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July 31, 2019

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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: Newfoundland and Labrador Hydro's 2017 General Rate Application- Compliance
Application**

Further to the above, enclosed please find the original and twelve (12) copies of the Island Industrial Customers Group Requests for Information IC-NLH-001 to IC-NLH-012 dated July 31, 2019.

We trust this is in order.

Yours truly,

Stewart McKelvey

Paul L. Coxworthy

PLC/tas

Enclosures

c: Shirley Walsh, Senior Legal Council- Regulatory, Newfoundland & Labrador Hydro
Dennis M. Browne, Q.C., Consumer Advocate
Gerard Hayes, Newfoundland Power
Dean A. Porter, Poole Althouse
Denis J. Fleming, Cox & Palmer
Gregory Moores, Iron Ore Company of Canada
Senwung Luk, Labrador Interconnected Group

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 **IN THE MATTER OF** a General Rate
7 Application by Newfoundland and Labrador
8 Hydro to establish customer electricity rates
9 for 2018 and 2019; and
10 **IN THE MATTER OF** a compliance application
11 by Newfoundland and Labrador Hydro pursuant to
12 Order No. P.U. 16(2019).

**ISLAND INDUSTRIAL CUSTOMER GROUP
REQUESTS FOR INFORMATION**

IC-NLH-001-TO-IC-NLH-012

Issued July 31, 2019

13

14 **IC-NLH-001** Hydro in its Compliance Filing updated the No. 6 fuel price from
15 \$92.50/bbl in its October 2018 filing to \$105.90/bbl. Hydro on page
16 19, in footnote 73 notes that "in the "Supplemental Settlement
17 Agreement," dated July 16, 2018, at p. 4, para. 19, the Parties
18 agreed "... that the 2019 Test Year cost of No. 6 fuel to be used
19 in Hydro's 2017 GRA Compliance filing shall be set based on the
20 most current fuel rider forecast (either March or September)." The
21 most current fuel rider forecast on the public record was submitted
22 to the Board in a letter entitled "Rate Stabilization Plan Fuel Price
23 Projection Update" dated April 12, 2019.

24 Please provide Hydro's most current 12-month fuel price forecast,
25 and please advise as to when Hydro expects to obtain its next 12-
26 month fuel price forecast.

27 **IC-NLH-002** Please confirm that off-island purchases recorded in Table 1 at
28 page 2 of Exhibit 3: Test Year Supply Costs [under the column 2017
29 GRA Compliance Application]. reflect actual purchases for 2018 If
30 not confirmed, please provide the actual off-island purchases in
31 2018 in GW.h and in dollar value.

32 **IC-NLH-003** On page 2, footnote 10 of Exhibit 3: Test Year Supply Costs, Hydro
33 states that "Hydro has a contract in place with Churchill Falls
34 (Labrador) Corporation ("CF(L)Co") to purchase Recapture Energy
35 at a cost of 0.2 cents per kWh."

36 Please explain why the average purchase costs for Recapture
37 Energy is 0.57 cents/kW.h for 2018 and 0.62 cents/kW.h for 2019
38 [as calculated based on information provided in Tables 1, 2, 7 and
39 8 of Exhibit 3] and how this is to be reconciled with the contract price
40 of 0.2 cents/kW.h noted by Hydro.

41 **IC-NLH-004** With reference to Exhibit 3, Tables 2 and 8, please provide average
42 purchase cost per kW.h for Other Off-Island Purchases in 2018 and
43 2019 for the Compliance Filing compared to the average purchase
44 costs in Hydro's October 2018 filing. Please explain any
45 differences.

46 **IC-NLH-005** Please explain the impact on the prices Hydro has projected
47 (including negotiation effects) for Other Off-Island Purchases
48 considering the increased volume of purchases in 2019 as per
49 Table 7 (Exhibit 3).

50 **IC-NLH-006** With reference to Exhibit 3, Tables 1 and 7, please explain the
51 reduction in Recapture Energy and Other Off-Island Purchases for
52 2018, and reduction in Recapture Energy for 2019, from what had
53 been projected in Hydro's October 2018 filing.

54 **IC-NLH-007** With reference to Exhibit 1: Overview, Table 2, please confirm that
55 the proposed average rate base for 2017 fully reflects the actual
56 rate base, with all required adjustments based on previous Board

57 orders to reflect disallowed capital costs. If not confirmed, please
58 explain. In any event, please provide the detailed calculations
59 showing these adjustments.

60 **IC-NLH-008** Table 2 of Exhibit 4: Revenue Requirement shows a reduction in
61 Work in Progress under Property, Plant, and Equipment from
62 \$71.760 million to \$33.557 million, for a total reduction (adjustment)
63 of \$38.203 million. Hydro in footnote 11 [Exhibit 4, page 3] indicates
64 that "contributions for assets that are work in progress have been
65 included in work in progress." Please explain how the total reduction
66 [\$38.203 million] is higher than the capital projects in WIP [\$33.557
67 million], i.e. does this reduction (adjustment) reflect only
68 contributions toward capital projects in WIP?

69 **IC-NLH-009** Table 2 of Exhibit 4: Revenue Requirement shows an increase in
70 Deferred Charges of \$26.294 million in the Compliance filing as
71 compared to the original 2017 GRA filing. Please provide details of
72 the Deferred Charges entry under the 2017 Compliance
73 Application column of Table 2 compared to the equivalent details
74 for the original 2017 GRA filing, including such details broken down
75 by any relevant subaccount, both showing the quantitative impact
76 of each change and providing the reason for the change.

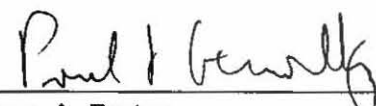

77 **IC-NLH-010** Please explain each element of the increase in Hydro's rate base
78 for the Island Interconnected System for the 2018 Test Year in the
79 Compliance filing [\$2,036.4 million as per Exhibit 13, Schedule 1.1,
80 page 2 of 2 of the Compliance filing] compared to Hydro's October
81 2018 filing [\$2,019.3 million as per Schedule 1.1, page 2 of 2,
82 Appendix C, Schedule 1 of October 2018 filing].

83 **IC-NLH-011** Please explain the increase in depreciation expense for the Island
84 Interconnected System for 2019 in the Compliance filing [\$72.231
85 million as per Exhibit 14, Schedule 1.1, page 1 of 2 of the
86 Compliance filing] as compared to Hydro's October 2018 filing
87 [\$70.939 million as per Schedule 1.1, page 1 of 2, Appendix D,
88 Schedule 1 of October 26, 2018 filing] and provide all relevant
89 calculations to support the change.


90 **IC-NLH-012** Please expand all tables in Appendix C of Exhibit 7 to include 2020
91 bill impacts, including the impact from expected RSP activities and
92 disposition of deferral account balances.

93 **DATED** at St. John's, Newfoundland and Labrador, this 31st day of July, 2019.

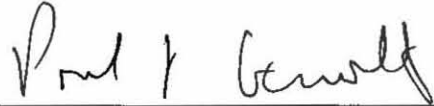

POOLE ALTHOUSE

Per: 
 Dean A. Porter

STEWART MCKELVEY

Per: 
Paul L. Coxworthy

COX & PALMER

Per: 
 Denis J. Fleming

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Attention: Board Secretary
- TO: Newfoundland & Labrador Hydro
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