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Via Electronic Mail and 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: Application of Newfoundland and Labrador Hydro to establish customer electricity
rates for 2018 and 2019 (2017 General Rate Application) (Revision No. 2)**

Please find enclosed the original and thirteen (13) copies of the Requests for Information IC-NLH-001-IC-NLH-144 (Revision No. 2) of the Island Industrial Customers in the above Application.

We note that the revisions are underlined and are to IC-NLH-121 only.

We trust you will find the above and enclosed to be in order.

Yours truly,

Stewart McKelvey

Paul L. Coxworthy

PLC/kmcd

Enclosures

c: Tracey Pennell, Senior Legal Counsel, Newfoundland and Labrador Hydro
Dennis M. Brown, Q.C., Consumer Advocate
Gerard Hayes, Newfoundland Power
Dean A. Porter, Poole Althouse
Denis J. Fleming, Cox & Palmer
Van Alexopoulos, Iron Ore Company of Canada
Benoit Pepin, Rio Tinto
Senwung Luk, Labrador Interconnected Group

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IN THE MATTER OF the *Electrical Power Control Act*, 1994, SNL 1994, Chapter E-5.1 and the *Public Utilities Act*, RSN 1990, Chapter P-47 (the Act);

AND IN THE MATTER OF a General Rate Application (the Application) by Newfoundland and Labrador Hydro to establish customer electricity rates for 2018 and 2019.

**ISLAND INDUSTRIAL CUSTOMERS GROUP
REQUESTS FOR INFORMATION
IC-NLH-001 to IC-NLH-144 (Revision No. 2)**

**Issued: September 25, 2017
Revised (Rev. No. 1): October 2, 2017
Revised (Rev. No. 2): October 5, 2017**

- 1 **IC-NLH-004** **Exhibit 11, page 6 of 628.** Please explain, with specific reference
2 to IFRS accounting standards (including IAS 16 (68)), the
3 proposals in respect of gains and losses on disposal and the
4 future elimination of the need to book any such gains or losses. If
5 IFRS will not accommodate this approach, please provide a full
6 description, and illustrative examples, of the approach NLH
7 proposes to track and/or reconcile any such differences.
- 8 **IC-NLH-005** **Exhibit 11, page 5 of 628.** NLH proposes to apply the ELG
9 procedure to "post 2015 additions". Does this mean that 2 assets
10 of the same group (e.g., turbines) installed in 2 different years
11 (one post 2015 and one pre 2015) will have differing depreciation
12 rates applied? Will t pre 2015 and post 2015 assets be considered
13 separate groups in future, or part of the same group?
- 14 **IC-NLH-006** **Exhibit 11, page 6 of 628.** Will the Group Depreciation
15 accounting concept apply to all assets or only to new, post 2015
16 assets?
- 17 **IC-NLH-007** **Exhibit 11, page 6 of 628.** Please provide a full description of
18 why NLH is not proposing to adopt ELG procedure for all assets.
- 19 **IC-NLH-008** **Exhibit 11, page 590 of 628** indicates "Within the current
20 accounting system (JD Edwards), each asset is described with a
21 life estimate". Please provide a definition of the term "asset" as
22 used in this quotation. For example, with respect to hydraulic
23 generation, would an asset be the generator assembly, or
24 individual bearings, windings etc. within the assembly, or
25 something in between? How is this breakdown determined?
- 26 **IC-NLH-009** **Exhibit 11, page 5 of 628.** NLH notes that "For post 2015
27 addition, Concentric Advisors recommends and has provided
28 whole life accrual rates that do not reflect the booked depreciation
29 deficiency or surplus position as of December 31, 2015." Please
30 provide a full description, and illustrative examples, of how these
31 deficiencies and surpluses will be recovered or reconciled, if this
32 recommendation is approved.
- 33 **IC-NLH-010** **Exhibit 11, page 7 of 628.** Please update table for the GRA test
34 years 2018 and 2019.
- 35 **IC-NLH-011** **Exhibit 11, page 7 of 628.** Please provide a full description with
36 calculations of the \$4.969 million characterized as "losses on
37 retirements". What is this number expected to represent? Why
38 reference "For the period 2012 to 2015" (per the footnote)?
- 39 **IC-NLH-012** **Exhibit 11, page 9 of 628.** The "Scope" indicates each account
40 was assessed based on, among other factors, "service lives used
41 for other electric utilities". Please indicate which accounts relied on
42 comparative information from other utilities, and please provide
43 the input data relied upon, by account.

- 1 **IC-NLH-013** **Exhibit 11, page 10 of 628.** Please provide a detailed description
2 of any and all regulated U.S. and Canadian utilities Concentric
3 Advisors is aware of that have changed from the Average Service
4 Life (ASL) procedure to the Equal Life Group (ELG) procedure
5 along with the date of the conversion, and a reference to the
6 regulatory decision approving the change.
- 7 **IC-NLH-014** **Reference: CA-NLH-32 in the 2012 Hydro Depreciation**
8 **Application:**
- 9 *Re: Net Salvage: Please provide copies of any internal memos,*
10 *policies, studies, etc., identifying the appropriate allocation or*
11 *treatment of costs between cost of removal and the installation of*
12 *new investment when a retirement occurs and a replacement*
13 *investment is installed at the same location.*
- 14 Please file, and update as applicable, Hydro's response to CA-
15 NLH-32 in the 2012 Hydro Depreciation Application, and file a
16 complete copy of the 1998 KPMG Depreciation Policy Study, as
17 referred to in Hydro's response to CA-NLH-32 in the 2012 Hydro
18 Depreciation Application.
- 19 **IC-NLH-015** **Exhibit 11, page 10 of 628.** Please provide a listing of Canadian
20 Crown owned utilities that utilize the ELG procedure along with a
21 reference to the relevant regulatory filings approving this use.
- 22 **IC-NLH-016** **Exhibit 11, page 10 of 628.** The statement "Other jurisdictions in
23 Canada and the United States have also concluded that ELG (sic)
24 procedure is the most appropriate depreciation procedure"
25 references footnote 4. Footnote 4 cites that "In Canada, this
26 includes most Utilities in Alberta and Saskatchewan, in addition to
27 Gaz Metro, and Yukon Electrical Company Limited."
- 28 (a) With reference to the following document:
29 www.saskratereview.ca/docs/saskpower2012/saskpower-round-
30 [one-interrogatories.pdf](http://www.saskratereview.ca/docs/saskpower2012/saskpower-round-) please confirm that at page 66 of the
31 referenced document the following is noted "SaskPower's policy is
32 to calculate depreciation on a straight-line basis over the
33 estimated average service life (ASL) of the asset. Gannett
34 Fleming refers to this as the Average Group Life – Whole Life
35 procedure. As per Gannett Fleming, this is a widely used method
36 for calculation of depreciation rates and has been accepted as a
37 reasonable method in a number of regulatory jurisdictions
38 throughout North America."
- 39 (b) Please confirm that the the document referenced in part (a)
40 of this RFI indicates that SaskPower does not use the ELG
41 procedure being proposed by NLH.
- 42 (c) Please confirm that the firm Gannett Fleming as referred to
43 in part (a) of this RFI has since been purchased by Concentric
44 Advisors (the authors of **Exhibit 11**), and that Mr. Larry Kennedy
45 performed the noted SaskPower depreciation study.

