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NEWFOUNDLAND POWER
A FORTIS COMPANY

HAND DELIVERED

November 6, 2017

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: Newfoundland and Labrador Hydro – 2017 General Rate Application

Please find enclosed the original and 13 copies of Newfoundland Power's Requests for Information NP-NLH-168 to NP-NLH-264 in relation to the above noted Application.

For convenience, the Requests for Information are provided on three-hole punched paper.

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

If you have any questions regarding the enclosed, please contact the undersigned at your convenience.

Yours very truly,

Gerard Hayes
Senior Counsel

Enclosures

c. Tracey Pennell
Newfoundland and Labrador Hydro

PaulCoxworthy
Stewart McKelvey

Senwung Luk
Olthuis, Kleer, Townshend LLP

Dennis Browne, QC
Browne Fitzgerald Morgan Avis

Van Alexopoulos
Iron Ore Company of Canada

Newfoundland Power Inc.
55 Kenmount Road • P.O. Box 8910 • St. John's, NL A1B 3P6
PHONE (709) 737-5609 • FAX (709) 737-2974 • **ghayes@newfoundlandpower.com**

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.

Requests for Information by
Newfoundland Power Inc.

NP-NLH-168 to NP-NLH-264

November 6, 2017

Requests for Information

NP-NLH-168 Further to response to Request for Information NP-NLH-007:

Please provide: (i) Hydro's methodology for calculating customer satisfaction; and (ii) a comparison of Hydro's methodology to the methodology used by the Canadian Electricity Association in the *2014 National Public Attitudes Survey* and the *2016 National Public Attitudes Survey*.

NP-NLH-169 Further to response to Request for Information NP-NLH-008:

Please confirm the $32,296 provided in this response represents *all* after-hours customer support charges from all third-party vendors since July 2016.

NP-NLH-170 Further to response to Request for Information NP-NLH-010:

Please provide a cost-benefit analysis indicating that common services moved to Nalcor Energy from Hydro related to Human Resources, Safety, Environment, Supply Chain and Information Systems are consistent with the least-cost provision of service to customers.

NP-NLH-171 Further to response to Request for Information NP-NLH-011:

FTEs are forecast to increase for *Finance NL Hydro* from 48 in 2016 to 68 in 2018T and 2019T. Please provide the job titles and functions of each of the additional 20 staff, together with a full business justification for the requirement for each position.

NP-NLH-172 Further to response to Request for Information NP-NLH-012:

Labour-related costs for Engineering Services are forecast to increase from $1,151,000 in 2016 to $3,088,000 in 2019T. Please provide full details of this $1,937,000 increase, together with a full business justification for the requirement for the increase.

NP-NLH-173 Further to response to Request for Information NP-NLH-012:

Labour-related costs for Information & Operations Technology are forecast to increase from $1,281,000 in 2016 to $2,570,000 in 2019T. Please provide full details of this $1,289,000 increase, together with a full business justification for the requirement for the increase.

NP-NLH-174 Further to response to Request for Information NP-NLH-012:

Labour-related costs for Financial Services are forecast to increase from $3,848,000 in 2016 to $6,948,000 in 2019T. Please provide full details of this $3,100,000 increase, together with a full business justification for the requirement for the increase.

NP-NLH-175 Further to response to Request for Information NP-NLH-028:

Please expand the following tables to include 2016 data, which was requested: (i) Nalcor Administration Fee Human Resources Common Services Business Unit; (ii) Nalcor Administration Fee Safety Common Services Business Unit; and (iii) Nalcor Administration Fee Environment Common Services Business Unit.

NP-NLH-176 Further to response to Request for Information NP-NLH-028:

Under the Nalcor Administration Fee for the Information Systems Common Service Business Unit, Salaries & Fringe Benefits are forecast to increase from $3,645,100 in 2017F to $5,117,300 in 2019T. Please provide full details of this $1,472,200 increase, together with a full business justification for the requirement for the increase.

NP-NLH-177 Further to response to Request for Information NP-NLH-028:

Under the Nalcor Administration Fee for the Information Systems Common Service Business Unit, Professional Services are forecast to increase from $1,573,500 in 2017F to $2,998,600 in 2019T. Please provide full details of this $1,425,100 increase, together with a full business justification for the requirement for the increase.

NP-NLH-178 Further to responses to Requests for Information NP-NLH-031 and NP-NLH-130:

Depreciation related to the Business System Fee is forecast to increase from $74,000 in 2016 to $3,210,000 in 2019T. Please provide full details of this $3,136,000 increase, together with a full business justification for the requirement for the increase.

