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September 23, 2013

**COURIER & EMAIL**

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  
Email: cblundon@pub.nl.ca

**Attention: Ms. G. Cheryl Blundon, Board Secretary**

Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro's 2013 General Rate Hearing**

Please find enclosed an original plus 12 copies of Innu Nation's Requests for Information in the above noted Application. We have also emailed you an electronic copy.

A copy of this letter and enclosure will be forwarded directly to the parties listed below.

If you have any questions about the enclosed, please contact the undersigned.

Yours truly,

*Olthuis, Kleer, Townshend LLP*

Nancy Kleer

NK/ck

Enclosure

cc: Geoffrey Young, counsel for Newfoundland and Labrador Hydro

Paul Coxworthy, counsel for Island Industrial Customers

Ed Hearn, Q.C., counsel for Towns of Labrador City, Wabush, Happy Valley-Goose Bay,  
Northwest River

Gerard Hayes, counsel for Newfoundland Power Inc.

Thomas Johnson, Consumer Advocate

Thomas O'Reilly, Q.C., counsel for Vale Newfoundland and Labrador Power

Yvonne Jones, MP, Labrador

**IN THE MATTER OF** the *Public Utilities Act*, RSN 1990, Chapter P-46 (the “Act”);  
and

**IN THE MATTER OF** a General Rate Application (the “Application”) by Newfoundland and Labrador Hydro (the “Applicant”) for approvals of, under Section 70 of the Act, changes in the rates to be charged for the supply of power and energy to Newfoundland Power, Rural Customers and Individual Customers; and under Section 71 of the Act, changes in the Rules and Regulations applicable to the supply of electricity to Rural Customers.

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**Requests for Information by Innu Nation**

**IN-NLH-1 to IN-NLH-159**

**September 23, 2013**

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## Requests for Information – Round 1

### **Billing data**

IN-NLH-1. Re: Rates Schedules, page 22 of 47.

Please confirm that “Hydro rural customers,” defined as regulated customers served by NLH other than Industrial customers and Newfoundland Power, includes customers served both by the Labrador interconnected system and by Labrador isolated systems.

IN-NLH-2. Re: Rates Schedules, page 23-24 of 47.

Please provide, using the most recent data available, the number of customers, the total energy consumption (GWh) and the total demand (MW) for each system<sup>1</sup> and rate class.

IN-NLH-3. Re: Rates Schedules pages 23-24 of 47

Please provide the number of customers, the total energy consumption (GWh) and the total demand (MW) for each rate class in each of the following communities: each of the Isolated communities in Labrador, Sheshatshiu, Natuashish, Northwest River, Happy Valley-Goose Bay, Labrador City, and Wabush.

IN-NLH-4.

Please provide copies of actual typical recent summer and winter bills (with all names and identifying information blacked out), for each of the following systems and rate classes:

- Labrador Interconnected System: Rates 1.1L, 2.1L, 2.2L, 2.3L, 2.4L, 5.1L and LABRADOR-INDUSTRIAL
- Labrador Diesel Area: 1.2D, 1.2DS, 2.1D, 2.2D, 1.2G, 2.1G, 2.2G
- L’Anse au Loup Area: 1.1, 1.1S, 2.1, 2.3 and 2.4

### **Load Forecasts**

IN-NLH-5. Re: NLH Evidence, Section 2, Schedules

Please extend the forecasts presented in Schedules II, III and IV through 2022.

For the Labrador Interconnected System, please use the categories presented in Schedule III.

IN-NLH-6. Re: NLH Evidence, Section 2.5.3, “Isolated Diesel Systems Load Forecasts”, page 2.38-2.40

Historical data is provided in this section for 2007-2012; forecast data is provided for the test year 2013 only.

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<sup>1</sup> In this document, unless otherwise specified, the term “each system” refers to the following systems: NP, Island Interconnected, Labrador Interconnected, Island Isolated, Labrador Isolated and L’Anse au Loup systems.

1 Please present load forecasts (GWh and MW) for the isolated diesel systems for the years 2013-  
2 2023, distinguishing between Labrador diesel systems (broken down by community), Island  
3 diesel systems, and the L'Anse au Loup system.

