

# POOLE ALTHOUSE

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March 24, 2017

**Via Electronic Mail & Courier**  
Newfoundland and Labrador Board  
of Commissioners of Public Utilities  
120 Torbay Road  
P.O. Box 21040  
St. John's, NL A1A 5B2

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

Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro – 2013 General Rate Application – Compliance Application - Requests for Information IC-NLH-1 to IC-NLH-13**

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Please find enclosed the original and twelve (12) copies of the Requests for Information of the Island Industrial Customers Group in relation to the above noted Application.

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

We trust you find the foregoing satisfactory.

Yours very truly,

**POOLE ALTHOUSE**



Dean A. Porter

March 24<sup>th</sup>, 2017

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cc: Tracey Pennell, Newfoundland and Labrador Hydro  
Gerard Hayes, Newfoundland Power  
Paul Coxworthy, Stewart McKelvey  
Thomas J. O'Reilly, Q.C., Cox & Palmer  
Senwung Luk, Olthuis, Kleer, Townshend LLP  
Yvonne Jones, MP, Labrador  
Dennis Browne, Q.C., Browne Fitzgerald Morgan & Avis  
Genevieve Dawson, Benson Buffett  
Larry Bartlett, Tech Resources Ltd.

**IN THE MATTER OF** the *Public Utilities Act*, R.S.N. 1990, Chapter P-47 (the “Act”);

**AND IN THE MATTER OF** a General Rate Application by Newfoundland and Labrador Hydro to establish customer electricity rates for 2015;

**AND IN THE MATTER OF** an Amended General Rate Application filed by Newfoundland and Labrador Hydro on November 10, 2014;

**AND IN THE MATTER OF** an application (the GRA Compliance Application) by Newfoundland and Labrador Hydro for approval of changes to the rates, tolls and charges for the supply of power and energy to customers, and changes to the rules and regulations applicable to the supply of power and energy to customers, reflecting the determinations set out in Order No. P.U. 49(2016).

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**ISLAND INDUSTRIAL CUSTOMERS GROUP  
REQUESTS FOR INFORMATION  
IC-NLH-1 to IC-NLH-13**

**Issued: March 24, 2017**

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**IN THE MATTER OF** the *Public Utilities Act*, R.S.N. 1990, Chapter P-47 (the "Act");

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**REQUESTS FOR INFORMATION OF**  
**THE ISLAND INDUSTRIAL CUSTOMERS GROUP**  
**IC-NLH-1 to IC-NLH-13**

**IC-NLH-1** Please provide excel versions of the cost of service studies for 2014, 2015 and 2016.

**IC-NLH-2** At page 14, lines 19-23, of Grant Thornton's Report on the GRA Compliance Application, it is stated that

*Hydro has included \$1.0 million in 2015 Test Year for rate setting purposes as it represents other anticipated studies and hearings related to the preparation of the 2018 General Rate Application which are required to be completed and do not relate to the disallowance from the Prudency Application, (e.g. a number of studies are required from settlement agreements such as a Cost of Service methodology study and a Marginal Cost study.)*

1 Please confirm that the amount for those expenses were not  
2 included in the 2013 Amended GRA, and therefore not  
3 reviewed by the Board and Intervenors.

4 **IC-NLH-3** Should the column "2016 & Subsequent Years" in Appendix  
5 E - Definition of Excess Earnings of the GRA Compliance  
6 Application include a note stating that the rate is applicable  
7 until a new rate is approved by the Board?

8 **IC-NLH-4** In reference to the following statements at page 5, lines 4-8  
9 in Exhibit 3 of the GRA Compliance Application:

10 *Therefore, it would be inappropriate to reflect actual No. 6*  
11 *fuel costs to determine the revenue deficiency for 2014 as*  
12 *the variances between forecast No. 6 fuel costs reflected in*  
13 *the 2014 Test Year and the 2014 actuals have already been*  
14 *disposed of through the operation of the RSP. As such,*  
15 *Hydro proposes that, for the purposes of calculating the*  
16 *2014 revenue deficiency, no adjustments be made to reflect*  
17 *actual No.6 fuel costs for 2014.*

18 Please confirm that the 2014 RSP operated in the same way  
19 as for 2013 in terms of reflecting fuel and load variations,  
20 i.e., based on 2007 test year inputs as compared to actuals.

21 **IC-NLH-5** Further to IC-NLH-5, please explain in detail how the  
22 "variances between forecast No. 6 fuel costs reflected in the  
23 2014 Test Year and the 2014 actuals have already been  
24 disposed of through the operation of the RSP" when the  
25 2014 RSP operated based on 2007 test year inputs.

26 **IC-NLH-6** Please provide details and calculations of the \$5.150 million  
27 RSP activity shown in Exhibit 10 of the GRA Compliance  
28 Application, 2014 COS for 2014 Revenue Deficiency,  
29 Schedule 1.2, page 2 of 6. Please reconcile the \$5.150  
30 million to the \$6.992 million related to 2014 RSP activity in  
31 the 2014 RSP report [\$6.992 million was the allocated fuel  
32 variance recovered from industrial customers as part of the  
33 \$6.774 million as shown on page C-1 of Appendix C, Exhibit  
34 4 of the GRA Compliance Application].