NP-NLH-179 Further to response to Request for Information NP-NLH-031:

Software Support & Maintenance related to the Business System Fee are forecast to increase from $537,000 in 2017 to $1,023,000 in 2018T. Please provide full details of this $486,000 increase, together with a full business justification for the requirement for the increase.

NP-NLH-180 Further to response to Request for Information NP-NLH-032:

System Equipment and Maintenance costs for Information & Operations Technology are forecast to increase from $427,000 in 2016 to $799,000 in 2018T. Please provide full details of this $372,000 increase, together with a full business justification for the requirement for the increase.

NP-NLH-181 Further to response to Request for Information NP-NLH-035:

To permit reasonable comparison, please restate *Table 1 – Information and Operations Technology Operating Costs* to include: (i) Energy Control Center costs allocated to Hydro in 2016 through the Nalcor Administration Fee; and (ii) Network Services department fees incurred in 2016 in Transmission and Rural Operations.

NP-NLH-182 Further to response to Request for Information NP-NLH-036:

Please indicate the member of Hydro senior management responsible for Hydro's participation in the Business Systems Transformation Program being managed by Nalcor Energy.

NP-NLH-183 Further to response to Request for Information NP-NLH-036:

Please provide the total estimated cost to Nalcor Energy of the Business Systems Transformation Program being managed by Nalcor Energy as part of a shared program for all Nalcor companies, including Hydro.

NP-NLH-184 Further to response to Request for Information NP-NLH-036:

Please provide a detailed description of the input Hydro management had in the development of the Business Systems Transformation Program being managed by Nalcor Energy.

NP-NLH-185 Further to response to Request for Information NP-NLH-036:

Please explain how Hydro management satisfied itself that its participation in the Business Systems Transformation Program, being managed by Nalcor Energy, is consistent with the least-cost delivery of power to customers. The explanation should include: (i) a description of alternatives, if any, assessed by or available to Hydro; and (ii) any analysis performed by Hydro.

NP-NLH-186 Further to response to Request for Information NP-NLH-040:

Hydro's customers are served by multiple systems. Explain in full how merging reliability data from these multiple systems into the End Consumer Reliability measure provides a meaningful reflection of the reliability of service experienced by Hydro's customers. The response should include Hydro's views on how the Board should evaluate the End Consumer Reliability measure created by Hydro.

NP-NLH-187 Further to responses to Requests for Information NP-NLH-043 and NP-NLH-045:

Please complete the following table:

Hydro's Reliability Performance – Ranking in CEA Region 2										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
SAIDI										
Total Utilities Reporting										
Hydro's Ranking										
SAIFI										
Total Utilities Reporting										
Hydro's Ranking										
T-SAIDI										
Total Utilities Reporting										
Hydro's Ranking										
T-SAIFI										
Total Utilities Reporting										
Hydro's Ranking										

NP-NLH-188 Further to response to Request for Information NP-NLH-044:

Please restate the tables in the response to correctly identify which data relates to forced outages and which data relates to planned outages.

NP-NLH-189 Further to response to Request for Information NP-NLH-051:

In this response, it is indicated that "Hydro did not calculate the gas turbine production decrease resultant from the in-service of TL267."

Please provide Hydro's best estimate of the reduced gas turbine production (in GWhs and $) that can be expected in 2018 and 2019 as a result of the in-service of TL267.

NP-NLH-190 Further to response to Request for Information NP-NLH-051:

Does the forecast production related to system reserve include production required to maintain *Avalon capability and reserve*, as per operating instruction T-096 provided in response to Request for Information CA-NLH-106? If so, please provide details (in GWhs and $) of the production required to maintain *Avalon capability and reserve*.

NP-NLH-191 Further to response to Request for Information NP-NLH-055:

Depreciation associated with Hydro's Rural systems is forecast to increase from $14.2 million in 2016 to $21.7 million in 2019T. Please provide full details of this $7.5 million increase, together with a full explanation of the factors (by Rural system) that contribute to the increase.

NP-NLH-192 Further to response to Request for Information NP-NLH-057:

Please complete the following table comparing the Hydro Rural Deficit allocation to Newfoundland Power and Labrador Interconnected customers for the aproved 2015 Test Year and the 2018 and 2019 Test Years.

