

# Office of the Consumer Advocate

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September 14, 2021

Board of Commissions of Public Utilities  
120 Torbay Road, P.O. Box 2140  
St. John's, NL A1A 5B2

**Attention: G. Cheryl Blundon, Director of  
Corporate Services / Board Secretary**

Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro - 2022 Capital Budget Application**

Further to the above-captioned, enclosed are the Consumer Advocate's Requests for Information numbered CA-NLH-001 to CA-NLH-069.

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

Yours truly,

  
**Dennis Browne, Q.C.**

Encl.  
/bb

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**IN THE MATTER OF** the *Public Utilities Act*,  
RSNL 1990, (the “Act”); and

**IN THE MATTER OF** an Application by  
Newfoundland and Labrador Hydro (“Hydro”)  
for an Order approving: (i) its 2022 capital  
budget pursuant to Section 41(1) of the Act;  
(ii) its 2022 capital purchases and construction  
projects in excess of \$50,000.00 pursuant to  
Section 41(3)(a) of the Act; and (iii) for an Order  
pursuant to Section 78 of the Act fixing and  
determining its average rate base for 2020

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**CONSUMER ADVOCATE  
REQUESTS FOR INFORMATION  
CA-NLH-001 to CA-NLH-069**

**Issued: September 14, 2021**

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- 1 CA-NLH-001 (Reference Application) Please provide a table showing regulated rate base,  
2 revenue requirement, capital budget amount proposed, capital budget amount  
3 approved, capital budget amounts expended, and year-over-year rate change  
4 for each of the last 20 years and forecast for the years 2021 through 2026.  
5
- 6 CA-NLH-002 (Reference Application) Further to CA-NLH-001, for the years when Hydro  
7 did not spend the entire capital budget amount approved by the Board:  
8 a) Explain why the approved amounts were not spent.  
9 b) Did Hydro fail to meet its mandate in those years? If not, why not? If so,  
10 how, and to what extent, were customers impacted?  
11 c) In years when Hydro underspends approved capital budget amounts that  
12 were required for it to meet its mandate, does the governing legislation  
13 provide the Board with any ability to request an explanation from Hydro  
14 for any adverse impacts upon customers arising from this underspending?  
15
- 16 CA-NLH-003 (Reference Application) Further to CA-NLH-001, for the years when Hydro  
17 overspent capital budget amounts approved by the Board, has the Board ever  
18 failed to approve the over-spent amount, and if so, what was the Board's  
19 explanation?  
20
- 21 CA-NLH-004 (Reference Application) Please provide a list of the dates for all public  
22 hearings that the Board has held on Hydro capital budget applications in the  
23 past 25 years.  
24
- 25 CA-NLH-005 (Reference Application) In the test years for its GRAs,  
26 a) Does Hydro use a historic or forward test year?  
27 b) Has Hydro ever used a historic test year in a GRA?  
28 c) Under current legislation is Hydro allowed to base its cost of service study  
29 on a historic test year?  
30 d) When developing a cost of service study for a forward test year, does  
31 Hydro forecast cost data for the test year, or simply make adjustments to  
32 data from a historic year?  
33
- 34 CA-NLH-006 (Reference Application) In Order No. P.U. 16(2019) the Board directed Hydro  
35 to "*file its next GRA no later than September 30, 2020 for rates based on a*  
36 *2021 Test Year*". Hydro requested a delay in the filing owing to uncertainties  
37 relating to Muskrat Falls and rate mitigation and the resulting inability of  
38 Hydro to "*prepare a GRA filing that would reasonably reflect the costs that*  
39 *Hydro will incur in providing electrical service to its customers for use in*  
40 *determining proposed customer rates.*" (see April 15, 2019 letter from Hydro  
41 to the Board titled "*Application to Delay the Filing of Newfoundland and*  
42 *Labrador Hydro's Next General Rate Application*"). By Order P.U. 15 (2020)  
43 the Board approved Hydro's request to delay the filing of its next General Rate  
44 Application.

