

POOLE ALTHOUSE
BARRISTERS AND SOLICITORS

Jamie Merrigan, Q.C.
Dean A. Porter
Cillian D. Sheahan, Q.C.
J. Annette Bennett

Margaret C. Hepditch
Robby D. Ash
Meredith D. Baker
Glen G. Seaborn

Melissa May
Adam G. Baker
Jonathan M. Andrews

Toll Free: 1 877 634-3136
E-Mail: info@poolealthouse.ca
www.poolealthouse.ca

Edward P. Poole, Q.C., Retired
D. Paul Althouse, Q.C., Retired

■ **CORNER BROOK**
Telephone: 709 634 -3136
Fax: 709 634 8247/9815
Western Trust Building
49-51 Park Street
Corner Brook, NL
Canada A2H 2X1

□ **Happy Valley-Goose Bay**
Telephone: 709 896-8777
Fax: 709 896-8779
49A Grenfell Street
PO Box 1450, Station B
Happy Valley-Goose Bay, NL
Canada A0P 1E0

February 25, 2015

Via Electronic Mail & 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 Madam:

Re: Newfoundland and Labrador Hydro 2013 Amended General Rate Application
Requests for Information – IC-NLH-158 to IC-NLH-177

Please find enclosed one original and twelve (12) copies of the Requests for Information of the Island Industrial Customers Group in relation to the above noted Application.

We trust you find the foregoing satisfactory.

Yours very truly,

POOLE ALTHOUSE

Dean A. Porter

DAP/lp

Enclosures

J:\Clients\4648-13\Blundon ltr 2.doc

cc: Mr. Geoffrey P. Young, Senior Legal Counsel, Newfoundland and Labrador Hydro
Mr. Thomas J. Johnson, Consumer Advocate
Mr. Gerard Hayes, Newfoundland Power

Mr. Paul Coxworthy, Stewart McKelvey
Mr. Thomas J. O'Reilly, Q.C., Vale Newfoundland and Labrador Limited
Ms. Nancy Kleer, Olthuis, Kleer, Townshend LLP
Mr. Ed Hearn, Q.C., Miller & Hearn
Ms. Yvonne Jones, MP, House of Commons

1 **IN THE MATTER OF THE PUBLIC**
2 UTILITIES ACT, RSNL 1990, CHAPTER P-47
3 (THE ACT),
4

5
6 **AND**
7

8
9 **IN THE MATTER OF** A GENERAL RATE APPLICATION
10 (THE AMENDED APPLICATION) BY NEWFOUNDLAND
11 AND LABRADOR HYDRO FOR APPROVALS OF, UNDER
12 SECTIONS 70 AND 75 OF THE ACT, CHANGES IN THE
13 RATES TO BE CHARGED FOR THE SUPPLY OF POWER
14 AND ENERGY TO NEWFOUNDLAND POWER, RURAL
15 CUSTOMERS AND INDUSTRIAL CUSTOMERS; AND
16 UNDER SECTION 71 OF THE ACT, CHANGES IN THE
17 RULES AND REGULATIONS APPLICABLE TO THE
18 SUPPLY OF ELECTRICITY TO RURAL CUSTOMERS.
19
20
21

22
23
24
25
26

27 **ISLAND INDUSTRIAL CUSTOMERS GROUP**
28 **REQUESTS FOR INFORMATION**
29 **IC-NLH-158 to IC-NLH-177**
30 **Issued February 25, 2015**

