

Office of the Consumer Advocate

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August 24, 2023

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 2024 Capital Budget Application

Further to the above-captioned, enclosed please find the Consumer Advocate's Requests for Information numbered CA-NLH-001 to CA-NLH-118.

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

Yours truly,


Dennis Browne, KC
Counsel to the Consumer Advocate

/bb

cc **Newfoundland & Labrador Hydro**
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IN THE MATTER OF the *Public Utilities Act*,
RSNL 1990, c P-47 (“Act”); and

IN THE MATTER OF an Application by
Newfoundland and Labrador Hydro (“Hydro”)
for approval of (i) its capital budget for 2024
pursuant to Section 41(1) of the Act;
(ii) its proposed capital purchases and construction
projects for 2024 in excess of \$750,000.00,
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 2022.

**CONSUMER ADVOCATE
REQUESTS FOR INFORMATION
CA-NLH-001 to CA-NLH-118**

Issued: August 24, 2023

- 1 CA-NLH-001 (Reference Application) Amendments to the Public Utilities Act (the “Act”)
2 became effective in May 2023. Regarding section 41 of the Act, the
3 amendments provide that a utility shall not proceed with any improvement
4 or addition to its property where the cost exceeds \$750,000 without prior
5 approval of the Board.
6
- 7 (a) Please provide Hydro’s interpretation of this change in legislation.
8 Specifically, can Hydro proceed with any project that costs less than
9 \$750,000 without first gaining Board approval, and is pass-through of
10 the cost of such projects to customers guaranteed whether or not the
11 project is shown to be prudent? How will the prudence of such projects
12 be audited? Will Board approval be required for such spending to be
13 included in rate base?
14 (b) How will the \$750,000 threshold be applied; e.g., to individual projects,
15 projects that are a component of a larger program, or projects that might
16 be a component of a larger project such as replacement of a faulty
17 breaker at a substation that is undergoing refurbishment?
18
- 19 CA-NLH-002 (Reference Cover Letter to Application and 2024 Capital Budget Overview,
20 Table 1) It is stated (cover letter) “*It also includes \$3.5 million in*
21 *specifically assigned customer contributions.*” Table 1 of the 2024 Capital
22 Budget Overview indicates that ultra-fast vehicle charging stations will cost
23 \$1.8 million. Please confirm that neither of these expenditures will be
24 included in rate base or recovered in customer rates in any way.
25
- 26 CA-NLH-003 (Reference Application) Please provide a table of annual values from 1993
27 to 2022 for the following items: Hydro’s net plant investment, Hydro’s rate
28 base, the GDP deflator, net plant investment expressed in real terms using
29 the GDP deflator, and rate base expressed in real terms using the GDP
30 deflator. Please provide this information in an Excel file.
31
- 32 CA-NLH-004 (Reference Application) Please provide a table of the annual values from
33 the years 1993 to 2024F for the following items: Hydro’s total capital
34 expenditure, the GDP deflator, and Hydro’s total capital expenditure
35 expressed in real terms using the GDP deflator, Please provide this
36 information in an Excel file.
37
- 38 CA-NLH-005 (Reference Application) Please provide a table showing regulated rate base,
39 revenue requirement, capital budget amount proposed, capital budget
40 amount approved, capital budget amounts expended, and year-over-year
41 rate change for each of the last 20 years and forecasts for the years 2023
42 through 2028.

- 1 CA-NLH-006 (Reference Application) Please provide a list of the dates for all public
2 hearings convened by Hydro capital budget applications in the past 20
3 years.
4
- 5 CA-NLH-007 (Reference Application) Please provide a table identifying each
6 project/program in the 2024 capital budget, its cost and the customers that
7 are required to pay for the project; e.g., Island Interconnected, Labrador
8 Interconnected or Rural/Isolated. In cases when more than one customer
9 group is required to pay for a project/program, please identify the share of
10 the cost paid by each.
11
- 12 CA-NLH-008 (Reference Application) Please provide the most recent figures available
13 relating to amounts owed or to be credited to consumers for each of Hydro's
14 deferral accounts.
15
- 16 CA-NLH-009 (Reference Board Order No. P.U. 36(2021)) The Board, in Order No. P.U.
17 36(2021) – Reasons for Decision, *“acknowledges the rate pressures which*
18 *are expected in association with the commissioning of the Muskrat Falls*
19 *Project. The Board believes that, given the circumstances, both*
20 *Newfoundland Power and Hydro should renew their efforts to provide*
21 *evidence which demonstrates that every effort is being made to reduce costs*
22 *for customers while ensuring the continued provision of reliable service.”*
23 a) With respect to its 2024 CBA, please explain Hydro's efforts to reduce
24 costs for customers in light of rate pressures brought on by Muskrat
25 Falls.
26 b) Please provide any documentation from Hydro senior management to
27 line managers with respect to the 2024 CBA relating to budget control
28 in light of rate pressures brought on by the Muskrat Falls Project.
29
- 30 CA-NLH-010 (Reference Application) With respect to the Island Interconnected System,
31 please provide:
32 a) A table, starting with 2010, that contains the annual production from
33 Hydro's hydraulic generation, Holyrood TGS, other thermal generation,
34 power purchases via the LIL, power purchases imported via the
35 Maritime Link, other power purchases, total island interconnected
36 customer load, and total customer load including Maritime link exports.
37 Please provide this information in an Excel file.
38 b) Commencing January 2016 and up to August 2023, in an Excel file
39 please provide the monthly values of LIL deliveries to the Island
40 Interconnected System, exports over the Maritime Link, imports over
41 the Maritime Link, deliveries of Muskrat Falls energy to the island
42 system net of exports over the Maritime Link, total island
43 interconnected load and Holyrood generation.

- 1 CA-NLH-011 (Reference Application) With respect to alternatives considered in the
 2 Application:
 3 a) What criteria has Hydro used to determine if an alternative is
 4 “*relevant*”? Are environmental impacts one such criterion?
 5 b) How has Hydro incorporated future trends in its assessments?
 6 Specifically, has Hydro considered sensitivity studies relating to shorter
 7 asset lifespans in the event that new environmentally sensitive options
 8 become available in, for example, the next 5 years?
 9 c) Are rooftop solar and wind viable alternatives in NL?
 10
- 11 CA-NLH-012 (Reference Application) How did Hydro address the risk of an asset
 12 becoming stranded owing to new technology, new environmental
 13 regulations such as zero-carbon policies, distributed generation, rate design,
 14 etc, or owing to a significant rate increase resulting from Muskrat Falls?
 15
- 16 CA-NLH-013 (Reference Newfoundland Power 2024 CBA, 3.1 2024 Transmission Line
 17 Rebuild, page 7) Footnote 12 states “*Reliability indices are lagging*
 18 *indicators that encompass historical issues on the electrical system.*
 19 *Waiting for reliability on the transmission system to degrade before*
 20 *undertaking capital investments would result in a poor quality of service*
 21 *being experienced by large numbers of customers for several years.” In*
 22 *Hydro’s opinion:*
 23 a) Does considering lagging reliability indicators necessarily mean that a
 24 decision is being made to wait until the transmission system degrades
 25 before undertaking capital investments, or is it just one of many
 26 considerations in such a decision?
 27 b) Should the Board and intervenors ignore all historical reliability
 28 statistics referenced in Hydro’s 2024 CBA?
 29 c) Can the Board assess the merits of a project if it is to ignore historical
 30 performance, particularly when the province’s utilities are unable to
 31 quantify service improvements owing to a proposed project?
 32
- 33 CA-NLH-014 (Reference Application, 2024 Capital Budget Overview, page 28)
 34 Regarding the Holyrood plant:
 35 a) Please provide the most recent projections of the total capital
 36 expenditures associated with Holyrood for each year until 2030 with a
 37 breakdown showing previously approved expenditure, expenditure
 38 requested in the 2024 CBA, supplemental expenditure requests, and
 39 anticipated requests in the 2025 CBA.
 40 b) What is the current marginal cost of production at Holyrood TGS? What
 41 price per barrel of oil and what production efficiency is used in this
 42 calculation?

