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September 14, 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 – 2022 Capital Budget Application

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

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 "D. Foley".

Dominic Foley
Legal Counsel

ec. Shirley Walsh
Newfoundland & Labrador Hydro

Paul Coxworthy
Stewart McKelvey Stirling Scales

Dean Porter
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Dennis Browne, Q.C.
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Newfoundland Power Inc.

55 Kenmount Road • P.O. Box 8910 • St. John's, NL A1B 3P6
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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 for an order approving: (i) its 2022 Capital Budget pursuant to s.41(1) of the Act; (ii) its 2022 capital purchases and construction projects in excess of \$50,000 pursuant to s.41(3)(a) of the Act; and (iii) for an order pursuant to s.78 of the Act fixing and determining its average rate base for 2020.

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

NP-NLH-001 to NP-NLH-020

September 14, 2021

Requests for Information

Reference: **Volume I, 2022 Capital Budget Overview, page 5, line 15 to page 6, line 1.**

“The total planned capital expenditure for which Hydro is seeking approval in its 2022 CBA, including new and previously-approved projects, is \$84.7 million. Hydro’s total planned 2022 capital spend to be recovered through customer rates is \$102.9 million which includes the Long-Term Supply Solution for Southern Labrador – Phase 1 project (\$15.8 million in 2022), Purchase of a Diesel Generating Unit for Ramea project (\$2.0 million in 2022), and phase 1 of the Bay d’Espoir Penstock Life Extension project (\$1.9 million in 2022); this amount does not include \$12.3 million in fully contributed transmission capital related to the specifically assigned assets for the Valentine Gold Interconnection project, and \$1.5 million in fully contributed terminal station asset renewal expenditures specifically assigned to the IOC.”

NP-NLH-001 Please reconcile the amount of \$116.7 million included for 2022 in Appendix A, page A-1 of Hydro’s Five-Year Capital Plan (2022-2026) with the totals stated in the reference above.

Reference: **Volume I, 2022 Capital Budget Overview, page 13, lines 7 to 11.**

“Required refurbishment identified in 2021 inspections will be scheduled for 2023. This is to introduce a one-year gap between inspections and the refurbishment activities that are identified. This “gap year” will allow for better planning and more accurate cost estimating going forward. This approach has resulted in a reduction in 2022 WPLM expenditures relative to the prior five-year plan.”

NP-NLH-002 Please confirm that there will always be 2 years between inspections and refurbishment activity going forward in all future Capital Budget Applications. For example, inspections completed in 2022 will result in work being completed in 2024. If confirmed, what analysis has Hydro completed to ensure that there will be no customer reliability or cost impacts associated with the deferral of preventative maintenance activities?

Reference: **Volume I, 2022 Capital Budget Overview, Appendix B, page B-5.**

NP-NLH-003 Please confirm that the 2022 *Capital Budget Application* is also identifying commitments for \$35,254,500 in 2023 capital expenditures and \$3,765,900 in 2024 capital expenditures and that these commitments are not included in the amounts requested in the actual Application.

- Reference:** **Volume I, Five Year Capital Plan 2022-2026, page 9, lines 6-7**
- “The five-year plan includes \$17.0 million of investment related to light- and heavy-duty vehicles and electric vehicle charging stations for fleet purposes.”*
- NP-NLH-004 Please provide Newfoundland and Labrador Hydro’s plan to incorporate electric vehicles into its fleet over the 5-year period 2022-2026.
- Reference:** **Volume I, Five Year Capital Plan (2022-2026), Appendix A, page A-8.**
- NP-NLH-005 Please provide the basis (i.e. deterioration, load growth, etc.) for the upgrade work planned on transmission lines L 23, L 24 and TL 202 in 2025 and 2026?
- Reference:** **Volume I, Five-Year Capital Plan (2022-2026), page A-9.**
- NP-NLH-006 There are no purchase meters and metering equipment costs for 2021 or 2022. How does Hydro intend to install meters required for GRO’s, stopped meters, and new services? Are these items accounted for in the \$100,000 amount for purchase meters and metering equipment from 2023 to 2026?
- Reference:** **Volume I, Five Year Capital Plan 2022-2026, Appendix A, page A-10.**
- NP-NLH-007 The five-year capital plan for Tools and Equipment identifies 16 capital projects totalling over \$8.5 million to purchase and replace track equipment, backhoes, graders, excavators, front end loaders and various light duty mobile equipment. Will Hydro consider the alternative of renting any of this equipment as a reasonable alternative prior to inclusion in future capital budget applications? If not, why not?
- Reference:** **Volume I, 2021 Capital Expenditure Overview, page 7, lines 12-16.**
- “This is a two-year project that commenced in 2021. The overall budget estimate for this project has been reduced compared to the budget originally presented in the 2021 Capital Budget Application. The budget reduction is attributed to the cancellation of a portion of the project scope following an optimization of the engineering design of Bottom Brook Terminal Station. In addition to resulting in a lower cost project, the optimized design is expected to improve reliability and operability of the station.”*
- NP-NLH-008 In its 2021 Capital Budget Application, Volume 2, Tab 14, *Upgrades for Future Retirement of Stephenville Gas Turbine*, Newfoundland and Labrador Hydro provided a Technical Note (TP-TN-095 – *Transmission System Impact – Stephenville Gas Turbine Retirement*) to provide a review of the design proposed. Has Hydro completed a similar Technical Note for the optimized design? If yes, please provide a copy of the updated technical note. If not, why not?