Hydro Rural Deficit Allocation							
	2015 Test Year	**2018 Test Year**	**Difference (2015T-2018T)**		**2019 Test Year**	**Difference (2015T-2019T)**	
	¢ per kWh	**¢ per kWh**	**¢ per kWh**	**%**	**¢ per kWh**	**¢ per kWh**	**%**
Newfoundland Power							
Labrador Interconnected (Rural)							

NP-NLH-193 Further to responses to Requests for Information NP-NLH-060 and NP-NLH-061:

The response to Request for Information NP-NLH-060 indicates that Conservation and Demand Management expenditures on Hydro Rural systems were $1,004,000 in 2015 and $2,230,000 in 2019T. The response to Request for Information NP-NLH-061 indicates that Conservation and Demand Management energy savings on Hydro Rural systems were 2,734 MWh in 2015 and 970 MWh in 2019T.

Please provide a detailed explanation, by year and Rural system, of the trend in the relationship between Hydro's Conservation and Demand Management expenditures and energy savings on Hydro Rural systems. Include in the explanation a description of all assessments done by Hydro through the 2015-2019 period pertaining to this relationship.

NP-NLH-194 Further to response to Request for Information NP-NLH-063:

Please restate *Table 1 – Gas Turbine Production Costs 2007 – 2017* to provide the requested information, separately, for Hardwoods and Stephenville gas turbines.

NP-NLH-195 Further to response to Request for Information NP-NLH-072:

Professional Services costs for Information & Operations Technology are forecast to increase from $620,000 in 2016 ($19,000 + $601,000 = $620,000) to $1,163,000 in 2019T. Please provide full details of this $543,000 increase, together with a list of actual and forecast professional service expenditures, by service provider and year, for the period 2016 through 2019T.

NP-NLH-196 Further to response to Request for Information NP-NLH-076:

Operating costs for Regulatory Affairs are forecast to increase from $3,663,000 in 2016 to $4,930,000 in 2019T. Please provide full details of this $1,267,000 increase, together with a description of the actual and forecast regulatory proceedings, for the period 2016 through 2019T.

NP-NLH-197 Further to response to Request for Information NP-NLH-076:

Operating costs for Communications are forecast to increase from $583,000 in 2016 to $865,000 in 2019T. Please provide full details of this $282,000 increase, together with a full business justification for the requirement for the increase.

NP-NLH-198 Further to response to Request for Information NP-NLH-076:

Operating costs for Human Resources/Labour Relations are forecast to increase from $5,519,000 in 2016 to $7,067,000 in 2019T. Please provide full details of this $1,548,000 increase, together with a full business justification for the requirement for the increase.

NP-NLH-199 Further to response to Request for Information NP-NLH-076:

Operating costs for Safety & Health are forecast to increase from $576,000 in 2016 to $844,000 in 2019T. Please provide full details of this $268,000 increase, together with a full business justification for the requirement for the increase.

NP-NLH-200 Further to response to Request for Information NP-NLH-078:

Financial Services Costs for the Finance function are forecast to increase from $3,309,000 in 2016 to $4,925,000 in 2019T. Please provide full details of this $1,616,000 increase, together with a full business justification for the requirement for the increase.

NP-NLH-201 Further to response to Request for Information NP-NLH-079:

Financial Services operating costs for System Equipment and Maintenance are forecast to increase from $1,204,000 in 2016 to $1,581,000 in 2019T. Please provide full details of this $377,000 increase, together with a full business justification for the requirement for the increase.

NP-NLH-202 Further to response to Request for Information NP-NLH-081:

Please provide the total power purchases (GWh) by month for the Island Interconnected System and Hydro Rural systems for the approved 2015 test year, 2015 and 2016 actuals, 2017 forecast, and 2018 and 2019 test years. Please indicate which months reflect actual versus forecast. For any months that reflect actual purchases, please indicate if the data has been normalized to reflect purchases based upon normal wind and water levels.

NP-NLH-203 Further to response to Request for Information NP-NLH-093:

Please provide a comparison of actual YTD 2017 results to forecast 2017 data provided in Schedules 4-I through 4-V of Chapter 4: Finance (3rd Revision).

NP-NLH-204 Further to response to Request for Information NP-NLH-096:

Please provide an updated response that addresses the following inconsistency: "Specifically Assigned" in "2019TY as Filed" agrees with Exhibit 15, as filed on July 28, 2017, while "Transmission Common" agrees with Exhibit 15, as filed on October 27, 2017.

