



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

E-mail: traceypennell@nlh.nl.ca

2017-09-22

Ms. Tracey Pennell
Senior Counsel
Newfoundland and Labrador Hydro
P.O. Box 12400
St. John's, NL A1B 4K7

Dear Ms. Pennell:

**Re: Newfoundland and Labrador Hydro – 2017 General Rate Application
Requests for Information**

Enclosed are Information Requests PUB-NLH-001 to PUB-NLH-108 regarding the above- noted application.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email, jglynn@pub.nl.ca or by telephone 709-726-6781.

Sincerely,

Cheryl Blundon
Board Secretary

Enclosure

ecc Newfoundland & Labrador Hydro
Mr. Geoff Young, E-mail: gyoung@nlh.nl.ca
Mr. Alex Templeton, E-mail: alex.templeton@mcinnescooper.com
NLH Regulatory, E-mail: NLHRegulatory@nlh.nl.ca
Newfoundland Power Inc.
Mr. Gerard Hayes, E-mail: ghayes@newfoundlandpower.com
Mr. Liam O'Brien, E-mail: lobrien@curtisdawe.nf.ca
NP Regulatory, E-mail: regulatory@newfoundlandpower.com
Consumer Advocate
Mr. Dennis Browne, Q.C., E-mail: dbrowne@bfma-law.com
Mr. Stephen Fitzgerald, E-mail: sfitzgerald@bfma-law.com
Ms. Sarah Fitzgerald, E-mail: sarahfitzgerald@bfma-law.com
Ms. Bernice Bailey, E-mail: bbailey@bfma-law.com

Island Industrial Customers Group
Mr. Paul Coxworthy, E-mail: pcoxworthy@stewartmckelvey.com
Mr. Dean Porter, E-mail: dporter@poolealthouse.ca
Mr. Denis Fleming, E-mail: dfleming@coxandpalmer.com
Iron Ore Company of Canada
Mr. Van Alexopoulos, E-mail: Van.Alexopoulos@ironore.ca
Mr. Benoit Pepin, E-mail: benoit.pepin@riotinto.com
**Communities of Sheshatshiu Happy Valley-Goose Bay,
Wabush and Labrador City**
Mr. Senwung Luk, E-mail: sluk@oktlaw.com

1 **IN THE MATTER OF**
2 the *Electrical Power Control Act, 1994*,
3 SNL 1994, Chapter E-5.1 (the “*EPCA*”)
4 and the *Public Utilities Act, RSNL 1990*,
5 Chapter P-47 (the “*Act*”), as amended; and
6
7 **IN THE MATTER OF** a General Rate
8 Application by Newfoundland and Labrador
9 Hydro to establish customer electricity rates
10 for 2018 and 2019.

**PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION**

PUB-NLH-001 to PUB-NLH-108

Issued: September 22, 2017

- 1 **Overview**
2
- 3 **PUB-NLH-001** Page 1.1, lines 3-6 – Hydro is proposing two test years for the purpose of
4 setting rates, with interim rates being proposed for 2018 with a revenue
5 deficiency for that year being recovered over a subsequent period and final
6 rates for 2019. Explain how this proposal complies with Order No. P.U. 49
7 (2016) which directed the filing of a general rate application for rates
8 based on a 2018 test year.
9
- 10 **PUB-NLH-002** Explain why it is appropriate to use two test years and include references
11 to regulatory precedents on the use of multi-test years.
12
- 13 **PUB-NLH-003** Page 1.6, lines 2-3 – Explain the statement that rates resulting from the
14 application would not be in effect until the fourth quarter of 2018 or the
15 beginning of 2019.
16
- 17 **PUB-NLH-004** Page 1.6 – Confirm that the proposed rate increases for 2018 and 2019 do
18 not include (i) the elimination of the rate mitigation adjustments directed
19 by Order Nos. P. U. 22(2017) and P.U. 26(2017); (ii) the recovery of
20 balances in the Isolated Systems Supply Cost Variance, the Energy Supply
21 Cost Variance, and the Holyrood Conversion Rate deferral accounts and
22 (iii) any RSP adjustment for 2018.
23
- 24 **PUB-NLH-005** Page 1.20, lines 6-10 – Of the 25% incremental revenue requirement for
25 2019 for fuels and other, what percentage is due to the “other” category
26 only?
27
- 28 **PUB-NLH-006** Page 1.20, lines 6-10 – What percent of the proposed rate increases is due
29 to each of return, depreciation, fuels and other?
30
31
- 32 **Off Island Purchases**
33
- 34 **PUB-NLH-007** Page 1.9, lines 9-17 and page 6.5, lines 1-9 – Provide the estimated off-
35 island purchases from each of Recapture Energy, the Maritime Link and
36 Muskrat Falls prior to commissioning that Hydro expects to be available
37 in 2018, 2019 and 2020.
38
- 39 **PUB-NLH-008** Page 1.9, lines 19-21 – Provide the calculation for the stated reduced
40 Holyrood generation and barrels of oil.
41
- 42 **PUB-NLH-009** Page 1.10, lines 19-26 – Explain how the proposed recovery of
43 transmission costs through the proposed deferral account is consistent with
44 OC2013-343 which states that costs are not to be recovered until “the
45 project is commissioned or near commissioning” and Hydro is ‘receiving
46 services from such project’. In the response provide Hydro’s interpretation

- 1 of “commissioned”, “near commissioning”, “receiving services” and
2 “project”.
- 3
- 4 **PUB-NLH-010** Page 1.11, lines 18-20 – Provide the calculation to verify the statement
5 that the estimated impact on customer rates would be to keep rates flat if
6 savings from off-island purchases are reflected in the 2018 and 2019
7 revenue requirements.
- 8
- 9 **PUB-NLH-011** Page 1.11, lines 25-27 – Provide the assumptions Hydro used in
10 determining the estimates of the savings arising from the proposed off-
11 island purchases deferral account stated on page 1.9, lines 19-21 and page
12 1.11, lines 18-20 for each of the stated four factors that affect the actual
13 savings.
- 14
- 15 **PUB-NLH-012** Page 6.1, lines 9-11 – Hydro states that there are “significant
16 opportunities” to reduce Holyrood generation by using off-island
17 purchases. Does Hydro have contracts for purchases from third parties for
18 import over the Maritime Link and the LIL and the LTA assets in 2018,
19 2019 and 2020? Provide details of such contracts, including the parties
20 involved, the amount of power to be purchased and the terms relating to
21 purchase. If no such contacts are in place, explain the basis for the
22 assumptions Hydro has used to determine the benefits that are stated to
23 flow to customers from such purchases.
- 24
- 25 **PUB-NLH-013** Page 6.1, lines 16-18 – Hydro is proposing that net savings from off-island
26 purchases be placed in the proposed deferral account. Does Hydro propose
27 that losses associated with such purchases, should there be any, also be
28 included in the deferral account?
- 29
- 30 **PUB-NLH-014** Page 6.2, lines 15-17 – Explain how the use of the LIL and LTA will
31 improve reliability for customers in 2018 and 2019.
- 32
- 33 **PUB-NLH-015** Page 6.2, lines 19-24 – When does Hydro anticipate that a decision will be
34 made on reimbursement to Nalcor of depreciation and interest expense on
35 the LIL and LTA assets and why is Hydro proposing a separate account
36 for these expenses from the Off-Island Purchases deferral account which
37 Hydro proposes will include other expenses associated with off-island
38 purchases?
- 39
- 40 **PUB-NLH-016** Page 6.4, lines 6-9 and page 6.5, lines 11-17 – How will the costs for
41 obtaining off-island purchases be determined and what opportunity for
42 review of the costs by the Board and intervenors will be available?
- 43
- 44 **PUB-NLH-017** Page 6.4, lines 18-24 – Explain why it is necessary to establish the
45 proposed deferral account for one month in 2017. In the response provide

1 the estimated purchases for that month and for each month in 2018 and the
 2 sources of such purchases.