- 1 a) Please provide an update. Does Hydro now have the necessary  
2 information, and if so, when will Hydro file its next GRA?
- 3 b) Based on the information now available on the Government's rate  
4 mitigation policy (domestic island customer rate target of 14.7 cents/kWh)  
5 what is Hydro's best estimate of rates in 2022, 2023 and 2024?  
6
- 7 CA-NLH-007 (Reference Application) When did Hydro last complete a load research study?  
8 Does Hydro have the ability to develop typical load profiles for its customers  
9 that might be used, for example, to manage EV charger demand?  
10
- 11 CA-NLH-008 Although AMI might be judged to be uneconomic, in the interests of fairness  
12 and transparency, might it be beneficial to install AMI infrastructure at this  
13 time as the electricity services sector adds more non-wires alternatives and  
14 behind-the-meter generation, in addition to environmental responses such as  
15 electrification? What is the expected cost for Hydro to implement AMI  
16 infrastructure?  
17
- 18 CA-NLH-009 (Reference CA-NP-110 of NP's 2022-2023 GRA) Mr. Coyne states that he  
19 *"agrees that regulation is intended to serve as a substitute or surrogate for*  
20 *competition in markets that are not competitive, such as regulated public*  
21 *utilities, which are generally considered to be natural monopolies."*  
22 a) Does Hydro agree? Is this statement universally accepted both in this  
23 jurisdiction and elsewhere in Canada and the United States?  
24 b) Does Hydro agree that it is a monopoly electric generation, transmission  
25 and distribution service provider in its designated franchise area?  
26 c) Does Hydro agree that regulation has two primary functions: 1) to serve as  
27 a surrogate or substitute for competition in markets that are not  
28 competitive, and 2) to ensure customers are not subjected to market power  
29 abuse and predatory pricing practices by monopoly service providers?  
30 d) Is it the Board's responsibility to regulate Hydro and Newfoundland Power  
31 to ensure that: 1) the regulatory regime serves as a surrogate or substitute  
32 for competition in the Province's electricity sector, and 2) customers are  
33 not subjected to market power abuse and predatory pricing practices, or do  
34 the utilities also bear some of this responsibility?  
35 e) Under current legislation, what actions are available to the Board if it finds  
36 that a utility is practicing predatory pricing?  
37
- 38 CA-NLH-010 (Reference Application)  
39 a) In a competitive environment do businesses respond to their operating  
40 environment and economic conditions or do they disregard these negatives  
41 with a continued expectation that customers will not make any adjustments  
42 themselves to these negatives?

- 1 b) Is it the role of the Board and the regulatory process to ensure that the  
 2 Province's electric utilities respond appropriately to the existing current  
 3 economic situation in the province, or do the utilities also bear some of this  
 4 responsibility?
- 5 c) Does Hydro believe that regulation should act as a surrogate for  
 6 competition when determining a reasonable return for itself, but not with  
 7 respect to the resulting costs imposed on its customers?
- 8 d) Could ignoring the poor Provincial economy and its impact on customers  
 9 be considered a form of market power abuse and predatory pricing, or is  
 10 Hydro of the opinion that this falls under the responsibility of the Board,  
 11 so if the Board approves Hydro's cost proposals it has in fact decided that  
 12 the economic impacts on customers have been adequately addressed? Does  
 13 Hydro believe that the Board must consider impacts of the economy on  
 14 competitive companies and their ability to extract higher prices from  
 15 customers and replicate these impacts in its decisions?
- 16 e) Are Hydro and Newfoundland Power subject to the same legislation in the  
 17 Province? If Hydro believes legislation treats the two utilities differently,  
 18 please identify the differences.
- 19 f) Does Hydro believe that it has a corporate responsibility to take into  
 20 consideration the economic impacts of the poor Provincial economy on  
 21 customers? Does Hydro believe that this is part of its mandate? If so, and  
 22 Newfoundland Power believes it has no such obligation, does Hydro  
 23 believe the Board has an obligation to rule against Newfoundland Power's  
 24 proposals on the basis that it is not meeting its mandate?

25  
 26 CA-NLH-011 (Reference Application) Has the Board ever approved a capital budget  
 27 envelope for Hydro rather than individual projects in a capital budget  
 28 application? Has Hydro commissioned a legal opinion with respect to Board  
 29 authority to approve a capital budget envelope under current legislation? If so,  
 30 please file the legal opinion.