NP-NLH-205 Further to response to Request for Information NP-NLH-115:

What timelines, if any, does Hydro have regarding the negotiations for the purchase of additional power to further reduce thermal generation at Holyrood?

NP-NLH-206 Further to response to Request for Information NP-NLH-115:

Does the Island Interconnected System have first priority for the use of pre-commissioning energy from the Muskrat Falls Generating Station? If so, please provide the legislative, contractual or any other basis for this priority.

NP-NLH-207 Further to response to Request for Information NP-NLH-115:

If the electricity requirements on the Labrador Interconnected System exceed available Recapture Energy, will Labrador Interconnected customers have access to pre-commissioning energy from the Muskrat Falls Generating Station? If so, at what cost?

NP-NLH-208 Further to response to Request for Information NP-NLH-115:

Please provide an estimate of the forecast balances in the Rate Stabilization Plan and the *Off-Island Purchases Deferral Account* using the latest No. 6 fuel price forecast, as provided in response to Request for Information NP-NLH-102, with all other assumptions remaining the same as proposed test year values.

NP-NLH-209 Further to response to Request for Information NP-NLH-120:

Regarding the additional operators for the Energy Control Centre, footnote 2 of the response states "…Nalcor agreed to pay for the cost of these operators until 2018…" and "In 2018 and 2019, these operators… are expected to be paid by Hydro."

Table 1 of the response lists $0.6 million for additional Energy Control Centre operators to be incurred in 2017F, and no costs in 2018T or 2019T.

If necessary, please restate Table 1 to reflect no costs to Hydro in 2017F and costs to Hydro in 2018T and 2019T. If not necessary, please indicate how and when Hydro will pay these costs.

NP-NLH-210 Further to response to Request for Information NP-NLH-120:

Please explain whether the Interconnection Costs for 2017F, 2018T and 2019T are primarily related to importing electricity from off-island sources and, if so, whether it is appropriate to defer these costs through the *Off-Island Purchases Deferral Account*. Please consider any revisions resulting from NP-NLH-209 in this response.

NP-NLH-211 Further to response to Request for Information NP-NLH-129:

Charges from Nalcor under Common Services Costs are forecast to increase from $4,977,000 in 2017F to $8,136,000 in 2019T. Please provide full details of this $3,159,000 increase, together with: (i) a full business justification for the requirement for the increase; and (ii) evidence that the Common Services Costs are consistent with the least-cost delivery of power to customers.

NP-NLH-212 Further to response to Request for Information NP-NLH-129:

For the period 2016 through 2019T, please provide full details of Nalcor Energy costs shared among all Nalcor lines of business indicating: (i) the aggregate amount of Common Services Costs shared amongst the Nalcor entities; (ii) the amount of Common Services Costs borne by each Nalcor entity; and (iii) the basis for allocation of the Common Services Costs amongst the Nalcor entities.

NP-NLH-213 Further to response to Request for Information NP-NLH-139:

Has Hydro considered any alternatives for amortizing the Holyrood Generating Station assets, other than the March 31, 2021 truncation date? If so, please identify the advantages and disadvantages of each alternative. If not, why not?

NP-NLH-214 Further to response to Request for Information NP-NLH-140:

Please explain how amortizing the Holyrood Generating Station assets over the average remaining service life of Hydro's entire asset base would affect Hydro's 2018 and 2019 revenue requirements.

NP-NLH-215 Further to response to Request for Information NP-NLH-145:

Please provide the *total corporate cost of removal data for the period of 2012 to 2015* that was provided to Concentric Advisors, and all calculations and supporting materials used to arrive at the cost of removal of -10%.

NP-NLH-216 Further to response to Request for Information NP-NLH-145:

What amortization methodology does Concentric Advisors recommend for any variances that will arise in the next depreciation study for differences between calculated depreciation reserve and book depreciation reserve?

NP-NLH-217 Further to response to Request for Information NP-NLH-145:

Describe how Hydro will, using its proposed new methodology, determine whether to charge the removal cost to accumulated depreciation or to plant in service for larger plant accounts, including: (i) penstocks; (ii) dams; (iii) towers; (iv) overhead conductors; (v) station transformers; (vi) cable (i.e., services); (vii) line transformers; and (viii) insulators.

NP-NLH-218 Further to response to Request for Information NP-NLH-145:

Please revise Attachment 2, *Schedule 3. Summary of Average Service Life Estimates of Peer Canadian Electric Utilities*, to provide the net salvage estimates used by other electric utilities that Concentric Advisors used as comparators.