1 (d) If part (c) of this RFI is confirmed, please indicate which
2 utilities in Saskatchewan were referred to in the above-cited
3 Footnote 4 reference to "...most Utilities..." if this does not include
4 SaskPower.

5 **IC-NLH-017** Please provide copies of all depreciation methodology studies
6 commissioned or obtained by NLH since the 2012 Hydro
7 Depreciation Application in relation to Hydro Regulated assets.

8 **IC-NLH-018** **Exhibit 11, page 9 of 628.** With reference to the referenced
9 "review of company practice and outlook as they relate to plant
10 operation and retirement", please provide copies of all
11 documentation by which Concentric Advisors was informed of
12 NLH company practice and outlook as they relate to plant
13 operation and retirement.

14 **IC-NLH-019** **Reference: IC-NLH-8 in the 2012 Hydro Depreciation**
15 **Methodology Application:**

16 *With respect to Granite Canal, please provide a copy of the*
17 *business case analysis supporting construction of the facility,*
18 *showing year by year projections of the life of the plant of*

19 *(a) load or generation,*

20 *(b) avoided diesel quantities (barrels),*

21 *(c) avoided diesel expense,*

22 *(d) annual operating costs, and*

23 *(e) depreciation, interest and return under each of the four*
24 *approaches to depreciation used, previously proposed or*
25 *proposed by Hydro, that is i) the sinking fund method, ii) the*
26 *Gannett Fleming 2005 Study approach, iii) the Gannett Fleming*
27 *2009 Study approach and iv) the approach proposed by the*
28 *present [2012] Application.*

29 Please file, and update as applicable, Hydro's response to IC-
30 NLH-8 (pages 1-3) in the 2012 Hydro Depreciation Methodology
31 Application. Please provide a more complete description of the
32 depreciation expenses shown in the table at pages 2-3 of Hydro's
33 response to IC-NLH-8 in the 2012 Hydro Depreciation
34 Methodology Application including the explanation as to (a) why
35 sinking fund depreciation expense begins and end in earlier years
36 than the ASL and ELG approaches, and (b) why ELG leads to
37 higher depreciation expense in each year than ASL throughout the
38 horizon, notwithstanding the principle that the ELG procedure
39 should lead to the same lifetime depreciation expense as the ASL
40 procedure.

41

- 1 **IC-NLH-020** Please comment as to whether there are any anticipated effects
2 on the magnitude of payments to be made by NLH to Muskrat
3 Falls Corporation, and to be eventually recovered from NLH's
4 customers, in the event the proposed depreciation approaches
5 proposed for NLH are similarly applied to or adopted by other
6 Nalcor companies (as compared to the existing depreciation
7 approaches). If so, please provide a description and, if available, a
8 quantification of the impact.
- 9 **IC-NLH-021** **Exhibit 11, page 12 of 628.** The statement "This delineation of
10 gross salvage and cost of removal is consistent with financial
11 disclosure requirements of IFRS", in reference to Table 1A –Life
12 and Table 1B – Cost of Removal. Please provide a detailed
13 description of the applicable financial disclosure requirements of
14 IFRS, including excerpts from the relevant standards, and indicate
15 how the disclosure provided by these Tables is consistent with
16 those requirements. Please also confirm that IFRS prohibits
17 recording of cost of removal outside of Asset Retirement
18 Obligations (AROs).
- 19 **IC-NLH-022** **Exhibit 11, page 13 of 628.** The statement "Additionally, detailed
20 asset retirement information (where known) for upcoming
21 retirement projects was incorporated into the data files for the
22 analysis of average service life." Please provide a full list of
23 upcoming retirement projects that were utilized, noting the
24 account, the projected year of retirement, the vintage of the asset
25 to be retired, and the gross book value of the retirement. For each,
26 please indicate if Concentric Energy Advisors would have
27 proposed a different life and/or dispersion curve but for the
28 projected retirement.
- 29 **IC-NLH-023** **Exhibit 11, page 13 of 628.** The statement "Additionally, detailed
30 asset retirement information (where known) for upcoming
31 retirement projects was incorporated into the data files for the
32 analysis of average service life." Please confirm that the Alberta
33 Utility Commission in Decision 20272-D01-2016
34 [http://www.auc.ab.ca/regulatory_documents/ProceedingDocument](http://www.auc.ab.ca/regulatory_documents/ProceedingDocuments/2016/20272-D01-2016.pdf)
35 [s/2016/20272-D01-2016.pdf](http://www.auc.ab.ca/regulatory_documents/ProceedingDocuments/2016/20272-D01-2016.pdf) specifically denied such use of
36 forecast retirement data "for the data base that subsequently
37 informs the retirement rate or traditional net salvage analysis"
38 (paragraph 390 of the Alberta Decision) after finding that "Gannett
39 Fleming has failed to clearly identify either the prior or continued
40 use of forecast data for the purposes of developing depreciation
41 parameters in past depreciation studies approved by this
42 Commission" (paragraph 383 of the Alberta Decision). Also,
43 please provide a copy of the above noted paragraphs (including
44 for context paragraphs 358-402).
- 45