3
 4 **PUB-NLH-018** Page 6.5, lines 11-17 – Provide the estimate of costs for use of the LIL and
 5 LTA and for power purchases that Hydro has used in its determination of
 6 potential savings for customers from off-island purchases.

7
 8 **PUB-NLH-019** Does Hydro plan on selling any power and energy to off-island purchasers
 9 during 2018 and 2019? In the response include the amount and source for
 10 such sales and how such sales affect Hydro’s on-island customers.

11
 12
 13 **2017 General Rate Application – Customers**

14
 15 **PUB-NLH-020** Page 2.8, lines 16-21 – What questions, if any, were included in the 2016
 16 residential customer satisfaction survey to evaluate customer reaction to
 17 the implementation of the joint storm/outage communication plan, the
 18 equipment notification protocol and other communication initiatives
 19 implemented since the 2014 and 2015 power outages and what were the
 20 survey results?

21
 22 **PUB-NLH-021** Pages 2.6-2.8 – How has Hydro evaluated the effectiveness of the
 23 customer education and communication policy and process changes
 24 implemented since 2014 other than through the 2016 residential customer
 25 survey?

26
 27 **PUB-NLH-022** Page 2.16, lines 18-21 – How many expressions of interest has Hydro
 28 received regarding net metering and how many customers have applied for
 29 net metering?

30
 31
 32 **2017 General Rate Application – Operations**

33
 34 **PUB-NLH-023** Page 3.1, lines 1-5 and page 3.2, lines 9-12 – Describe the actions Hydro
 35 is taking to ensure it is ready for integration with the North American grid.

36
 37 **PUB-NLH-024** Pages 3.2-3.3 – Describe the process used to determine that the 2016
 38 changes to the organizational structure were the appropriate changes,
 39 including whether external consultants were included in the process.

40
 41 **PUB-NLH-025** Pages 3.1, lines 28-29 to page 3.2, lines 1-3 – Explain the specific updates
 42 Hydro has completed to planning models to provide more accurate
 43 analysis and how the updates provide greater accuracy.

44
 45 **PUB-NLH-026** Pages 3.2-3.3 – What measures or processes has Hydro put in place to
 46 evaluate the effectiveness of the new organizational structure?

- 1 **PUB-NLH-027** Pages 3.2-3.3 – Describe the process used to determine the skills and
2 qualifications required for the new positions created in the revised
3 organizational structure and the process used to select the successful
4 candidate.
5
- 6 **PUB-NLH-028** Pages 3.2-3.3 – Did any member of the executive team and senior
7 management provide services to Nalcor or any of its subsidiaries or
8 affiliated companies after mid-2016 when the reorganization occurred and
9 year to date in 2017? If yes provide the hours for each executive involved
10 in providing such service.
11
- 12 **PUB-NLH-029** Pages 3.2-3.3 – Did any member of Nalcor’s executive or senior
13 management provide services to Hydro in 2016 and 2017 year to date?
14 Include in the response executive and senior management of Nalcor’s
15 subsidiaries and affiliated companies.
16
- 17 **PUB-NLH-030** Page 3.3, lines 11-16 – Provide a list of the positions transferred to Nalcor.
18
- 19 **PUB-NLH-031** Page 3.3, lines 14-16 – Explain in detail how Hydro “maintains control
20 and accountability” for the services provided by Nalcor.
21
- 22 **PUB-NLH-032** Page 3.4, Table 3-1 – Provide a revised Table 3-1 that shows the total net
23 FTEs each year broken down by Hydro based employees, FTEs based on
24 time charged to Hydro and FTEs whose time is charged out of Hydro.
25
- 26 **PUB-NLH-033** Page 3.4, lines 1-6 – Provide a list of the new FTE positions added to
27 Hydro for each year 2016 to 2019 TY.
28
- 29 **PUB-NLH-034** Page 3.15, lines 2-4 – The 2017 to 2019 load forecasts in Schedule 3-1 are
30 stated to be based on the March 2017 Island Operating Load Forecast.
31 Describe any material changes since that date that may impact the
32 forecasts.
33
- 34 **PUB-NLH-035** Page 3.17, lines 19-20 and page 3.18, lines 3-5 – Explain what new data
35 center loads are and how they affect the load forecast for the Labrador
36 Interconnected System.
37
- 38 **PUB-NLH-036** Page 3.17, lines 25-27 – Explain why no secondary sales to CFB Goose
39 Bay are forecast for the test years 2018 and 2019.
40
- 41 **PUB-NLH-037** Page 3.20, lines 5-9 – Explain the changes to the model used to estimate
42 average annual hydraulic energy production for 2018 TY and 2019 TY
43 from the model used for the 2015 TY.
44
- 45 **PUB-NLH-038** Page 3.21, lines 14-19 – Describe the current arrangements for the
46 purchases from Exploits generation facilities, including the term of any

