



Cabot Place, 1100 – 100 New Gower Street, P.O. Box 5038  
St. John's NL A1C 5V3 Canada tel: 709.722.4270 fax: 709.722.4565 stewartmckelvey.com

December 11, 2017

Paul L. Coxworthy  
Direct Dial: 709.570.8830  
pcoxworthy@stewartmckelvey.com

**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: NLH 2017 General Rate Application - Expert Evidence - Grant Thornton Financial  
Consultants Report**

Further to the above, please find enclosed the original and thirteen (13) copies of the Requests for Information IC-NLH-177 to IC-NLH-184 of the Island Industrial Customers in the above Application.

We trust you will find the 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

**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-177 – IC-NLH-184**

**Issued: December 11, 2017**

---

**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.

1  
2  
3  
**REQUESTS FOR INFORMATION OF**  
**THE ISLAND INDUSTRIAL CUSTOMERS GROUP**  
**IC-NLH-177 to IC-NLH-184**

4 In Section 5.2.3 of Hydro's Application, Hydro has noted (Volume I, Chapter, page 5.6, lines 13-  
5 17) in respect of the proposed Off-Island Purchases Deferral Account (OPDA) that "*there is*  
6 *material uncertainty as to the savings that will be achieved during the transition period*"  
7 depending upon, among other variables, "*the availability date of the LIL and LTA*", "*the*  
8 *availability of energy for import*" and "*the cost of operating and maintaining the LIL and LTA*".

9 In Hydro's response to NP-NLH-115, Hydro estimates a balance in the OPDA (to be credited to  
10 Hydro's customers) "should Hydro use Recapture Energy and pre-commissioning energy from  
11 the Muskrat Falls Generating Station to displace thermal generation at Holyrood" [underlining  
12 added]

13 Hydro's response to PUB-NLH-018 identifies the estimated costs for use of the LIL and LTA for  
14 the 2018-2020 period prior to full commissioning of the Muskrat Falls Project, as provided by  
15 Nalcor to Hydro.

16 Hydro's response to PUB-NLH-130 notes, with reference to PUB-NLH-016 and 018, that while  
17 "forecast costs" have been provided by Nalcor to Hydro for use of the LIL and LTA for the 2018-  
18 2020 period prior to full commissioning of the Muskrat Falls Project, the OPDA, if approved, will  
19 only include the "actual costs" incurred.

20 Grant Thornton, at page 104 of its Financial Consultants Report (December 4, 2017), has  
21 cautioned that the OPDA definition "should be clarified to ensure no unintended consequences,  
22 ie that the account cannot have a negative balance" that has to be collected from Hydro's  
23 customers.

24 With reference to the foregoing, and defining the "OPDA period" as the period for which Hydro  
25 currently contemplates that balances will accrue in the OPDA, please respond to the following:

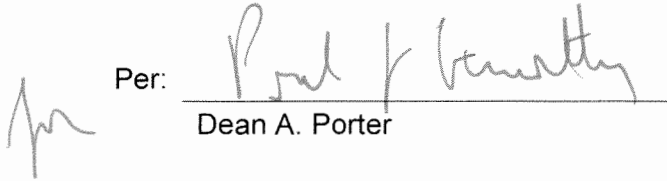
26 **IC-NLH-177**

27 Is Hydro committed, by contract or otherwise, to pay Nalcor (or a  
28 Nalcor entity) the estimated amounts (per PUB-NLH-018 and  
29 page 103 of the Grant Thornton Report), or some other amounts,  
30 under factor "H = Amounts paid by Hydro for use of LIL and LTA"  
31 identified in the formula set out at page 101 of the Grant Thornton  
Report, during and for the OPDA period, even if no power is

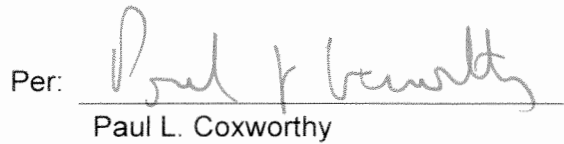
- 1 received over the LTA/LIL and available to the Island System  
2 during the OPDA period?
- 3 **IC-NLH-178** If the answer to IC-NLH-177 is "yes", is it Hydro's position the  
4 island customers will be "receiving service" from the LTA/LIL  
5 during the OPDA period even if no power is received over the  
6 LTA/LIL and available to the Island System during the OPDA  
7 period?
- 8 **IC-NLH-179** If the answer to IC-NLH-177 is "no", then has Hydro identified the  
9 minimum amount of power to be received and available to Island  
10 System, for each OPDA period year, to be considered "used and  
11 useful" to the Island System? What is Hydro's criteria for "used  
12 and useful" - does it include that importing the power would  
13 actually generate savings which would be credited to the  
14 customers in OPDA?
- 15 **IC-NLH-180** With reference to Hydro's response to PUB-NLH-130, how will the  
16 "actual costs" for use of the LTA/LIL during the OPDA period be  
17 determined and when will they be determined? Will there be a  
18 "cap" on what those actual costs may be during the OPDA period?  
19 Could those "actual costs" exceed what has been estimated (per  
20 PUB-NLH-018 and page 103 of the Grant Thornton Report) as  
21 included within factor "H" of the OPDA formula?
- 22 **IC-NLH-181** With reference to Hydro's response to NP-NLH-115, is it possible  
23 that Hydro could take delivery of Recapture Energy and/or pre-  
24 commissioning energy from the Muskrat Falls Generating Station,  
25 for transmission to the Island System during the OPDA period,  
26 that would not be considered by Hydro to be displacing thermal  
27 generation at Holyrood? If so, in what circumstances and by what  
28 criteria would such a determination be made, and would factor "H"  
29 costs accrue in the OPDA for such deliveries?
- 30 **IC-NLH-182** Please update, with Hydro's most current information, Hydro's  
31 responses to PUB-NLH-018 and NP-NLH-115 (the source  
32 information for table at page 103 of the Grant Thornton Report).
- 33 **IC-NLH-183** With reference Hydro's response to PUB-NLH-011, please  
34 update/provide Hydro's most current information on the availability  
35 date for the use of the LIL.
- 36 **IC-NLH-184** With reference to IC-NLH-182 and 183 above, does Hydro expect  
37 to have further updated information pertinent to same prior to the  
38 scheduled hearing date for this General Rate Application?

DATED at St. John's, Newfoundland and Labrador, this 11<sup>th</sup> day of December, 2017.

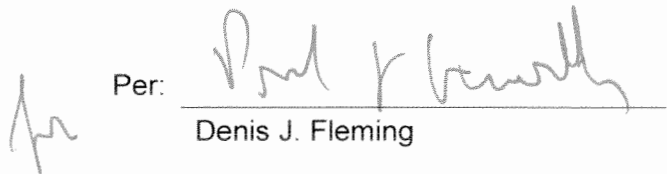
**POOLE ALTHOUSE**

Per:   
Dean A. Porter

**STEWART MCKELVEY**

Per:   
Paul L. Coxworthy

**COX & PALMER**

Per:   
Denis J. Fleming

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

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

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

TO: Browne Fitzgerald Morgan & Avis  
Churchill Park Law Offices  
P.O. Box 23135  
Terrace on the Square, Level II  
St. John's, NL A1B 4J9  
Attention: Dennis M. Browne Q.C., Consumer Advocate