NP-NLH-219 Further to response to Request for Information NP-NLH-145:

Which of the electric utilities listed in Attachment 2, *Schedule 3. Summary of Average Service Life Estimates of Peer Canadian Electric Utilities,* charge removal costs for the existing asset to the installation costs of the replacement asset, for ratemaking purposes, in the same manner being proposed by Hydro?

NP-NLH-220 Further to response to Request for Information NP-NLH-145:

Please provide the rationale and detailed calculations used by Concentric Advisors to reduce the net salvage estimates proposed for Hydro based on Newfoundland Power's net salvage estimates.

NP-NLH-221 Further to responses to Requests for Information NP-NLH-145 and NP-NLH-148:

Of all replacement projects for poles, what percentage will have removal costs for the existing pole charged to the installation cost of the new pole?

NP-NLH-222 Further to response to Request for Information NP-NLH-147:

Please confirm the amounts provided in the table are in thousands of dollars.

NP-NLH-223 Further to response to Request for Information NP-NLH-147:

Please confirm the total revenue requirement for the 2018 Test Year associated with the additional Holyrood assets is $3,468,000.

NP-NLH-224 Further to response to Request for Information NP-NLH-147:

In Attachment 1, please reconcile the *Original Cost* and *2017 Closing NBV* amounts with: (i) 2016 capital expenditures approved for Holyrood in Order No. P.U. 33 (2015); (ii) 2017 capital expenditures approved for Holyrood in Order No. P.U. 45 (2016); and proposed capital expenditures for Holyrood included as part of Hydro's 2018 Capital Budget Application.

NP-NLH-225 Further to response to Request for Information NP-NLH-147:

In Attachment 2, please reconcile the *Original Cost* and *2018 Closing NBV* amounts with: (i) 2016 capital expenditures approved for Holyrood in Order No. P.U. 33 (2015); (ii) 2017 capital expenditures approved for Holyrood in Order No. P.U. 45 (2016); and proposed capital expenditures for Holyrood included as part of Hydro's 2018 Capital Budget Application.

NP-NLH-226 Further to response to Request for Information NP-NLH-148:

Please provide an example in both the Generation and Terminal Station asset classes where there would be no replacement asset associated with a capital project.

NP-NLH-227 Further to response to Request for Information NP-NLH-149:

How does Hydro propose to ensure the collection for net salvage through depreciation rates through the life of the asset is properly accounted for when the cost of removal is capitalized as part of the site preparation cost? Please explain through the use of a detailed example.

NP-NLH-228 Further to responses to Requests for Information NP-NLH-152 and PUB-NLH-070:

Is *Losses on Disposal* a component of Hydro's depreciation expense in the 2018 and 2019 test years? If so, why?

NP-NLH-229 Further to response to Request for Information NP-NLH-154:

Will the inclusion of *Losses on Disposal* within Accumulated Depreciation serve to increase depreciation rates and depreciation expense in future years?

NP-NLH-230 Further to response to Request for Information NP-NLH-159:

Please confirm the account number for the *Holyrood Gas Turbine – Compressor Overhaul* is T12.

NP-NLH-231 Further to response to Request for Information NP-NLH-159:

Please identify the assets transferred from account T09 with a 55-year service life to the shorter life square accounts T10, T11 and T12. Provide a rationale for transferring each asset.

NP-NLH-232 Further to response to Request for Information NP-NLH-160:

Did Hydro consider implementing a deferral account as an adjustment mechanism for its target return on equity to reflect any future changes to Newfoundland Power's approved target return on equity for ratemaking purposes? If so, please identify the advantages and disadvantages of this approach.

NP-NLH-233 Further to the response to Request for Information CA-NLH-043 and Order No. 73/15 of the Manitoba Public Utilities Board:

Nalcor Energy, the entity responsible for the construction, maintenance and operation of the Muskrat Falls development and the Labrador Island Link, is not a regulated entity.

How, in Hydro's view, should this fact affect how the Board treats comparisons between Nalcor Energy and Manitoba Hydro, the regulated entity that was subject to Order No. 73/15?

NP-NLH-234 Further to the response to Request for Information CA-NLH-043 and Order No. 73/15 of the Manitoba Public Utilities Board:

The evidence before the Manitoba Public Utilities Board supporting Order No. 73/15 included future revenue requirement impacts upon Manitoba Hydro of major capital projects.

