

WHENEVER. WHEREVER.  
We'll be there.



August 17, 2021

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

Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro – Supply Cost Accounting Application**

Please find enclosed Newfoundland Power's Requests for Information NP-NLH-001 to NP-NLH-020 in relation to the above noted Application.

In accordance with the Board's February 12, 2021 notice regarding the activation of its Business Continuity Plan to address the COVID-19 pandemic, these Requests for Information are provided in electronic format only.

If you have any questions regarding the enclosed, please contact the undersigned at your convenience.

Yours truly,

A handwritten signature in black ink, appearing to read "Lindsay Hollett".

Lindsay Hollett  
Legal Counsel

Enclosures

cc. Shirley Walsh  
Newfoundland and Labrador Hydro

Dennis Browne, Q.C.  
Browne Fitzgerald Morgan & Avis

Paul Coxworthy  
Stewart McKelvey

Gregory Moores  
Stewart McKelvey

Senwung Luk  
Olthuis Kleer Townshend LLP

Sheryl Nisenbaum  
Praxair Canada Inc.

Shawn Kinsella  
Teck Resources Limited

**Newfoundland Power Inc.**

55 Kenmount Road • P.O. Box 8910 • St. John's, NL A1B 3P6

PHONE (709) 737-5364 • FAX (709) 737-2974 • [lhallett@newfoundlandpower.com](mailto:lhallett@newfoundlandpower.com)

**IN THE MATTER OF** the *Electrical Power Control Act*, SNL 1994, Chapter E-5.1 (the “*EPCA*”) and the *Public Utilities Act*, RSNL 1990, Chapter P-47 (the “*Act*”), and regulations thereunder; and

**IN THE MATTER OF** an application by Newfoundland and Labrador Hydro (“Hydro”) pursuant to Section 58, 71, and 80 of the Act, for the approval of deferral accounts to address material changes in system costs as a result of the Muskrat Falls Project (“Project”) and the phasing out of the Holyrood Thermal Generating Station (“Holyrood TGS”) as a generating facility.

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

**NP-NLH-001 to NP-NLH-020**

**August 17, 2021**

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## Requests for Information

**Reference:**           **Supply Cost Accounting Application, paragraph 16.**

- NP-NLH-001           Please provide Hydro's statement of regulated net income for 2021 forecast. Please state all assumptions, including providing detail on any amounts in the net income statement for (i) forecast payment requirements described in paragraphs 5 and 6 in the Application ("Muskrat Falls Contractual Payments") and (ii) forecast amounts received for rate mitigation, transmission tariffs and performance credits ("Muskrat Falls Related Revenues").
- NP-NLH-002           Please detail the impact the approval of all Application proposals would have on Hydro's 2021 forecast regulated earnings assuming Muskrat Falls Contractual Payments and Muskrat Falls Related Revenues amounts occur in 2021 as forecasted.
- NP-NLH-003           Please provide Hydro's 2021 forecast return on rate base and return on equity. Please also provide Hydro's 2020 test year return on rate base and return on equity.
- NP-NLH-004           Please detail the impact the approval of all Application proposals would have on Hydro's 2021 forecast regulated earnings assuming (i) Hydro's Muskrat Falls Contractual Payments begin October 1, 2021 and total \$1 in 2021 and (ii) Muskrat Falls Related Revenues total \$1 in 2021.
- NP-NLH-005           Beyond addressing the 2021 financial impacts resulting from Muskrat Falls Contractual Payments and Muskrat Falls Related Revenues, please illustrate why other changes to existing supply cost mechanisms are required in 2021 to provide Hydro with a reasonable opportunity to earn its return on rate base in 2021.

**Reference:**           **Supply Cost Accounting Application, paragraph 17.**

- NP-NLH-006           Please illustrate how the proposed supply cost mechanisms will work with the current wholesale rate charged to Newfoundland Power by Hydro in each of 2021 and 2022. Please provide a comparable illustration using existing supply cost mechanisms. Please state all assumptions, including any amounts that had to be excluded from the analysis due to their uncertainty at this time (e.g. rate mitigation amounts).

