4, 2019 advising that they wished to participate in the review of the CBA. The Consumer Advocate's notice of intervention noted its opinion that technical conferences should be held prior to approvals of any capital budget applications. Subsequently, the Board of Commissioners of Public Utilities ("Board") and all intervenors provided Requests for Information ("RFIs") by the deadline of September 11, 2019, responses to which were filed by Hydro on October 11, 2019.

On October 17, 2019, the Board requested confirmation from the Consumer Advocate on whether a technical conference regarding Hydro's CBA was still required, and if so, the Consumer Advocate was required to file a list of issues by October 25, 2019. Newfoundland Power and the Industrial Customer Group were also required to file lists of projects and areas of concern by the same date if they wished to participate and ask questions at the technical conference. Newfoundland Power advised that although they had not identified any proposals in Hydro's 2020 CBA for which a technical conference was necessary, if a technical conference were to occur they would wish to participate. The Industrial Customer Group identified one discreet issue they would like to have Hydro discuss further. The Consumer Advocate provided a substantial list of issues.

As previously noted during the RFI process,¹ Hydro is agreeable to a technical conference on its 2020 CBA to ensure that all parties have complete understanding of Hydro's proposals. However, Hydro does not believe that it would be practical, efficient, or consistent with the Board's guidelines to scrutinize each and every proposed expenditure through a technical conference or hearing. The 2020 CBA filing included comprehensive information² required by the Board's Capital Budget Application Guidelines with increasing information requirements as the cost of the project increases. All project proposals include evidence showing that the expenditure is prudent and necessary to provide reasonably safe, adequate, just, and reliable service. Where the project involves expenditures between \$200,000 and

¹ Hydro's response to CA-NLH-014.

² Hydro's 2020 CBA includes details on 67 new and previously approved projects, as well as overviews of the current capital proposal, the five-year capital plan, and the Holyrood Thermal Generating Station operation.

\$500,000 the utility is expected to provide a detailed list of information, including the impact of maintaining the status quo and the other alternatives considered. Expenditures greater than \$500,000 are considered to be significant expenditures that must be supported with more comprehensive and detailed documentation. Where appropriate a utility is expected to provide a report by a qualified engineer or other appropriate expert to support the expenditure.

The Capital Budget Application Guidelines state that a technical conference should be used together with the RFI process to gain a full understanding of the scope and nature of the proposed projects. In Hydro's opinion, the technical conference should now be used to provide further clarity or answer any specific remaining questions on the projects or any of Hydro's policies impacting the projects.

If the Consumer Advocate has specific questions regarding the proposed expenditures that have not been addressed in the 2020 CBA or during the RFI process, Hydro would be happy to address those issues at a technical conference; however, a full review of each and every project would, in Hydro's opinion, not be an efficient and effective method of review.

The Consumer Advocate noted a list of specific questions in paragraph 11 of its filing. Items 11(5), 11(6) and 11(9) would be relatively straightforward for Hydro to address; however, Hydro believes that the other issues listed have been addressed in its responses to RFIs, in particular:

- 1) Issue 11(1) was addressed in CA-NLH-001, CA-NLH-002, CA-NLH-009, and PUB-NLH-008;
- 2) Issue 11(2) was addressed in NP-NLH-001 and NP-NLH-006;
- 3) Issue 11(3) was addressed in CA-NLH-001;
- 4) Issue 11(4) was addressed in PUB-NLH-001;
- 5) Issue 11(7) was addressed in CA-NLH-012; and
- 6) Issue 11(8) was addressed somewhat in PUB-NLH-017

Based on the questions posed in the Consumer Advocate's issues list, Hydro is unsure of what additional information or clarification the Consumer Advocate requires on many of these issues. In order to prepare to address the Consumer Advocate's concerns, Hydro would need further information from the Consumer Advocate.

As noted above and previously in a response to an RFI, Hydro believes that a technical conference is most beneficial when specific topics have been identified in advance for focused discussion. Hydro does not believe that it would be an efficient or effective use of the process to examine all the projects contained in the 2020 CBA; however, Hydro is certainly agreeable to discussion of any specific issues, projects or areas of concern that have not yet been addressed and/or remain unclear to the parties.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/las

cc: **Newfoundland Power**
Mr. Gerard M. Hayes

Consumer Advocate
Mr. Dennis M. Browne, Q.C, Browne Fitzgerald Morgan & Avis

Industrial Customer Group
Mr. Paul L. Coxworthy, Stewart McKelvey
Mr. Denis J. Fleming, Cox & Palmer
Mr. Dean A. Porter, Poole Althouse

ecc: **Board of Commissioners of Public Utilities**
Ms. Jacqui Glynn
PUB Official Email

Newfoundland Power
Ms. Kelly C. Hopkins
Regulatory Email

Consumer Advocate
Mr. Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis
Ms. Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis
Ms. Bernice Bailey, Browne Fitzgerald Morgan & Avis

Iron Ore Company of Canada
Mr. Gregory A.C. Moores, Stewart McKelvey

Labrador Interconnected Group
Mr. Senwung Luk, Olthuis Kleer Townshend LLP
Ms. Julia Brown, Olthuis Kleer Townshend LLP