



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

E-mail: gyoung@nlh.nl.ca

2015-04-13

Mr. Geoff Young
Newfoundland and Labrador Hydro
P.O. Box 12400
St. John's, NL A1B 4K7

Dear Mr. Young:

**Re: Newfoundland and Labrador Hydro Amended General Rate Application -
Requests for Information**

Enclosed are Information Requests PUB-NLH-451 to PUB-NLH-483 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 by telephone, 709-726-6781.

Yours truly,

Cheryl Blundon
Board Secretary

/bds
Encl.

ecc. **Newfoundland & Labrador Hydro**
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1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1 (the
3 "*EPCA*") and the *Public Utilities Act*, RSNL 1990,
4 Chapter P-47 (the "*Act*"), as amended, and regulations
5 thereunder; and

6
7 **IN THE MATTER OF** a general rate application
8 filed by Newfoundland and Labrador Hydro on
9 July 30, 2013; and

10
11 **IN THE MATTER OF** an amended general rate
12 application filed by Newfoundland and Labrador
13 Hydro on November 10, 2014.

**PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION**

PUB-NLH-451 to PUB-NLH-483

Issued: April 13, 2015

- 1 **PUB-NLH-451** Hydro has stated in its evidence and in various responses to requests for
2 information (Evidence, section 4.3., page 4.10 and CA-NLH-166
3 (Revision 3, Mar 24-15) and NP-NLH-349 that the current approved
4 methodology does not provide a “*reasonable sharing*” of the Rural
5 Deficit between Labrador Interconnected Customers and Newfoundland
6 Power Customers. However, Hydro did not apply to change the current
7 methodology in its original July 13, 2013 General Rate Application.
8 Explain in detail the factors and considerations that caused Hydro to
9 change its position on the allocation methodology for the Rural Deficit,
10 from its July, 2013 application to its November, 2014 application.
11 Include in the response an explanation of any changed circumstances that
12 influenced the changed position.
13
- 14 **PUB-NLH-452** Evidence, page 4.14, lines 15-18 and NP-NLH-347, pages 2-3: Hydro
15 states that an “*evaluation of the fairness of the Rural Deficit allocation*
16 *supports a change in the Cost of service allocation methodology to*
17 *provide a more reasonable sharing*” between customers. Describe in
18 detail all the criteria Hydro believes should be applied by the Board to
19 evaluate “fairness” and for each criterion or factor explain how each
20 should be considered.
21
- 22 **PUB-NLH-453** Further to PUB-NLH-452, state Hydro’s position as to whether the
23 approved allocation methodology has resulted, in its opinion, in an
24 “unfair” allocation of the Rural Deficit to customers since it was
25 approved in 1993 and if yes, explain why Hydro did not apply with
26 earlier applications for the methodology to be reviewed.
27
- 28 **PUB-NLH-454** Further to the response to PUB-NLH-369, provide the details of the
29 recent collective agreements with the Operations Unit and the Office
30 workers, including the terms, the annual increases, any special wage
31 adjustments, any reclassifications, the terms for retroactive pay and any
32 signing bonuses.
33
- 34 **PUB-NLH-455** Further to the response to CA-NLH-234 (Revision 1, Mar 24-15), state
35 whether the actual general economic adjustment, the average actual
36 increase and the cumulative increases forecast in the response for April 1,
37 2015, for non-union staff were implemented. If they were adjusted,
38 provide a revised response to CA-NLH-234 (Revision 1, Mar 24-15).
39
- 40 **PUB-NLH-456** Further to the response to PUB-NLH-304 (Revision 1, Nov 28-14), state
41 the total actual 2014 incentive payments that were paid, the number of
42 employees who received an incentive payment related to 2014
43 performance, the list of positions that were eligible to receive an
44 incentive payment and the criteria or factors that were used to determine
45 the amount of each incentive payment.