#### 4 **Revenue Requirements**

5 IN-NLH-7. Re: NLH Evidence, Section 3, page 3.13, lines 22-24, and page 3.14, lines 1-14.

6 It is stated that 24 positions were transferred from regulated NLH to Nalcor, and that this  
7 reduction in costs created a strategic opportunity for NLH to expand its engineering and  
8 operations workforce, and to implement retention and recruitment initiative.

9 Was NLH aware, during the years from 2008 to 2013, that NLH's customers would face rate  
10 increases as dramatic as those sought in the present application?

11 If so, why did NLH not take advantage of these reductions in cost in order to mitigate the  
12 dramatic rate increases sought in the present application?

13 IN-NLH-8. Re: NLH Evidence, Section 3, page 3.29, lines 24-27.

14 Please specify which deferral account(s) are amortized over a 28-year period, and the  
15 justification for such a long amortization period.

16 Please list the individual deferral accounts and indicate the amortization period for each, with a  
17 reference to the Board order approving that amortization period.

#### 18 **CDM**

19 IN-NLH-9. Re: NLH Evidence, Section 1, page 1.8, lines 11-12

20 "Hydro and NP have jointly developed and implemented a five-year Conservation and  
21 Demand Management (CDM) plan and filed an updated plan in 2012."

22 Please provide copies of the five-year Conservation and Demand Management (CDM) plan and  
23 the updated plan filed in 2012, as well as all annual reports and other reports concerning CDM  
24 filed with the Board.

25 IN-NLH-10. Re: NLH Evidence, Section 3, page 3.30, Table 3.9.

26 Please provide a historical account of additions, amortization and balances for the CDM deferral  
27 account.

28 Please explain why the amortization for the CDM deferral account is only \$0.2 million.

29 IN-NLH-11. Re: Cost of Service Study, Exhibit 9, s. 4.1.1, page 20

30 The Cost of Service Study states "Hydro's impetus for funding the existing CDM  
31 programs is to achieve overall fuel savings."

32 Please provide a description of how and when this purpose was determined.

1 IN-NLH-12. Re: NLH Evidence, Section 2, page 2.5, Table 2.2

2 Please identify the source of Table 2.2, and describe in detail the Isolated System Energy  
3 Efficiency Program, which produced 1,673 MWh of energy savings in 2012, providing:

- 4       • a breakdown of the 2012 savings of the Isolated System Energy Efficiency Program  
5       by system and rate class,  
6       • a description of the program spending, by community,  
7       • year-by-year expenditures, by community, and  
8       • year-by-year energy and capacity savings, by community.

9 IN-NLH-13. Re NLH Evidence, Section 2, p. 2.5, lines 4-13

10       In Section 2 of NLH's Evidence, at p 2.5, there is a list of conservation and demand  
11       management activities undertaken since 2007.

12 Please provide a list of conservation and demand management activities undertaken in 2012 and  
13 2013 YTD. Where applicable, please indicate in your answer in which systems and communities  
14 each type of activity was undertaken.

15 IN-NLH-14. Re: Cost of Service Study, Exhibit 9, s. 4.1.1, pages 20-22

16 Has NLH developed any energy conservation programs designed to reduce the amount of  
17 electricity consumed in Labrador by residential isolated customers? If so, please describe those  
18 programs.

19 IN-NLH-15. Re: Rates Schedules, page 20 of 47.

20 Have any costs been incurred with respect to Conservation and Demand Management programs  
21 offered to Labrador isolated customers? If so, please describe and quantify them, and explain  
22 how these costs are to be recovered. If not, please explain in detail why these customers have  
23 been excluded from the Conservation and Demand Management program.

24 IN-NLH-16. Re: Cost of Service Study, Exhibit 9, s. 4.1.1, pages 20-22

25 Please provide the time (and time value) charged by NLH employees, if any, to the provision of  
26 conservation and demand management activities for each of the Isolated communities in  
27 Labrador, Sheshatshiu, Natuashish, Northwest River and Happy Valley-Goose Bay, by  
28 community.

29 IN-NLH-17. Re: Rates Schedules, page 20 of 47.

30 Have any costs been incurred with respect to Conservation and Demand Management programs  
31 offered to L'Anse au Loup customers? If so, please describe and quantify them, and explain how  
32 their costs are to be recovered. If not, please explain in detail why these customers have been  
33 excluded from the Conservation and Demand Management program.