31  
 32 CA-NLH-012 (Reference Application) If the Board were to authorize a fixed amount of  
 33 capital expenditure(s) by Hydro in 2022 that is less than \$84,714,000 and if  
 34 the Board were to do so without rejecting any particular proposed capital  
 35 expenditure(s), would Hydro have the judgement, expertise and tools to  
 36 determine what of its proposed 2022 capital expenditures can be  
 37 accommodated within that fixed amount of capital expenditures considering  
 38 both work priority and execution capability? Specifically, under this scenario  
 39 how would Hydro make use of the project prioritization outlined in Table H-  
 40 1, Appendix H?

41  
 42 CA-NLH-013 (Reference Application) With respect to the prioritization process used in the  
 43 2022 Capital Budget Application.  
 44 a) Which entity within Hydro is responsible for developing project  
 45 prioritization?

- 1 b) Please provide all documentation between Hydro senior management and  
 2 line managers relating to prioritization and cost efficiencies during the  
 3 preparation of the 2022 CBA.  
 4 c) Please provide any documentation from Hydro senior management to line  
 5 managers with respect to the 2022 CBA relating to budget control in light  
 6 of rate pressures brought on by the Muskrat Falls Project and the economic  
 7 downturn in the Province.  
 8 d) If there is no such documentation, please explain how Hydro senior  
 9 management communicated to line managers which capital projects were  
 10 to be included in the 2022 CBA, and which capital projects were to be  
 11 included in Hydro's planned 2023 to 2026 capital expenditures.  
 12

13 CA-NLH-014 (Reference Application Volume 1, para. 5, page 2 of Application) It is stated  
 14 "*The 2022 Capital Budget Application request for approval does not include*  
 15 *other planned 2022 expenditures related to supplemental applications*  
 16 *currently before the Board or anticipated to be filed with the Board in 2022.*"  
 17 Please identify all planned and anticipated supplemental applications in 2022  
 18 along with the current cost estimates.  
 19

20 CA-NLH-015 (Reference Application Volume 1, 2022 Capital Budget Overview) It is stated  
 21 (page 1) "*In its aim to balance the provision of reliable service with cost*  
 22 *management, Hydro focuses on sound utility asset management practices,*  
 23 *condition-based investments (versus age-based investments) where*  
 24 *appropriate, and operational and system requirements. Hydro also seeks to*  
 25 *engage with stakeholders and customers to inform its capital investment*  
 26 *considerations.*"  
 27 (a) What changes has Hydro made to its asset management plan and practices  
 28 since its 2021 Capital Budget Application?  
 29 (b) It is understood that Hydro is considering adoption of a formal asset  
 30 management plan such as ISO55000 as proposed by Midgard. Please  
 31 confirm or deny, and if confirmed, please provide the implementation  
 32 schedule.  
 33 (c) What is the expected cost to implement a formal asset management plan  
 34 such as ISO55000?  
 35 (d) What benefits does Hydro expect as a result of implementation of a formal  
 36 asset management plan such as ISO55000?  
 37 (e) How has Hydro engaged stakeholders and customers with respect to its  
 38 2022 Capital Budget Application? More specifically, explain and show  
 39 how customer preferences have been incorporated in the 2022 Capital  
 40 Budget Application.  
 41

42 CA-NLH-016 (Reference Application) Has Hydro embedded productivity savings as a  
 43 bottom-line adjustment in its 2022 Capital Budget Application? Does Hydro  
 44 believe that a well-run utility is continually finding ways to complete its work  
 45 programs at lower cost?