- 1 **PUB-NLH-457** Further to the response to PUB-NLH-456, state whether any Nalcor
2 employee received an incentive payment related to 2014 performance
3 that was allocated in whole or in part to Hydro and explain the basis for
4 such allocation.
5
- 6 **PUB-NLH-458** Further to the response to PUB-NLH-305 (Revision 1, Nov 28-14), state
7 the total actual merit-based, re-earnable cash payments paid related to
8 2014 performance, the number of employees that received such
9 payments, the list of positions that were eligible to receive such payments
10 and the criteria or factors used to determine the amount of each payment.
11
- 12 **PUB-NLH-459** Further to the response to CA-NLH-325, provide the actual 2014 vacancy
13 factor and an updated 2015 vacancy factor, including actual experience to
14 March 31, 2015.
15
- 16 **PUB-NLH-460** Provide a revised response to IC-NLH-006 (Revision 1, Dec 3-14) to
17 include the actual 2014 vacancy rate experience and the current 2015
18 forecast.
19
- 20 **PUB-NLH-461** Provide copies for the record for this proceeding of the following
21 agreements:
22 (1) the Capacity Assistance Agreement with Corner Brook Pulp and
23 Paper Limited, effective December 1, 2014, for blocks of capacity
24 in the amounts of 20, 40 or 60 MW;
25 (2) the Supplemental Capacity Assistance Agreement with Corner
26 Brook Pulp and Paper Limited, as of December 14, 2014, for
27 additional amounts of capacity from its hydroelectric generating
28 facility of up to 30 MW; and
29 (3) the Capacity Assistance Agreement with Vale Newfoundland and
30 Labrador Limited, as of December 1, 2014, for an amount of
31 capacity up to 15.8 MW.
32
- 33 **PUB-NLH-462** Further to PUB-NLH-461, section 1.01(d) of the Supplementary Capacity
34 Assistance Agreement with Corner Brook Pulp and Paper Limited states
35 the maximum estimated capacity is 30 MW. The response to CA-NLH-
36 296 states that an additional "net capacity assistance of approximately 22
37 MW" is available under this agreement. Please explain what is the amount
38 of additional capacity that is actually available to Hydro under this
39 agreement.
40
- 41 **PUB-NLH-463** Further to the response to CA-NLH-318 in this proceeding which states
42 that Hydro maintains spinning reserve to accommodate the loss of the
43 largest generating unit on the system and the response to CA-NLH-046 in
44 the Investigation proceeding which states that Hydro has established a

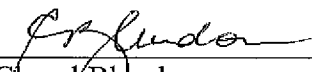
- 1 minimum spinning reserve level of 70 MW, please state what is the
 2 minimum spinning reserve in MW that Hydro does maintain.
 3
- 4 **PUB-NLH-464** Please explain in detail why Revenues (column 2) shown on Attachment 1
 5 provided in the response to NP-NLH-321 (Schedule 1.2, page 1 of 6) are
 6 different from the revenues (column 2) shown on the Schedule 1.2 of the
 7 Updated Exhibit 13 of the Amended General Rate Application (COS).
 8
- 9 **PUB-NLH-465** Please provide a copy of CA-NLH-033 Attachment 1 as referenced in the
 10 response to PUB-NLH-395, as it appears to have been deleted from the
 11 record in CA-NLH-033 (Revision 1, Dec 9-14).
 12
- 13 **PUB-NLH-466** Further to the response to PUB-NLH-395, please explain in detail why the
 14 Annualized Cost of Generation (column a) used in Table 4.5, Island
 15 Interconnected System Marginal Capacity Costs, are different from the
 16 values shown on TABLE B: CA-NLH-033 Rev 1 provided in the response
 17 to IC-NLH-166, page 2 of 3, which are understood to be more recent cost
 18 estimates.
 19
- 20 **PUB-NLH-467** Further to the response to PUB-NLH-396, please explain why, for the
 21 calculation of the conversion factor in 2015, the regression analysis used
 22 only five years and seven months of Holyrood monthly operating data,
 23 while in the 2013 calculation the regression analysis used 10 yrs. Also,
 24 please provide the data required to do the regression for ten years.
 25
- 26 **PUB-NLH-468** Further to the response to PUB-NLH-396, please provide the data for the
 27 regression analysis in the 2015 fuel conversion rate of 607 kWh/bbl and
 28 explain the difference between the calculation presented on page 3 of 3 of
 29 this response and the calculation presented on page 4 of 5 of the response
 30 to NP-NLH-069 (Revision 2, Mar 19-15).
 31
- 32 **PUB-NLH-469** The response to PUB-NLH-397 says "*The updated marginal capacity cost*
 33 *estimate was materially lower than the average embedded demand cost for*
 34 *Newfoundland Power (NP) derived from the 2015 Test Year Cost of*
 35 *Service Study*", and later "*The proposed demand charge gives*
 36 *consideration to both embedded demand costs and marginal capacity*
 37 *costs...*" Please explain how a \$5.50 per kW per month demand charge to
 38 NP takes into consideration embedded costs when the derived cost-based
 39 demand charge to NP is \$10.18 per kW as shown on the 2015 COS
 40 (Updated Exhibit 13).
 41
- 42 **PUB-NLH-470** The table provided in the response to PUB-NLH-401 shows Revenue at
 43 Proposed Rates for Isolated Systems - rate classes a) 1.2 Domestic Diesel,
 44 b) 2.1 Small General Service and c) 2.2 Large General Service. Please
 45 explain the relationship between the revenues shown on this table and