34 IN-NLH-18. Re: NLH Evidence, Section 4, page 4.21, line 12.

1 Please explain the distinction between the deferral and recovery method that is sought for CDM  
2 program costs and the existing deferral and recovery method for Deferred Energy Conservation  
3 Costs, as well as the Conservation and Demand Management Deferral mentioned on p. 4.22, line  
4 4, and the Demand Management Incentive Account (DMI), mentioned on p. 4.22, line 9.

5 IN-NLH-19. Re Non-Regulated Operations Report, Exhibit 7, p. 4,

6 In the Non-Regulated Operations Report, Exhibit 7, p 4, it states:

7 7. CONSERVATION DEMAND MANAGEMENT

8 In accordance with Board Order No. P.U. 7(2008), Hydro and Newfoundland  
9 Power will undertake energy conservation initiatives. All expenses associated  
10 with this activity in Labrador West are captured in BU 1949 and are excluded  
11 from the determination of regulated income. Employees providing services to this  
12 activity will charge their time in accordance with Nalcor's Intercompany  
13 Transaction Costing Guidelines as outlined in Exhibit 8.

14 Please explain why CDM expenses in Labrador West are excluded from the determination of  
15 regulated income, and indicate the amount of expenses so excluded for each year from 2006  
16 through 2013.

17 IN-NLH-20. Re: Non-Regulated Operations Report, Exhibit 7, p. 4,

18 Are there expenses incurred by NLH for conservation and demand management in Labrador  
19 East? If yes, please indicate the amount of these expenses for each year from 2006-2013, explain  
20 how those expenses are dealt with, and why they are handled differently from the expenses in  
21 Labrador West.

22 IN-NLH-21. Re: Cost of Service Study, Exhibit 9, s. 4.1.1, page 21

23 The document states: "One must consider whether the CDM costs should be recovered  
24 through the revenue requirement (in base rates) or through a rate rider."

25 Please describe in the detail the operation of a rate rider.

26 IN-NLH-22. Re: Cost of Service Study, Exhibit 9, s. 4.1.1, page 21

27 Please explain, in general terms, the relative benefits and drawbacks of recovering an amount  
28 through the revenue requirement or through a rate rider and describe the types of situation where  
29 rate riders are generally used, in standard industry practice.

30 IN-NLH-23. Re: Rates Schedules, page 20 of 47; Re: Cost of Service Study, Exhibit 9,  
31 Appendix 2, page A2-1.

32 The first paragraph states: "The Conservation and Demand Management Cost Recovery  
33 Plan (the Plan) of Newfoundland and Labrador Hydro (Hydro) is established for Hydro's  
34 Utility customer, Newfoundland Power, and Island Industrial customers to recover  
35 Hydro's Conservation and Demand Management (CDM) program expenditures."

1 The fifth paragraph states: “Costs associated with Labrador Interconnected customers  
2 will not be included for recovery, as programs for this system are based upon a cost  
3 structure which is significantly different from the other systems, and energy savings  
4 result in more energy being available for non-regulated sales.”

5 The Cost of Service Study (Exhibit 9, s. 4.1.1, page 22) states: “Hydro’s regulated CDM  
6 costs are incurred for customers on the Island Interconnected, L’Anse au Loup, Island  
7 Isolated and Labrador Isolated Systems.”

8 Please provide an overview of the CDM programs offered to customers in the Labrador  
9 Interconnected system and their costs. Please include the cost of those programs, how those costs  
10 are to be recovered, and please make specific reference to programs in the communities of  
11 Sheshatshiu, Northwest River and Happy Valley-Goose Bay. If there are no such programs,  
12 please explain in detail why these customers have been excluded from the Conservation and  
13 Demand Management program.

14 IN-NLH-24. Re: Cost of Service Study, Exhibit 9, s. 4.1.1, page 22

15 The document states: “As a practical matter, it is recommended that the CDM costs for  
16 the Island Interconnected customers (both rural and industrial) be allocated among the  
17 same customer groups and in the same manner as are fuel costs in the RSP. That is, the  
18 CDM costs for the Island Interconnected customers should be allocated to Newfoundland  
19 Power, the Industrial Customers, and Rural Island interconnected customers based on  
20 year-to-date energy sales. The Rural Island Interconnected portion should be added to the  
21 CDM costs for the L’Anse au Loup, Island Isolated and Labrador Isolated Systems, and  
22 allocated to Newfoundland Power and the Labrador Interconnected Rural customers. As  
23 with the RSP costs, the Labrador Interconnected portion would not be recovered.”

