



February 23, 2016

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

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

Ladies and Gentlemen:

Re: Application by Newfoundland and Labrador Hydro for a 2016 Standby Fuel Deferral Account for Fuel Consumed in Combustion Turbines and Diesel Generators

Please find enclosed one (1) original and twelve (12) copies the Consumer Advocate's Requests for Information numbered CA-NLH-01 to CA-NLH-12 in relation to the above noted application.

A copy of this letter, together with enclosures, has been forwarded directly to the parties listed below.

We trust the enclosed to be in order.

Yours very truly,

O'DEA, EARLE

A handwritten signature in blue ink, appearing to read 'Thomas Johnson', is written over the printed name 'O'DEA, EARLE'.

THOMAS JOHNSON, Q.C.
TJ/cel

cc: Newfoundland Power
Attention: Mr. Gerard Hayes

Newfoundland and Labrador Hydro
Attention: Mr. Geoffrey Young



Stewart McKelvey
Attention: Mr. Paul Coxworthy

Cox & Palmer
Attention: Thomas O'Reilly, Q.C.

Praxair Canada Inc.
Attention: Ms. Sheryl Nisenbaum

IN THE MATTER OF

the Electrical Power Control Act, R.S.N.L. 1994, Chapter E-5.1 (the "*EPCA*") and the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47 (the "*Act*"), and regulations thereunder;

AND

IN THE MATTER OF

an Application by Newfoundland and Labrador Hydro ("*Hydro*") pursuant to section 70 of the *Act*, for approval of a deferral account for diesel fuel consumed in 2016 to provide capacity and energy to the Island Interconnected System.

**CONSUMER ADVOCATE
REQUESTS FOR INFORMATION
CA-NLH-1 to CA-NLH-12**

Issued: February 23, 2016

1
2 CA-NLH-01

(Re: 2016 Standby Fuel Deferral Application) In the report attached to the Application, it is stated (page 2, lines 1 to 4) “*There is currently no regulatory mechanism to allow Hydro to recover additional costs associated with operating the additional Standby Generation. In the absence of regulatory relief, Hydro’s net income will be reduced by \$33.3 million in 2016 for a net loss of \$0.1 million based on the 2015 Test Year.*” In the Application, para. 5, it is stated “*At present, while Hydro's consumption of No. 6 fuel for its Holyrood TGS is stabilized through the Rate Stabilization Plan such that the actual cost of this fuel consumed is recovered from customers through rate adjustments, no such account or mechanism exists for the consumption of diesel fuel (No. 2 fuel). Hydro did apply for an Energy Supply Cost Variance Account (“ESCVA”) in its Amended 2013 General Rate Application (GRA), a component of which addressed diesel costs incurred on the Island Interconnected System, but no order has issued as to that application to date and one is not expected immediately.*” Given that: 1) Hydro has already applied for the ESCVA; 2) the Board is expected to file its Order on the Amended 2013 GRA and the proposed ESCVA in the coming months long before the end of 2016; and 3) Island Interconnected Customer rates are interim, please explain why this Application is necessary. Why does Hydro need an “immediate” Order, and what is Hydro’s best estimate of when it will receive Orders on this Application and on the Amended 2013 GRA?

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28 CA-NLH-02

(Re: 2016 Standby Fuel Deferral Application, February 5, 2016 Report, pages 5 and 6) Hydro indicates that it “*estimates*” that hydro production from Nalcor Exploits, Star Lake and Rattle Brook could be lower by about 190 GWh compared to the 2015

1 Test Year, and “*expects*” Newfoundland Power’s hydro production
2 will also be lower because “*reduced inflows are generally province*
3 *wide*”. Please provide all corroborating evidence from these parties
4 supporting Hydro’s estimates and expectations.

5
6 CA-NLH-03 (Re: *2016 Standby Fuel Deferral Application*, February 5, 2016
7 Report, Appendix B) Please provide a detailed comparison of the
8 Energy Supply Cost Variance Account (“ESCVA”) proposed in
9 the Amended 2013 General Rate Application and the deferral
10 account documented in Appendix B.