- 1 Revenues (column 2) shown in the COS, Updated Exhibit 13, Schedule
2 1.2, pages 3 and 4 of 6 (Island Isolated and Labrador Isolated).
3
- 4 **PUB-NLH-471** The response to PUB-NLH-403 states: "*As illustrated in Table 4.14 of the*
5 *Evidence to Hydro's Amended Application, 63.37% of the total*
6 *Transmission Demand Costs will be recovered through Labrador*
7 *Industrial Customers through the Labrador Industrial Transmission Rate*
8 *of \$1.25/kW effective January 1, 2015."* Please explain if there are other
9 charges to IOCC Firm beside the allocated 63.37% Transmission Demand
10 rate mentioned above. In other words, how is the remaining \$1,387,462
11 allocated cost to IOCC Firm (as shown on Schedule 3.2E, page 3 of 4, of
12 the COS, Updated Exhibit 13) recovered?
13
- 14 **PUB-NLH-472** Further to the response to PUB-NLH-406 Attachment 1 – Calculation of
15 CDM Recovery Mechanism, please provide for each year a list and a
16 detailed description of the CDM programs included in these annual
17 amounts, including the percentage split of each of these programs among
18 the rate classes they benefit (e.g., NP, IC, rural classes, etc.)
19
- 20 **PUB-NLH-473** Further to the response to PUB-NLH-406 Attachment 1 – Calculation of
21 CDM Recovery Mechanism, please explain in detail whether Hydro's
22 CDM programs (included in the amounts for Island Interconnected Plan
23 Deferred Costs) also benefit NP customers or whether they only benefit
24 Hydro's customers.
25
- 26 **PUB-NLH-474** Further to the response to PUB-NLH-406 Attachment 1 – Calculation of
27 CDM Recovery Mechanism, please provide a detailed description for each
28 year of what is included in "*Other System Plan Deferred Costs.*" Also,
29 please provide a list of any CDM programs that are included in these
30 annual amounts and the percentage split of each of these programs among
31 the rate classes they benefit.
32
- 33 **PUB-NLH-475** The Cost of Service (COS - Updated Exhibit 13) shows in tab
34 "AllocMisc," Line No.4, an item labeled "CDM" with a total of \$655,713,
35 allocated on the basis of number of customers to each of the five systems.
36 Please explain if this CDM cost in the COS is part of the expenses
37 included in the proposed CDM Recovery Mechanism. If not, please
38 provide a detailed description of this CDM cost.
39
- 40 **PUB-NLH-476** Further to the response to CA-NLH-303, please provide the page, tab and
41 line where the \$573,000 fuel cost savings can be found in the 2015 Test
42 Year Cost of Service (Updated Exhibit 13), and describe how the
43 allocation based upon 2015 production energy at generation is performed.

- 1 **PUB-NLH-477** Further to Attachment 1 and Attachment 2 of PUB-NLH-423, please
 2 confirm that the Affiliate #1 listed in the table titles refer to Nalcor
 3 Energy. If not, please provide separate tables for each affiliate.
 4
- 5 **PUB-NLH-478** Further to Attachment 1 and Attachment 2 of PUB-NLH-424, please
 6 confirm that the Affiliate #1 listed in the table titles refer to Nalcor
 7 Energy. If not, please provide separate tables for each affiliate.
 8
- 9 **PUB-NLH-479** Further to the response to PUB-NLH-414, how much of the expenses
 10 related to Nalcor's annual reports and annual meetings is Hydro initially
 11 incurring? How much is actually allocated to Nalcor? How much is
 12 retained by Hydro?
 13
- 14 **PUB-NLH-480** Further to the response to PUB-NLH-415, please confirm that Hydro bears
 15 the residual amount of the Hydro Place Emergency Diesel Power System
 16 expenses not included in the Administration fee. What is not included in
 17 the space rental costs amounts, and why are these costs not allocated to
 18 Nalcor? Why are the Hydro Place Emergency Diesel Power System
 19 expenses significantly higher in 2014 in comparison to the other years?
 20
- 21 **PUB-NLH-481** Further to Attachments 1 of PUB-NLH-176 (Revision 1, Nov 28-14) and
 22 PUB-NLH-192 (Revision 1, Nov 28-14), the cost recoveries and add-back
 23 cost recoveries amounts for human resources and information systems are
 24 the same during 2011 to 2013. Attachment 1 of PUB-NLH-184 shows that
 25 the cost recoveries and add-back cost recoveries amounts for safety and
 26 health are not the same during 2011 to 2013. Please explain why not.
 27
- 28 **PUB-NLH-482** Provide an update to the 2015 Test Year Rate Stabilization Plan, including
 29 all relevant schedules, to reflect the actual balances in the 2014 Financial
 30 Statements.
 31
- 32 **PUB-NLH-483** Please provide a written description using examples to illustrate the
 33 application of the existing approved methodology for the allocation of the
 34 Rural Deficit between Newfoundland Power Inc. and the Labrador
 35 Interconnected System.

DATED at St. John's, Newfoundland this 13th day of April 2015.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per 
 Cheryl Blundon
 Board Secretary