- 1 c) What is the probability that Holyrood will be needed to operate in
 2 generation mode in the upcoming winter of 2023/24 and the subsequent
 3 winter of 2024/25?
 4 d) What has been Holyrood's DAUFOP in the last 5 years relative to target
 5 values, and values assumed in system reliability simulations?
 6 e) Hydro indicates that capital expenditures are needed to ensure all 3 units
 7 at Holyrood TGS can operate reliably as generators during the bridging
 8 period to 2030.
 9 i) What is the minimum production level at which the generators
 10 would operate assuming LIL and the synchronous condensers at
 11 Soldiers Pond perform without any substantive difficulty?
 12 ii) At what production level would the generators operate if the LIL
 13 were not available for the coming winter?
 14 iii) At what production level would the generators operate if the LIL
 15 were available at 60% of intended?
 16 iv) Please confirm that the LIL was commissioned on April 14 of this
 17 year and that all the project financing parties have recognized that
 18 commissioning. What minimum performance standards were met
 19 for that commissioning to have occurred? If the LIL were to operate
 20 at those minimum standards for its first few years of operation, what
 21 would Holyrood's role be with respect to supply to the Island
 22 Interconnected System?
 23 v) Based on its current state of knowledge, at what level of operation
 24 does Hydro believe would be most appropriate and prudent for the
 25 Holyrood thermal plant for the coming winter of 2023/24? What
 26 would be the plant's marginal cost per MWh at that level of
 27 operation?
 28

29 CA-NLH-015

(Reference Application) Regarding the Energy and Capacity Agreement
 30 between Nalcor and Emera:

- 31 a) Have the agreed annual amounts for the Nova Scotia block and
 32 supplemental energy been delivered on schedule since delivery began
 33 or is there an accumulated amount of undelivered energy or capacity
 34 that must be delivered in the future? Please provide a table showing the
 35 scheduled amounts, the amounts delivered and outstanding amounts to
 36 date.
 37 b) Now that the LIL has been commissioned, if the LIL is not fully
 38 operational for the next few years (e.g., operating at 60% of capacity or
 39 experiences lengthy interruptions) is it possible that the Holyrood
 40 thermal plant may have to be relied upon to ensure that the Nova Scotia
 41 Block and supplemental energy, including any amounts owing, are
 42 delivered? If so, who bears the extra costs?

- 1 CA-NLH-016 (Reference Application) Does the 2024 Capital Budget Application include
2 any costs for electrification? If so, who bears those costs?
3
- 4 CA-NLH-017 (Reference Application) In Order No. P.U. 16(2019) the Board directed
5 Hydro to “*file its next general rate application no later than September 30,*
6 *2020 for rates based on a 2021 test year*”. Hydro requested delays in the
7 filing owing to uncertainties relating to Muskrat Falls and rate mitigation
8 and the resulting inability of Hydro to “*prepare a GRA filing that would*
9 *reasonably reflect the costs that Hydro will incur in providing electrical*
10 *service to its customers for use in determining proposed customer rates.*”
11 (April 15, 2019 letter from Hydro to the Board titled “Application to Delay
12 the Filing of Newfoundland and Labrador Hydro’s Next General Rate
13 Application”). By Order P.U. 15 (2020) the Board approved Hydro’s
14 request to delay the filing of its next General Rate Application.
15
- 16 a) Please provide an update. Does Hydro now have the necessary
17 information, and if so, when will Hydro file its next GRA?
18 b) Based on the information now available on the Government’s rate
19 mitigation policy (domestic island customer rate target of 14.7
20 cents/kWh) what is Hydro’s best estimate of rates in 2024 and 2025?
21
- 22 CA-NLH-018 (Reference Application) Does Hydro have the ability to develop typical
23 load profiles for its customers that might be used, for example, to manage
24 EV charger demand, high efficiency heat pump demand, etc?
25
- 26 CA-NLH-019 (Reference Application) With respect to metering:
27
- 28 a) Is Hydro concerned that its current metering infrastructure could soon
29 become stranded? What is the expected cost for Hydro to implement
30 AMI infrastructure?
31 b) Could time-of-day rates combined with various timer technologies
32 (such as a smart plug and the Alexa app) be used as a passive means for
33 managing EV home charging via Level 1 chargers? What are the pros
34 and cons of such an approach versus direct control of Level 2 chargers
35 via telematics or an alternative means?
36
- 37 CA-NLH-020 (Reference Application) With respect to Hydro’s distribution business,
38 excluding isolated systems:
39
- 40 a) Please provide a table showing for the past 15 years Hydro’s total
41 revenue requirement broken down by generation, transmission and
42 distribution. Please provide this information for the Island and Labrador
43 Interconnected Systems separately and combined.

b) Please provide a table showing frequency and average duration of customer outages owing to outages on each of the generation, transmission and distribution systems for the past 15 years. Please provide this information for the Island and Labrador Interconnected Systems separately and combined.

CA-NLH-021 (Reference Application) With respect to Hydro's distribution business, excluding isolated systems:

- a) What metrics and policies guide Hydro's distribution business? For example, in terms of reliability, does Hydro strive to: i) mirror the Canadian average, ii) exceed the Canadian average, iii) fall short of the Canadian average by a specific percentage, etc?
- b) Should Hydro strive for reliability metrics that outperform Electricity Canada's Region 2 averages? Why or why not?
- c) Do Hydro policies and metrics relating to distribution reliability take into consideration the impact on customers and customer willingness to pay?

CA-NLH-022 (Reference Application) Please define what is meant by a capital budget envelope and confirm that the Board has never approved a capital budget envelope for Hydro in a capital budget application.

CA-NLH-023 (Reference Application) If the Board were to authorize a fixed amount of capital expenditure(s) by Hydro in 2024 that is less than the amount requested and if the Board were to do so without rejecting any particular proposed capital expenditure(s), would Hydro have the judgement, expertise and tools to determine what of its proposed 2024 capital expenditures can be accommodated within that fixed amount considering both work priority and execution capability? Would Hydro proceed with projects according to its prioritization plan?

CA-NLH-024 (Reference Application) What changes has Hydro made to its asset management plan and practices since filing its 2023 Capital Budget Application?