- 1 **IC-NLH-024** **Exhibit 11, page 13.** The statement "However, if there are no
2 replacement assets (i.e., meaning replacement in the exact same
3 location), then Concentric Advisors recommends that cost of
4 removal will be charged to accumulated depreciation." Having
5 received this recommendation, please provide NLH's rationale
6 regarding the costs and benefits of this approach compared to the
7 existing approach, and the reasons NLH elected to accept this
8 recommendation by Concentric Advisors.
- 9 **IC-NLH-025** **Exhibit 11, page 13.** The statement "However, if there are no
10 replacement assets (i.e., meaning replacement in the exact same
11 location), then Concentric Advisors recommends that cost of
12 removal will be charged to accumulated depreciation." Please
13 confirm that NLH was made aware that Manitoba Hydro, upon
14 adoption of IFRS, elected to take the exact opposite approach to
15 what Concentric Advisors recommends – that is, Manitoba Hydro
16 previously recorded cost of removal in accumulated depreciation
17 but elected to terminate this approach (with the support of its
18 regulator) upon conversion to IFRS:
19 https://www.hydro.mb.ca/regulatory_affairs/electric/gra_2014_2015/pdf/appendix_5_4.pdf.
20
- 21 **IC-NLH-026** **Exhibit 8, page 8 of 41 and Exhibit 11, page 52 of 628.** Please
22 confirm that none of the items listed at **Exhibit 8 page 8-9**
23 representing the Holyrood assets that will not be demolished (i.e.
24 "At present there are no plans to demolish...") are included in
25 **Exhibit 11, page 52 of 628**. If not confirmed, please identify which
26 of those assets are included in **Exhibit 11, page 52 of 628** and
27 provide a description of why the asset is being given a truncation
28 date if it is not being taken out of service.
- 29 **IC-NLH-027** **Exhibit 11, page 52 of 628.** Please indicate why a net salvage
30 percentage is shown in this table if Holyrood is already subject to
31 an ARO.
- 32 **IC-NLH-028** **Reference: CA-NLH-59 from the 2012 Hydro Depreciation**
33 **Application:**
- 34 *Re: Calculation Procedure: Please state all reasons the Company*
35 *did not propose a change to the Equal Life Group calculation*
36 *procedure. To the extent any analyses pertaining to this procedure*
37 *were performed, provide all such analyses.*
- 38 **Reference: CA-NLH-60 from the 2012 Hydro Depreciation**
39 **Application:**
- 40 *Re: IFRS: Please identify, explain, rank and justify the benefits*
41 *and detriments associated with sinking fund, ASL (and average*
42 *life group if different than ASL), and ELG depreciation as such*
43 *relate to compliance with IFRS. Further, provide a complete copy*
44 *of each IAS of the IFRS referenced in the response (i.e., IAS 16,*
45 *etc.).*

- 1 Please file, and update as applicable, Hydro's responses to
- 2 (a) CA-NLH-59 above.
- 3 (b) CA-NLH-60 above.
- 4 **IC-NLH-029** **Exhibit 8, page 19 of 41.** It is indicated that the Holyrood Phase
5 1 decommissioning costs total \$15.237 million. Please provide a
6 comparison of this estimate with the recorded Holyrood ARO and
7 the Holyrood Net Salvage percentages shown at **Exhibit 11 page**
8 **52 of 628.**
- 9 **IC-NLH-030** **Exhibit 11, page 12 of 628.** The statement "The recovery of cost
10 of removal in the depreciation rates is widely accepted throughout
11 North America." referencing Footnote 5 which indicates, as an
12 example, Manitoba. Please confirm that Concentric Advisors
13 prepared the most recent depreciation studies for Manitoba Hydro
14 and that Manitoba Hydro's depreciation rates do not in fact include
15 net salvage.
- 16 **IC-NLH-031** **Exhibit 11, page 12 of 628.** The statement "The recovery of cost
17 of removal in the depreciation rates is widely accepted throughout
18 North America." referencing Footnote 5 which indicates, as an
19 example, Saskatchewan. Please provide evidence, or a link to
20 filed documents, indicating that SaskPower applied negative net
21 salvage in the calculation of its depreciation rates.
- 22 **IC-NLH-032** **Exhibit 11, page 16 of 628.** The statement "NL Hydro has
23 indicated that there is minimal historical net salvage data". Please
24 clarify if this means that there are minimal past retirements for
25 most accounts, or that there are substantial numbers of
26 retirements but minimal data on the net salvage
27 spending/recoveries.
- 28 **IC-NLH-033** **Exhibit 11 page 48 of 628.** Please describe and provide the
29 rationale for the proposals in respect of the Holyrood Static
30 Excitation System, given that these assets had a composite
31 remaining life as of 2015 of only 0.4 years.
- 32 **IC-NLH-034** Please provide the salvage data that is available in the form of a
33 Net Salvage Analysis showing retirements by year, gross salvage
34 by year and cost of removal by year for each account.
- 35 **IC-NLH-035** **Exhibit 11 pages 45-52.** Please provide the equivalent to Tables
36 1A and 1B using the existing parameters (life, survivor curve and
37 net salvage percentages) used by Hydro. Please also provide a
38 calculation showing the difference between the two sets of tables
39 (existing and proposed parameters).
- 40 **IC-NLH-036** Please provide the depreciation expense by account under the
41 existing approved rates based on plant in service as at December
42 31, 2015.

- 1 **IC-NLH-037** **Exhibit 11, page 64 of 628.** Please explain the \$8,721,695
2 disposal event shown in the table. When did it occur, what assets
3 were involved, why were these assets retired and why were they
4 retired atypically early for the group?
- 5 **IC-NLH-038** **Exhibit 11 (pages, as noted, of 628).** Please provide all backup
6 data, utility comparisons quantitative rationale and qualitative
7 reasons used to determine the salvage rates for Accounts B02
8 (page 17), C09 (page 19), P07 (page 29), D01 (page 22-23), G03
9 (page 25), S08 (page 50), T04 (page 31), T05 (page 32), and T09
10 (page 33-34)
- 11 **IC-NLH-039** **Exhibit 11, page 19 of 628.** The study notes: "A significant
12 amount of retirements have occurred relatively early at ages 0.0 to
13 9.5. Concentric Advisors has placed less emphasis on this early
14 retirement activity". Please provide a full description of the
15 retirements and why Concentric Advisors elected to place less
16 emphasis on this activity. Please also confirm that, based on the
17 figure shown at **Exhibit 11, page 100 of 628**, the same life and
18 dispersion curve would have likely been proposed even if this
19 reduced emphasis were not applied.
- 20 **IC-NLH-040** **Exhibit 11, page 20 of 628.** Regarding Account C13, please
21 confirm that the application of a 60-R3 Iowa curve would result in
22 less than 80 percent surviving after age 45, and that the account
23 shows 93.4 percent surviving (**Exhibit 11, page 111 of 628**).
24 Please provide the Iowa curve that meets the least squares best
25 fit along with an updated **page 109 of 628**.
- 26 **IC-NLH-041** **Exhibit 11, page 20 of 628.** Please provide a list of the
27 communities, referenced in the comment: "the smaller
28 communities are converting to electrical power sources so there is
29 a need to upgrade conductor size". Please provide the expected
30 capital investment plans and schedules for the above noted
31 replacements, and the book value, voltage and ages of the
32 transmission conductors (Account C13) scheduled to be removed.
- 33 **IC-NLH-042** **Exhibit 11, page 20 of 628.** please clarify if the citations to the
34 peer utilities regarding net salvage are assessing asset accounts
35 that include only conductor, or do the referenced accounts also
36 include other transmission components (such as poles and
37 towers).
- 38 **IC-NLH-043** **Exhibit 11, page 115 of 628.** For account C15 please indicate
39 why a longer life was not proposed (rather than a 40-R3 Iowa
40 Curve), more consistent with the high observed percentage
41 surviving to age 47.5 (over 77 percent)
- 42