- 1 CA-NLH-017 (Reference Application) Please provide a summary of all benchmarking  
2 exercises performed by Hydro relating to costs and performance that have  
3 been incorporated in the 2022 Capital Budget Application. Specifically, show  
4 how Hydro spending and performance compares to a peer group including  
5 Newfoundland Power and provide relevant information on each peer included  
6 in the group.  
7
- 8 CA-NLH-018 (Reference Application)  
9 a) Specifically, what is Hydro's mandate?  
10 b) Provide Hydro's definition of "*reliable service*" and all reliability criteria  
11 used to define "*reliable service*".  
12 c) Is it a requirement under current legislation that Hydro provide service  
13 commensurate with the value its customers place on the service? Does  
14 Hydro attempt to do so? Please explain.  
15
- 16 CA-NLH-019 (Reference Application) How has Hydro ensured that its 2022 Capital Budget  
17 provides an appropriate balance between reliability, rate impacts, and the  
18 value customers place on service? Please provide customer surveys and  
19 documentation relating to customer feedback that Hydro has relied upon to  
20 determine the appropriate balance between reliability, rate impacts, and the  
21 value customers place on service, and please provide specific references to  
22 customer input and feedback used in the development of the 2022 Capital  
23 Budget Application.  
24
- 25 CA-NLH-020 (Reference Application) Please identify all reliability risk metrics used by  
26 Hydro in the 2022 Capital Budget Application. What risk mitigation value is  
27 provided by Hydro's asset management program; i.e., the difference between  
28 baseline risk and residual risk?  
29
- 30 CA-NLH-021 (Reference Application) Please provide a summary of all laboratory testing  
31 conducted by Hydro in the 2022 Capital Budget Application to verify the need  
32 for asset replacement.  
33
- 34 CA-NLH-022 (Reference Application) What is the overall improvement in productivity  
35 stemming from the projects included in the 2022 Capital Budget Application?  
36 Please identify the expected cost savings and provide an estimate of the impact  
37 on rates.  
38
- 39 CA-NLH-023 (Reference Application) Please provide for the hydro plants: age, capacity,  
40 annual energy production, storage capacity and levelized cost.  
41
- 42 CA-NLH-024 (Reference Application) Please provide a detailed calculation of the cost to  
43 own and operate Hydro's small hydro facilities (with capacity less than 1  
44 MW), and the amount of money recovered annually from customers  
45 attributable to Hydro's small hydro generation facilities.

- 1 CA-NLH-025 (Reference Application) Is Hydro considering retirement of any of its small  
2 hydro generating facilities? Please file any studies Hydro has completed on its  
3 small hydro generation facilities, specifically, those with capacities that are  
4 less than 1 MW. Will these facilities remain used and useful following  
5 commissioning of Muskrat Falls?  
6
- 7 CA-NLH-026 (Reference Application) Is Hydro concerned about the utility death spiral?  
8 Why or why not? How has Hydro incorporated the advent of distributed  
9 energy resources and non-wires alternatives in its 2022 Capital Budget  
10 Application?  
11
- 12 CA-NLH-027 (Reference Application) Please identify all projects in the 2022 CBA where  
13 Hydro has quantified the risks and benefits to customers of not proceeding  
14 with the projects in 2022. Identify the projects, and provide the risk and benefit  
15 quantities in a summary table format.  
16
- 17 CA-NLH-028 (Reference Application) In light of existing and proposed 'green energy'  
18 initiatives by the governments of Canada and Newfoundland and Labrador,  
19 has Hydro analyzed the possibility that its past and proposed future capital  
20 expenditures on thermal capacity and energy may become stranded? If so,  
21 please provide copies of all such analyses.  
22
- 23 CA-NLH-029 (Reference Application) In 2020 what was the capital cost per megawatt of  
24 Hydro's thermal capacity and its production cost per kilowatt hour of thermal  
25 energy?  
26
- 27 CA-NLH-030 (Reference Application) In 2020 what was the capital cost per megawatt of  
28 Hydro's hydro capacity? Is there a production cost per kWh for Hydro's hydro  
29 capacity?  
30
- 31 CA-NLH-031 (Reference Application) Please provide the date of all customer surveys  
32 undertaken by Hydro in the last 10 years that provide insight into the value  
33 that each class of customers puts on increased reliability. Explain the  
34 conceptual approach that was used in each case to determine the value of  
35 increased reliability (e.g., willingness to pay). For the most recent customer  
36 survey, please provide documentation of the questions and methodology used,  
37 and all reports that were provided by any external consultant and by internal  
38 staff that assess and/or interpret the responses received.  
39
- 40 CA-NLH-032 (Reference Application) Please provide the increase in total rates (monetary  
41 and percentage) that will be charged to each customer rate class of Hydro, by  
42 billing determinant, as a result of the Muskrat Falls Project coming into  
43 service. Please provide the expected impact on electricity demand by rate class

1 as a result of these rate increases. Include details of the price elasticity  
2 assumptions used relative to the elasticity assumptions used in quantifying the  
3 impact of rate increases on demand. Please provide copies of all elasticity  
4 studies that Hydro has undertaken or commissioned in the past five years.