NP-NLH-007 Please provide forecast balances for each of Hydro's supply cost accounts as of October 1, 2021 (i.e. current expected Implementation Date), December 31, 2021 and December 31, 2022, assuming all Application proposals are approved. Please provide a comparable forecast assuming all Application proposals are not approved (i.e. existing scenario). Please state all assumptions, including any amounts that had to be excluded from the analysis due to their uncertainty at this time (e.g. rate mitigation amounts).

**Reference:** **Supply Cost Accounting Application, paragraph 23.**

NP-NLH-008 Please provide an updated fuel consumption forecast (in barrels) for Holyrood TGS over the July 1, 2021 to June 30, 2022 period.

NP-NLH-009 Please list the supply cost accounts that will be reflected in the July 1, 2022 Utility rate adjustment, noting which are existing and which are proposed.

NP-NLH-010 What is Hydro's current forecast of the July 1, 2022 Utility rate adjustment?

**Reference:** **Supply Cost Accounting Application, paragraph 26.**

NP-NLH-011 Will any of the proposed changes related to Hydro's Rural cost recovery impact the amount recovered from Newfoundland Power? If so, please explain.

**Reference:** **Supply Cost Accounting Application, paragraphs 27 and 28.**

NP-NLH-012 Please explain how costs deferred in accordance with the Application proposal will be tested as part of Hydro's next GRA. For example, would a Board order on this Application effectively finalize the recovery of the costs, resulting in only allocation and disposition being required to be determined at Hydro's next GRA?

**Reference:** **Supply Cost Accounting Application, paragraph 34.**

NP-NLH-013 Please provide Hydro's statement of regulated net income for 2022 forecast. Please state all assumptions, including providing detail on any amounts in the net income statement for (i) Muskrat Falls Contractual Payments, (ii) Muskrat Falls Related Revenues and (iii) the impact on depreciation expense due to accelerated treatment associated with Holyrood TGS costs. Please include return on rate base and return on equity for 2022 forecast.

NP-NLH-014 Please detail the impact the approval of all Application proposals would have on Hydro's 2022 forecast regulated earnings, assuming Muskrat Falls

Contractual Payments, Muskrat Falls Related Revenues and Holyrood TGS depreciation amounts occur in 2022 as forecasted.

NP-NLH-015 For depreciation expense related to Holyrood TGS, please provide a reconciliation of the amount included in the 2019 test year to the 2022 forecast amount. Please separately identify the increases related to (i) continued investment, without accelerated treatment and (ii) the increase due to accelerated treatment.

**Reference:** **Supply Cost Accounting Application, Schedule 1, page 6.**

NP-NLH-016 Please provide a forecast of operating and maintenance costs and sustaining capital amounts required to be funded by Hydro for 2021 to 2023.

NP-NLH-017 In Hydro's view, will rate mitigation efforts address the customer rate impacts associated with the operating and maintenance costs and sustaining capital amounts required to be funded by Hydro?

**Reference:** **Supply Cost Accounting Application, Schedule 1, page 14.**

NP-NLH-018 Will Hydro's proposed supply cost accounts attract interest charges at the Company's weighted average cost of capital on a monthly basis? If so, is this treatment consistent with Hydro's other supply cost accounts, before any transfers to the Rate Stabilization Plan?

**Reference:** **Supply Cost Accounting Application, Appendix A, page 1 of 7.**

NP-NLH-019 Please clarify what is included in Items A and B. For example, does the definitions include operating and maintenance costs and sustaining capital amounts?

**Reference:** **Supply Cost Accounting Application, Appendix A, page 2 of 7.**

NP-NLH-020 Please clarify what price and volume is related to throughout the definition. For example, it is related to fuel costs in each instance?

**RESPECTFULLY SUBMITTED** at St. John's, Newfoundland and Labrador, this 17<sup>th</sup> day of August, 2021.



**NEWFOUNDLAND POWER INC.**

P.O. Box 8910

55 Kenmount Road

St. John's, Newfoundland A1B 3P6

Telephone: (709) 737-5364

Telecopier: (709) 737-2974