- 1 **IC-NLH-044** **Exhibit 11, page 23 of 628.** For account D01 dams, why is any
2 net salvage recommended if the test is to only establish net
3 salvage amounts for assets that will not be replaced at the same
4 site. Is there a plan for Hydro to decommission and dismantle D01
5 (Dam, dykes, canals and tunnels) assets without replacement? If
6 so, would not such assets be subject to an ARO?
- 7 **IC-NLH-045** **Exhibit 11, page 128 of 628.** Please provide a description of the
8 retirements occurring in account D01 and indicate why no
9 retirements have been experienced for most age classes.
- 10 **IC-NLH-046** Further to IC-NLH-045 above, please provide the ELG theoretical
11 retirements by year for new investment under the Iowa 110-R4
12 curve.
- 13 **IC-NLH-047** **Exhibit 11, page 25 of 628.** For account G03 generators, why is
14 any net salvage recommended if the test is to only establish net
15 salvage amounts for assets that will not be replaced at the same
16 site. Is there a plan for Hydro to decommission and dismantle G03
17 (generator) assets or their underlying generating station without
18 replacement? If so, would not such assets be subject to an ARO?
- 19 **IC-NLH-048** Account I03 is noted as "insulators" in some locations (e.g.,
20 **Exhibit 11 page 25 of 628**) and "instrumentation" in others (e.g.,
21 **Exhibit 11 page 187 of 628**). Please confirm which type of assets
22 are included in this account.
- 23 **IC-NLH-049** **Exhibit 11, page 26 of 628.** Please provide the sum of squares
24 for Account I03 based on the 35-L3 Iowa curve as proposed and
25 based on a 38-L3 curve as an alternative.
- 26 **IC-NLH-050** **Exhibit 11, page 228 of 628.** Please explain what is contained in
27 Account M10 (noted as mainly "studies and assessments"),
28 particularly provide a list of the investments less than 10 years in
29 age, and indicate how these investments are determined to be "in
30 service" versus "retired"
- 31 **IC-NLH-051** For Account P03 (Penstock) please provide the peer comparison
32 conducted of penstocks noted at **Exhibit 11, page 27 of 628.**
- 33 **IC-NLH-052** **Exhibit 11, page 27 of 628.** For account P03 penstocks, why is
34 any net salvage recommended if the test is to only establish net
35 salvage amounts for assets that will not be replaced at the same
36 site. Is there a plan for Hydro to decommission and dismantle P03
37 (penstock) assets or their underlying generating station without
38 replacement? If so, would not such assets be subject to an ARO?
- 39 **IC-NLH-053** **Exhibit 11, page 245 of 628.** Please provide the ELG theoretical
40 retirements by year for new investment under the Iowa 70-R4
41 curve.
- 42

- 1 **IC-NLH-054** **Exhibit 11, page 29 of 628.** For Account P07 (Poles – Wood)
2 please explain the -20% net salvage if the transmission lines in
3 questions would in basically all cases result in replacement upon
4 retirement and thus costs of removal would be included with the
5 cost of installing the new asset.
- 6 **IC-NLH-055** **Exhibit 11, page 29 of 628.** For Account P07 (Poles- Wood),
7 please provide any condition assessment data conducted on the
8 current condition and expected future maintenance and
9 replacement activities associated with these assets.
- 10 **IC-NLH-056** **Exhibit 11, page 30 of 628.** For Account P10 (Powerhouse)
11 please provide the peer comparison conducted of penstocks.
- 12 **IC-NLH-057** **Exhibit 11, page 30 of 628.** For account P10 Powerhouse, why is
13 any net salvage recommended if the test is to only establish net
14 salvage amounts for assets that will not be replaced at the same
15 site. Is there a plan for Hydro to decommission and dismantle P10
16 (powerhouse) assets or their underlying generating station without
17 replacement? If so, would not such assets be subject to an ARO?
- 18 **IC-NLH-058** **Exhibit 11, page 30 of 628.** For account R13 Roads, why is any
19 net salvage recommended if the test is to only establish net
20 salvage amounts for assets that will not be replaced at the same
21 site. Is there a plan for Hydro to decommission and dismantle R13
22 (road) assets without replacement? If so, would not such assets
23 be subject to an ARO?
- 24 **IC-NLH-059** Reference For account R13 (road), please explain the process
25 that leads to a quantification and disposal of some portion of the
26 road investment, other than situations of a road removal. Why has
27 there been no material recorded retirements in the past?
- 28 **IC-NLH-060** **Exhibit 11, page 352 of 628.** For account T04 (towers), please
29 provide a full description of the rationale for not extending the life
30 curve given the observed deviance after age 40.
- 31 **IC-NLH-061** **Exhibit 11, page 31 of 628.** For account T04 (towers), please
32 provide the referenced peer review.
- 33 **IC-NLH-062** **Exhibit 11, page 31 of 628.** For account T04 Towers (page 31 of
34 628), why is any net salvage recommended if the test is to only
35 establish net salvage amounts for assets that will not be replaced
36 at the same site. Is there a plan for Hydro to decommission and
37 dismantle T04 (Tower) assets without replacement? If so, would
38 not such assets be subject to an ARO?
- 39 **IC-NLH-063** **Exhibit 11 page 32 of 628.** Please clarify if the noted citations to
40 the peer utilities regarding net salvage for T05 Transformers are
41 assessing asset accounts that include only transformers, or do the
42 referenced accounts also include other asset components (such
43 as other station equipment).