- 1 license relating to the use of the facilities by any party and the terms for
2 purchase by Hydro of power from the facilities, including price and
3 quantities. Provide a copy of any written agreement relating to the
4 purchases by Hydro from these facilities.
5
- 6 **PUB-NLH-039** Page 3.21, lines 14-19 – Are any discussions ongoing relating to the
7 transfer of the Exploits generation assets to Hydro? If yes, what is the
8 status of these discussions? If no, is it still the intention to complete such a
9 transfer?
10
- 11 **PUB-NLH-040** Page 3.22, lines 1-2 – Describe the current arrangements for the purchases
12 from Nalcor’s Star Lake facilities.
13
- 14 **PUB-NLH-041** Page 3.23, lines 10-12 – Provide the detailed calculation of the reserve at
15 criteria for the test years 2018 and 2019.
16
- 17 **PUB-NLH-042** Page 3.24, lines 14-16 – Provide details of the calculation of station
18 service of 6.2% and explain how it reflects 2018 and 2019 test year
19 conditions and the effects of recent capital improvements, such as the
20 variable frequency drives of the forced draft fans.
21
- 22 **PUB-NLH-043** Page 3.24, Table 3-15 – Provide the detailed calculations for the Holyrood
23 conversion factor for the test years 2018 and 2019.
24
- 25 **PUB-NLH-044** Page 3.27, lines 5-7 – Describe how Hydro stays up to date with
26 developments in generation alternatives such as battery storage technology
27 and wind and solar that may be of benefit for the isolated diesel
28 communities and whether there are such opportunities that Hydro is
29 pursuing.
30
- 31 **PUB-NLH-045** Page 3.29, footnote 58 – What is the current cost estimate for the
32 additional transmission line to the Happy Valley Terminal Station?
33
- 34 **PUB-NLH-046** Page 3.30, lines 2-4 and page 3.23, footnote 52 – Spinning reserve is
35 stated to be 70 MW on page 3.30 and in footnote 52 it is stated to be equal
36 to the capacity of the largest generating unit, 170 MW when Unit 1 or Unit
37 2 at Holyrood is on line and 154 MW when Holyrood is not on-line.
38 Explain what is the actual spinning reserve and the meaning of the two
39 referenced statements.
40
- 41 **PUB-NLH-047** Page 3.31, lines 22-25 – Provide a table showing the increase from 2015
42 TY to 2018 TY and 2019 TY in each of the categories of operating and
43 maintenance costs, fuel costs, power purchases and return and explain in
44 detail the reasons for the increases in each category.