5  
6 CA-NLH-033 (Reference Application) Please provide a detailed description of the procedure  
7 used to respond to unanticipated capital expenditures that arise during a fiscal  
8 year after the capital budget has been approved.

9  
10 CA-NLH-034 (Reference Application) Please provide a detailed description of the procedure  
11 used to respond to changes in circumstances of information that result in a  
12 modification in the economic justification of a capital project that eliminates  
13 the need to proceed with the project in that fiscal year.

14  
15 CA-NLH-035 (Reference Application) For each of the past three fiscal years, please provide  
16 a list of all capital projects that that were (i) undertaken although not included  
17 in the capital budget as filed for that year, (ii) not completed although included  
18 in the capital budget as filed for that year, and (iii) modified in terms of the  
19 work completed or cost as compared to the project details included in the  
20 capital budget as filed for that year.

21  
22 CA-NLH-036 (Reference Application) Please provide details of Hydro's approach to  
23 assessing the relative cost of non-wires alternatives (NWAs) and distributed  
24 energy resources (DERs) to the capital investment in traditional assets that are  
25 included in Hydro's proposed capital plan, including any reports or analyses  
26 that show the comparative analysis for the projects included in the 2022  
27 Capital Budget Application. If NWAs have not been considered, please  
28 explain why they have been excluded as options without a comparison of  
29 alternatives.

30  
31 CA-NLH-037 (Reference Application) Please provide copies of any research Hydro may  
32 have undertaken itself, or may have received from third parties, pertaining to  
33 the consideration being given to NWAs in each of the other Canadian  
34 jurisdictions addressing the current practices of other Canadian integrated  
35 utilities, transmission companies and distributors.

36  
37 CA-NLH-038 (Reference Application) Please provide copies of any research Hydro may  
38 have undertaken itself, or may have received from third parties, pertaining to  
39 the consideration being given to NWAs in each of the other Canadian  
40 jurisdictions addressing the current practices of Canadian regulators.

41  
42 CA-NLH-039 (Reference Application) Please provide copies of any research Hydro may  
43 have undertaken itself, or may have received from third parties, pertaining to  
44 the consideration being given to NWAs in each of the other Canadian  
45 jurisdictions addressing policy and information gathering initiatives that have

1 been undertaken by integrated electric utilities, regulators, system operators  
2 and Canadian industry associations.

3  
4 CA-NLH-040 (Reference Application Volume 1, 2022 Capital Budget Overview) It is stated  
5 (page 1) “*Hydro also continues to refine its budgeting and integrated planning*  
6 *processes to support the efficient execution of its capital plans.*” Specifically,  
7 how has Hydro refined its budgeting and integrated planning processes in the  
8 2022 Capital Budget Application?  
9

10 CA-NLH-041 (Reference Application Volume 1, 2022 Capital Budget Overview) It is stated  
11 (page 1) “*the total planned 2022 capital spend to be recovered through*  
12 *customer rates is \$102.9 million*”. It goes on to say that this **does not** include  
13 \$13.5 million of fully contributed capital. Please reconcile this capital spend  
14 figure with “*Hydro’s 2022 Capital Budget of \$84.7 million*” (page 2).  
15

16 CA-NLH-042 (Reference Application Volume 1, 2022 Capital Budget Overview) It is stated  
17 (page 4) “*Hydro realigned projects based on the condition of the assets,*  
18 *enabling adjustment to the time frames associated with project execution such*  
19 *that, in some instances, projects are proposed to be completed at later times*  
20 *than previously assessed.*” Please identify the specific projects considered for  
21 inclusion in the 2022 Capital Budget Application that were delayed to a later  
22 time frame as a result of realignment.  
23

24 CA-NLH-043 (Reference Application Volume 1, 2022 Capital Budget Overview) It is stated  
25 (page 7) “*Hydro has included a segmentation of its capital projects according*  
26 *to the categories identified by Midgard.*” Has Hydro introduced any other  
27 changes related to the Capital Budget Guidelines recommended by Midgard  
28 in its 2022 Capital Budget Application? If so, please identify the changes. If  
29 not, why not?  
30