- 1 **IC-NLH-064** **Exhibit 11, page 355 of 628.** Please provide a version of this
2 page that overlays the Iowa 65-R3 curve and provides the sum of
3 squares calculation for each of the 2 curves.
- 4 **IC-NLH-065** **Exhibit 11, page 32 of 628.** For account T05 Transformers, why
5 is any net salvage recommended if the test is to only establish net
6 salvage amounts for assets that will not be replaced at the same
7 site. Is there a plan for Hydro to decommission and dismantle T05
8 (Transformer) assets without replacement? If so, how would
9 service be provided to the customers in the relevant region?
- 10 **IC-NLH-066** **Exhibit 11, page 33 of 628.** For account T09 (Turbines) please
11 provide the referenced peer life analysis.
- 12 **IC-NLH-067** **Exhibit 11, page 33 of 628.** For account T09 Turbines, why is any
13 net salvage recommended if the test is to only establish net
14 salvage amounts for assets that will not be replaced at the same
15 site. Is there a plan for Hydro to decommission and dismantle T09
16 (Turbine) assets without replacement? If so, would not such
17 assets be subject to an ARO?
- 18 **IC-NLH-068** **Exhibit 11, page 47 of 628.** Account T10 (Holyrood Gas Turbine
19 0 Combustor Overhaul) shows a composite remaining life of only
20 2.5 years. Please explain how this account is relevant to the test
21 years and how this depreciation rate, if approved, would be
22 applied.
- 23 **IC-NLH-069** **Exhibit 11 page 47 of 628.** Please explain the difference between
24 T10 (Holyrood Gas Turbine – Combustor Overhaul) and T12
25 (Holyrood Gas Turbine – Combustor Overhaul)
- 26 **IC-NLH-070** Is NLH proposing to reduce the degree of componentization
27 compared to previous practice (e.g., the 2012 proceeding), to
28 increase it, or that it remain the same?
- 29 **IC-NLH-071** **Exhibit 11, page 39 of 628.** Please provide a full description of
30 the excerpt “The Concentric Advisors recommendation of
31 including an accrual provision for the recovery of future costs of
32 removal in the depreciation expense, and to implement traditional
33 group accounting practices are in accordance with the
34 International Accounting Standard (“IAS”) #14. However, in order
35 to rely upon IFRS 14, the cost of removal component being
36 recovered through depreciation expense needs to be specifically
37 identified and tracked in accordance with IFRS 14.” Please
38 provide all references and necessary excerpts from IFRS 14 that
39 support this conclusion.
- 40 **IC-NLH-072** **Exhibit 11, page 39 of 628.** Please provide a full description of
41 the excerpt: “Additionally, the impacts of the conversion to
42 traditional group accounting will also require the tracking of gains
43 or losses on retirements through the reporting as directed under
44 IFRS 147.” Please provide all references and necessary excerpts
45 from IFRS 147 in support of this conclusion.

1 IC-NLH-073

2 Exhibit 11, page 39 of 628. Please provide a full description of
3 the excerpt: "Additionally, the impacts of the conversion to
4 traditional group accounting will also require the tracking of gains
5 or losses on retirements through the reporting as directed under
6 IFRS 147", in light of the statement at Exhibit 11, page 37 of 628
which notes:

7 *"Under group depreciation no gain or loss is recognized for*
8 *retirement of individual assets, as only one depreciation*
9 *calculation is made on the entire group. Upon retirement of*
10 *an asset from the group, the total original cost of the asset*
11 *is debited to the accumulated depreciation account and*
12 *credited to the asset account. Gross salvage received (if*
13 *applicable) for the retired asset is credited to the*
14 *accumulated depreciation account and cost of removal is*
15 *debited to the accumulated depreciation account. Under*
16 *group depreciation, since the accumulated depreciation*
17 *relates to the entire group rather than to specific assets*
18 *within the group, no gain or loss is recognized."*

19 These two statements appears internally inconsistent or one is
20 incorrect, in that "gains" and "losses" are only quantifiable if an
21 individual retirement unit is retired with less or more accumulated
22 amortization than gross book value. To even know if this arises,
23 the accumulated depreciation must be tracked at the retirement
24 unit level, and not at the group level, as is asserted at Exhibit 11,
25 page 37 of 628. Please provide a full reconciliation and
26 description of the process as to how gains and losses could ever
27 be calculated, much less recognized, in a group depreciation
28 environment.

29 IC-NLH-074

30 Exhibit 11 page 39 of 628. The statement "While Concentric
31 Advisors notes that the use of the ELG procedure and accruing for
32 cost of removal will ultimately eliminate the need to calculate gains
33 and losses on most retirement transactions, it will take a number
34 of years of use of the ELG procedure and cost of removal accrual
35 before the tracking of gains and losses through IFRS 14 can be
36 eliminated." Please provide a specific reference or threshold for "a
37 number of years" – how many years are contemplated and when
38 would the transition be complete? Please confirm that there would
39 come a time when no further gains or losses would need to be
tracked whatsoever on ELG assets.

40 IC-NLH-075

41 Exhibit 11, page 39 of 628. In respect of retirements, as
42 discussed at Exhibit 11 page 39 of 628, can NLH confirm that
43 individual units of property are tracked including each generating
44 unit within a site, and each insulator within the system. Are such
45 individual units of property be tracked to show the precise
46 accumulated amortization on that individual insulator, for
example?

1 **IC-NLH-076** Please provide a full breakdown of the proposed depreciation
2 expense for each test year separately noting the depreciation
3 expense, by account, and the provision for net salvage by
4 account.

5 **IC-NLH-077** A mass property group account is typically defined as "An account
6 consisting of large numbers of similar units, the life of any one of
7 which is not, in general, dependent upon the life of any of the
8 other units. For such classes of plant, the retirement of a group of
9 units occurs gradually until the last unit is retired. The retirements
10 and additions to the account occur more or less continually and
11 systematically." (Public Utility Depreciation Practices manual
12 produced in August 1996 by the National Association of
13 Regulatory Utility Commissioners (NARUC), page 322)

14 Please comment on the applicability of this definition to accounts
15 D01, C13, B05, G03, P03, P10, R13, and T09 with specific
16 reference to the types of assets and the additions and retirements
17 that occur in each of the noted accounts.

18 **Load Forecast, Generation and Purchases**

19 **IC-NLH-078** With the reference to **Volume I, section 3.5.1 page 3.14** "Hydro's
20 internal analysis...were prepared over the course of 2010" please
21 provide details when the load forecast was prepared. Are there
22 any material changes to the load forecast since it was prepared?

23 **IC-NLH-079** On **page 3.15 lines 24-25 [Volume I, section 3.5.1]** Hydro notes
24 "lower Newfoundland Power and Hydro Rural requirements that
25 mirror expected provincial economic conditions". Please provide
26 details of the review of economic conditions to arrive at this
27 conclusion.