24 Please explain why Rural Island Interconnected CDM costs should be recovered from customers  
25 on a) the L’Anse au Loup system and b) the Labrador Isolated system.

26 IN-NLH-25. Re: Cost of Service Study, Exhibit 9, s. 4.1.1, page 22

27 Please explain how the CDM costs which are not recovered from the Labrador Interconnected  
28 customers are recovered by NLH, indicating any direct or indirect impacts on the shareholder or  
29 on other ratepayers.

30 IN-NLH-26. Re: Cost of Service Study, Exhibit 9, page 22 and Appendix 2, page A2-1

31 The Appendix states: “Costs associated with Labrador Interconnected customers will not  
32 be included for recovery, as programs for this system are based upon a cost structure  
33 which is significantly different from the other systems, and energy savings result in more  
34 energy being available for non-regulated sales.”

35 Please explain whether this sentence refers to costs incurred to provide CDM programs to  
36 Labrador Interconnected customers, or to costs resulting from CDM services in other systems  
37 which would normally be applied to Labrador Interconnected customers.

38 IN-NLH-27. Re: Cost of Service Study, Exhibit 9, Appendix 2, page A2-1.

1 The document states: “The portion of the Island Interconnected Recoverable Amount  
2 which is initially allocated to Rural Island Interconnected will be added to the Other Plan  
3 Recoverable Amount, and then re-allocated between Newfoundland Power and regulated  
4 Labrador Interconnected customers in the same proportion which the Rural Deficit was  
5 allocated in the approved Test Year Cost of Service Study.

6 “The Labrador Interconnected Recoverable Amount shall be written off to Hydro's net  
7 income (loss).”

8 Please explain in detail a) why a portion of the Island Interconnected Recoverable Amount is  
9 allocated to regulated Labrador Interconnected customers, b) the amount of the Island  
10 Interconnected Recoverable Amount allocated to regulated Labrador Interconnected customers  
11 for each year from 2006 through 2013, and c) why this amount is written off, rather than  
12 recovered.

### 13 **Capital expenditures**

14 IN-NLH-28. Re: NLH Evidence, Section 1, page 1.5, Chart 1.2 (Age of Transmission Lines,  
15 Island Interconnected System)

16 Please present a chart similar to Chart 1.2 for each system for which a cost-of-service study is  
17 prepared.

18 IN-NLH-29. Re: NLH Evidence, Section 1, page 1.5, Chart 1.2

19 Please present a chart similar to Chart 1.2 that described the age of Distribution Assets for each  
20 system. For the Labrador Interconnected System, please distinguish between Labrador East<sup>2</sup> and  
21 Labrador West.

22 IN-NLH-30. Re: NLH Evidence, Section 1, page 1.6, Chart 1.3

23 Please present an equivalent chart for the Labrador Interconnected system only.

24 IN-NLH-31. Re: NLH Evidence, Section 1, page 1.5, lines 4-10 and page 1.6, Chart 1.3

25 “Aging assets require strategic operating and maintenance to optimize the useful life of  
26 the assets while maintaining operating expenses at the least cost consistent with reliable  
27 service. Capital replacements and refurbishment (sustaining capital) are required as  
28 normal deterioration of asset components occurs. As shown in Chart 1.3, Hydro is  
29 estimating a significant increase in capital expenditures over the period from 2007 to  
30 2017, predominantly as a result of the increasing age of its asset base and load growth in  
31 some areas.”

32 For each of the five systems for which cost of service studies are prepared, please provide an  
33 indication of the cost-of-service increases expected to result from the capital expenditures  
34 described in Chart 1.3 for the years 2014-2017.

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<sup>2</sup> In this document, the term “Labrador East” will be used in accordance with its use in P.U. 14(2004).

1 IN-NLH-32. Re: NLH Evidence, Section 1, page 1.5, lines 4-10 and page 1.6, Chart 1.3

2 Please provide charts similar to Chart 1.3, breaking down the information presented into a)  
3 generation assets, b) transmission assets, c) distribution assets, and d) other assets, for each  
4 system.