How, in Hydro's view, should the lack of evidence before the Board in this proceeding concerning the future revenue requirement impacts associated with the construction, maintenance and operation of the Muskrat Falls development and the Labrador Island Link influence the Board's consideration of Hydro's proposed *Off-Island Purchases Deferral Account*?

NP-NLH-235 Further to the response to Request for Information CA-NLH-043 and the Edison Electric Institute report, *Alternative Regulation for Emerging Utility Challenges: 2015 Update* (the "EEI Report"):

Hydro refers to the EEI Report as support of "…the inclusion, in current revenue requirement, of costs related to capital projects that are not yet in service." Specifically, Hydro quotes the EEI Report as stating "Capital cost trackers have been used in lieu of frequent rate cases to obtain CWIP recovery."

However, the EEI Report indicates "Capital cost trackers typically address the accumulating depreciation, return on asset value and taxes that result from capex."[1]

How, in Hydro's view, should the Board treat the fact that Hydro has to date incurred no "…accumulating depreciation, return on asset value and taxes that result from capex" or any cost whatsoever in consideration of Hydro's proposed *Off-Island Purchases Deferral Account*.

NP-NLH-236 Further to the response to Request for Information CA-NLH-043 and the Edison Electric Institute report, *Alternative Regulation for Emerging Utility Challenges: 2015 Update* (the "EEI Report"):

Hydro refers to the EEI Report as support of "…the inclusion, in current revenue requirement, of costs related to capital projects that are not yet in service." Specifically, Hydro quotes the EEI Report as stating "Capital cost trackers have been used in lieu of frequent rate cases to obtain CWIP recovery."

However, the EEI Report indicates "Capital cost trackers typically address the accumulating depreciation, return on asset value and taxes that result from capex."[2]

How, in Hydro's view, should the Board treat the fact that Nalcor Energy, the entity that is incurring all costs associated with the Muskrat Falls development and the Labrador Island Link, is not a regulated entity in consideration of Hydro's proposed *Off-Island Purchases Deferral Account*?

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1 See page 6.
2 See page 6.

NP-NLH-237 Further to the response to Request for Information CA-NLH-043 and the Edison Electric Institute report, *Alternative Regulation for Emerging Utility Challenges: 2015 Update* (the "EEI Report"):

Hydro refers to the EEI Report as support of "…the inclusion, in current revenue requirement, of costs related to capital projects that are not yet in service."

Please provide all examples of which Hydro is aware where a utility regulator has permitted the recovery by a regulated entity of capital, or other, costs incurred in the construction of electrical facilities by an unregulated affiliate in advance of assets being used and useful in the provision of service.

NP-NLH-238 Further to response to Request for Information CA-NLH-081:

Please provide the generation and transmission expansion plans that were used to derive the marginal generation and transmission capacity costs.

NP-NLH-239 Further to response to Request for Information CA-NLH-081:

Please indicate if the expansion plans used as a basis for the marginal costs apply: (i) the most recent changes to Hydro's planning criteria, as provided in IC-NLH-102; and (ii) Hydro's most recent load forecasts. If not, when will Hydro update its marginal costs to reflect its current planning criteria and load forecasts?

NP-NLH-240 Further to response to Request for Information CA-NLH-106:

Does the *Impact of largest contingency* include the loss of a transmission line? If not, please explain why.

NP-NLH-241 Further to the response to Request for Information IC-NLH-122:

Attachment 1 is a copy of Nalcor Energy's June 23, 2017 project update for the Muskrat Falls project. At Page 16 of 26, there are *Unit Cost Projections* on a cents/kWh basis.

Please provide the *gross costs* for each component and category listed in: (i) Muskrat Falls Unit Cost Projection by Project Component; and (ii) Muskrat Falls Cost Projection by Cost Category.

NP-NLH-242 Further to the response to Request for Information IC-NLH-122:

Attachment 1 is a copy of Nalcor Energy's June 23, 2017 project update for the Muskrat Falls project. At Page 19 of 26, there are *NL Hydro Island Interconnected Sales*.

Did Hydro prepare the *NL Hydro Island Interconnected Sales* contained in this report?

NP-NLH-243 Further to the response to Request for Information IC-NLH-122:

Attachment 1 is a copy of Nalcor Energy's June 23, 2017 project update for the Muskrat Falls project. At Page 19 of 26, there are *NL Hydro Island Interconnected Sales*.

Please describe fully how the elasticity effects associated with rising consumer electricity prices are reflected in the *NL Hydro Island Interconnected Sales*.

