



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
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2021-09-14

Ms. Shirley Walsh
Senior Legal Counsel, Regulatory
Newfoundland and Labrador Hydro
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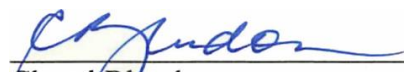
Dear Ms. Walsh:

**Re: Newfoundland and Labrador Hydro - 2022 Capital Budget Application
Requests for Information**

Enclosed are Requests for Information PUB-NLH-001 to PUB-NLH-023 regarding the above-noted application.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email, jglynn@pub.nl.ca or telephone (709) 726-6781.

Sincerely,


Cheryl Blundon
Board Secretary

CB/cj
Enclosure

ecc **Newfoundland and Labrador Hydro**
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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 regulations thereunder; and
7

8 **IN THE MATTER OF**
9 an Application by Newfoundland and Labrador
10 Hydro for an Order approving:
11 i) its 2022 capital budget pursuant to section 41(1)
12 of the *Act*;
13 ii) its 2022 capital purchases and construction projects
14 in excess of \$50,000 pursuant to section 41(3)(a) of
15 the *Act*; and
16 iii) for an Order pursuant to section 78 of the *Act* fixing
17 and determining its average rate base for 2020.

**PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION**

PUB-NLH-001 to PUB-NLH-023

Issued: September 14, 2021

1 **General**

2

3 **PUB-NLH-001** a) What is the total projected Capital Budget for 2022 including
4 supplemental capital budget applications already filed for approval of the
5 Board and supplemental capital budget applications that Hydro expects to file
6 for 2022 (e.g., southern Labrador, electrification, Bay D’Espoir penstocks,
7 etc.)?

8

9 b) Please provide details on the supplemental capital budget applications
10 Hydro expects to file for 2022.

11

12 **PUB-NLH-002** Further to PUB-NLH-001, what is the impact of the total anticipated 2022
13 Capital Budget on the Rural Subsidy?

14

15 **PUB-NLH-003** a) What is the total 2022 proposed capital expenditure for Mary’s Harbour?

16

17 b) Please reconcile these expenditures with the proposed expenditures
18 associated with Mary’s Harbour in Hydro’s proposed long-term supply plan
19 for southern Labrador.

20

21 **Volume I - Tab 1 - 2022 Capital Budget Overview**

22

23 **PUB-NLH-004** The Application states on page 5, lines 9-10, that “A reduction in investment
24 levels for 2022 related to light-duty vehicles, roads, and buildings to allow for
25 a more thorough review of required investments in these areas.”

26

27 a) Please explain how Hydro evaluates/determines whether deferral of
28 capital expenditures in various investment areas can occur in any given year.

29

30 b) Please explain the difference in Hydro’s normal review process prior to
31 requesting Board approval versus the more thorough review that Hydro is
32 currently proposing on the various investment areas.

33

34 c) Please explain if Hydro anticipates an increase in future capital
35 expenditures to offset this current reduction in investment levels.

36

37 **PUB-NLH-005** The Application states on page 5, lines 16-20, that “Hydro’s total planned
38 2022 capital spend to be recovered from customer rates is \$102.9 million
39 which includes the Long-Term Supply Solution for Southern Labrador –
40 Phase 1 project (\$15.8 million in 2022), Purchase of a Diesel Generating Unit
41 for Ramea project (\$2.0 Million in 2022), and phase 1 of the Bay d’Espoir
42 Penstock Life Extension project (\$1.9 million in 2022).…” Please reconcile
43 the amount of \$102.9 million to be recovered from customers with \$104.4
44 million, the amount of the above projects plus the \$84.7 million requested in
45 this application.