28 **IC-NLH-080** On **page 3.16 lines 3-4 [Volume I, section 3.5.1]** Hydro notes
29 that "energy for Teck reflects continued mine site reclamation and
30 environmental protection requirements". Please provide details if
31 Teck still purchasing power at transmission voltage and why it is
32 proposed to continue to be treated as an industrial customer.
33 Please also provide the CP and coincidence factors for Teck and
34 all data to determine how these values were determined.

35 **IC-NLH-081** Please provide a reconciliation of the Load Forecast peak for NP
36 (from **Volume I, Chapter 3 Schedule 3-1**) to the Coincident Peak
37 used in the Cost of Service Study (**Exhibit 14 page 32 of 107;**
38 **Exhibit 15 page 33 of 108**) in the format of the table at the first
39 page of Hydro's response to IC-NLH-028 from the 2013 Amended
40 GRA.

41 Also please provide tables for customer sales, coincident peaks
42 and non-coincident peaks by month for Island Interconnected
43 customers for actuals (or forecasts where actuals are not
44 available) for 2013 to 2019, similar in format to Hydro's response
45 to IC-NLH-028 Attachment 1 from the 2013 Amended GRA.

- 1 **IC-NLH-082** Please provide tables for the Island Interconnected System test
2 years 2018 and 2019 setting out for each rate class the following
3 projections: billing demands at customer meter; coincident peak
4 loads at customer meter and at generator (after provision for
5 losses); 1CP kW at customer meter and at generator (after
6 provision for losses); sales at customer meter and generation
7 energy requirements after losses; number of customers for COSS
8 allocation purposes. Explain all assumptions used to derive these
9 projections.
- 10 **IC-NLH-083** Please provide all studies, documents, data, calculations and
11 workpapers for the 2018 and 2019 load forecast used in Hydro's
12 2017 GRA similar to the response to IC-NLH-30 from the 2013
13 Amended GRA.
- 14 **IC-NLH-084** Please provide MS excel copies of "Loss Model" and "Load
15 Model".
- 16 **IC-NLH-085** Please update Hydro's response to IC-NLH-172 from the 2013
17 Amended GRA regarding sales to NP, including the actual,
18 weather adjusted, and forecast levels of (i) capacity (native peak),
19 (ii) capacity (COS, net of generation credit), (iii) energy (GW.h) for
20 each year since 2014.
- 21 **IC-NLH-086** Further to IC-NLH-85 above please provide NP CP and NCP load
22 factors and coincidence factors for 2015-2016 actuals years, 2017
23 forecast and forecast for 2018 and 2019 test years.
- 24 **IC-NLH-087** **Volume II, Exhibit 14, Schedule 3.1A and Volume II, Exhibit 15,**
25 **Schedule 3.1A.** Please provide a detailed table that shows
26 calculation of NP's Production and Transmission Demand and
27 Transmission Demand in the COS starting with Native Peak and
28 showing all adjustments [i.e., CP factor, curtailable load,
29 generation credit, transmission losses, etc.].
- 30 **IC-NLH-088** **Volume I, page 3.20.** Regarding the Vista model, please provide
31 details of how many years of hydraulic data were used.
- 32 **IC-NLH-089** **Volume I, page 3.20.** Regarding the Vista model, please provide
33 details of the hydraulic production forecast, including all data
34 points in table format and show how 4,601 GW.h and 4,606 GW.h
35 forecasts were determined using those data points.
- 36 **IC-NLH-090** **Volume I, section 3.5.3 page 3.28, line 17.** Hydro states that
37 TL267 "will enable the delivery of additional capacity to the Avalon
38 Peninsula, relieve congestion, reduce system losses, enhance the
39 resiliency of the current transmission network". Please indicate if
40 there is any impact from this project to the average hydraulic
41 production forecast?
42

- 1 **IC-NLH-091** Further IC-NLH-90 above, please discuss if new transmission line
2 TL267 will eliminate the need for summer Holyrood generation
3 that was used to support Avalon Peninsula transmission system
4 capacity. If so, does the COS methodology for considering past
5 Holyrood usage no longer represent go forward test year
6 expectations with this new asset in place?
- 7 **IC-NLH-092** **Volume I, page 3.21.** Regarding Exploits and Star Lake
8 Generation please provide details how the forecasts for the test
9 years are prepared.
- 10 **IC-NLH-093** **Volume I, section 3.21.** Hydro states that "The lower volume of
11 power purchases in 2016 and 2017 is primarily due to reservoir
12 conditions, inflows, unanticipated plant outages (e.g., the flooding
13 of the Bishop's Falls powerhouse during Hurricane Matthew in
14 2016)". Please provide details if there were any insurance
15 proceeds received for the outages, and if such proceeds address
16 only facility repair versus business interruption and lost
17 generation.
- 18 **IC-NLH-094** Further IC-NLH-93 above, please provide details of the impact of
19 the Exploits and Star Lake "unanticipated plant outages" to the
20 Energy Supply Cost deferral Account.
- 21 **IC-NLH-095** Further IC-NLH-93 above, please provide details if Hydro's own
22 generation facilities were impacted from "unanticipated plant
23 outages" or lower 2016 actuals as illustrated in **Schedule 3-V**
24 **[Volume I, Chapter 5]** were only due to lower inflows?
- 25 **IC-NLH-096** With the reference to **Volume I, page 1.13, footnote 14** please
26 provide details of the anticipated ownership transfer date of the
27 Exploits assets to Hydro.
- 28 **IC-NLH-097** With the reference to **Volume I, Chapter 3, Schedule 3-VI Page**
29 **1 of 1**, please confirm the purchase price for Star Lake and Nalcor
30 Exploits (per OC 2017-226) power purchases will remain at 4
31 cents/kW.h at least until December 31, 2017. What is Hydro's best
32 information as to whether the purchase price will change before
33 2020?
- 34 **IC-NLH-098** With the reference to **page 3.21, Volume I, section 3.5.2** please
35 provide a table showing changes in losses in IIS for the last five
36 years, and indicate the relevance of the TL267 project to future
37 values.
- 38 **IC-NLH-099** Further to IC-NLH-98 above, please confirm that the losses in
39 Vista model were determined including impact the most recent
40 transmission upgrades. Please provide details how the
41 transmission upgrades for the last five years impacted losses.
- 42

1 **IC-NLH-100** With the reference to **page 3.21, Volume I, section 3.5.2** please
2 provide details of the NP's curtailable load, including number of
3 calls from Hydro and response from NP to each call to curtail the
4 load since the 2014. Please provide details if NP used curtailable
5 program outside of calls from Hydro.