11
12 CA-NLH-04 (Re: *2016 Standby Fuel Deferral Application*, February 5, 2016
13 Report, Appendix B) Is it appropriate to apply a dead-band to the
14 deferral account? If not, why not? Please submit an alternative
15 deferral account including language covering an appropriate dead-
16 band.

17
18 CA-NLH-05 (Re: *2016 Standby Fuel Deferral Application*, February 5, 2016
19 Report, Appendix B and Appendix E) Please provide a proof based
20 on assumptions in Appendix E that the RSP and the proposed
21 deferral account would not over-collect from customers.

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23 CA-NLH-06 (Re: *2016 Standby Fuel Deferral Application*, February 5, 2016
24 Report, Page 8, Table 5) Table 5 at page 8 of the evidence filed in
25 support of the Application shows that Holyrood TGS Deratings in
26 2016 are reducing Holyrood’s maximum GWh of 2,996 GWh by
27 264 GWhs. At page 7, lines 6 to 7, it states, “*As Holyrood TGS*
28 *can contribute only 2,500 of the 2,700 GWh estimated to be*
29 *required due to low hydrology, the shortfall must be made up using*
30 *Standby Generation.*” Please detail when the deratings of each
31 unit commenced, the extent of the deratings and Hydro’s estimate

1 as to when the deratings will be lifted.

2
3 CA-NLH-07 (Re: *2016 Standby Fuel Deferral Application*, February 5, 2016
4 Report, Page 8) Hydro states, “. . . *As a result, Hydro does not*
5 *consider it appropriate to operate Units 1 and 2 at their maximum*
6 *capacities until full replacement can be made during the annual*
7 *maintenance outages of 2016.” Does Hydro anticipate being able*
8 *to operate Units 1 and 2 up to their maximum capacities once the*
9 *tube replacement work is complete?*

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11 CA-NLH-08 (Re: *2016 Standby Fuel Deferral Application*, February 5, 2016
12 Report, Page 8, Lines 1 to 8) Reference is made to boiler tube
13 failures in January, 2016 in Unit 2 and Hydro’s assessment that it
14 does not consider it appropriate to operate Units 1 and 2 at the
15 maximum capacities until full replacement can be made during the
16 annual maintenance outages of 2016. Please detail Hydro’s testing
17 and maintenance regime as it relates to the testing and maintenance
18 of boiler tubes.

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20 CA-NLH-09 (Re: *2016 Standby Fuel Deferral Application*, February 5, 2016
21 Report, Page 8, Lines 1 to 8) When were the boiler tubes in Units 1
22 and 2 previously tested for wall thickness and what were the
23 results?

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25 CA-NLH-10 (Re: *2016 Standby Fuel Deferral Application*, February 5, 2016
26 Report, Page 8, Lines 1 to 8) Are there any standards as regards the
27 appropriate thickness of such tube walls?

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29 CA-NLH-11 Please provide Holyrood’s Unit Availability Statistics for 2012 to
30 2015.

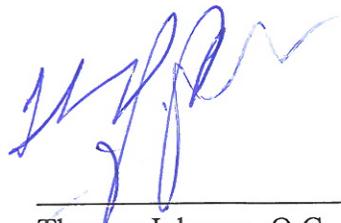
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1 CA-NLH-12

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In footnote 6 to the November 2012 Generation Planning Issues report, it states “*Firm capability for the hydroelectric resources is the firm energy capability of those resources under the most adverse three-year sequence of reservoir in flows occurring within the historical record. Firm capability for the thermal resources is based on energy capability adjusted for maintenance and forced outages.*” Does the Holyrood plant continue to have a “firm energy capability” of 2,996 GWh per year as stated at Table 3-1 of the Generation Planning Issues Report of November 2012?

Dated at St. John’s in the Province of Newfoundland and Labrador, this 23rd day of February, 2016.



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