NP-NLH-244 Further to the response to Request for Information IC-NLH-122:

Attachment 1 is a copy of Nalcor Energy's June 23, 2017 project update for the Muskrat Falls project. At Page 20 of 26, there are *Island Interconnected Domestic Rate Projections*.

Did Hydro prepare the *Island Interconnected Domestic Rate Projections* contained in this report?

NP-NLH-245 Further to the response to Request for Information IC-NLH-122:

Attachment 1 is a copy of Nalcor Energy's June 23, 2017 project update for the Muskrat Falls project. At Page 20 of 26, there are *Island Interconnected Domestic Rate Projections*.

However, the Provincial Government has indicated it plans to keep rates at par with the forecast Atlantic Canada average of 17 cents per kilowatt-hour.

How, in Hydro's view, should the Board consider this evidence in the context of these Government pronouncements when evaluating the proposed *Off-Island Purchases Deferral Account*?

NP-NLH-246 Further to the response to Request for Information IC-NLH-122:

Attachment 1 is a copy of Nalcor Energy's June 23, 2017 project update for the Muskrat Falls project. At Page 20 of 26, there are *Island Interconnected Domestic Rate Projections*.

However, the Provincial Government has indicated it plans to keep rates at par with the forecast Atlantic Canada average of 17 cents per kilowatt-hour.

What level of rate mitigation is Hydro currently expecting will occur post-Muskrat Falls commissioning?

NP-NLH-247 Further to the response to Request for Information IC-NLH-122:

Attachment 1 is a copy of Nalcor Energy's June 23, 2017 project update for the Muskrat Falls project. At Page 20 of 26, there are *Island Interconnected Domestic Rate Projections*.

Please reproduce the chart and table on *Island Interconnected Domestic Rate Projections* to include the years 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2030, 2035, and 2040, excluding any rate mitigation measures.

NP-NLH-248 Further to the response to Request for Information IC-NLH-122:

Attachment 1 is a copy of Nalcor Energy's June 23, 2017 project update for the Muskrat Falls project. At Page 20 of 26, there are *Island Interconnected Domestic Rate Projections*.

Please describe fully how off-system sales of excess energy from the Muskrat Falls development are reflected in the *Island Interconnected Domestic Rate Projections* in this report.

NP-NLH-249 Further to response to Request for Information IOC-NLH-006:

Please provide the legislative, contractual or any other basis for electricity requirements on the Labrador Interconnected System having first priority in the use of Recapture Energy.

NP-NLH-250 Further to response to Request for Information PUB-NLH-064:

Hydro indicated that "There is no calculation underlying the productivity allowance for 2018 and 2019…" and that it is a "…self-imposed target set by Hydro's Executive to reflect actions being taken to manage costs."

Table 3-17 of Hydro's revised evidence indicates operating costs will increase by over $10 million, or over 8%, in 2017 and by a further $8 million, or approximately 6%, in 2018.

Please indicate, with specific examples, how these annual operating cost increases, in Hydro's Executives' view, "…reflect actions being taken to manage costs."

NP-NLH-251 Further to response to Request for Information PUB-NLH-064:

Hydro indicated that "There is no calculation underlying the productivity allowance for 2018 and 2019…" and that it is a "…self-imposed target set by Hydro's Executive to reflect actions being taken to manage costs."

Table 3-17 of Hydro's revised evidence indicates operating costs will increase by over $10 million, or over 8%, in 2017 and by a further $8 million, or approximately 6%, in 2018.

Please list all objective indicators in the revised evidence filed by Hydro in support of this application, including responses to Requests for Information, that Hydro's operating cost performance is consistent with the least-cost provision of service to its customers.

NP-NLH-252 Further to response to Request for Information PUB-NLH-081 and the Ernst & Young *Target Operating Model Assessment*:

Please list the 40 recommendations identified for Hydro by Ernst & Young in its *Target Operating Model Assessment* and, for each recommendation, identify: (i) whether Hydro has implemented the recommendation; (ii) when and how Hydro implemented the recommendation, if completed; (iii) any capital or operating costs associated with implementing the recommendation, if completed; and (iv) a detailed explanation as to why the recommendation has not been implemented, if applicable.

Reference: **Hydro's Letter to the Board, dated October 4, 2017**

NP-NLH-253 Hydro has indicated that it proposed to delay its application for interim rates beyond January 1, 2018.