31 CA-NLH-044 (Reference Application Volume 1, 2022 Capital Budget Overview) It is stated  
32 (page 10) “*... major work at the Holyrood Combustion Turbine, including the*  
33 *Increase Fuel and Water Treatment System Capacity project and Turbine Hot*  
34 *Gas Path Inspection and Overhaul project.*” Why is “*major*” work needed on  
35 the relatively new Holyrood combustion turbine?  
36

37 CA-NLH-045 (Reference Application Volume 1, 2022 Capital Budget Overview) It is stated  
38 (page 11) “*There are no proposed capital projects for either the Hardwoods*  
39 *or Stephenville Gas Turbines in the 2022 CBA or in the five-year capital plan;*  
40 *Hydro plans to retire both of these units in 2023.*” Is this supported by the  
41 results of the Reliability and Supply Adequacy Study?  
42

43 CA-NLH-046 (Reference Application Volume 1, 2022 Capital Budget Overview) It is stated  
44 (pages 19 and 20) “*On a pro forma basis, Hydro’s 2022 and 2023 revenue*  
45 *requirement is estimated to increase by approximately \$2 million and \$8*”

1 million, respectively, as a result of the capital projects proposed for 2022.  
 2 Such a revenue requirement increase would represent an increase of 0.4% and  
 3 1.2% in 2022 and 2023, respectively, relative to Hydro's 2019 Test Year." Are  
 4 any cost savings/reductions expected in 2022 and 2023 as a result of the  
 5 Muskrat Falls project coming on line in late 2021?  
 6

7 CA-NLH-047 (Reference Application Volume 1, 2022 Capital Budget Application – Five-  
 8 year Capital Plan (2022 – 2026)) It is stated (page 2) "*General Plant (\$66*  
 9 *million): Driven primarily by the requirement to install plant heating at the*  
 10 *Holyrood Thermal Generating Station ("Holyrood TGS") following the*  
 11 *transition to a synchronous condensing facility, along with renewal of Hydro's*  
 12 *information systems, transportation, and telecontrol assets."* Specifically,  
 13 how much is the cost to install heating equipment at Holyrood TGS and was  
 14 this considered in the assessment to convert Unit 3 to synchronous condenser  
 15 operation?  
 16

17 CA-NLH-048 (Reference Application Volume 1, 2022 Capital Budget Application – Five-  
 18 year Capital Plan (2022 – 2026)) It is stated (page 10) "*Hydro's five-year plan*  
 19 *reflects investment of approximately \$604 million in plant and equipment over*  
 20 *the 2022–2026 period".* Hydro is proposing to spend \$84,714,000 in its 2022  
 21 CBA. This leaves about \$519 million over the remaining 4 years, or about  
 22 \$130 million annually. Why is there such a significant increase (about 53%)  
 23 in the years 2023 through 2026?  
 24

25 CA-NLH-049 (Reference Application Volume 1, 2022 Capital Budget Application –  
 26 Holyrood Thermal Generating Station Overview – Future Operation and  
 27 Capital Expenditure Requirements) Figure 2 shows that capital expenditures  
 28 on Holyrood Unit 3 for operation in synchronous condenser mode are forecast  
 29 to be about \$31.8 million over the next 5 years.  
 30 a) Are forecast operation and maintenance costs for unit 3 synchronous  
 31 condenser operation expected to average about \$1.2 million annually  
 32 (Appendix B)?  
 33 b) What other options are available to provide this service going forward  
 34 and how do they compare to Unit 3 costs? Please file all available  
 35 economic assessments of alternatives for meeting synchronous  
 36 condenser needs that are expected to be met by Holyrood Unit 3.  
 37

38 CA-NLH-050 (Reference Application Volume 1, 2022 Capital Budget Application –  
 39 Holyrood Thermal Generating Station Overview – Future Operation and  
 40 Capital Expenditure Requirements)  
 41 a) Would it be less expensive to install new combustion turbine unit(s) at the  
 42 Holyrood site than to maintain Holyrood in a backup mode going forward,  
 43 particularly if generation is needed anyway (depending on the results of  
 44 the Reliability and Supply Adequacy Study)?