6 **Capacity and planning**

7 **IC-NLH-101** With the reference to **footnote 59 on page 3.29 [Volume I]**
8 please provide copy Hydro's Near-Term Generation Adequacy
9 Report for the record.

10 **IC-NLH-102** With the reference to **section 3.5.3 Adequacy of Supply**, please
11 provide in table format changes to the generation and
12 transmission planning criteria's since the outages in 2014.

13 **Specifically Assigned Charges**

14 **IC-NLH-103** (a) With respect to forecast 2018 and 2019 Specifically
15 Assigned Charges, provide a breakdown of the component parts
16 of each of those forecast Specifically Assigned Charges for each
17 of the Industrial Customers and identify any Specifically Assigned
18 Charges proposed to be included or excluded in 2018 and/or 2019
19 Specifically Assigned Charges which have/have not been charged
20 in previous years and the dollar amount of and rationale for each
21 proposed change.

22 (b) **Reference: Volume I, Chapter 5, pages 5.25-5.26,**
23 **Tables 5-5 and 5-6**

24 With respect to specifically assigned charges, please provide a
25 complete listing of all asset/asset grouping included in the
26 category of specifically assigned assets for each of the industrial
27 customers and for NP, and indicate the rationale, rose and
28 justification for the assets being included as a specifically
29 assigned asset.

30 (c) For each specifically assigned macro asset, identify all
31 projects undertaken on that specifically assigned macro asset, by
32 year, since the last GRA, including the capital cost of each project.

33 **IC-NLH-104** Further IC-NLH-103 above please provide the rationale, role and
34 justification for any new assets being included as a specifically
35 assigned asset.

36 **IC-NLH-105** With the reference to **Volume I, Table 5.6 and section 5.3.3**
37 please provide details how much of the change in Specifically
38 Assigned Charges relate to the change in methodology of
39 Allocation of Operating and Maintenance Costs to Specifically
40 Assigned Assets and how much due to increase in asset base.
41 Please also include NP in the table.

42

- 1 **Cost of Service**
- 2 **IC-NLH-106** Please provide MS excel versions of the 2018 and 2019 COS
3 provided in **Volume III Exhibit 14 and Exhibit 15.**
- 4 **IC-NLH-107** Please provide MS excel versions of the 2015 test year COS final
5 version, as well as actual COS for 2014, 2015 and 2016.
- 6 **IC-NLH-108** Please provide an itemized list of all the changes in cost of service
7 methodology [including changes in functionalization, classification
8 and allocation] used for 2018 test year and 2019 test year
9 compared to 2015 test year cost of service.
- 10 **IC-NLH-109** **Reference: IC-NLH-091, 2013 NLH General Rate Application**
11 *Please update IC-NLH-49 from the 2006 GRA.*
12 *IC-NLH-49 from the 2006 GRA reads:*
13 *"Please provide a "one page" summary of the functionalized COS*
14 *information from the 2007 COS (similar to IC-13(Rev)NLH from*
15 *the 2003 General Rate Application)."*
- 16 Please update Hydro's response IC-NLH-91 from the 2013
17 Amended GRA.
- 18 **IC-NLH-110** Please confirm that Hydro calls for capacity assistance from the
19 industrial customers mostly during system peak when there is not
20 enough capacity to supply Island or regional demand.
- 21 **2018 Revenue Deficiency**
- 22 **IC-NLH-111** With the reference to **Volume I, section 4.3.5, page 4.11**, please
23 provide details if 2018 revenue deficiency of \$22.6 million is full-
24 year amount or mid-year based amount.
- 25 **IC-NLH-112** Further IC-NLH-111 above, is the 2018 revenue deficiency of
26 \$22.6 million included as part of 2018 rate base for calculation of
27 2018 revenue shortfall? If it is confirmed, please detail how the
28 circular impact was captured in the calculations.
- 29 **IC-NLH-113** Hydro's August 23, 2017 letter to the Board states that "For the
30 operation of the Rate Stabilization Plan (RSP), Hydro proposes
31 the RSP operate for 2018 based on the 2015 Test Year inputs."
32 Please confirm that 2018 revenue requirement is calculated based
33 on 2015 test year fuel prices.
- 34 **IC-NLH-114** Further IC-NLH-113 above, please provide a table that shows
35 reconciliation of the 2018 revenue requirement and adjustments
36 through RSP using 2015 Test Year inputs to arrive revenue
37 deficiency for 2018.

1 **IC-NLH-115** Further IC-NLH-113 above, please provide details of how the
 2 impact of higher fuel inventory in the 2018 test year compared to
 3 2015 test year is captured in 2018 revenue requirement and
 4 revenue deficiency calculations.

5 **Holyrood fuel efficiency and station service**

6 **IC-NLH-116** With the reference to **Volume I, page 3.24**, please provide an MS
 7 excel copy of the data in graphical and tabular form showing
 8 actual operating efficiencies of each unit at Holyrood for the last 5
 9 years.

10 **IC-NLH-117** With the reference to **Volume I, page 3.24, lines 12-13**, please
 11 provide MS excel copy of the five-year regression analysis
 12 referenced with all formulae intact.

13 **IC-NLH-118** With the reference to **Volume I, page 3.24** please provide list of
 14 any activities undertaken in the last 5 years to improve the
 15 efficiency at Holyrood. Please provide amount spent and
 16 efficiency improvements projected to be achieved.

17 **IC-NLH-119** With the reference to **Volume I, page 3.24 Table 3-15** please
 18 explain year-to-year changes in Holyrood efficiency.

19 **IC-NLH-120** With the reference to **Volume I, page 3.24, line 14**, please
 20 provide details how the station service factor of 6.2% was
 21 determined. Please provide data in MS excel format.

22 **IC-NLH-121** (a) Please complete the following table demonstrating the Gross
 23 Plant Production, Station Service Load, and Net Plant Production
 24 for the Holyrood Thermal Generating Station.

<u>Holyrood</u>	<u>(A)</u> <u>Gross Plant</u> <u>Production</u> <u>(GWh)</u>	<u>(B)</u> <u>Station Service</u> <u>(GWh)</u>	<u>(C)</u> <u>Net Plant</u> <u>Production</u> <u>(GWh)</u>	<u>(D) Station</u> <u>Service</u> <u>Factor %</u> <u>(D) = (B)/(A) x</u> <u>100%</u>
<u>2014</u>				
<u>2015</u>				
<u>2016</u>				
<u>2017F</u>				
<u>2018F</u>				
<u>2019F</u>				

25 (b) Please quantify the effect on 2018 and 2019 revenue
 26 requirements of station service factors of 3%, 4%, and 5% (ie. as
 27 a percentage of gross plant production).