5 IN-NLH-33. Re: NLH Evidence, Section 1, page 1.5, lines 4-10 and page 1.6, Chart 1.3

6 Please describe qualitatively and quantitatively the rate implications of the capital expenditures  
7 described in Chart 1.3 and in the charts provided in response to the previous RFI.

8 IN-NLH-34. Re: NLH Evidence, Section 1, page 1.5, lines 4-10 and page 1.6, Chart 1.3

9 Please describe in detail the forecast growth that drives the significant spike in growth-related  
10 capital expenditures forecast for the years 2014-2015, and to a lesser extent 2016-2017,  
11 indicating the system and rate class(es) in which this growth is expected.

12 IN-NLH-35. Re: Capital Expenditures and Carryover Reports (2006-2012)

13 Did NLH contribute towards the cost of construction of the diesel tanks and related infrastructure  
14 in the Isolated Communities in Labrador and on the Island in the years 2007-2013YTD? If yes,  
15 what percentage of the costs did NLH contribute?

16 IN-NLH-36. Re: Capital Expenditures and Carryover Reports (2006-2012)

17 In what year was the last capital upgrade to the diesel tanks and related infrastructure in each of  
18 the Isolated Communities in Labrador and on the Island? For each one, please indicate the value  
19 of that capital upgrade.

## 20 **Cost of Service**

21 IN-NLH-37. Re: Cost of Service Study, Exhibit 9, s. 1.6, page 2

22 The document states: "Customer classes in the COS study generally correspond with the  
23 rate schedules in each of Hydro's systems." (underlining added)

24 Please identify any customer classes in the COS study which do not precisely correspond to the  
25 rate schedules in each of NLH's systems, and explain for reasons for each divergence.

26 In more general terms, please explain the reasons which might lead to a divergence between  
27 customer classes in a COS study and customer classes in a utility's rate schedules.

28 IN-NLH-38. Re: Cost of Service Study, Exhibit 9, s. 1.6.2, page 3

29 The document states: "Lines and terminal station assets that exclusively service NP or IC  
30 are directly assigned."

31 Please confirm that no distribution assets are directly assigned.

1 Please explain under what conditions, if any, distribution assets are directly assigned to industrial  
2 or other customers, according to standard industry practice.

3 IN-NLH-39. Re: Cost of Service Study, Exhibit 9, s. 4.1.1, page 21, Table 6

4 Please indicate the precise source for the information contained in Table 6.

5 IN-NLH-40. Re: Cost of Service Study, Exhibit 9, s. 4.1.1, page 21

6 Please provide explanations for the significant increases in actual amounts, in relation to  
7 budgeted amounts, for Insulation, Windows and Thermostats for 2011 and 2012.

8 IN-NLH-41. Re: Cost of Service Study, Exhibit 9, s. 4.1.1, page 21

9 Please provide explanations for the significant decrease in actual amounts, in relation to  
10 budgeted amounts, for Industrial for 2011 and 2012.

## 11 **Labrador**

12 IN-NLH-42. Re: NLH Evidence, Section 1, page 1.13, lines 1-7

13 “On the Labrador Interconnected System, energy requirements in 2013 are forecast to be  
14 54 GWh or 5.3% lower than in the 2007 Test Year, reflecting forecast decreases in sales  
15 to non-regulated customers in addition to a sharp reduction in secondary energy  
16 requirements at Canadian Forces Base (CFB) Goose Bay. This overall decrease in load is  
17 partially offset by increased forecast requirements for residential and commercial  
18 customers, including a new general service customer relating to construction for the  
19 Muskrat Falls Project.”

20 Please present in tabular form the evolution of energy requirements from 2007 to 2013 for a)  
21 Labrador East and b) Labrador West.

22 IN-NLH-43. Re: NLH Evidence, Section 1, page 1.13, lines 1-7

23 Please present in tabular form forecast energy requirements for the period 2014 to 2018 for a)  
24 Labrador East and b) Labrador West.

25 IN-NLH-44. Re: NLH Evidence, Section 1, page 1.13, lines 8-17

26 Please present in tabular form forecast energy requirements for the period 2014 to 2018 for a)  
27 Labrador isolated communities and b) the L’Anse au Loup system.