- 1 b) Could combustion turbines be used to replace the requirement for  
 2 Holyrood Unit 3 synchronous condenser operation?  
 3 c) If the Reliability and Supply Adequacy study shows that new generating  
 4 capacity is needed, is it likely to be installed at the Holyrood site?  
 5

- 6 CA-NLH-051 (Reference Application Volume 1, 2022 Capital Budget Application – 2021  
 7 Capital Expenditures Overview) It appears that Hydro over-stated project  
 8 costs for 2021. Has Hydro made any changes to improve its cost estimating  
 9 practices in the 2022 CBA?  
 10
- 11 CA-NLH-052 (Reference Application Volume 2, Hydro Command Center Upgrade (2022)  
 12 – Hydro Place) Is leasing a command center, and for that matter, a metering,  
 13 billing and settlement system, a viable option? Was leasing considered?  
 14
- 15 CA-NLH-053 (Reference Application Volume 2) Has Hydro considered leasing all of its IT  
 16 hardware and software from a third-party?  
 17
- 18 CA-NLH-054 (Reference Application Volume 2, Replace Battery Banks and Chargers  
 19 (2022) – Various) How will Hydro dispose of the existing batteries and  
 20 chargers and what will it cost? Is there a salvage value?  
 21
- 22 CA-NLH-055 (Reference Application Volume 2, Install Recloser Remote Control (2022) –  
 23 Various) What are the expected cost savings to customers resulting from the  
 24 recloser remote control program? Please quantify the expected improvement  
 25 in SAIDI.  
 26
- 27 CA-NLH-056 (Reference Application Volume 2, Install Recloser Remote Control (2022) –  
 28 Various) What are the units for “Definition” used in Table A-1 for Factor 6?  
 29
- 30 CA-NLH-057 (Reference Application Volume 2, Additions for Load (2022) – Mary’s  
 31 Harbour Service Conductor)  
 32 a) Will the new service request that is driving the need for the project be  
 33 subsidized by Island customers? If so, how much will the project cost  
 34 Island customers both in terms of initial capital and ongoing supply costs?  
 35 b) Will the new customer be required to contribute to the cost of the project?  
 36 c) Is the supply to the fish plant that opened in 2013 being subsidized by  
 37 Island customers? If so, how much is supply to this customer costing Island  
 38 customers?  
 39 d) Were any system upgrades required when the fish plant came on in 2013?  
 40 If so, did the customer contribute to the costs?  
 41 e) Please file Hydro’s connection policy with respect to new customers on  
 42 isolated systems.  
 43
- 44 CA-NLH-058 (Reference Application Volume 2, Purchase 46’ Material Handler Aerial  
 45 Device on Track Unit)

- a) Is leasing an option?
- b) Are aerial devices used for preventative maintenance only? If used for emergencies, how practical is it to transport a 46’ aerial device to the site of the problem?
- c) Does Newfoundland Power use similar aerial devices? Please provide a comparison of Hydro’s current and proposed aerial devices to those of Newfoundland Power and explain any differences with respect to maintenance needs.

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CA-NLH-059

(Reference Application Volume 2, Replace Metering System) It is stated (page 9) *“While the proposed AMR system does not enable the billing of time-of-use (“TOU”) rates, a recent review conducted by Dunsky Energy Consulting concluded that the Island system benefits of TOU pricing could not justify the additional cost of a full implementation of an AMI system at this time.”*

- a) Did Dunsky take into account other rate design considerations such as customer choice and providing customers with a level of control over their electricity bills? If so, please provide the references in the Dunsky report.
- b) Did Dunsky consider how the advent of distributed energy resources and non-wires alternatives might make a billing system that enables time-of-use rates desirable? Has Hydro considered how distributed energy resources might make time-of-use rates desirable?
- c) Would time-of-use rates be consistent with Hydro’s electrification program? Please explain.
- d) If time-of-use rates were determined to be feasible by 2030, would that make Hydro’s proposed metering system program obsolete about 5 years after installation?
- e) Please show the analysis in Table 1 (page 5) and Figure 1 (page 6) assuming the AMR system in Alternative 4 is replaced in 2030 with a mesh AMI metering system that enables time-of-use rates (Alternative 3).

CA-NLH-060

(Reference Application Volume 2, Install Fire Protection in Diesel Plants (2022-2023) - Ramea) Please provide a table identifying each fire at a diesel plant in the past 20 years and showing the costs of remediation. Further, please identify each diesel plant included in the fire protection program and the associated costs to install the equipment.

