

December 11, 2017

Via Email & Courier

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: 2017 General Rate Application – Requests for Information on Expert Reports
NLH-CA-001 – NLH-CA-008

Please find enclosed the original and thirteen (13) copies of Hydro's Requests for Information NLH-CA-001 to NLH-CA-008 in relation to the above noted Application.

If you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Tracey L. Pennell
Senior Counsel, Regulatory
TLP/skc

Encl.

cc: Gerard Hayes - Newfoundland Power
Paul Coxworthy - Stewart McKelvey Stirling Scales
Denis J. Fleming - Cox & Palmer

Dennis Browne, Q.C. - Consumer Advocate
Dean Porter - Poole Althouse

ecc: Van Alexopoulos - Iron Ore Company
Senwung Luk - Labrador Interconnected Group

Benoît Pepin - Rio Tinto

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.

NEWFOUNDLAND AND LABRADOR HYDRO

Requests for Information

NLH-CA-001 to NLH-CA-008

NLH-CA-001 RE: Pre-Filed Evidence of Mr. C. Douglas Bowman, page 13:

"Further, since Rural and Isolated Customer rates are pegged to Newfoundland Power rates which would be over-collection, they would also be over-charged..."

Please confirm that the proposed rates to be charged to Hydro's Rural customers are consistent with OC2017-121 and are still materially below the rates required to fully recover the cost of providing service to those customers.

NLH-CA-002 Given that the proposed rates to be charged to Hydro's Rural customers do not fully recover the cost of providing service to those customers, please explain how Hydro would be over-collecting rates from these customers.

NLH-CA-003 Please confirm that if the funds that accumulate in the proposed Off-Island Purchases Deferral Account were subsequently used to mitigate (lower) the rates of Newfoundland Power, that Hydro's Rural and Isolated customers would correspondingly benefit from the disposition of the balance in the proposal deferral account.

NLH-CA-004 Please explain how OC2009-063 could be repealed through Hydro's 2017 General Rate Application.

NLH-CA-005 RE: Pre-Filed Evidence of Mr. C. Douglas Bowman, page 17:

"Propose a rate mitigation plan based on the format reference in Manitoba with a fixed rate adder over and above any required rate increase..."

Please confirm that the fixed rate adder approach implemented by the Manitoba Public Utilities Board is for a capital deferral account to assist in funding the planned Bipole III transmission line.

NLH-CA-006 Further to NLH-CA-005, please explain how Mr. Bowman's proposal is consistent with Order in Council OC2013-343.

NLH-CA-007 RE: Pre-Filed Evidence of Mr. C. Douglas Bowman, page 17:

"I therefore recommend that the Board direct Hydro to undertake the following: File a cost of service study for the Island system for the 2019 test year based on its best forecast of costs including off-island sales and purchases over the Labrador-Island Link, as well as sales and purchases over the Maritime Link; i.e., based on ISO New England spot prices. Only those changes to the cost of service allocations that are necessary to perform the cost of service study should be made; i.e., functionalization of LIL and LTA operating and maintenance costs, and allocation of the costs of off-island purchases (CA-NLH-169).

Propose a deferral account to protect Hydro from the uncertainties brought on by variations in hydro generation, fuel costs and off-island purchases and sales."

If Hydro were to undertake this recommendation, and actual savings from off-island purchases were less than forecast and additional Holyrood fuel costs would need to be deferred, does Mr. Bowman agree that this could result in additional costs being charged to customers once the Muskrat Falls Project were placed into service? Please explain how this proposal in the context of lower actual savings than forecast will help mitigate future customer rate impacts.

NLH-CA-008 RE: Pre-Filed Evidence of Mr. C. Douglas Bowman, page 17:

"I therefore recommend that the Board direct Hydro to undertake the following: File a cost of service study for the Island system for the 2019 test year based on its best forecast of costs including off-island sales and purchases over the Labrador-Island Link, as well as sales and purchases over the Maritime Link; i.e., based on ISO New England spot prices. Only those changes to the cost of service allocations that are necessary to perform the cost of service study should be made; i.e., functionalization of LIL and LTA operating and maintenance costs, and allocation of the costs of off-island purchases (CA-NLH-169).

Propose a deferral account to protect Hydro from the uncertainties brought on by variations in hydro generation, fuel costs and off-island purchases and sales."

Please confirm Mr. Bowman is not recommending any recovery of LIL and LTA capital costs in this scenario. If not, why not? Please address intergenerational equity in the response.

DATED at St. John's, in the Province of Newfoundland and Labrador this *11th* day of December, 2017.



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