28 IN-NLH-45. Re: NLH Evidence, Section 2, page 2.43, Table 2.18

29 Please break down this load forecast into its Labrador East and Labrador West components.

30 IN-NLH-46. Re: NLH Evidence, Section 3.7.1.1, page 3.23

1 Please provide a summary description of expected capital investments 2014-2018 for Labrador  
2 West (interconnected), Labrador East (interconnected), and for each of the isolated Labrador  
3 systems.

4 IN-NLH-47. Re: NLH Evidence, Section 3, page 3.23, note 14.

5 Please provide a specific reference for the source of the net book value (\$26.2 million) and the  
6 original cost of \$39.0 million. If these values are not found in the prefiled exhibits, please  
7 provide detailed schedules showing their derivation.

8 IN-NLH-48. Re: NLH Evidence, Section 3, page 3.23, lines 2-17.

9 For each of the capital investments described (\$7.6 million for substations and \$4.5 million for  
10 distribution assets in 2012; \$19.9 million in distribution assets in 2013), please provide a detailed  
11 description of the assets and a reference to the Board order approving the investments.

12 IN-NLH-49. Re: NLH Evidence, Section 3, page 3.23, lines 2-17.

13 Please indicate whether or not any additional capital costs in relation to the Labrador City  
14 upgrade are anticipated in future years. If they are, please specify them in detail.

15 IN-NLH-50. Re: NLH Evidence, Section 3, page 3.23, lines 2-17.

16 A report on the **Labrador City Voltage Conversion Terminals and Transmission**  
17 **Reconfiguration** was presented to the Board as part of Volume II of the 2009 Capital  
18 Budget Application.

19 Please file a copy of the **Labrador City Voltage Conversion Terminals and Transmission**  
20 **Reconfiguration** as evidence in the present file.

21 IN-NLH-51. Re: NLH Evidence, Section 3, page 3.23, lines 2-17.

22 On page 4 of the **Labrador City Voltage Conversion Terminals and Transmission**  
23 **Reconfiguration**, it is explained that the increased load growth that made necessary this  
24 distribution system was caused by ramped up production by IOCC and Wabush Mines.

25 Please indicate what role, if any, IOCC and Wabush Mines have played in the financing of the  
26 Labrador West distribution system upgrade.

27 IN-NLH-52. Re: NLH Evidence, Section 3, page 3.23, lines 2-17.

28 On page 9 of the **Labrador City Voltage Conversion Terminals and Transmission**  
29 **Reconfiguration**, SAIFI and SAIDI data are presented for the Labrador City Distribution  
30 System for 2003-07, for NLH corporate and for the CEA average.

31 Please provide SAIFI and SAIDI data for the most recent available five-year period, for a)  
32 Labrador City, b) Wabush, c) Happy Valley, d) Labrador Isolated Systems, e) (St. John's, and e)  
33 NLH corporate average.

34 IN-NLH-53. Re: NLH Evidence, Section 3, page 3.23, lines 2-17.

1 Please indicate the expected SAIFI and SAIDI performance for 2014-2018 for a) Labrador City,  
2 b) Wabush, c) Happy Valley, d) Labrador Isolated Systems, e) (St. John's, and f) NLH corporate  
3 average, providing detailed justifications for all expected improvements.

4 IN-NLH-54. Re: NLH Evidence, Section 3, page 3.23, lines 2-17.

5 Please describe any improvements in reliability or other characteristics of electric service that  
6 these improvements in the Labrador West distribution system will provide to consumers in  
7 Labrador East or in Labrador Isolated systems.

8 IN-NLH-55. Re: Cost of Service Study, Exhibit 13, Schedule 2.2E, page 1 of 2.

9 The document identifies \$56.4 million of Plant in Service for Labrador Interconnected –  
10 Distribution, including \$7.4 million for Substations, \$25.2 million for Poles, \$7.6 million  
11 of transformers and \$5.8 million for Second Conductor&Equipment.

12 Please break down the amounts in this schedule between Labrador East and Labrador West.

13 IN-NLH-56. Re: Cost of Service Study, Exhibit 13, Schedule 2.2E, page 1 of 2.

14 Please describe in detail the changes in Plant in Service for Labrador Interconnected –  
15 Distribution since the last Cost of Service study, distinguishing between additions in Labrador  
16 East and Labrador West.

