



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**  
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2021-09-07

Dominic Foley  
Corporate Counsel  
Newfoundland Power Inc.  
55 Kenmount Road, P.O. Box 8910  
St. John's, NL A1B 3P6


Dear Mr. Foley:

**Re: Newfoundland Power Inc. – NP 2022-2023 General Rate Application  
Requests for Information**

Enclosed are Requests for Information PUB-NP-094 to PUB-NP-114 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](mailto:jglynn@pub.nl.ca) or telephone (709) 726-6781.

Sincerely,

  
Cheryl Blundon  
Board Secretary

CB/cj

ecc **Newfoundland Power Inc.**  
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1 **IN THE MATTER OF** the *Public*  
2 *Utilities Act*, (the “Act”); and  
3  
4  
5 **IN THE MATTER OF** a general rate  
6 application by Newfoundland Power Inc.  
7 to establish customer electricity rates for  
8 2022 and 2023.

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**PUBLIC UTILITIES BOARD  
REQUESTS FOR INFORMATION**

**PUB-NP-094 to PUB-NP-114**

**Issued: September 7, 2021**

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- 1 response include the assumptions used to forecast the increased cost of debt in  
2 this scenario.  
3
- 4 **PUB-NP-102** Further to PUB-NP-101 re-state the credit metrics shown in the response to  
5 PUB-NP-029 to reflect the additional cost of borrowing incurred to reduce the  
6 common equity to 43%.  
7
- 8 **PUB-NP-103** Further to the response to PUB-NP-037, does Newfoundland Power believe  
9 that the July 2021 agreement in principle announced for the restructuring of  
10 the Muskrat Falls Project, which includes a rate mitigation target, reduce the  
11 business risks associated with the Muskrat Falls Project it has identified in the  
12 Application? If yes, is the reduction material or insignificant in Newfoundland  
13 Power's opinion?  
14
- 15 **PUB-NP-104** Further to the response to PUB-NP-039, page 3, lines 36-40, has  
16 Newfoundland Power not achieved its approved return on equity (ROE) in  
17 any year since 2010 due to the inclusion of costs arising from severe weather  
18 events? If yes, provide the approved ROE and the actual ROE for each year  
19 that the approved ROE was not achieved.  
20
- 21 **PUB-NP-105** Further to the response to PUB-NP-045, is, in Newfoundland Power's  
22 opinion, the Ontario Energy Board's automatic adjustment formula  
23 appropriate to apply to determine Newfoundland Power's return on equity  
24 (ROE) between general rate applications? If it were used what would be the  
25 ROE for Newfoundland Power for 2021?  
26
- 27 **PUB-NP-106** Further to the response to PUB-NP-050, footnote 81 on page 2-36 of the  
28 Application says that a director position and an analyst position were created  
29 and contribute to the increase in corporate and employee services from 2019  
30 to 2023. Table 1 in the response to PUB-NP-050 provides the breakdown of  
31 the forecast increase in FTEs for the same period, however, these two  
32 positions are not listed as new positions created or included in the category of  
33 Other in Table 1. Explain why these two positions are not included as part of  
34 the explanation of the increase in FTEs in the period 2019-2023.  
35
- 36 **PUB-NP-107** Further to the response to PUB-NP-050, are the labour costs for customer  
37 electrification programs included in the costs of the program and treated the  
38 same as other program costs or are they accounted for through operating  
39 labour costs?  
40
- 41 **PUB-NP-108** Further to the responses to PUB-NP-052 and CA-NP 013, state whether the  
42 five utilities that use statistical regression models to forecast peak demand are  
43 primarily distribution utilities, transmission utilities or generation utilities or  
44 some combination thereof. Does the type of utility and the purpose for which  
45 the forecast is being used, such as capacity planning or energy growth,  
46 influence the selection of the appropriate load forecasting methodology?  
47
- 48 **PUB-NP-109** Further to PUB-NP-108, has Newfoundland Power considered whether it is  
49 appropriate to switch to statistical regression modelling to forecast its peak

- 1 demand to make it consistent with Newfoundland and Labrador Hydro's  
 2 approach? If yes, explain the advantages and disadvantages of switching. If  
 3 not, why not?  
 4
- 5 **PUB-NP-110** Further to the response to PUB-NP-060, what would be the impact on  
 6 customer rates if a deferral account is used to offset the impact of the  
 7 proposed change in capitalizing pension costs?  
 8
- 9 **PUB-NP-111** Further to the response to PUB-NP-060, it is stated that the amortization  
 10 period, if implemented, would commence on March 1, 2022, however  
 11 Newfoundland Power proposes that the change in treatment in capitalizing  
 12 pension costs not commence until January 1, 2023. Is it appropriate to  
 13 commence amortization before the change in treatment?  
 14
- 15 **PUB-NP-112** Further to the response to PUB-NP-085, in Mr. Coyne's opinion, does the July  
 16 2021 announcement on a rate mitigation plan to reduce the cost pressures on  
 17 electricity rates arising from the Muskrat Falls Project reduce to any degree at  
 18 all Newfoundland Power's business risks or are they exactly the same as  
 19 before the announcement?  
 20
- 21 **PUB-NP-113** Further to the response to PUB-NP-088 in which Mr. Coyne explains why  
 22 45% is the minimum appropriate common equity, explain how a slight  
 23 reduction in Newfoundland Power's common equity to 44% or 43% and the  
 24 maintenance of a return on equity which would permit the company to  
 25 maintain its credit metrics within a range to support its current credit rating as  
 26 can be seen in the response to PUB-NP-029 would also not be appropriate.  
 27
- 28 **PUB-NP-114** Further to the response to PUB-NP-092, why in Mr. Coyne's opinion is the  
 29 Ontario Energy Board's automatic adjustment formula not be appropriate for  
 30 implementation for Newfoundland Power?

**DATED** at St. John's, Newfoundland this 7<sup>th</sup> day of September, 2021.

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

Per

  
 Cheryl Blundon  
 Board Secretary