CA-NLH-061

Please provide any information in Hydro’s possession regarding the status and future plans relating to the wind farm situate at Ramea.

CA-NLH-062

(Reference Application Volume 2, Upgrading of Worst-Performing Distribution Feeders (2022-2023) It is stated (page 9) *“Rerouting Section B of this line will reduce power outage incidents and materially improve overall performance.”* Is “rerouting” this section of the line the same as building a new line on a different right-of-way? Does Hydro have access to a different right-of-way or can this work be done on the existing right-of-way? How much

1 of the \$2.8 million project cost is related to this component of the proposed  
2 project?

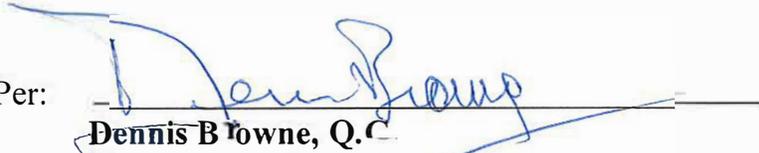
- 3
- 4 CA-NLH-063 (Reference Application Volume 2, Diesel Genset Replacement Unit 2039 – St.  
5 Lewis and Unit 2012 – L’Anse au Loup)  
6 a) Do these diesel stations have remote fire protection?  
7 b) What is the probability that the diesels could become stranded before the  
8 end of their assumed life?  
9 c) In the case of Unit 2012 replacement, does Hydro need “*firm backup*” for  
10 this system given that the diesel units will replace power from Quebec only  
11 when interrupted, expected to be about 6% of the time? Please explain.  
12 d) Has Hydro studied the technical feasibility and economics of  
13 supplementing the L’Anse au Loup system with wind generation? In  
14 particular, what has been the cost per kWh for purchases from Quebec and  
15 how does that compare to the energy cost from a wind facility that could  
16 be added to the system?  
17
- 18 CA-NLH-064 (Reference Application) What is Hydro’s current plan for adding electric  
19 vehicles to its fleet and what are the expected costs over the next five years?  
20 How many EV charging stations does Hydro currently own that are  
21 exclusively for its own use?  
22
- 23 CA-NLH-065 (Reference Application) What is Hydro’s current estimate of the marginal  
24 value of capacity and energy over the next five years? Please provide a  
25 comparison to actual sales of capacity and energy with transmission/wheeling  
26 costs shown separately for 2020 and year-to-date 2021.  
27
- 28 CA-NLH-066 (Reference Application Volume 1, 2022 Capital Budget Application – Five-  
29 year Capital Plan (2022 – 2026) page 8) Regarding the plan to connect certain  
30 communities in southern Labrador to a single diesel generating station in Port  
31 Hope Simpson, has Hydro considered the technical and economic viability of  
32 integrating wind energy facility as a supplemental source of energy?  
33
- 34 CA-NLH-067 (Reference Application Volume 1, 2022 Capital Budget Application – Five-  
35 year Capital Plan (2022 – 2026)) The five-year plan does not refer to the  
36 possibility of constructing Bay d’Espoir Unit 8. Has Hydro ruled out that  
37 project as unnecessary or uneconomic for meeting any possible capacity  
38 shortfalls following the commission of Muskrat Falls? Has Hydro factored in  
39 its planning process the end of the contractual obligations under the Churchill  
40 Falls Project in 2041 and the impact this will have on the availability of  
41 electricity for the province?  
42
- 43 CA-NLH-068 ((Reference Application Volume 1, 2022 Capital Budget Application – Five-  
44 year Capital Plan (2022 – 2026)). Has Hydro investigated the economics of  
45 integrating new wind energy facilities with its island plant as a means to

1 increase water storage and thereby allow hydraulic resources to better meet  
2 winter peak demands should post Muskrat Falls capacity be insufficient?

3  
4 CA-NLH-069 (Reference Application) Please provide a list that for each response to a  
5 Request for Information (CA-NLH-001 to CA-NLH-069) shows the name(s)  
6 of the individual(s) who prepared, or take(s) responsibility for, the response.

**DATED** at St. John's, Newfoundland and Labrador, this 14<sup>th</sup> day of September, 2021.

Per:



**Dennis B Browne, Q.C.**

**Consumer Advocate**

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