Reference: **Volume I, 2020 Average Rate Base, page 1.**

NP-NLH-009 Please provide in a table Newfoundland and Labrador Hydro's approved rate base for each year from 2010 to present.

Reference: **Volume II, 2022 Capital Projects over \$200,000 but less than \$500,000, Additions for Load (2022) – Mary's Harbour Service Conductor, page 67, lines 1-4.**

"In September 2019, Newfoundland and Labrador Hydro ("Hydro") received a preliminary service request for a new large customer in Mary's Harbour. This request was revised in March 2020 and indicates that the facility is expected to be in operation during the summer of 2021, and will have a peak demand of 507 kW during the summer and a non-summer peak load of 192 kW."

NP-NLH-010 Will the new large customer in Mary's Harbour pay a contribution to the total cost of the capital project? If yes, please provide the terms of the contribution in aid of construction. If not, why not?

Reference: **Volume II, 2022 Capital Projects over \$200,000 but less than \$500,000, Additions for Load (2022) – Mary's Harbour Service Conductor, page 69, Tables 1 and 2.**

NP-NLH-011 Please reconcile the differences between the forecasts in Tables 1 and 2 with the operating load forecasts provided in Appendix A of Attachment 1, *Long Term Supply Study for Charlottetown, Economic and Technical Assessment* to the Application for the construction of Phase 1 of Hydro's long-term plan for Southern Labrador.

Reference: **Volume II, 2022 Capital Projects over \$500,000, Wood Pole Management Program (2022), page 4, lines 24-25.**

"The second Wood Pole Line Management inspection cycle is scheduled for completion by 2023."

NP-NLH-012 Does Hydro anticipate filing a final Wood Pole Line Management report summarizing the results of the two 10-year inspection cycles in 2023?

Reference: **Volume II, 2022 Capital Projects over \$500,000, Wood Pole Management Program (2022), Appendix A, page A-1, Table A-1.**

NP-NLH-013 Please provide basis for the estimated increase in the pole rejection rate in 2024, 2025 and 2026.

NP-NLH-014 Further to NP-NLH-005, please explain why Hydro's Five-Year Capital Plan (2022-2026), Appendix A, page A-8, does not include corresponding increases for the Wood Pole Management Program in 2024, 2025 and 2026 to address the increased number of pole replacements anticipated.

Reference: **Volume II, 2022 Capital Projects over \$500,000, Replace Light- and Heavy-Duty Vehicles (2022–2024), page 1, Table 1.**

NP-NLH-015 How long has Hydro been operating under the replacement criteria established in Table 1? Did Hydro complete a review of current Canadian utility practices before establishing its replacement criteria? If yes, please provide a copy of this review. If not, why not?

Reference: **Volume II, 2022 Capital Projects over \$500,000, Purchase 85' Material Handler Aerial Device on Track Unit, page 1, lines 9-12.**

“Hydro maintains a fleet of off-road track equipment to perform work in off-road locations; some of this equipment is due to be replaced. With the addition of an 85' Category A aerial device track unit, Hydro plans to retire two existing units, a 2001 Bombardier crew carrier and a 1999 Bombardier Muskeg equipped with a boom, that have exceeded their service life.”

NP-NLH-016 Please describe what a Category A aerial device is and why it is needed in this instance. Will Hydro be using this Category A aerial device to do live line techniques on its 230 kV transmission lines?

Reference: **Volume II, 2022 Capital Projects over \$500,000, Upgrade of Worst-Performing Distribution Feeders (2022–2023), page 1, lines 19-23.**

“One of the drawbacks of selecting feeders based on the SAIDI or SAIFI method alone is that it considers the feeder-level indices and does not consider the impact the feeder has on overall system reliability indices. As such, directing resources to these feeders may not significantly improve overall system reliability. Alternatively, CHI ranks the feeder based on the impact the feeder has on overall reliability indices.”

NP-NLH-017 Does Hydro consider the overall system reliability indices more important than the feeder-level indices which would be reflective of the reliability experienced by customers on these worst performing feeders?

Reference: **Volume II, 2022 Capital Projects over \$500,000, Replace Metering System, page 6, Figure 1.**

NP-NLH-018 Please provide a table for each alternative in Figure 1 detailing by year the cost of capital, capital expenditure, capital revenue requirement, and operating cost.

Reference: **Volume II, 2022 Capital Projects over \$500,000, Replace Metering System, page 2, lines 10-11.**

“The TSI system that utilizes PLC communications is currently at its end-of-life. Hydro’s TSI system consists of 10,845 energy meters and 580 meters that record energy and demand.”

NP-NLH-019 What was the original expected service life for these TS1 meters and what will be the average service life at retirement following completion of the proposed project?

Reference: **Volume II, 2022 Capital Projects over \$500,000, Replace Metering System, Section 5.0, Project Description.**

NP-NLH-020 Hydro’s project estimate of \$5,375,800 includes, among other things, the replacement of approximately 31,000 meters. How does the estimated unit cost per meter replacement for the *Replace Metering System* project compare with Hydro’s historical meter replacement unit costs?

RESPECTFULLY SUBMITTED at St. John’s, Newfoundland and Labrador, this 14th day of September, 2021.

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