CA-NLH-025 (Reference Application) The Midgard report titled Capital Budget Application Guideline Review filed with the Board on October 29, 2020 states (page 61):

"declaring that a project went to competitive tender as evidentiary justification for meeting least cost reliable services does not address key Board questions such as "At what unit cost are system reliability and risk profile improved by the project", "Does the ratepayer value the improvement in system reliability and risk reduction more than the project

1 *cost?, and “How cost effective are the proposed improvements in system*
 2 *reliability and risk reduction compared to other budget items being*
 3 *proposed and other alternatives that are available?”*

4
 5 Has Hydro provided answers to these questions in the 2024 CBA? If so,
 6 please provide all references.

7
 8 CA-NLH-026

(Reference Application, 2024 Capital Budget Overview (page 1)) It is
 9 stated “*Hydro also seeks to engage with stakeholders and customers to*
 10 *inform its capital investment considerations.*”

- 11 a) Please explain how Hydro has engaged stakeholders and customers to
 12 inform its 2024 capital budget.
 13 b) How has Hydro used this information to ensure that its 2024 Capital
 14 Budget provides an appropriate balance between reliability,
 15 environmental impacts, rate impacts, and the value customers place on
 16 service?
 17 c) Please provide customer surveys and documentation relating to
 18 customer feedback that Hydro has relied upon in the development of the
 19 2024 Capital Budget Application.
 20 d) Please identify customer complaints relating to reliability over the past
 21 15 years.
 22 e) Please provide any documentation that informs customers of the cost of
 23 maintaining current levels of reliability.
 24 f) Please provide customer survey responses identifying: i) the value
 25 customers place on maintaining current levels of reliability, ii) customer
 26 willingness to pay more for increased levels of reliability, iii) customer
 27 willingness to accept lower levels of reliability in exchange for lower
 28 rates.
 29

30 CA-NLH-027

(Reference Application) What risk mitigation value is provided by Hydro’s
 31 asset management program; i.e., the difference between baseline risk and
 32 residual risk?
 33

34 CA-NLH-028

(Reference Application) Please provide a summary of all laboratory testing
 35 conducted by Hydro in the 2024 Capital Budget Application to verify the
 36 need for asset replacement.
 37

38 CA-NLH-029

(Reference Application) What is the overall improvement in productivity
 39 stemming from the projects included in the 2024 Capital Budget
 40 Application? Please identify the expected cost savings and provide an
 41 estimate of the impact on rates.
 42

43 CA-NLH-030

(Reference Application) Please provide Hydro’s number of customers,
 44 energy consumption and peak demand by customer class for 2020, 2021

1 and 2022, and the forecasts for each of 2023 and the next 5 years, in total
2 and by service area.

3
4 CA-NLH-031

(Reference Application) In a news release (<https://nlhydro.com/labrador-island-link-commissioned/>) on April 18, 2023, Hydro announced that following commissioning of the LIL, *“We are now reviewing project costs and continue to work with the Provincial Government to finalize rate mitigation implementation. We will provide a further update in the coming months.”*

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10 a) Four months have passed since that statement. What is the current status
11 of the rate mitigation plan?
12 b) Has Hydro’s CBA incorporated considerations of the rate mitigation
13 plan? If so, in what ways?
14

15 CA-NLH-032

(Reference Application, 2024 Capital Budget Overview (page 7)) It is stated *“Hydro considers many factors in the selection of the projects and program for inclusion in its budget, including operational risks, ability to execute, total investment, and cumulative risk associated with balancing aging assets while providing least-cost reliable service in an environmentally responsible manner. The focus of the 2024 CBA is to maintain the expected level of reliability while ensuring prudent and reasonable expenditures reflective of our capital plan considerations.”*

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22
23 a) What is the “expected level of reliability”?
24 b) Specifically, what is Hydro’s mandate?
25 c) Please provide Hydro’s definition of “reliable service” and all reliability
26 criteria used to define “reliable service”.
27 d) Did Hydro incorporate the requirement that projects be undertaken in an
28 environmentally responsible manner in the 2024 CBA? Please cite such
29 references.
30 e) Is it a requirement under current provincial legislation and the
31 Provisional Capital Budget Application Guidelines that Hydro provide
32 service commensurate with the value its customers place on service?
33

34 CA-NLH-033

(Reference Application) Please provide for the record a copy of Hydro’s distribution planning guide explaining its planning approach, how integrated resource planning is incorporated including distributed generation and renewable forms of generation, and how reductions in harmful environmental emissions and government zero-carbon initiatives are taken into account.

40
41 CA-NLH-034

(Reference Application) Please provide for the record a copy of Hydro’s connection policy, for both new and existing customers, and for each customer class.
42
43

- 1 CA-NLH-035 (Reference Application) Please provide a table identifying the following:
 2 each Island Industrial customer and its peak demand and annual energy
 3 consumption for each of the past 5 years.
 4
- 5 CA-NLH-036 (Reference Application) For each Island Industrial customer, please identify
 6 the following with respect to its point of supply:
 7
- 8 a) The transmission lines serving the customer’s substation, including
 9 designation (e.g., Line 5L), voltage level, and transfer capacity,
 - 10 b) The substation serving the customer including designation and number
 11 of customers served by the substation (in addition to the Island Industrial
 12 customer).
 - 13 c) The transformers at the substation serving the customer and any other
 14 customers including designation, voltage level, maximum loading, and
 15 number of customers served by the transformer (in addition to the Island
 16 Industrial customer). If more than one transformer, please indicate if
 17 each transformer is capable of carrying the full load of the substation.
 - 18 d) A single line diagram showing the customer’s connection facilities.
 19
- 20 CA-NLH-037 (Reference Application) For each Island Industrial customer, please
 21 provide:
 22
- 23 a) The connection agreement with the customer.
 - 24 b) The operating and maintenance costs incurred in each of the last five
 25 years on the connection facilities that benefit only that customer.
 - 26 c) The amount of capital spent in each of the past five years on the
 27 connection facilities that benefit only that customer.
 - 28 d) The amount of capital included in the 2024 Capital Budget Application
 29 in 2024 through to 2028 that is proposed to be spent on the connection
 30 facilities that benefit only that customer.
 - 31 e) The amount of capital and operating and maintenance cost that has been
 32 recovered in each of the past 5 years, and the amount that is proposed to
 33 be collected through 2028, directly from the Island Interconnected
 34 customer that benefits from the dedicated supply facilities.
 35
- 36 CA-NLH-038 (Reference Application and Board Order P.U. 14(2023)) In Order No. P.U.
 37 14(2023) (Page 3), the Board states “*Newfoundland Power has a limited*
 38 *fleet of portable substations and cannot install one at the Memorial*
 39 *Substation until 2024 without compromising the availability of portable*
 40 *units to maintain service to customers during substation maintenance,*
 41 *capital projects, and equipment failures.*”
 42
- 43 a) Does Hydro have portable substations, and if so, for what purpose?

- 1 b) How many portable substations does Hydro own, what was the purchase
2 costs, and what are the annual operating and maintenance costs?
3 c) Has Hydro ever deployed a portable substation even though by doing so
4 it would compromise the ability to maintain service to customers during
5 substation maintenance?
6

7 CA-NLH-039

(Reference Application) Midgard made recommendations for improvements in the capital budget approval process which for the most part have been incorporated in the Provisional Capital Budget Application Guidelines.

