

WHENEVER. WHEREVER.
We'll be there.



HAND DELIVERED

August 14, 2019

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: NLH Application for Revisions to Cost of Service Methodology – Requests for Information

Please find enclosed the original and 9 copies of Newfoundland Power's Requests for Information NP-IC-001 to NP-IC-005 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,

A handwritten signature in blue ink, appearing to read "Gerard M. Hayes".

Gerard M. Hayes
Senior Counsel

Enclosures

c. Shirley Walsh
Newfoundland and Labrador Hydro

Dennis Browne, QC
Browne Fitzgerald Morgan Avis

Paul Coxworthy
Stewart McKelvey

Gregory Moores
Stewart McKelvey

Dean Porter
Poole Althouse

Denis Fleming
Cox & Palmer

Senwung Luk
Olthius Kleer Townshend LLP

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 (the “*EPCA*”)
and the *Public Utilities Act, RSNL 1990*,
Chapter P-47 (the “*Act*”), as amended; and

IN THE MATTER OF an application from
Newfoundland and Labrador Hydro for approval
of revisions to its Cost of Service Methodology
pursuant to section 3 of the EPCA for use in the
determination of test year class revenue requirements
reflecting the inclusion of the Muskrat Falls Project
costs upon full commissioning.

**Requests for Information by
Newfoundland Power Inc.**

NP-IC-001 to NP-IC-005

August 14, 2019

Requests for Information

NP-IC-001 Reference: Newfoundland and Labrador Hydro Cost of Service Methodology Review Application, Pre-Filed Testimony of Andrew McLaren, August 5, 2019, Page 19, Lines 2-3.

“It is reasonable to evaluate the appropriate classification for the Muskrat Falls Generation, LIL and LTA separately, given the different characteristics of each group of assets.”

Does InterGroup agree that all of the Muskrat Falls Project assets (Muskrat Falls Generation, LIL, LTA) are required to operate together to achieve the intended purpose of the Muskrat Falls Project? If not, please explain how the Muskrat Falls Project can achieve its intended purpose without the operation of all 3 of the listed assets.

NP-IC-002 Reference: Newfoundland and Labrador Hydro Cost of Service Methodology Review Application, Pre-Filed Testimony of Andrew McLaren, August 5, 2019, Page 19, Lines 10-12.

“In InterGroup’s view, the equivalent peaker method can only be justified if it more accurately reflects cost causation than other methods and can be calculated in a reliable and consistent way.”

Does InterGroup agree that the cost of the Muskrat Falls Project will be known upon its completion, and that the cost of an equivalent peaker can be reasonably estimated based on a range of estimates that can be considered by the Board? If not, why not?

NP-IC-003 Reference: Newfoundland and Labrador Hydro Cost of Service Methodology Review Application, Pre-Filed Testimony of Andrew McLaren, August 5, 2019, Page 19, Lines 10-12.

“In InterGroup’s view, the equivalent peaker method can only be justified if it more accurately reflects cost causation than other methods and can be calculated in a reliable and consistent way.”

Is it InterGroup’s opinion that the system load factor method of classification more accurately reflects cost causation than the equivalent peaker method? If so, what is the basis for this opinion?

NP-IC-004 Reference: Newfoundland and Labrador Hydro Cost of Service Methodology Review Application, Pre-Filed Testimony of Andrew McLaren, August 5, 2019, Page 19, Lines 17-19.

“It seems likely the Board’s previously expressed concerns will be an issue in subsequent COS studies if the equivalent peaker method is adopted.”

Is it InterGroup's view that the Board would be required to continually revisit the equivalent peaker estimates for Muskrat Falls in subsequent cost of service studies? If so, why?

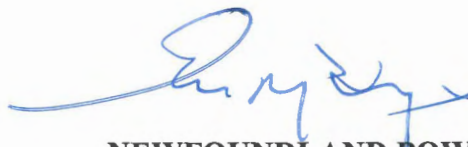
NP-IC-005

Reference: Newfoundland and Labrador Hydro Cost of Service Methodology Review Application, Pre-Filed Testimony of Andrew McLaren, August 5, 2019, Page 19, Lines 13-19.

"The Christensen Associates report notes the equivalent peaker method was reviewed in the 1992 methodology review and rejected by the Board for reasons of computational challenge and plant vintage and valuation issues. The Christensen Associates report states those issues apply with less force now, since the peaking unit computations pertain to a plant of current vintage. However, in InterGroup's view, these vintage issues will also affect calculations in the future. It seems likely the Board's previously expressed concerns will be an issue in subsequent COS studies if the equivalent peaker method is adopted."

Is it InterGroup's view that applying the equivalent peaker methodology to the singular Muskrat Falls Project at this time poses the same challenges as applying the methodology to all of Hydro's generating facilities of various vintages as proposed in 1992? If so, please explain. If not, why not?

RESPECTFULLY SUBMITTED at St. John's, Newfoundland and Labrador, this 14th day of August, 2019.



NEWFOUNDLAND POWER INC.
P.O. Box 8910
55 Kenmount Road
St. John's, Newfoundland A1B 3P6

Telephone: (709) 737-5609
Telecopier: (709) 737-2974