- 1 **PUB-NLH-048** Page 3.31, lines 22-25 – The rural deficit is forecast to increase by
2 approximately 22% from 2015 TY to 2019 TY while Hydro states in
3 footnote 71 that inflation for the same period was 6.4%. Explain how this
4 increase in the rural deficit demonstrates reasonable cost control by
5 Hydro.
6
- 7 **PUB-NLH-049** Page 3.32, line 6 to page 3.33, line 14 – Provide the net savings achieved
8 from each initiative listed as a cost saving initiative to reduce the cost of
9 serving rural customers.
10
- 11 **PUB-NLH-050** Page 3.34, lines 2-8 and Figure 3.2 – Explain why it is appropriate to
12 consider the 2015 TY as submitted as a relevant evaluation measure for
13 reasonableness of cost increases rather than the 2015 TY as approved by
14 the Board.
15
- 16 **PUB-NLH-051** Page 3.34, Table 3-17 – Describe Hydro’s budgeting process and provide
17 any guidelines issued to staff regarding the development of annual
18 budgets.
19
- 20 **PUB-NLH-052** Page 3.34, Table 3-17 – Hydro’s Operating Costs are forecast to increase
21 by approximately \$9.7 million or 7.3% in 2018 TY and \$12.6 million or
22 9.5% in 2019 TY from those approved for the 2015 TY. Inflation is stated
23 in footnote 71 to be 1.6% a year or 4.8% for 2015-2018 and 6.4% for
24 2015-2019. Does Hydro believe that forecast inflation is a relevant factor
25 to consider in assessing the reasonableness of the increases in Operating
26 Costs?
27
- 28 **PUB-NLH-053** Page 3.34, Table 3-17 – Is any amount included in Operating Costs in
29 2018 TY and 2019 TY for a debt guarantee fee payable to the Government
30 of Newfoundland and Labrador?
31
- 32 **PUB-NLH-054** Page 3.34, footnote 72 – Provide a list of the 2016 targeted reductions and
33 efficiency opportunities that were implemented, identify the savings
34 achieved by each opportunity and explain why each opportunity could not
35 be sustained.
36
- 37 **PUB-NLH-055** Page 3.34, footnote 72 – Provide a detailed explanation of the increase in
38 labour costs of \$4.0 million in 2017, including the change in FTEs, the
39 salary increases given in 2017, the increase in other benefits and the
40 increase in average salary from 2016 to 2017.
41
- 42 **PUB-NLH-056** Page 3.34, footnote 72 – Describe the process used to determine the 2016
43 and 2017 salary adjustments for staff and state for each year the general
44 economic adjustment given, the average amount given for progression and
45 whether any amounts were given for merit adjustments, special
46 adjustments or incentives.

1	PUB-NLH-057	Page 3.34, footnote 72 – Provide a detailed explanation of the increase of \$3.3 million in other operating costs in 2017.
2		
3		
4	PUB-NLH-058	Page 3.36, lines 11-12 – Provide the details to explain the structural salary increase of \$3.8 million in labour cost from 2015-2019, including the economic adjustment and any other adjustments used in the development of the 2018 TY and 2019 TY labour costs.
5		
6		
7		
8		
9	PUB-NLH-059	Page 3.36, line 12 – Provide the details to explain the \$2.3 million increased costs associated with changes in FTEs, including a list of the positions that show the net change in FTEs.
10		
11		
12		
13	PUB-NLH-060	Page 3.36, lines 4-12 – Does Hydro continue to have a short term incentive plan for non-union staff and are any amounts included in the 2018 TY or 2019 TY revenue requirements related to such payments?
14		
15		
16		
17	PUB-NLH-061	Page 3.36, lines 4-12 – Provide the current status of the collective agreements with Hydro’s unions and state whether any wage adjustments are included for 2018 and 2019.
18		
19		
20		
21	PUB-NLH-062	Page 3.36, Table 3-19 – What vacancy factor was used each year in the determination of the 2018 TY and 2019 TY labour costs?
22		
23		
24	PUB-NLH-063	Page 3.36, Table 3.19 – Provide a table showing the forecast and, where available, the actual vacancy factors for each year from 2015 to 2019.
25		
26		
27	PUB-NLH-064	Page 3.38, footnote 78 – How did Management determine the amount of the productivity allowance and how is it anticipated it will be achieved? Provide any instructions or guidelines that were issued to staff with respect to this allowance.
28		
29		
30		
31		
32	PUB-NLH-065	Page 3.41 – Provide the amounts included in the 2018 TY and 2019 TY revenue requirements for the Business Systems Transformation Program.
33		
34		
35		
36	Finance	
37		
38	PUB-NLH-066	Page 4.4, lines 6-17 – Explain the basis for the 2018 and 2019 forecast of No. 6 fuel price.
39		
40		
41	PUB-NLH-067	Page 4.7, lines 4-5 – Explain the calculation of the reduction in the asset retirement obligation related to the Holyrood Plant.
42		
43		
44	PUB-NLH-068	Page 4.7, footnote 24 – List the change in assumptions regarding the future use of the Holyrood site and provide an explanation of Hydro’s intended use of the Holyrood generating station following the immediate
45		
46		