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11 a) In Hydro's opinion, did Midgard make these recommendations in an
12 effort to move the province toward best practice?
13 b) In Hydro's opinion, are the Provisional Capital Budget Application
14 Guidelines more in line with industry best practice?
15

16 CA-NLH-040

(Reference Application) Midgard states with respect to capital budget envelopes (NLH-PUB-002 relating to the Capital Budget Guidelines review):

17
18
19
20 *“Similar policy approaches have been implemented in British Columbia,*
21 *Alberta, Manitoba and Ontario. Although several of these jurisdictions use*
22 *Performance Based Regulation (“PBR”) frameworks to set rates for one or*
23 *more electric utilities, Midgard notes that the benefits that accrue to this*
24 *policy approach are not restricted to jurisdictions or utilities that utilize*
25 *PBR. In Midgard’s opinion, it is valuable to draw from best practices*
26 *followed in other jurisdictions and apply those learnings in the*
27 *Newfoundland and Labrador context.”*
28

- 29 a) Did Midgard recommend capital budget envelopes in NL under the
30 current cost-of-service regulation scheme?
31 b) Can it be concluded that the use of capital budget caps and envelopes is
32 best practice in jurisdictions with cost of service regulation, at least in
33 Midgard's opinion?
34 c) Did Midgard recommend the binding use of capital budget envelopes,
35 or as an alternative for the Board to order a capital budget envelope
36 when it deems appropriate, thus increasing the Board's flexibility?
37

38 CA-NLH-041

(Reference Application) With respect to the prioritization process used in the 2024 Capital Budget Application:

- 39
40 a) Which entity within Hydro is responsible for developing project
41 prioritization and consistency of application across the broad range of
42 projects included in the Application?
43 b) How does Hydro senior management communicate to line managers
44 which capital projects were to be included in the 2024 CBA, and which

- 1 capital projects were to be included in Hydro’s planned 2025 to 2028
2 capital expenditures?
3
- 4 CA-NLH-042 (Reference Application, 2024 Capital Budget Overview, page 1) It is stated
5 “Hydro is committed to investing in capital in a manner which meets its
6 legislated mandate to provide reliable service at the lowest possible cost,
7 and to provide service and facilities which are reasonably safe and
8 adequate, and just and reasonable, in an environmentally responsible
9 manner.”
- 10 a) How does Hydro define “reliable service” at the generation,
11 transmission and distribution levels?
12 b) How does Hydro define “lowest possible cost”?
13 c) How does Hydro define “reasonably safe”?
14 d) How does Hydro define “reasonably adequate”?
15 e) How does Hydro define “just and reasonable”?
16 f) How does Hydro define “environmentally responsible manner”?
17
- 18 CA-NLH-043 (Reference Application, 2023 Capital Budget Overview, page 5) In the
19 2023 CBA, Hydro stated with respect to the Asset Management Needs and
20 Readiness Assessment: “*This assessment has recently concluded. Hydro
21 offers to provide this report once internal stakeholder engagement is
22 complete.*” What is the status of this report? Please file a copy for the record.
23
- 24 CA-NLH-044 (Reference Application, 2024 Capital Budget Overview, page 6) It is stated
25 “Hydro continues to improve its asset management systems, with an early
26 emphasis on the implementation of processes to improve and expand on
27 asset and maintenance data.” Please explain Hydro’s plan and schedule to
28 improve its asset management systems.
29
- 30 CA-NLH-045 (Reference Application, 2024 Capital Budget Overview, page 6) It is stated
31 “Hydro believes that prioritization by risk mitigated per dollar spent may
32 not be an effective comprehensive risk indicator for prioritization of
33 projects.”
- 34 a) Why does Hydro believe this?
35 b) Does Hydro believe that prioritization of projects and programs by
36 reliability improvement is an effective comprehensive risk indicator for
37 prioritization of projects?
38
- 39 CA-NLH-046 (Reference Application, 2024 Capital Budget Overview, page 6) It is stated
40 “Hydro has also proposed to the Board the addition of ‘Economics’ to the
41 categories in which projects and programs are evaluated for risk
42 mitigation.” Please explain how such a category of risk mitigation might
43 be structured and introduced.

- 1 CA-NLH-047 (Reference Application, 2024 Capital Budget Overview, page 9) It is stated
 2 “Hydro’s reliability metrics for Service Continuity are comparatively
 3 higher than the EC Region 2 average. This is consistent with Hydro’s efforts
 4 to balance reliability and cost.” Specifically, how does Hydro balance
 5 reliability and cost?
 6
- 7 CA-NLH-048 (Reference Application, 2024 Capital Budget Overview, Charts 2, 4, 6, 8,
 8 10 and 12) Please provide Charts 2, 4, 6, 8, 10 and 12 based on rolling 5-
 9 year averages of SAIDI and SAIFI.
 10
- 11 CA-NLH-049 (Reference Application, 2024 Capital Budget Overview, page 24) It is
 12 stated “To determine the accuracy range of Hydro’s capital estimates,
 13 Hydro completed statistical analysis of project variances based on
 14 available data for projects proposed and completed since 2013. Hydro’s
 15 analysis has determined that its average variance is -4%, with a standard
 16 deviation of approximately +/-38%. Therefore, Hydro’s expected estimate
 17 accuracy range is approximately +30%/-40%.”
 18 a) Is this methodology consistent with the requirements set out in the
 19 Provisional Capital Budget Application Guidelines?
 20 b) Does a +30%/-40% accuracy range reflect industry best practice? Does
 21 this range apply to typical projects or the total spend?
 22 c) Based on historical experience, has Hydro generally been within this
 23 accuracy range?
 24
- 25 CA-NLH-050 (Reference Application, 2024 Capital Budget Overview, page 35) It is
 26 stated “On a pro forma basis, Hydro’s 2024 and 2025 total regulated
 27 revenue requirement is estimated to increase by approximately \$2.9 million
 28 and \$10.7 million respectively, as a result of the capital programs and
 29 projects proposed for 2024. Such a revenue requirement increase would
 30 represent an increase of 0.4% and 1.7% in 2024 and 2025 respectively,
 31 relative to Hydro’s 2019 Test Year.” Newfoundland Power indicates that
 32 its 2024 capital budget is expected to increase the annual revenue
 33 requirement by about \$4 million. What is the combined impact on Island
 34 Interconnected System rates if Newfoundland Power and Hydro 2024
 35 capital budgets are both approved as proposed?
 36
- 37 CA-NLH-051 (Reference Application, 2024 Capital Budget Overview, page 37) It is
 38 stated “Hydro assessed risks pre- and post-implementation of the capital
 39 investments proposed in the 2024 CBA, and has calculated the risk
 40 mitigation as the difference between pre- and post-implementation risk.”
 41 Specifically, what has Hydro changed with respect to project prioritization
 42 and ranking since the 2023 CBA?