- 1 **PUB-NLH-006** Please reproduce Figure 1 on page 6 showing the breakdown of the
 2 Transmission versus Rural Operations that constitute the \$50.8 million total
 3 in Transmission and Rural Operations capital expenditures.
 4
- 5 **PUB-NLH-007** The Application states on page 11, lines 9-10, that “There are no proposed
 6 capital projects for either the Hardwoods or Stephenville Gas Turbines in the
 7 2022 CBA or in the five-year capital plan; Hydro plans to retire both of these
 8 units in 2023.”
 9
- 10 a) Has Hydro prepared detailed decommissioning and/or abandonment plans
 11 for these units? If so, please provide.
 12
- 13 b) What are the anticipated retirement costs for these units?
 14
- 15 **PUB-NLH-008** The Application states on page 13, lines 7-10, that “Required refurbishment
 16 identified in 2021 inspections will be scheduled for 2023. This is to introduce
 17 a one-year gap between inspections and the refurbishment activities that are
 18 identified. This ‘gap year’ will allow for better planning and more accurate
 19 cost estimating going forward.” Were there issues with the planning and cost
 20 estimation processes under the existing regime? If so, please explain how the
 21 introduction of a gap year mitigates those issues. If not, what is the rationale
 22 for the introduction of a gap year?
 23
- 24 **PUB-NLH-009** The Application states beginning on page 19, line 7, that “On a pro forma
 25 basis, Hydro’s 2022 and 2023 revenue requirement is estimated to increase
 26 by approximately \$2 million and \$8 million, respectively, as a result of the
 27 capital projects proposed for 2022. Such a revenue requirement increase
 28 would represent an increase of 0.4% and 1.2% in 2022 and 2023, respectively,
 29 relative to Hydro’s 2019 Test Year.”
 30
- 31 a) Please confirm that the increased revenue requirements identified above
 32 include all anticipated supplementals identified in PUB-NLH-001.
 33
- 34 b) If not confirmed, please provide the estimated increase in revenue
 35 requirements and the resulting increases to ratepayers for 2022 and 2023
 36 arising from all of the projects included in PUB-NLH-001.
 37
- 38 **PUB-NLH-010** Please detail the reasons that led to the revised budgets for each of the
 39 previously approved multi-year projects identified in Table G-1 on page G-1.
 40
- 41 **Volume I - Tab 2 - Five Year Capital Plan**
 42
- 43 **PUB-NLH-011** The Application states on page 9, lines 14-17, that “Hydro is materially
 44 reducing its proposed light-duty vehicle purchases in 2022 relative to that of
 45 prior years and intends to undertake a review of its light-duty vehicle fleet
 46 management strategy to determine whether its current practices optimize the
 47 value of its fleet.” What circumstances prompted Hydro to determine that

1 there is a need to review its fleet management strategy considering Hydro's
 2 replacement criteria for light and heavy-duty vehicles were updated in 2020?
 3

4 **Volume I - Tab 3 - Holyrood TGS Overview**
 5

6 **PUB-NLH-012** The Application states on page 9, lines 14-17, that "Should Hydro be
 7 unsuccessful in securing such an extension, a supplemental capital application
 8 will be necessary for the refurbishment of tank #4. The costs associated with
 9 refurbishment of tank #4 are not currently included in Hydro's 2022-2026
 10 planned capital expenditures."
 11

12 a) What is the anticipated cost and schedule should the refurbishment be
 13 required?
 14

15 b) How does a reduction to two tanks affect the operation of the Holyrood
 16 Thermal Generating Station?
 17

18 c) What contingency plans are in place in the event that only two tanks are
 19 in operation?
 20

21 **Volume II - Tab 6 – Capital Projects \$50,000 to \$200,000 - Remove Safety Hazards (2022) -**
 22 **Various**
 23

24 **PUB-NLH-013** Table 1 on page 39 references the purchase of a "Journey management
 25 application for working alone".
 26

27 a) Will this application replace an existing application or is it meant to
 28 complement existing applications and work methods?
 29

30 b) Are there any incremental costs associated with integrating this
 31 application into Hydro's existing work environment and processes?
 32

33 **Volume II - Tab 7 - Capital Projects \$200,000 to \$500,000 - Replacement of Short-Term Load**
 34 **Forecasting Software**
 35

36 **PUB-NLH-014** The Application states on page 25, lines 10-11, that "This project involves
 37 replacing Hydro's current short-term load forecasting software, Nostradamus,
 38 with an enhanced service-based product that is actively supported by the
 39 software developer."
 40

41 a) Has a product been selected? If so, please identify it.
 42

43 b) Please provide a list of other utilities that are currently using the purposed
 44 system and which of these utilities Hydro contacted to discuss the merits of
 45 the software?
 46

47 c) Are there other costs that will be incurred by Hydro to integrate and
 48 operate this product within Hydro's current environment?