- 1 interconnection with Muskrat Falls, including the period of time that is
 2 planned that the Holyrood Plant will remain fully operational as a
 3 generating plant.
 4
- 5 **PUB-NLH-069** Page 4.11, lines 12-17 – Explain whether proceeds from the sale of any
 6 surplus inventory has been included in the estimate of \$6.8 million surplus
 7 inventory and the steps Hydro has taken to determine buyers for the
 8 inventory.
 9
- 10 **PUB-NLH-070** Page 4.15, line 15 to page 4.16, line 6 – Provide the impact on the 2018
 11 and 2019 revenue requirements for each proposed change in the
 12 depreciation calculation.
 13
- 14 **PUB-NLH-071** Page 4.15, line 15 to page 4.16, line 6 – Provide Hydro’s rationale for
 15 proposing at this time each change in depreciation methodology.
 16
- 17 **PUB-NLH-072** Provide the most current copies of all credit rating reports for Hydro,
 18 Nalcor and the Government of Newfoundland and Labrador.
 19
 20
- 21 **Rates and Regulations**
 22
- 23 **PUB-NLH-073** Page 5.4, lines 4-15 – Provide Hydro’s anticipated date for filing a GRA
 24 in 2019 and the date, in Hydro’s opinion, the Cost of Service review
 25 would need to be completed with a final order of the Board to allow the
 26 2019 GRA to be filed as now anticipated.
 27
- 28 **PUB-NLH-074** Page 5.5, lines 1-10 – Explain the process to be used to determine the
 29 transmission tariff and the role of the Board in determining such tariff.
 30
- 31 **PUB-NLH-075** Page 5.8, lines 12-13 – Hydro is proposing to discontinue the generation
 32 credit agreement with CBPP on December 31, 2018. What amounts are
 33 included in the 2018 TY and the 2019 TY associated with this agreement
 34 and any potential replacement for it in 2019?
 35
- 36 **PUB-NLH-076** Page 5.8, lines 20-26 – What amount is included in the 2018 TY and 2019
 37 TY specifically assigned charge for CPBB related to the frequency
 38 converter?
 39
- 40 **PUB-NLH-077** Page 5.32, lines 12-13 – Rate increases for Rural General Service
 41 Customers were deferred from the 2007 General Rate application and
 42 Hydro initially proposed that they be implemented with revised 2017 rates
 43 but the deferred increases were not implemented in 2017. Does Hydro
 44 propose to implement the deferred increases with the rate changes
 45 proposed for 2018 or 2019? If yes, what is the impact on customers? If