- 1 CA-NLH-052 (Reference Application, 2024 Capital Budget Overview, Appendix F, page
 2 F-16) It is stated “*Hydro has 118 power transformers and 3 oil-filled shunt*
 3 *reactors 46 kV and above, as well as several station service transformers*
 4 *at voltages lower than 46 kV.*” Many types of equipment such as
 5 transformers, shunt reactors and breakers are oil-filled for insulation
 6 purposes. Will this equipment be impacted by government zero-carbon
 7 initiatives? Are manufacturers taking steps to develop equipment that is
 8 more environmentally friendly? Might such oil-filled equipment become
 9 stranded?
- 10
 11 CA-NLH-053 (Reference Application, 2024 Capital Budget Overview, Appendix F, page
 12 F-24) With respect to battery banks and chargers:
 13 a) Given the significant advancements in battery technology, should
 14 replacement of such battery banks be accelerated and replaced with
 15 newer technologies?
 16 b) Are batteries now in short supply?
 17 c) Is Hydro considering use of battery installations as energy storage
 18 devices in smart grid applications?
- 19
 20 CA-NLH-054 (Reference Application, 2024 Capital Budget Overview, Appendix F, page
 21 F-25) With respect to station lighting replacements, should Hydro embark
 22 on a plan to replace all station lighting with high-efficiency lighting? Has
 23 Hydro considered the economic and environmental benefits of such a
 24 program? Would this be consistent with government net-zero carbon
 25 initiatives?
- 26
 27 CA-NLH-055 (Reference Application, Five-Year Capital Plan (2024-2028), page 6) With
 28 respect to diesel units, does Hydro have up-to-date information on how
 29 diesel units might be impacted by government zero-carbon initiatives? Are
 30 these units likely to become stranded?
- 31
 32 CA-NLH-056 (Reference Application, Schedule 3 relating to Holyrood TGS, pages 2 and
 33 3) It is stated “*The generator itself is pressurized and cooled by hydrogen*
 34 *gas to provide maximum efficiency both in heat transfer and reduced*
 35 *windage losses.*”
 36 a) From whom does Hydro source its hydrogen gas requirements for
 37 Holyrood TGS?
 38 b) Does Hydro use hydrogen gas in any other of its operations?
 39 c) What annual quantities of hydrogen gas does Hydro purchase?
 40 d) What safety concerns are presented by hydrogen gas transport and use?
- 41
 42 CA-NLH-057 (Reference Application, Schedule 3 relating to Holyrood TGS, page 3) It is
 43 stated “*If the LIL is found to perform reliably for an extended period and*
 44 *system conditions permit, Hydro would have the opportunity to*

1 *strategically remove the Holyrood TGS units from service to place them in*
 2 *standby.”*

- 3 a) What cost savings would result from removing Holyrood from service
 4 and placing it in standby?
 5 b) Please define “extended period” as it relates to LIL reliability.
 6 c) Please provide examples of “system conditions” that may *not* lead to
 7 placing Holyrood in standby.
 8 d) How might government zero-carbon initiatives impact Holyrood
 9 operation until 2030, or beyond?
 10 e) Will work proposed in the 2024 CBA cause Holyrood units to be
 11 unavailable for service in the winter of 2024/25?
 12 f) Is Holyrood expected to be fully available for the winter of 2023/24?

13
 14 CA-NLH-058 (Reference Application, Schedule 3 relating to Holyrood TGS) With
 15 respect to Holyrood operating modes:
 16 a) Is battery storage a viable alternative to operating Holyrood in standby
 17 mode? In generation mode?
 18 b) What is the current status of utility-scale battery systems in terms of
 19 technical viability, availability and cost?
 20 c) Would a battery storage system at Holyrood impact synchronous
 21 condenser requirements?
 22

23 CA-NLH-059 (Reference Application, Schedule 3 relating to Holyrood TGS, page 8) It is
 24 stated *“To continue to minimize the investment in assets that are not*
 25 *planned for long-term operation, Hydro has been working with a consultant*
 26 *and the regulator to extend the operating life of the fuel oil storage tanks*
 27 *as is summarized in Table 2.”* Please elaborate on the regulator and the
 28 “work” being undertaken with the regulator.
 29

30 CA-NLH-060 (Reference Application, Schedule 3 relating to Holyrood TGS, page 11) It
 31 is stated *“The Holyrood Gas Turbine and the black start diesels will also*
 32 *continue to operate.”* What is the status of “green” fuels that might be used
 33 to power these facilities?
 34

35 CA-NLH-061 (Reference Application, Schedule 3 relating to Holyrood TGS, page 11) It
 36 is stated *“There will be one Holyrood TGS unit online in mid-October*
 37 *through November; two Holyrood TGS units online from December to*
 38 *February; and one unit online in March.”* Please explain the logic of this
 39 operating pattern and identify costs savings and reliability of supply relative
 40 to having all 3 units online from November through March. Will all three
 41 units be online at the same time- for how long and what operating level?
 42

43 CA-NLH-062 (Reference Application, 2023 Capital Expenditures Overview, page 4) It is
 44 stated *“Complexities in completing the engineering and planning work,*

1 *compounded by performance issues with the owner's engineer that Hydro*
 2 *had initially contracted for this project, resulting in more effort required*
 3 *and greater use of external technical resources." Please elaborate further*
 4 *on this statement. Specifically, who is the "owner's engineer", what was its*
 5 *involvement in the project and how were performance issues settled?*

6
 7 CA-NLH-063 (Reference Application, 2023 Capital Expenditures Overview, page 5) It is
 8 stated "*Increased project contingency due to the likelihood of additional*
 9 *required scope of work that may be identified following disassembly and*
 10 *inspection of the unit, including possible requirements to remove rotor*
 11 *poles for cleaning and completing stator repairs."* Why is this contingency
 12 being added now rather than at the time the original budget estimate was
 13 developed?

14
 15 CA-NLH-064 (Reference Application, 2023 Capital Expenditures Overview) With
 16 respect to internal labour versus outside contract labour costs:
 17 a) Are Hydro's internal labour costs less than outside contractor costs, or
 18 is this an anomaly owing to Covid?
 19 b) If Hydro's internal labour costs are less than external labour costs, why
 20 does Hydro not make greater use of internal labour for projects?
 21 c) Should Hydro increase staffing levels to reduce the backlog of capital
 22 projects?
 23

24 CA-NLH-065 (Reference Application, 2023 Capital Expenditures Overview) Does the
 25 2024 CBA account for the higher labour and materials costs experienced in
 26 2023, or does Hydro believe that this is a temporary phenomenon?
 27

28 CA-NLH-066 (Reference Application, 2023 Capital Expenditures Overview, Appendix
 29 A, page A-1) Please add 3 rows to the bottom of the table showing totals
 30 for projects with cost overruns, totals for projects that came in under-budget
 31 and totals for all projects.
 32

33 CA-NLH-067 (Reference Application, Schedule 6, Replace Light- and Heavy-Duty
 34 Vehicles (2024-2026))
 35 a) How many vehicles will be replaced with electric vehicles (EVs)?
 36 b) How many EVs does Hydro currently own?
 37 c) What are the prospects for electric heavy-duty vehicles?
 38 d) How do the lifetime costs of Hydro-owned EVs compare to Hydro-
 39 owned gasoline/diesel powered vehicles?
 40 e) What is the current lead time for purchasing gasoline/diesel light-duty
 41 vehicles relative to purchasing comparable EVs?
 42 f) What is the current capital cost of a gasoline/diesel light-duty vehicle
 43 and a comparable EV?