1 **Volume II - Tab 7 - Capital Projects \$200,000 to \$500,000 - Upgrade Fuel Storage Tanks**
 2 **(2022) - Mary's Harbour**

3
 4 **PUB-NLH-015** The Application states on page 63, lines 14-16, that "The horizontal tanks in
 5 Alternative 3 are assumed to have a service life of 30 years. It is therefore
 6 possible that these tanks will be repurposed following the decommissioning
 7 of the Mary's Harbour Diesel Generating Station and the transfer of its load
 8 to the regional facility." Did Hydro review its existing sites to determine if
 9 the proposed tanks were suitable for repurposing following the
 10 decommissioning of the Mary's Harbour Diesel Generating Station? If yes,
 11 what sites were identified? If no, why not?
 12

13 **Volume II - Tab 15 - Replace Metering System**

14
 15 **PUB-NLH-016** Table 1 on page 5 provides a summary of a cost-benefit analysis for the three
 16 meter reading alternatives selected by Hydro.

17
 18 a) Please provide the complete study/analysis including assumptions.

19
 20 b) Please provide details on the type and configuration of the proposed
 21 mesh AMI system used in the cost-benefit analysis as well as the rationale for
 22 selecting that particular type and configuration.
 23

24 c) Please provide a diagram illustrating the proposed mesh configuration
 25 within a typical community.
 26

27 d) Please provide a similar analysis to that contained in Table 1 with the
 28 assumption that AMI capability (e.g., time-of-use rates, etc.) is required by
 29 2030. Please provide the complete study/analysis in addition to the summary
 30 table.
 31

32 e) Please provide a similar analysis to that contained in Table 1 with the
 33 assumption that AMI capability (e.g., time-of-use rates, etc.) is required by
 34 2035. Please provide the complete study/analysis in addition to the summary
 35 table.
 36

37 **Volume II - Tab 16 - Additions for Load - Distribution System - Mary's Harbour Voltage**
 38 **Conversion**

39
 40 **PUB-NLH-017** Footnote 5 on page 2 states "In 2021, Hydro expects to commission the St.
 41 Mary's River Energy Photo-Voltaic and Battery Energy Storage System
 42 which will then be added to the supply mix." What are the individual
 43 capacities (kW) of the mini-hydro plant and the battery energy storage
 44 system?
 45

46 **PUB-NLH-018** Please provide the detailed analysis and assumptions used to compile the
 47 CPW values in Table 3 on page 8.

1 **PUB-NLH-019** Are there any changes to the values in Table 3 on page 8 if Phase 2 of Hydro’s
 2 proposed long-term supply plan for southern Labrador does not occur? If so,
 3 please provide a table similar to Table 3 highlighting the changes. Again,
 4 please provide the detailed analysis and assumptions used to compile the
 5 CPW values.
 6

7 **Volume II - Tab 23 – Diesel Genset Replacement Unit 2039 - St. Lewis**
 8

9 **PUB-NLH-020** The Application states on page 4, lines 12-14, that “Hydro has completed a
 10 sizing study for the St. Lewis diesel generator unit 2039 replacement and has
 11 determined that replacing the unit with a similar size genset at around 365 kW
 12 is appropriate based on load forecast and operational efficiency.” Please
 13 provide the sizing study as well as the load forecast for the next ten years.
 14

15 **Volume II - Tab 24 - Diesel Genset Replacement Unit 2012 - L’Anse-au-Loup**
 16

17 **PUB-NLH-021** The Application states on page 4, lines 20-22, that “Hydro requires that its
 18 isolated systems have sufficient firm capacity to meet peak demand; as such,
 19 non-dispatchable renewable energy sources and customer demand
 20 management are not considered viable alternatives for the provision of firm
 21 capacity.”
 22

23 a) Please explain why customer demand management is not a viable
 24 alternative for the provision of firm capacity in this circumstance (i.e.,
 25 L’Anse-au-Loup) as well as why Hydro does not consider it a viable option
 26 in other isolated systems as well.
 27

28 b) Does Hydro consider interruptible load a form of customer demand
 29 management?
 30

31 **Volume II - Tab 25 - Replace Light-Duty Mobile Equipment**
 32


33 **PUB-NLH-022** Table 2 on page 2 shows the number of light-duty mobile equipment
 34 purchased annually doubling from 24 in 2017 to 48 in 2021. What were the
 35 reasons for this increase?
 36

37 **PUB-NLH-023** Table A-1 on page A-1 indicates a number of light duty mobile equipment
 38 with an “Age to Retire” in excess of ten years (e.g., Snowmobile V7165,09
 39 Yamaha VK540 W.T has an age-to-retain of 13 years) yet the maximum age
 40 replacement criteria for light-duty mobile equipment, as outlined in Table 1
 41 on page 1, is ten years. Please reconcile the two tables.

DATED at St. John's, Newfoundland and Labrador, this 14th day of September, 2021.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per



Cheryl Blundon
Board Secretary