- 1 not, state Hydro's policy with respect to the deferred increases and the
 2 impact the continued deferral has on the rural subsidy.
 3
- 4 **PUB-NLH-078** Hydro's Cost of Service Expert evidence, Exhibit 13, page 16 of 60, lines
 5 13-21, states Hydro's current and past accounting processes do not supply
 6 sufficient detail to identify each individual O&M expense with a specific
 7 customer so that forecasts for each customer of the amount of O&M to be
 8 deducted from transmission O&M costs in the COS study can't be
 9 determined. Has Hydro determined the changes to its accounting processes
 10 that would be required to provide this information and the cost of
 11 implementing the required changes? In the response describe the actions
 12 Hydro completed to investigate the feasibility and costs of undertaking the
 13 necessary changes.
 14
- 15 **PUB-NLH-079** Provide copies of all Orders in Council related to the proposed customer
 16 rates, other than rural rates.
 17
- 18 **Exhibit 1**
 19
- 20
- 21 **PUB-NLH-080** Page 3, lines 22 to page 4, line 2 – Why were the assignments for Star
 22 Lake Generating Station, Bishop Falls Generating Station and Nalcor
 23 Energy Grand Falls changed from owned by others to common?
 24
- 25 **Exhibit 3**
 26
- 27
- 28 **PUB-NLH-081** Page 1, line 13 – Provide a copy of the Ernst & Young report / study.
 29
- 30 **PUB-NLH-082** Page 7, line 16 – Describe the intended purpose and scope of the revenue
 31 protection strategy.
 32
- 33 **PUB-NLH-083** Schedule 1 – Provide the evaluation measures for each KPI in the
 34 dashboard.
 35
- 36 **Exhibit 4**
 37
- 38
- 39 **PUB-NLH-084** Page 2, lines 12-15 – Provide copies of all Orders in Council that provide
 40 direction on setting rural rates.
 41
- 42 **PUB-NLH-085** Page 4, line 5 – Explain in detail the process Hydro used to complete the
 43 "jurisdictional" scan of the practice of other utilities.
 44
- 45 **PUB-NLH-086** Page 8, lines 17-19 – Describe the process for the consultations with
 46 Newfoundland Power, including the number of meetings held, the persons

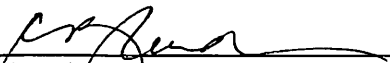
- 1 attending, the options discussed for providing customers with information
2 on the rural subsidy and the current status of the discussions.
- 3
- 4 **PUB-NLH-087** Page 9, lines 8-26 – Explain the action Hydro has taken to investigate each
5 concern it identified with providing the rural subsidy on customers’ bills.
6
- 7 **PUB-NLH-088** Page 10, lines 11-21 – Has Hydro determined that it will not provide
8 information on the amount of subsidization on individual customer bills?
9 If yes, explain in detail the basis for this decision.
10
- 11 **PUB-NLH-089** Page 10, lines 18-21 – Provide the timeline for the development of the
12 proposed communications plan.
13
- 14
- 15 **Exhibit 10**
- 16
- 17 **PUB-NLH-090** Page 10 of 13 – Provide regulatory precedents from other jurisdictions that
18 approved the annualization approach for a significant capital addition
19 along with a beginning - and ending - balance approach.
20
- 21
- 22 **Exhibit 11 – Depreciation Study**
- 23
- 24 **PUB-NLH-091** Executive Summary, page 5 of 628 – Explain and quantify the change in
25 depreciation expense related to the “early and complete retirement of a
26 large portion of the Holyrood Generating station assets”.
27
- 28 **PUB-NLH-092** Page 10 of 628 – Explain in detail why the recommendation is being made
29 at this time to switch to the ELG procedure from the ASL procedure for
30 2015 and future assets and why it is proposed that there be a phased in
31 process.
32
- 33 **PUB-NLH-093** Page 10 of 628 – What is the impact on each of the 2018 and 2019
34 forecast depreciation expense of the proposed change from the ASL
35 procedure to the EGL procedure?
36
- 37 **PUB-NLH-094** Page 10 of 628 – It is stated “in Canada the use of the ELG procedure is
38 more pronounced” while in the United States more utilities use the ASL
39 procedure. List the utilities in Canada and the method that each uses.
40
- 41 **PUB-NLH-095** Page 10 of 628 – It is stated that the “transition of NL Hydro to ELG
42 provides a net benefit for future customers for NL Hydro as well.” Explain
43 why the transition at this time is a benefit for future customers and how it
44 will affect current customers.