35 **IC-NLH-7** Please provide details on how the allocation of the Load  
36 Variation Balances are calculated in Tables 1 and 2, Exhibit  
37 3 of the GRA Compliance Application [\$2.541 million in  
38 Table 1 and \$0.588 million in Table 2]. In providing the  
39 requested details, please include monthly load variation and

1 sales numbers starting September 2013 as well as allocation  
2 between customers.

3 **IC-NLH-8** With respect to the revenue deficiencies, please confirm that  
4 Hydro has included the 2014 revenue deficiency in rate base  
5 from mid-year 2014 (per Exhibit 2, page 11, line 16 – page  
6 12, line 4 of the GRA Compliance Application) through mid-  
7 year 2017 (per Exhibit 2, page 37, lines 9-13). Please  
8 confirm that the 2014 revenue deficiency is the only revenue  
9 deficiency, of those shown in Exhibit 3 Table 13 of the GRA  
10 Compliance Application, that is included as a deferred cost  
11 in rate base. If not confirmed, please provide all details of  
12 where the 2015, 2016 and/or 2017 revenue  
13 deficiencies/surpluses are included in rate base deferred  
14 charges.

15 **IC-NLH-9** Please provide the revised 2014 revenue deficiency (in the  
16 form of Exhibit 2, Table 3 on page 6) assuming that the 2014  
17 revenue deficiency was excluded from deferred costs (i.e.,  
18 not included in rate base).

19 **IC-NLH-10** Please confirm that despite the 2014 revenue deficiency  
20 being calculated at \$38,722,000 (or less, if the 2014 revenue  
21 deficiency balance is not included in 2014 rate base), the  
22 2015 test year rate base includes the 2014 revenue  
23 deficiency at \$44.2 million (per Exhibit 2, Table 28, of the  
24 GRA Compliance Application). Please provide all rationale  
25 for including this revenue deficiency in rate base at a higher  
26 value than now calculated as the 2014 revenue deficiency  
27 per the Compliance filing.

28 **IC-NLH-11** With the reference to Table 3, Exhibit 2 of the GRA  
29 Compliance Application, please provide a detailed table that  
30 shows a reconciliation from the load forecast, generation  
31 forecast, the Holyrood TGS generation forecast, Holyrood  
32 fuel efficiency, fuel barrels, and fuel price per barrel to arrive  
33 at the fuel cost of \$191.758 million shown in Table 3, and the  
34 adjustment of \$8.534 million also shown in Table 3 to arrive  
35 at a consistent calculation of the \$200.292 million.

36 **IC-NLH-12** Please provide details as to how the \$81.9 million in Table  
37 3.3 of the 2013 Amended GRA was calculated, and provide  
38 the basis for any difference in assumptions between this  
39 value and the values used to generate the \$191.758 million  
40 fuel cost figure in Table 3 of Exhibit 2 of the GRA  
41 Compliance Application.

1 **IC-NLH-13** Please provide equivalent information to IC-NLH-11 above  
2 for the 2015 test year.



3

**DATED** at St. John's, in the Province of Newfoundland and Labrador, this 24<sup>th</sup> day of March, 2017.

**POOLE ALTHOUSE**

Per:   
Dean A. Porter

**STEWART MCKELVEY**

 Per:   
Paul L. Coxworthy

TO: The Board of Commissioners of Public Utilities  
Suite E210, Prince Charles Building  
120 Torbay Road  
P.O. Box 21040  
St. John's, NL A1A 5B2  
Attention: Board Secretary

TO: Newfoundland & Labrador Hydro  
P.O. Box 12400  
500 Columbus Drive  
St. John's, NL A1B 4K7  
Attention: Tracey L. Pennell, Senior Counsel, Regulatory

TO: Dennis Browne, Q.C., Consumer Advocate  
Browne Fitzgerald Morgan & Avis  
Terrace in the Square  
St. John's, NL A1B 4J9

TO: Newfoundland Power Inc.  
P.O. Box 8910  
55 Kenmount Road  
St. John's, NL A1B 3P6  
Attention: Gerard Hayes, Senior Legal Counsel

TO: Cox & Palmer  
Scotia Centre, Suite 1000

235 Water Street  
St. John's, NL A1C 1B6  
Attention: Thomas J. O'Reilly Q.C.

TO: Miller & Hearn  
450 Avalon Drive  
PO Box 129  
Labrador City, NL A2V 2K3

TO: Olthuis, Kleer, Townshend LLP  
229 College Street, 3rd Floor  
Toronto, ON M5T 1R4  
Attention: Senwung Luk

TO: House of Commons  
Confederation Building  
Room 682  
Ottawa, ON K1A 0A6  
Attention: Yvonne Jones, Member of Parliament, Labrador

TO: Benson Buffett  
Suite 900, Atlantic Place  
P.O. Box 1538, Stn. C.  
215 Water Street  
St. John's, NL A1C 5N8  
Attention: Genevieve M. Dawson

TO: Teck Resources Limited  
Duck Pond Operations  
P. O. Box 9  
Millertown, NL A0H 1V0  
Attention: Larry Bartlett