31
32

- 1 IC-NLH-158 Please reconcile Holyrood conversion factors, both actual and predicted,
2 in NP-NLH-193 and NP-NLH-193 (Revision 1, Nov 28-14). Please explain
3 any differences.
- 4 IC-NLH-159 Re: NP-NLH-069 (Revision 1, Dec 3-14): Please explain why the change
5 (ten-year versus five-year regression analysis, inclusion of running fuel
6 heating content) in Holyrood conversion factor projection methodology
7 was required? Please provide the impact of both changes (separately) to
8 the projected conversion factor for 2015 Test Year and explain the impact.
- 9 IC-NLH-160 Re: NP-NLH-069 (Revision 1, Dec 3-14): Please provide Holyrood
10 conversion factor projection calculations in Microsoft Excel format (with all
11 formulae intact).
- 12 IC-NLH-161 Please provide Holyrood conversion factor for 2015 Test Year using the
13 following station service factors (assume no change in Holyrood net
14 production forecast at 1,593 MW.h):
- 15 i) 5%;
 - 16 ii) 5.8%;
 - 17 iii) 6%; and
 - 18 iv) 6.25%.
- 19
- 20 IC-NLH-162 Hydro's 2011 Capital Budget (Volume 1, C-151) notes that CBPP's
21 Frequency Converter is a 25 MVA rotating motor-generator set.
22 Separately, a final report prepared by Acres International Limited on
23 Condition Assessment of 50/60 Cycle Frequency Converter (September
24 1998) states that the unit was operating "at approximately 20 MVA
25 maximum output, about 2/3 of its rating". The report also notes that "the
26 machine should be able to operate up to its rating of 28 MVA if it were
27 cleaned." (2007 Capital Budget, RFI PUB-NLH-44,
28 <http://www.pub.nf.ca/hydro2007cap/files/rfi/PUB-44.pdf>) Please reconcile

1 these capacity values and confirm that the nameplate rating for the
2 machine is 28 MVA.

3 IC-NLH-163 IC-NLH-099 Attachment 1 (Rev 1) and NP-NLH-131 (Rev 1) reveal no
4 additions to the Corner Brook Frequency Converter assets in 2014 or
5 2015, but IC-NLH-087 (Rev 1) shows an addition of an online vibration
6 monitoring system in (what appears to be) 2014. Please reconcile the
7 difference and provide a full description of the investment project and the
8 proposed treatment of the project for COS purposes.

9 IC-NLH-164 Please provide the assumptions used in NP-NLH-251 (Rev 1) in regard to
10 the NP RSP deferred balance and timing for payout to Newfoundland
11 Power's customers. How is it assumed that this payout will be financed?
12 What is the role of promissory notes versus new long-term debt
13 instruments?

14 IC-NLH-165 Please provide a revised balance for the NP RSP deferred balance to be
15 paid out to customers assuming a short-term (promissory note) interest
16 rate is applied through 2014 and 2015 (until the assumed date of
17 distribution). Please indicate the net effect of this assumption on the 2014
18 and 2015 cost of capital and revenue requirement.

19 IC-NLH-166 Please explain the vast change in marginal cost estimates in CA-NLH-033
20 (original) versus CA-NLH-033 (Rev 1) and provide all working papers and
21 calculations in support of the values.

22 IC-NLH-167 Further to RFI IC-NLH-166, please explain whether the methods of
23 calculating marginal cost estimates have changed between the RFI
24 responses to CA-NLH-033 (original) and CA-NLH-033 (Rev 1)?

25 IC-NLH-168 Further to RFI IC-NLH-166, please explain why capacity values in 2015
26 have gone down by such a large degree simply by the installation of the
27 new combustion turbine?