Please indicate when Hydro intends to revise its evidence in support of the application to reflect its proposed delay. (Hydro's Letter to the Board, dated October 4, 2017, Page 1)

Reference: **Volume I (3rd Revision), Chapter 3: Operations**

NP-NLH-254 Hydro indicates the following:

"The reduced production forecast for Hydro's Island Interconnected System gas turbines and diesels for 2017 through to the 2019 Test Year reflect the reliability benefit of the planned in service of a third transmission line from Bay d'Espoir to Western Avalon (TL267)."

Please provide details of the reduced production forecast for Hydro's Island Interconnected System gas turbines and diesels (in GWhs and $) reflected in Hydro's revenue requirements for 2018 and 2019. (Volume I (3rd Revision), Chapter 3: Operations, Page 3.25, Lines 15-18)

Reference: **Volume I (3rd Revision), Chapter 6: Supplemental Evidence**

NP-NLH-255 Once interconnections to Labrador and Nova Scotia are complete, and before commissioning of the Muskrat Falls hydroelectric development, does Hydro expect to make use of reserve sharing opportunities, for emergencies or other purposes, with Maritime utilities or Hydro Quebec? If so, please explain how this would occur and the impact it would have on the *Off-Island Production Deferral Account*. (Volume I (3rd Revision), Chapter 6: Supplemental Evidence)

NP-NLH-256 Please provide all: (i) customer rate projections; (ii) Muskrat Falls, Labrador Island Link and Labrador Transmission Asset cost assumptions; and (iii) forecast electricity deliveries used by Hydro in the development of its proposal for the *Off-Island Purchases Deferral Account*. (Volume I (3rd Revision), Chapter 6: Supplemental Evidence)

Reference: **Volume III (3rd Revision), Exhibit 14: 2018 Test Year Cost of Service Study**

NP-NLH-257 Please explain why, in the Excel model provided, the sheet "IndexPlt" contains original plant in-service costs for *Specifically Assigned Customer* (Lines 16-17, Column 18), rather than indexed costs. If corrections are required, please update the evidence and responses to Requests for Information, as appropriate. (Volume III (3rd Revision), Exhibit 14: 2018 Test Year Cost of Service Study)

NP-NLH-258 Please explain how the negative net book value was determined for *Distribution Substations* (Column 7, Line 24). (Volume III (3rd Revision), Exhibit 14: 2018 Test Year Cost of Service Study, Schedule 2.3A, Page 1 of 1)

NP-NLH-259 Please provide detailed calculations for each line item in Column 5, *Transmission Demand*, and Column 18, *Specifically Assigned Customer*. (Volume III (3rd Revision), Exhibit 14: 2018 Test Year Cost of Service Study, Schedule 2.4A, Page 1 of 2)

NP-NLH-260 Please update Column 21, *Basis of Functional Classification*, to reflect the proposed methodology for allocating O&M costs related to transmission. (Volume III (3rd Revision), Exhibit 14: 2018 Test Year Cost of Service Study, Schedule 2.4A, Page 2 of 2)

Reference: **Volume III (3rd Revision), Exhibit 15: 2019 Test Year Cost of Service Study**

NP-NLH-261 Please explain why, in the Excel model provided, the sheet "IndexPlt" contains original plant in-service costs for *Specifically Assigned Customer* (Lines 16-17, Column 18), rather than indexed costs. If corrections are required, please update the evidence and responses to Requests for Information, as appropriate. (Volume III (3rd Revision), Exhibit 15: 2019 Test Year Cost of Service Study)

NP-NLH-262 Please explain how the negative net book value was determined for *Distribution Substations* (Column 7, Line 24). (Volume III (3rd Revision), Exhibit 15: 2019 Test Year Cost of Service Study, Schedule 2.3A, Page 1 of 1)

NP-NLH-263 Please provide detailed calculations for each line item in Column 5, *Transmission Demand*, and Column 18, *Specifically Assigned Customer*. (Volume III (3rd Revision), Exhibit 15: 2019 Test Year Cost of Service Study, Schedule 2.4A, Page 1 of 2)

NP-NLH-264 Please update Column 21, *Basis of Functional Classification,* to reflect the proposed methodology for allocating O&M costs related to transmission. (Volume III (3rd Revision), Exhibit 15: 2019 Test Year Cost of Service Study, Schedule 2.4A, Page 2 of 2)

RESPECTFULLY SUBMITTED at St. John's, Newfoundland and Labrador, this 6th day of November, 2017.

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