- 1 g) Do current supply chain issues and high levels of inflation impact the
 2 purchase of light duty vehicles relative to gasoline/diesel vehicles?
 3 h) Table 3 (page 7) shows program budget estimates of \$1,479.1 thousand
 4 in 2024 and \$4,148.8 thousand in 2024 and 2025, respectively.
 5 However, Chart 6 (page 8) shows spending in excess of \$6,000 thousand
 6 in each of those years. Please explain the difference.
 7

8 CA-NLH-068 (Reference Application, Schedule 6, Replace Diesel Gensets (2024–2026)).
 9 In Table 10 (page 14), the program budget estimates are given as \$535.8
 10 thousand for 2024 and \$478 thousand for 2025. However, Chart 5 (page
 11 16) shows the program budget at more than \$2 million for 2025. Please
 12 explain the difference.
 13

14 CA-NLH-069 (Reference Application) With respect to Isolated Systems, please provide
 15 an update on all studies being undertaken to connect Isolated Communities
 16 to the grid, or alternatively, replace diesel gensets with more
 17 environmentally friendly alternatives. Are any such initiatives included in
 18 Hydro’s CBA?
 19

20 CA-NLH-070 (Reference Application, Schedule 6, Distribution System In-Service
 21 Failures, Miscellaneous Upgrades, and Street Lights (2024)) It is stated
 22 (page 6) *“As Hydro cannot predict the quantity and nature of failures to be
 23 addressed within this program for future years, Hydro has forecast future
 24 expenditures for this program based on the 2023 program budget with cost
 25 escalation applied.”*

- 26 a) In percentage terms, what is the cost escalation that was applied?
 27 b) How does that percentage compare to Hydro’s expectation of inflation?
 28 c) Please explain Hydro’s method for determining its cost escalation
 29 adjustment in this case.
 30

31 CA-NLH-071 (Reference Application, Schedule 6, Boiler Condition Assessment and
 32 Miscellaneous Upgrades (2024) – Holyrood, Table 1, page 6) Please
 33 explain why the likelihood of failure if a condition assessment is not carried
 34 out is rated “4”.
 35

36 CA-NLH-072 (Reference Application, Schedule 6, Wood Pole Line Management (2024))
 37 a) What are Hydro’s policies and practices regarding reduction of the
 38 environmental footprint relating to wood pole disposal?
 39 b) What preservatives has Hydro used to extend the life of wood poles?
 40 c) What is the unit cost to purchase wood poles?
 41 d) Please provide a table showing the total and per unit costs of wood pole
 42 purchases in each of the last ten years.

- 1 CA-NLH-073 (Reference Application, Schedule 6, Upgrade Power Transformers (2024–
2 2025)) In Table 3 (page 9) the program budget estimates are given as
3 \$864.6 thousand for 2024 and \$2,711.3 thousand for 2025. However, Chart
4 6 (page 10) shows the program budget at more than \$4 million for 2024.
5 Please explain the difference.
6
- 7 CA-NLH-074 (Reference Application, Schedule 6, Thermal In-Service Failures (2024) It
8 is stated (page 6) “*As Hydro cannot predict the quantity and the nature of*
9 *failures to be addressed within this program for future years, Hydro has*
10 *forecast future expenditures for this program based on the 2023 program*
11 *budget with cost escalation applied.*”
12 a) On page 5 it is stated “*The estimate is based on the average expenditures*
13 *from 2020 to 2022.*” Please reconcile that statement with the statement
14 that the estimate is obtained by escalating the 2023 program budget.
15 b) In percentage terms, what is the cost escalation that was applied? How
16 does that compare to Hydro’s expectation of inflation? Please explain
17 Hydro’s method for determining its cost escalation adjustment in this
18 case.
19
- 20 CA-NLH-075 (Reference Application, Schedule 6, Replace Protective Relays (2024–
21 2025)) In Table 2 (page 8) the program budget estimates are given as
22 \$1,388.4 thousand for 2024 and \$2,050.7 thousand for 2025. However,
23 Chart 4 on the same page shows the program budget at more than \$2.5
24 million in 2024 and more than \$3.0 million in 2025. Please explain the
25 difference.
26
- 27 CA-NLH-076 (Reference Application, Schedule 6, Upgrade Worst-Performing
28 Distribution Feeders (2024 - 2025))
29 a) How much of the cost of this project will be paid by the customers that
30 benefit, and how much of the cost will be paid for by Newfoundland
31 Power’s customers?
32 b) In Table 3 (page 12) the program budget estimates are given as \$1,064.3
33 thousand for 2024 and \$2,227.4 thousand for 2025. However, Chart 1
34 on the same page shows the program budget at amounts greater than
35 those respective amounts. Please explain the difference.
36
- 37 CA-NLH-077 (Reference Application, Schedule 6, Renew Distribution Feeders (2024 -
38 2025))
39 a) Did this program originate as a result of Hydro’s asset management
40 program?
41 b) What are SAIDI and SAIFI in the past 5 years for these feeders?
42 c) Please identify the number of complaints from customers served by
43 these feeders relating to reliability.

- 1 CA-NLH-078 (Reference Application, Schedule 6, Hydraulic In-Service Failures (2024))
2 It is stated (page 5) “*The estimate is based on the average expenditures*
3 *from 2020 to 2022.*” but later on the same page it is stated “*As Hydro cannot*
4 *predict the quantity and the nature of failures to be addressed within this*
5 *program for future years, Hydro has forecast future expenditures for this*
6 *program based on the 2023 program budget with cost escalation applied.*”
7 a) Please clarify whether the estimate is based on average expenditure from
8 2020 to 2022 or on escalation of 2023 spending.
9 b) In percentage terms, what is the escalation of the 2024 estimate
10 compared to the 2023 figure?
11
- 12 CA-NLH-079 (Reference Application, Schedule 6, Terminal Station In-Service Failures
13 (2024))
14 a) It is stated (page 5) “*The estimate is based on the average expenditures*
15 *from 2019 to 2021. The expenditures in 2022 were not included, as this*
16 *year is considered an outlier...*” Is it normal practice for Hydro to
17 remove outliers from time trends when estimating future costs.?
18 b) Please explain how the expenditures in the years 2019 to 2021 and 2023
19 program budget were used to determine the 2024 program cost estimate.
20
- 21 CA-NLH-080 (Reference Application, Schedule 6, Refurbish Surge Tank 1 (2024 - 2025)
22 Bay d’Espoir) There are several projects identified in the 2024 CBA that
23 relate to the Bay d’Espoir Hydroelectric Generating Facility. Is there an
24 overall asset management plan for the refurbishment of this facility? If not,
25 why not? If so, please file a copy for the record.
26
- 27 CA-NLH-081 (Reference Application, Schedule 6, Replace Powerhouse 1 Roof (2024 -
28 2025) Bay d’Espoir) Did Hydro and its consultants consider putting a
29 sloped roof on the powerhouse?
30
- 31 CA-NLH-082 (Reference Application, Schedule 6, Purchase Accommodations Trailers
32 (2024 - 2025))
33 a) How much of the cost of these trailers will be paid by Isolated Systems
34 customers, and how much will be paid by Newfoundland Power’s
35 customers?
36 b) How many nights per year are these trailers expected to be used?
37 c) What is the expected annual maintenance and utilities costs for these
38 trailers?
39
- 40 CA-NLH-083 (Reference Application, Schedule 6, Proposals Under \$750,000, page 5 of
41 13) Why are there separate “Purchase Tools and Equipment” projects for
42 1) Transmission and Rural Operations, 2) Generation, and 3) Telecontrol,
43 and only one project for “Purchase Office Equipment”?