17 IN-NLH-57. Re: Cost of Service Study, Exhibit 13, Schedule 2.6E, page 1 of 2.

18 Please break down this Functional Classification of Rate Base between Labrador East and  
19 Labrador West.

## 20 **Diesel systems**

21 IN-NLH-58. Re: Rates Schedules p. 35 of 47

22 Please provide a list of all the Island and Labrador Isolated communities or entities that have  
23 customers falling within Rate Class 1.2D.

24 IN-NLH-59. Re: NLH Evidence, Section 1, page 1.13, lines 8-17

25 Please present in tabular form a comparison of L'Anse au Loup and Coastal Labrador rates, by  
26 billing determinant.

27 IN-NLH-60. Re: NLH Evidence, Section 1, page 1.13, lines 8-17

28 Please present in tabular form the evolution of energy requirements for a) Labrador isolated  
29 communities and b) the L'Anse au Loup system, starting prior to the Lac Robertson  
30 interconnection.

31 IN-NLH-61. Re: NLH Evidence, Section 2, Schedule IV

1 Please break down the category “Others” (Labrador Isolated), providing data for each one of the  
2 Labrador isolated systems.

3 IN-NLH-62. Re: NLH Evidence, Section 2, Schedule VIII

4 Please break down the category “Other Hydro diesel”, providing data for each one of the  
5 Labrador isolated systems and for each system breaking the data into its composite parts (e.g.  
6 purchase of diesel, delivery of diesel).

7 IN-NLH-63. Re: NLH Evidence, Section 1, page 1.13, lines 8-17

8 “The net electricity requirements for isolated diesel systems are projected to increase by  
9 13.5 GWh or 22.0% in 2013 relative to the 2007 Test Year. The primary driver is the  
10 increasing customer load in Labrador, in particular, on the L’Anse au Loup system.  
11 L’Anse au Loup has experienced strong electricity sales growth following the  
12 introduction of lower electricity rates as a result of the interconnection of the L’Anse au  
13 Loup system to Hydro Québec’s Lac Robertson system. Over one-third of the homes on  
14 the L’Anse au Loup system now have electricity as the main heating source whereas prior  
15 to the rate change very few homes were heated by electricity. Given the cost to  
16 consumers of heating fuel compared to electricity costs, further conversion to electric  
17 heat is anticipated and additional capital expenditure will likely be required.”

18 Please indicate in what year the interconnection of the L’Anse au Loup system to the Lac  
19 Robertson system took place, and provide a historical overview of rates in the L’Anse au Loup  
20 system, indicating the evolution of each billing determinant (customer charge, demand charge,  
21 energy charge per block) starting prior to that interconnection.

22 IN-NLH-64. Re: NLH Evidence, Section 2, Schedule VIII

23 Please describe the pricing formula for the purchased power for L’Anse au Loup, providing  
24 copies of contracts and other relevant documents.

25 IN-NLH-65. Re: NLH Evidence, Section 4, page 4.9, lines 15-21.

26 It is stated that the revenue to cost ratio for the L’Anse au Loup system is 0.45.

27 Please provide a detailed accounting of revenues and costs for the L’Anse au Loup system.

28 IN-NLH-66. Re: NLH Evidence, Section 4, page 4.10, lines 16-18.

29 It is stated that the revenue to cost ratio for the Labrador isolated system, excluding  
30 L’Anse au Loup, is 0.22.

31 Please provide a detailed accounting of revenues and costs for the Labrador isolated system,  
32 excluding L’Anse au Loup.

33 IN-NLH-67. Re: NLH Evidence, Section 4, page 4.25, lines 8-10.

1 With respect to the Isolated Systems (including L'Anse au Loup) Purchase Power  
2 Variance Deferral, it is stated that, "Due to their relationship to fuel costs, power  
3 purchase costs could also vary significantly in unit price from the Test Year unit price."

4 Please explain the relationship between L'Anse au Loup power purchase costs and fuel costs.

5 IN-NLH-68. Re: NLH Evidence, Section 4, page 4.25, lines 8-10.

6 Please provide a breakdown of L'Anse au Loup power purchase costs and fuel costs, indicating  
7 volumes, average unit cost and total cost for each category.