- 1 **PUB-NLH-096** Page 11 of 628 – Explain why the recommendation is being made at this
2 time to include the cost of removal of assets within the depreciation
3 expense (where there are no replacement assets i.e. replacement in the
4 exact same location).
5
- 6 **PUB-NLH-097** Page 11 of 628 – What is the impact on the forecast 2018 and 2019
7 depreciation expense of the implementation of the proposal to include the
8 removal costs of assets in the calculation of depreciation expense?
9
- 10 **PUB-NLH-098** Page 13 of 628 – Explain whether Hydro’s policy to capitalize the cost of
11 removal to the new asset in replacement projects is followed by other
12 utilities and whether it is an acceptable regulatory practice followed in the
13 calculation of depreciation expense.
14
- 15 **PUB-NLH-099** Page 13 of 628 – It is stated that the depreciation rates should be reviewed
16 periodically. What is the recommended appropriate time for such reviews?
17
- 18 **PUB-NLH-100** It is recommended that the average service lives of a number of asset
19 groups be changed. Provide a table showing the current average service
20 life, the proposed change and the impact on depreciation expense of each
21 proposed change.
22
23
- 24 **Exhibit 13 – Cost of Service Expert Evidence**
25
- 26 **PUB-NLH-101** Page 14 of 60, lines 5-8 – It is stated that certain large utilities develop a
27 means of sharing directly assigned costs across direct assignment
28 customers, with sharing usually based on original costs. Confirm that this
29 approach is similar to Hydro’s current approach. In the response explain
30 any differences with Hydro’s current approach.
31
- 32 **PUB-NLH-102** Page 14 of 60, lines 5-8 and page 9, lines 1-12 – On page 7 it is stated that
33 smaller U.S. firms directly assign actual or estimated costs of each facility
34 to the customer that the facility serves and on page 9 an alternative of
35 tracking and charging actual expenses is outlined. Comment on whether,
36 assuming that actual costs can be determined, this approach is a fairer and
37 more equitable approach for all customers for recovery of such costs than
38 the current or proposed approach by Hydro.
39
- 40 **PUB-NLH-103** Page 18 of 60, lines 7-11 – Hydro’s proposed approach for determination
41 of specifically assigned charges is described as “a feasible improvement”.
42 Explain whether any other approach would also be “a feasible
43 improvement”.

- 1 **PUB-NLH-104** Page 53 of 60 – Confirm that New Brunswick Power’s approach to the
 2 calculation of specifically assigned O&M costs as described is the same as
 3 Hydro’s current approach. If it is not the same explain the differences.
 4
- 5 **Exhibits 14 and 15**
 6
- 7 **PUB-NLH-105** Provide working copies of the cost of service studies for the 2018 and
 8 2019 test years.
 9
- 10 **Further Information filed August 23, 2017**
 11
- 12 **PUB-NLH-106** Projected 2018 customer rate impacts of the elimination of the rate
 13 mitigation adjustments are provided relative to the proposed 2018 interim
 14 rates. Provide the customer rate impacts relative to the approved current
 15 rates.
 16
- 17 **PUB-NLH-107** Reference is made to the recent downward trend in No. 6 fuel cost as a
 18 potential factor to reduce the projected July 1, 2018 customer rate impacts.
 19 It is also stated that the recent No. 6 fuel forecasts project a continuation
 20 of lower cost No. 6 fuel for 2018 than used in the current fuel riders. What
 21 impact will lower No. 6 fuel costs have on the 2018 TY and does Hydro
 22 plan on filing a revised 2018 TY to reflect lower No. 6 fuel costs?
 23
- 24 **PUB-NLH-108** Hydro proposes to utilize the balance in the RSP’s Hydraulic Variation
 25 Account to offset the balances in the three supply cost deferral accounts
 26 approved in Order No. P.U. 49(2016) and assumes that this approach will
 27 be approved in the calculation of customer rate impacts shown in Table 1.
 28 Provide a revised Table 1 that shows the customer rate impacts if the
 29 deferred supply costs are (i) recovered all in 2018 and (ii) recovered over a
 30 three year period commencing in 2018.

DATED at St. John’s, Newfoundland this 22th day of September, 2017.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per 
 Cheryl Blurdon
 Board Secretary