- 1 CA-NLH-084 (Reference Application, Schedule 6, Proposals Under \$750,000, page 8 of
2 13 and 11 of 13) Why are the “Replace 48V Battery Banks and Chargers”
3 (page 8) and “Replace Terminal Station Battery Banks and Chargers” (page
4 11) **not** included under the “Replace Terminal Station Battery Banks and
5 Chargers” project?
6
- 7 CA-NLH-085 (Reference Application) What is the all-in average rate for all end-use
8 customers on the Island Interconnected System? What is the current rate for
9 residential customers on the Island Interconnected System, both all-in and
10 energy charge only?
11
- 12
- 13 CA-NLH-086 (Reference Application) Please provide Hydro’s actual new service
14 requests in the past 5 years and forecast for the next 5 years.
15
- 16 CA-NLH-087 (Reference Application, 2023 Capital Expenditures Overview, Refurbish
17 Ebbegunbaeg Control Structure)
18 a) Could a battery bank provide a reasonable source of backup power for
19 this control structure?
20 b) Would a battery bank have reduced environmental emissions and be
21 more consistent with government zero-carbon initiatives?
22
- 23 CA-NLH-088 (Reference Application) Please provide a detailed calculation of the cost to
24 own and operate Hydro’s small hydro facilities (with capacity less than 1
25 MW), and the amount of money recovered annually from customers
26 attributable to Hydro’s small hydro generation facilities.
27
- 28 CA-NLH-089 (Reference Application) Is Hydro considering retirement of any of its small
29 hydro generating facilities? Please file any studies Hydro has completed on
30 its small hydro generation facilities, specifically, those with capacities that
31 are less than 1 MW. Are these facilities expected to remain used and useful?
32
- 33 CA-NLH-090 (Reference Application) Please provide details of Hydro’s approach to
34 assessing the relative cost of non-wires alternatives (NWAs) and distributed
35 energy resources (DERs) to the capital investment in traditional assets that
36 are included in Hydro’s capital plan, including any reports or analyses that
37 show the comparative analysis for the projects included in the 2024 Capital
38 Budget Application. If NWAs have not been considered, please explain
39 why they have been excluded as options without a comparison of
40 alternatives.
41
- 42 CA-NLH-091 (Reference Application) What is Hydro’s current estimate of the marginal
43 value of capacity and energy over the next five years? Please provide a
44 comparison to actual sales of capacity and energy with

1 transmission/wheeling costs shown separately for 2020, 2021, 2022 and
2 year-to-date 2023.

3
4 CA-NLH-092

(Reference Capital Expenditures and Carryover Report for the Year Ended
5 December 31, 2022, page 2) It is stated “*Hydro will carryover*
6 *approximately \$40.0 million of work into 2023 and beyond.*”

- 7 a) Please confirm that there was apparently no need to complete a
8 substantial portion (at least 25%) of the capital work included in the
9 2022 CBA in calendar year 2022.
- 10 b) Did the 2022 CBA state that the work included in the CBA was high
11 priority, and needed in 2022?
- 12 c) How will Hydro meet its mandate in 2023 given that \$40 million of
13 work identified as “needed and high priority” was not completed in
14 2022?
- 15 d) Will Hydro be able to complete the work included in the 2023 CBA in
16 light of the \$40 million of work that has been carried over from 2022 to
17 2023? How much work in the 2023 CBA is likely to be carried over into
18 2024?
- 19 e) Has any of the work identified in the 2022 and 2023 CBAs been
20 included in the 2024 CBA? How much work from 2022 and 2023 is
21 likely to be carried over to 2024?
- 22 f) Does Hydro have adequate project execution staff to meet the work
23 requirements set out in the 2024 CBA as well as work carried over from
24 2022 and 2023?

25
26 CA-NLH-093

(Reference Capital Expenditures and Carryover Report for the Year Ended
27 December 31, 2022, page 2) It is stated “*Hydro believes that re-evaluating*
28 *and confirming the requirement for investment prior to work execution and*
29 *deferring certain capital work if appropriate is consistent with its legislated*
30 *obligation to provide reliable service at the lowest possible cost to*
31 *customers.*” Please reconcile this with the statement made in the 2024
32 Capital Budget Overview (page 7) that “*Hydro considers many factors in*
33 *the selection of the projects and program for inclusion in its budget,*
34 *including operational risks, ability to execute, total investment, and*
35 *cumulative risk associated with balancing aging assets while providing*
36 *least-cost reliable service in an environmentally responsible manner.*” Was
37 the need for work included in the 2022 CBA not confirmed prior to
38 submission?

39
40 CA-NLH-094

(Reference Capital Expenditures and Carryover Report for the Year Ended
41 December 31, 2022, page 2) It is stated “*Approximately \$13.6 million of*
42 *Hydro’s carryover relates to ongoing global supply chain issues. In*
43 *particular, much of Hydro’s planned vehicle, light-duty mobile equipment*
44 *and terminal station equipment continues to experience delivery delays.*”

- 1 a) Have supply chain issues put at risk Hydro’s ability to provide reliable
 2 service at lowest possible cost in an environmentally responsible
 3 manner while ensuring the safety of its staff and the public? Please
 4 explain.
 5 b) Does Hydro believe that supply chain issues and inflation arising from
 6 Covid-19 are no longer a factor? Does Hydro now know how to
 7 compensate for supply chain issues and inflation, and reflected this
 8 knowledge in its 2024 CBA?
 9

10 CA-NLH-095 (Reference Capital Expenditures and Carryover Report for the Year Ended
 11 December 31, 2022, Table 1, page 3) At the bottom of the table please add
 12 rows showing the totals for all asset categories, all asset categories that were
 13 overbudget, and all asset categories that were under budget.
 14

15 CA-NLH-096 (Reference Capital Expenditures and Carryover Report for the Year Ended
 16 December 31, 2022, page 6) For how long was the Bay d’Espoir Highway
 17 closed owing to the fire?
 18

19 CA-NLH-097 (Reference Capital Expenditures and Carryover Report for the Year Ended
 20 December 31, 2022, page 20) It is stated “*Carryover of the installation of a
 21 fire protection system at Massey Drive Terminal Station to 2023, as the
 22 equipment required for installation was destroyed by a fire at the supplier’s
 23 distribution center.*” In light of this information, is Hydro considering
 24 changing suppliers of fire protection systems?
 25

26 CA-NLH-098 (Reference Capital Expenditures and Carryover Report for the Year Ended
 27 December 31, 2022, page 21) It is stated “*Protective relay replacements for
 28 Wabush Terminal Station Line 1 and Line 3, due to the manufacturer’s
 29 recall of some protective relays.*” Are relays of the type recalled installed
 30 elsewhere on Hydro’s system?
 31

32 CA-NLH-099 (Reference Capital Expenditures and Carryover Report for the Year Ended
 33 December 31, 2022, page 22) It is stated “*The transport of the Churchill
 34 Falls transformer to Holyrood and the remaining construction activity at
 35 Holyrood has carried over into 2023.*” Why was T7 not needed in 2021 and
 36 2022, and given that it was not needed, why was it included in the CBA? Is
 37 T7 needed going forward?
 38


39 CA-NLH-100 (Reference Capital Expenditures and Carryover Report for the Year Ended
 40 December 31, 2022, page 24) It is stated “*The following scope items were
 41 cancelled following review of updated asset condition information
 42 indicating that the work was not immediately required.*” Why was the work
 43 included in the CBA if it was not needed?

