



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**  
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2022-06-02

Ms. Shirley Walsh  
Senior Legal Counsel - Regulatory  
Newfoundland and Labrador Hydro  
P.O. Box 12400  
St. John's, NL A1B 4K7

Dear Ms. Walsh:

**Re: Newfoundland and Labrador Hydro - Application for July 1, 2022 Utility Rate Adjustments - To NLH - Requests for Information**

Enclosed are Requests for Information PUB-NLH-001 to PUB-NLH-013 regarding the above-noted application.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email, jglynn@pub.nl.ca or telephone (709) 726-6781.

Yours truly,

  
Cheryl Blundon  
Board Secretary

CB/cj  
Enclosure

ecc **Newfoundland & Labrador Hydro**  
NLH Regulatory, E-mail: NLHRegulatory@nlh.nl.ca  
**Newfoundland Power Inc.**  
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NP Regulatory, E-mail: regulatory@newfoundlandpower.com  
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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, and  
6 regulations thereunder; and  
7

8 **IN THE MATTER OF** an application by  
9 Newfoundland and Labrador Hydro for the  
10 approval of: (i) an updated Rate Stabilization  
11 Plan (“RSP”) Current Plan Adjustment for  
12 Newfoundland Power Inc., (ii) an updated  
13 Conservation and Demand Management (“CDM”)  
14 Cost Recovery Adjustment for Newfoundland  
15 Power, and (iii) implementation of a Project Cost  
16 Recovery Rider for Newfoundland Power (“Utility  
17 Rate Adjustments”), all to be made effective July 1,  
18 2022, pursuant to subsection 70(1) and section 71  
19 of the *Act*.

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**PUBLIC UTILITIES BOARD  
REQUESTS FOR INFORMATION**

**PUB-NLH-001 to PUB-NLH-013**

**Issued: June 2, 2022**

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1 **PUB-NLH-001** Based on the information provided, but for the application proposals, the  
 2 estimated rate decrease for the end customer on July 1, 2022, would be 6.4% as  
 3 follows:

<b>Component</b>	<b>% Change</b>
Fuel Rider	1.1%
RSP Current Plan Adjustment	(5.8%)
CDM Cost Recovery Adjustment	0.1%
NP July 1 Rate Adjustments	(1.7%)
<b>Total</b>	<b>(6.4%)</b>

- 4 a. Please estimate the annual impact on the end customer of the estimated  
 5 6.4% rate decrease, in dollars, for an average residential customer with all  
 6 electric heat and another without all electric heat.  
 7 b. Please explain the impact of a delay in the decisions related to the  
 8 application proposals, for example if new rates were not implemented until  
 9 August 1, or September 1, 2022.

10  
 11 **PUB-NLH-002** The estimated decrease of 6.4% is based on the rules established in previous  
 12 Board orders primarily related to Hydro's July 1 Utility Rate adjustments and  
 13 Newfoundland Power's July 1 rate adjustments. These adjustments are  
 14 implemented each year pursuant to the rules established in previous orders of  
 15 the Board, primarily related to the operation of Hydro's rate stabilization plan  
 16 and Newfoundland Power's rate stabilization adjustment. These routine  
 17 adjustments made pursuant to previous Board orders are usually made through  
 18 a simplified and expedited process which does not involve public notice.

- 19  
 20 a. Please explain why it is appropriate to begin the recovery of the Muskrat  
 21 Falls costs through the July 1 rate adjustment process given that it is a  
 22 significant new cost which is not part of the routine July 1 rate adjustments  
 23 and that it will lead to rates which are 6.4% higher than would otherwise be  
 24 the case with the normal operation of the established rules.

25  
 26 **PUB-NLH-003** Please detail the impact of the application proposals on all of Hydro's customer  
 27 classes.

28  
 29 **PUB-NLH-004** Please confirm that the Project Cost Recovery component will include  
 30 financing charges to the benefit of Newfoundland Power customers only.

31  
 32 **PUB-NLH-005** Please confirm whether the proposed Project Cost Recovery Rider will be  
 33 implemented for Hydro's Utility customer only.