- 1
- 2 IC-NLH-169 Further to RFI IC-NLH-166, please confirm that the expected marginal
3 value of capacity post-Labrador interconnection is now almost double the
4 cost expected as of the time the original RFI response to CA-NLH-033
5 was prepared.
- 6 IC-NLH-170 Further to RFI IC-NLH-166, please confirm whether the finalization of the
7 Muskrat Falls PPA has driven any changes in these values, and if so,
8 please provide a detailed explanation of how?
- 9 IC-NLH-171 Please provide information on any other Canadian jurisdiction which has
10 large wholesale or transmission connected customers with curtailable
11 loads (with particular reference to Manitoba Hydro, SaskPower, Hydro
12 Quebec), and whether these jurisdictions reduce the forecast peak
13 capacity imposed on the system in their Cost of Service studies to reflect
14 the fact that the interruptible capacity could have been interrupted at all
15 critical peak times to lower the customer's peak?
- 16 IC-NLH-172 Please update IC-NLH-012 (Rev 1) for 2014 actuals.
- 17 IC-NLH-173 Please provide the total assumed NP Curtailable load for the 2015 load
18 forecast and COS study.
- 19 IC-NLH-174 Please provide a COS study for 2015 consistent with the IIC argument in
20 the 2014 NP Curtailable Loads proceeding leading to Board Order No.
21 P.U.47 (2014) (i.e., that NP curtailable load should not receive a credit via
22 the COS study and that all loads should be assumed to be not interrupted
23 for the purposes of the peak loads in the COS) and confirm whether,
24 assuming this approach were adopted (and Hydro were to make
25 compensation payments to NP for their curtailable load), such payments
26 should also be included in the COS as a demand-related cost?

- 1 IC-NLH-175 At 2015 loads, please provide the GW.h of spill by month for each
2 referenced percentile of flow conditions (the flow conditions to be used
3 should equal or be similar to each of minimum flow, 10th, 25th, 50th, 75th,
4 90th, maximum flow).
- 5 IC-NLH-176 Page 4 of the updated Lummus report (Addendum to Exhibit 9) indicates
6 Hydro “plans to have NERA update the prior marginal cost study and to
7 initiate a cost of service proceeding in 2016 to address demand and
8 energy costing issues with respect to that agreement”. Please provide the
9 terms of reference for the NERA study, the RFP used to retain NERA and
10 indicate the timeframe for the NERA engagement.
- 11 IC-NLH-177 Further to RFI IC-NLH-176, please indicate if the results shown in CA-
12 NLH-033 are as a result of updated work by NERA since their
13 engagement in 2007, and if so, please file a copy of the updated NERA
14 report or conclusions.

All of which is respectfully submitted on behalf of the Island Industrial Customers.

DATED at the City of Corner Brook, in the Province of Newfoundland and Labrador, this 25th day of February, 2015.

POOLE ALTHOUSE / STEWART MCKELVEY

Solicitors for the Island Industrial Customers

Per: _____

Dean A. Porter

Per: _____

Paul L. Coxworthy

- TO: The Board of Commissioners of Public Utilities
Suite E210, Prince Charles Building
120 Torbay Road
P.O. Box 21040
St. John's, NL A1A 5B2
- TO: Newfoundland & Labrador Hydro
P.O. Box 12400
500 Columbus Drive
St. John's, NL A1B 4K7
Attention: Geoffrey P. Young
Senior Legal Counsel
- TO: Newfoundland Power Inc.
P.O. Box 8910
55 Kenmount Road
St. John's, NL A1B 3P6
Attention: Gerard Hayes,
Senior Legal Counsel
- TO: Vale Newfoundland and Labrador Limited
c/o Cox & Palmer
Suite 1000, Scotia Centre
235 Water Street
St. John's, NL A1C 1B6
Attention: Thomas J. O'Reilly, Q.C.
- TO: Corner Brook Pulp & Paper Limited
c/o Stewart McKelvey
Cabot Place, 100 New Gower Street
P.O. Box 5038
St. John's, NL A1C 5V3
Attention: Paul Coxworthy
- TO: O'Dea Earle
323 Duckworth Street
P.O. Box 5955
St. John's, NL A1C 5X4
Attention: Mr. Thomas Johnson
- TO: Olthuis, Leer, Townshend LLP
229 College Street
Suite 312
Toronto, ON M5T 1R4
Attention: Senwung Luk
- TO: Genevieve M. Dawson
Benson Buffett
9th Floor, Atlantic Place
215 Water Street
P.O. Box 1538
St. John's, NL A1C 5N8