- 1 CA-NLH-101 (Reference Capital Expenditures and Carryover Report for the Year Ended
2 December 31, 2022, page 24) It is stated “*The variance in 2022*
3 *expenditures is associated with the capital program for protection control*
4 *and monitoring systems and is attributed to completion of protection*
5 *upgrades with costs exceeding the budget estimate.*” Please elaborate on
6 this statement.
7
- 8 CA-NLH-102 (Reference Capital Expenditures and Carryover Report for the Year Ended
9 December 31, 2022, page 25) It is stated “*The following scope items were*
10 *cancelled following review of updated asset condition information*
11 *indicating that the work was not immediately required.*” Why was this
12 review not completed prior to submitting the CBA?
13
- 14 CA-NLH-103 (Reference Capital Expenditures and Carryover Report for the Year Ended
15 December 31, 2022, page 28) It is stated “*The annual and project variance*
16 *is due to a higher number of service extension requests than forecasted,*
17 *particularly in isolated regions of Labrador.*” How many service
18 extensions were requested and how does it compare to budget?
19
- 20 CA-NLH-104 (Reference Capital Expenditures and Carryover Report for the Year Ended
21 December 31, 2022, page 29) It is stated “*It was determined that engine*
22 *replacement was a lower cost alternative than engine overhaul, and the*
23 *engine was replaced in 2022.*” Does this finding impact future assessments
24 of the “Overhaul Diesel Units” program; e.g., will overhauls be
25 discontinued in favour of replacements?
26
- 27 CA-NLH-105 (Reference Capital Expenditures and Carryover Report for the Year Ended
28 December 31, 2022, page 32) It is stated “*This increase in construction*
29 *duration resulted in corresponding increased construction management*
30 *costs.*” How much of the cost overrun is being absorbed by the contractor?
31
- 32 CA-NLH-106 (Reference Capital Expenditures and Carryover Report for the Year Ended
33 December 31, 2022 pages 36 and 37) It is stated “*Hydro experienced*
34 *communications engineering resource challenges in 2022 with a high*
35 *volume of work and vacancy due to retirement.*” Have these challenges
36 since been corrected, and if so, in what manner?
37
- 38 CA-NLH-107 (Reference Capital Expenditures and Carryover Report for the Year Ended
39 December 31, 2022, page 37) It is stated “*The purchase of light-duty*
40 *vehicles includes two fully electric vehicles, which were received in 2022.*”
41 Is the performance of these EVs meeting expectations? What was the cost
42 relative to internal combustion vehicles?

- 1 CA-NLH-108 (Reference Capital Expenditures and Carryover Report for the Year Ended
2 December 31, 2022, page 43) With respect to Phase 2 - Electric Vehicle
3 Charging Network, it is stated “*The variance in 2022 and overall project*
4 *expenditures is attributed to higher than anticipated construction costs,*
5 *particularly for the three sites in Labrador.*” How does this impact
6 government contributions and the costs that will be recovered from
7 customers? Will Hydro absorb the cost overruns? If the private sector had
8 undertaken the project, who would have absorbed the cost overruns?
9
- 10 CA-NLH-109 (Reference Capital Expenditures and Carryover Report for the Year Ended
11 December 31, 2022, Table 2, page 44) In the 10-year period ending 2022,
12 Hydro has been under-budget in 9 of the 10 years by amounts ranging from
13 16.7% to 59.8%.
14 a) How has this impacted Hydro’s ability to meet its mandate?
15 Specifically, how has customer service been impacted?
16 b) Does this performance measure prove that projects included in the
17 CBAs can actually be deferred with little consequence for customers?
18 c) Does this performance suggest that Hydro is badly in need of an asset
19 management program that can assess the risk of project deferral?
20 d) How have these under-budget variances been treated in rate base?
21 e) How have over-budget variances been treated in rate base?
22 f) How does the Board determine prudence in cases where Hydro has large
23 variances?
24 g) What has Hydro done to improve its project execution activities since
25 Dark NL in 2014?
26 h) What documentation has the Board issued with respect to Hydro’s poor
27 performance in project execution?
28
- 29 CA-NLH-110 (Reference Capital Expenditures and Carryover Report for the Year Ended
30 December 31, 2022, page 45) It is stated “*The primary driver of the 2022*
31 *under expenditures was carryover of project work to future years.*” Is this
32 a never-ending cycle? What plan has Hydro put in place to catch up with its
33 work backlog?
34
- 35 CA-NLH-111 (Reference Application) In the Capital Budget, who is responsible for the
36 evidence to testify at a technical conference or in an oral public hearing?
37 What lead individuals are responsible for testifying for each capital budget
38 expenditure?
39
- 40 CA-NLH-112 (Reference Application) In the Capital Budget proposals, what independent
41 verification is there to support the proposals?
42
- 43 CA-NLH-113 (Reference Application) What environmental benefits could result from
44 these capital budget expenditures?

- 1 CA-NLH-114 (Reference Application) In Board Order P.U. 36(2021) the Board quotes
 2 Newfoundland Power as follows: “*Newfoundland Power also reiterated*
 3 *that it does not expect the execution of its 2022 Capital Budget to be*
 4 *impacted by the Covid-19 pandemic.*” Did Hydro make a similar claim?
 5
- 6 CA-NLH-115 (Reference Application) In reference to the allowance for “unforeseen
 7 items”, please provide a history of this allowance from 2000 to the present,
 8 and where and when the allowance was called upon, and for what reasons,
 9 and what was left in the allowance for unforeseen items at the end of each
 10 particular year.
 11
- 12 CA-NLH-116 (Application, page 2, para. 2) It is stated “*No new leases with costs in excess*
 13 *of \$750,000 over the expected life of the lease are proposed for 2024.*” Has
 14 leasing been considered as an alternative to any of the projects proposed in
 15 the Application? If not, why not? If so, please identify all projects where
 16 leasing was considered and provide the assessment used to determine that
 17 leasing was not the preferred alternative.
 18
- 19 CA-NLH-117 (Reference Capital Reference Capital Expenditures and Carryover Report
 20 for the Year Ended December 31, 2022 and Application, 2022 Average
 21 Rate Base) Are carryovers of approved expenditures intended for 2022
 22 included in the computation of rate base for the
 23 year ended December 31, 2022?
 24
- 25 CA-NLH-118 (Reference Capital Expenditures and Carryover Report for the Year Ended
 26 December 31, 2022) Does carryover expenditure accrue AFUDC or is
 27 interest paid? If either applies then please explain how Hydro’s revenue
 28 requirement and balance sheet are affected.

DATED at St. John’s, Newfoundland and Labrador, this 24th day of August, 2023.

Per: 
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