34  
 35 **PUB-NLH-006** Please confirm that the proposals in the Application will have no impact on the  
 36 rates for Island Industrial Customers.

37  
 38 **PUB-NLH-007** Please confirm whether Hydro's other customers, particularly those in isolated  
 39 systems that have rates based on Newfoundland Power rates, will receive a  
 40 6.4% decrease on July 1, 2022.

- 1 **PUB-NLH-008** Please advise as to Hydro's plans with respect to the allocation and recovery of  
 2 the Muskrat Falls costs for all of its customer classes, including the Island  
 3 Industrial Customers and future recovery from the Utility customer.  
 4
- 5 **PUB-NLH-009** Hydro proposes the recovery of an amount of the Muskrat Falls costs which  
 6 will maintain rates rather than seeking recovery of a lower or higher level of  
 7 cost recovery.  
 8  
 9 a. What regulatory principles does Hydro rely on in making this proposal?  
 10 b. Will the decision to limit recovery now lead to higher recovery later and  
 11 how is this consistent with the principle of intergenerational equity?  
 12
- 13 **PUB-NLH-010** Application, page 4, paragraph 20, states that Hydro believes that such a  
 14 decrease, in proximity to the likely rate increases necessary to begin recovery  
 15 of the Muskrat Falls Project costs, would contribute to rate stability concerns.  
 16  
 17 a. Please advise when Hydro expects to file a General Rate Application to  
 18 include the Muskrat Falls project costs into its cost of service.  
 19 b. Hydro has previously advised that it would not seek recovery of the  
 20 Muskrat Falls Project costs until after the conclusion of its next general  
 21 rate application. Please advise as to the expected timing of this recovery of  
 22 Muskrat Falls costs in the absence of the within application.  
 23
- 24 **PUB-NLH-011** Evidence, page 3, lines 7-9, states that maintaining end-customer rates  
 25 approximately equal to current levels also provides time for Government to  
 26 implement its rate mitigation plan.  
 27  
 28 Please provide an update, including timelines, on the introduction and  
 29 implementation of the rate mitigation plan.  
 30
- 31 **PUB-NLH-012** Schedule 2, Order-in-Council OC2013-343 sets out that the Muskrat Falls costs  
 32 shall be included as costs, expenses or allowances, without disallowance,  
 33 reduction or alteration of those amounts, in Newfoundland and Labrador  
 34 Hydro's costs of service calculation in any rate application and rate setting  
 35 process, so that those costs, expenses, or allowances shall be recovered in full  
 36 by Newfoundland and Labrador Hydro in Island Interconnected rates charged  
 37 to the appropriate classes of ratepayers:  
 38  
 39 a. Does the Order-in-Council provide for the recovery of Muskrat Falls costs  
 40 outside of a cost of service rate calculation in any rate application and rate  
 41 setting process?  
 42 b. Does this application propose that the costs be included in Hydro's cost of  
 43 service calculation as set out in the Order-in-Council? If not, is the proposal  
 44 consistent with the provisions of the Order-in-Council?  
 45
- 46 **PUB-NLH-013** Schedule 2, Order-in-Council OC2013-343 states that the costs must be  
 47 included in Hydro's cost of service calculation in any rate application and rate  
 48 setting process and that the costs should be recovered in full in Island  
 49 interconnected rates charged to the appropriate customers.

- 1 a. Please confirm that the Order-in-Council allows Hydro to now commence  
2 recovery of the total costs of Muskrat Falls and the LTA, not just the  
3 portion of the costs that has been proposed.  
4 b. Does this provision give Hydro the discretion to decide the amount of the  
5 costs to be recovered this point in time?  
6 c. Is it Hydro's position that the Order-in-Council prohibits the Board from  
7 changing the amount of the cost recovery proposed by Hydro at this time  
8 and, if so, on what basis?

**DATED** at St. John's, Newfoundland and Labrador, this 2<sup>nd</sup> day of June 2022.

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

  
Cheryl Blundon  
Board Secretary