28

1 **Off-Island Purchases Deferral Account**

2 **IC-NLH-122** With the reference to **Volume I, page 6.2 footnote 4** please
3 provide a copy of "Nalcor's June 23, 2017 project update" and any
4 more recent project update.

5 **IC-NLH-123** **Volume I, page 6, Schedule 6-I.** Please explain why "H =
6 Amounts paid by Hydro for the use of Labrador Island Link and
7 Labrador Transmission Assets" does not include reference to the
8 Maritime Link.

9 **General topics**

10 **IC-NLH-124** **Volume I, page 6, Section 3.2.1, Table 3-1.** Please provide
11 details of the vacancy rate used for the 2018 and 2019 test years
12 as well as actual and forecast vacancy rates for the 2015-2017
13 years.

14 **IC-NLH-125** With the reference to **Volume I, Chapter 4, Schedule 4-IV Page**
15 **1 of 1,** please explain increase in Debt guarantee fee for 2018 and
16 2019 test years compared to the 2015 test year, 2015 and 2016
17 actuals and 2017 forecast.

18 **IC-NLH-126** With the reference **Volume I, Chapter 4, to Schedule 4-IV Page**
19 **1 of 1,** please provide list of Cost of Service Exclusions.

20 **IC-NLH-127** With the reference to **Volume I, Chapter 4, Schedule 4-IV Page**
21 **1 of 1,** how the interest rate forecasts were determined. Please
22 provide details.

23 **IC-NLH-128** Further IC-NLH-127 above please confirm which of the new debt
24 issuances for 2017 issued to date. Please provide actual interest
25 rates for the new issuances in 2017.

26 **IC-NLH-129** With the reference to **Schedule 4-IV Page 1 of 1,** please explain
27 year over year changes in promissory notes.

28 **IC-NLH-130** With the reference to **Volume I, Chapter 4, Schedule 4-IV Page**
29 **1 of 1,** please explain year over year changes in sinking funds.

30 **IC-NLH-131** With the reference to **Volume I, Chapter 4, Schedule 4-IV Page**
31 **1 of 1,** please explain year over year changes in unamortized debt
32 discount and financing.

33 **IC-NLH-132** **Volume II, Exhibit 10 page 6 of 13.** With respect to TL267,
34 please provide a description of the facilities and functions
35 associated with the in-service date of October 2017 versus
36 February 2018. Please provide the rationale for capitalizing the
37 October 2017 additions in advance of the February 2018
38 additions.

- 1 **IC-NLH-133** **Volume II, Exhibit 10 page 9 of 13.** Why is the “rate year”
2 defined as the “year following the test period”? Is not the concept
3 of a test year the relevant period for the setting of rates, not the
4 following year?
- 5 **IC-NLH-134** If the average rate base methodology review described in **Volume**
6 **I, section 4.3.6, page 4.12** results in “no impact on the GRA”,
7 what is the practical implication intended by approval of the
8 methods set out in Exhibit 10? What adverse impacts would arise
9 in the event the Board provided no such approval at this time?
- 10 **IC-NLH-135** **Volume II, Exhibit 13, page 35 of 60.** Please provide an update
11 to Hydro’s response to NP-NLH-280 from the 2013 GRA, and
12 update with all known examples of wind generation classification
13 in regulated cost of service studies (NLH and Christensen).
- 14 **IC-NLH-136** **Volume II, Exhibit 13, page 36 of 60.** Please provide an update
15 Hydro’s response to NP-NLH-390 from the 2013 GRA.
- 16 **IC-NLH-137** **Volume I, page 3.28.** Please provide an update on the expected
17 in-service date of TL267 and any partial capitalization scheduled
18 prior to full completion.
- 19 **IC-NLH-138** **Volume I, page 3.29, “Generation Planning Criteria”.** Please
20 provide the latest Island Interconnected system planning report
21 showing projected energy and LOLH balance, by year, as well as
22 the status of the 240 MW reserve capacity by year.
- 23 **IC-NLH-139** With the reference to **Volume I, Chapter 4, Schedule 4-IV Page**
24 **1 of 1**, please provide a detailed description and calculations as to
25 how Board Order P.U. 49 (2016) paragraph 11.7.1 impacts the
26 debt guarantee fee forecast for the 2018 and 2019 test years.
- 27 **IC-NLH-140** With the reference to Off-Island Purchases discussed at **Volume**
28 **I, Chapter 6, Schedule 6-I**, please explain how paragraph 3(b) of
29 the *Electrical Power Control Act*, 1994 will apply to off-island
30 purchases in terms of “lowest possible cost” and in terms of “most
31 efficient production, transmission and distribution of power”. For
32 example, please explain if the power policy of the province in
33 effect requires Hydro to purchase Off-Island power at the expense
34 of Exploits purchases if the price for Off-Island power is lower
35 compared to the price for Exploits purchases at a given point in
36 time.
- 37 **IC-NLH-141** Further to IC-NLH-140 above, please clarify if off island purchases
38 are the lowest cost source of supply, but purchasing these
39 sources has the potential to displace some portion of on-island
40 generation and make the on-island generation less efficient, how
41 does the power policy of the province guide these supply
42 priorities?

1 IC-NLH-142

With the reference to Off-Island Purchases Deferral Account proposed in Volume I, Chapter 6, Schedule 6-I, please explain if the Off-Island Purchases would be limited to replace Holyrood generation or it also be used to replace other sources of generation sources as well.

6 IC-NLH-143

Volume II, Exhibit 13, page 35 of 60. Please provide impact on the COS study, and on resulting rates, if 9% and 20% respectively of wind purchase costs are classified as capacity related.

9 IC-NLH-144


Based on Hydro's current information and understanding of potential rate impacts leading up to and following interconnection with Muskrat Falls, please complete the following table identifying projected island industrial customer rate changes. Please indicate all material assumptions. (Volume I (1st Revision), Chapter 1: Corporate Overview).

10
11
12
13
14


Projected Island Industrial Customer Rate Changes (2018) to 2022) Percent										
Anticipated Effective Date										
Projected Percentage Increase										
Cumulative Rate Change										

DATED at St. John's, Newfoundland and Labrador, this 5th day of October, 2017.

POOLE ALTHOUSE


Per: 
Dean A. Porter

STEWART MCKELVEY


Per: 
Paul L. Coxworthy

COX & PALMER

Per:



Denis J. Fleming

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