



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

E-mail: ghayes@newfoundlandpower.com

2015-04-28

Mr. Gerard Hayes
Newfoundland Power Inc.
55 Kenmount Road
P.O. Box 8910
St. John's, NL A1B 3P6


Dear Sir:

Re: Newfoundland Power Inc. – 2016 Deferred Cost Recovery – Requests for Information

Enclosed are Information Requests PUB-NP-1 to PUB-NP-8 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, jgynn@pub.nl.ca or telephone (709) 726-6781.

Yours truly,


Cheryl Blundon
Board Secretary

/cpj
Encl.

e.c.c. **Newfoundland and Labrador Hydro**
Geoffrey Young, E-mail: gyoung@nlh.nl.ca
Consumer Advocate
Mr. Thomas Johnson, E-mail: tjohnson@odeacarle.ca
Ms. Colleen Lacey, E-mail: clacey@odeacarle.ca

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
7 **IN THE MATTER OF** an application by
8 Newfoundland Power Inc. to approve the
9 deferred recovery of certain 2016 costs.

**PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION**

PUB-NP-1 to PUB-NP-8

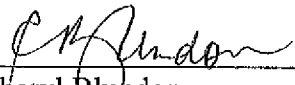
Issued: April 28, 2015

- 1 **PUB-NP-1** Page 1, Schedule 1: Newfoundland Power states that cost recovery deferrals have
2 been approved for Newfoundland Power outside the context of a general rate
3 application on 5 separate occasions. On page 5, Newfoundland Power provides a
4 synopsis of the Board orders. Please provide the circumstances of each application
5 for cost recovery deferral and an explanation of how the circumstances are similar
6 or different to the background provided in this application. Include in the response
7 the anticipated timing of Newfoundland Power's next general rate application
8 filing when each application was filed and the details of each approval.
9
- 10 **PUB-NP-2** Page 1, Schedule 1: Newfoundland Power states that: "Newfoundland Power's
11 filing of a general rate application by June 1, 2015 will ultimately result in a more
12 extended regulatory process than a filing by June 1, 2016. Such an extended
13 process can be expected to increase the overall cost of Newfoundland Power's
14 next general rate application." Explain why a June 1, 2015 filing would result in a
15 more extended regulatory process than a June 1, 2016 filing and provide an
16 analysis, explaining all assumptions, that illustrates the increase in overall cost.
17
- 18 **PUB-NP-3** Footnote 6, Page 3, Schedule 1: If the Board were to determine that Hydro's
19 general rate application proceedings did not need to conclude before consideration
20 and hearing of Newfoundland Power's general rate application, what impact, if
21 any, would there be on regulatory lag and costs?
22
- 23 **PUB-NP-4** Footnote 11, Page 4, Schedule 1: Provide the dates of the orders and the time
24 periods covered for the allowed returns on equity presented. Provide a copy of the
25 decisions.
26
- 27 **PUB-NP-5** The rate of return on rate base for 2015, 7.5% in a range of 7.32% to 7.68%,
28 approved in Board Order No. P.U. 51(2014), was based on a return on equity of
29 8.8%, originally used for ratemaking purposes in Order No. P.U. 13(2013). Has
30 Newfoundland Power reviewed the forecast Cost of Capital for 2016 in the
31 context of justifying this proposed Cost of Capital? If so, provide a comparison of
32 the forecast risk-free rate for 2016, the risk premium for 2016, and the allowance
33 for financing flexibility for 2016 with the components proposed to the Board in
34 2012 for 2013.
35
- 36 **PUB-NP-6** If the Newfoundland and Labrador Hydro Amended General Rate Application
37 were, for any reason, not to be concluded in 2016, discuss the impacts of the
38 deferred cost recovery and the delayed filing of a full Newfoundland Power
39 General Rate Application on Newfoundland Power Inc.'s costs, revenues and rate
40 of return and on Newfoundland Power's customers, including the effect on inter-
41 generational equity.
42
- 43 **PUB-NP-7** Please explain why the Board should allow deferred recovery without a full
44 testing of Newfoundland Power's 2016 costs and before the filing of a general rate
45 application. Provide examples of when the Board has allowed for deferred
46 recovery without full testing of forecast costs.

1 **PUB-NP-8** Without proper testing how can the Board determine that the amount of the
2 proposed deferral and recovery is “reasonable and prudent” as required by s. 80 of
3 the Public Utilities Act?

DATED at St. John’s, Newfoundland this 28th day of April, 2015.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per 
Cheryl Blundon
Board Secretary