8 IN-NLH-69. Re: NLH Evidence, Section 2, page 2.48, section 2.6.3

9 Please describe NLH's role in the operation and management of the diesel generating plant and  
10 distribution system in the Isolated Communities in Labrador and on the Island.

## 11 **Innu communities**

12 IN-NLH-70. Re: Rates Schedules, page 23-24 of 47.

13 For each rate class applicable, please provide a breakdown of the number of customers, total  
14 energy consumption, total demand, and total dollar amount billed by NLH to customers in  
15 Sheshatshiu and in Natuashish in 2007-2013YTD.

16 IN-NLH-71. Re: Rates Schedules, page 32 of 47

17 Please provide a sample bill sent to a residential domestic customer in Sheshatshiu and in  
18 Natuashish in 2011, 2012 and 2013 (without identifying customer information).

19 IN-NLH-72. Re: Non-Regulated Operations Report, Exhibit 7, p. 3

20 Please indicate whether or not NLH has ever submitted electricity bills to any customers in  
21 Natuashish in each of the following categories:

- 22 • Innu residential;
- 23 • Innu non-residential;
- 24 • Non-Innu residential;
- 25 • Non-Innu non-residential;
- 26 • Government of Canada;
- 27 • MIFN; and
- 28 • Other.

29 For each affirmative answer, please provide the following information:

- 30 • The number of customers in the category billed by NLH
- 31 • The first and last billing dates for the category of customers (if they are not ongoing)
- 32 • The total amount billed in the category
- 33 • The total amount outstanding in the category
- 34 • A sample bill for the category (with identifying information removed)

1 IN-NLH-73. Re: Rates Schedules p. 35 of 47

2 Please provide a list of all the service areas and rate classes applicable to buildings in  
3 Natuashish, and please provide the number of buildings in each rate class within Natuashish.

4 IN-NLH-74. Rates Schedules, page 32 of 47

5 If Innu or non-Innu residential customers in Natuashish or both are not billed directly by NLH,  
6 please describe why that is the case. If not, please indicate who bills these customers.

7 IN-NLH-75. Re: Rates Schedules page 32 of 47

8 Were residential Innu customers in Davis Inlet billed directly by NLH before the move of that  
9 community to Natuashish?

10 IN-NLH-76. Re: Rates Schedules, page 34 of 47.

11 Paragraph 12 (c) states: "Hydro may, in accordance with its Collection Policies,  
12 Disconnect a Service upon prior notice to the Customer if the Customer has a bill for any  
13 Service which is not paid in full 30 *days or more after issuance.*"

14 Are any formal or informal policies in place that prevent NLH from disconnecting for non-  
15 payment during winter months a customer that relies on electric service for heat? If not, please  
16 indicate whether or not such policies have ever been considered by NLH, and provide a brief  
17 history of the question.

18 IN-NLH-77. Re: Rates Schedules, page 34 of 47.

19 Please describe any formal or informal policies that may be in place regarding disconnecting  
20 Innu customers in the communities of Natuashish and Sheshatshiu.

21 IN-NLH-78. Re: Rates Schedules, page 35 of 47

22 Are residential domestic Innu customers in Natuashish charged at the same rate for the First  
23 Block consumption (as defined for Rate Class 1.2D) as residential domestic customers in the  
24 Labrador Isolated communities?

25 IN-NLH-79. Re: Rates Schedules, page 35 of 47

26 If residential domestic Innu customers in Natuashish are not charged the same rate for the First  
27 Block consumption as residential domestic customers in the Labrador Isolated communities,  
28 what rate are residential domestic Innu customers charged for the First Block consumption?

29 IN-NLH-80. Re: Rates Schedules, page 35 of 47

30 If residential domestic Innu customers in Natuashish are charged the same rate for the First  
31 Block consumption as residential domestic customers in the Labrador Isolated communities, at  
32 what date did this rate come to be charged to Natuashish residential domestic Innu customers, or  
33 was it always the case (since the relocation to Natuashish) that Innu residential domestic Innu  
34 customers were charged at this rate?

- 1 IN-NLH-81. Re: NLH Evidence, Section 2, page 2.48, section 2.6.3
- 2 How and how frequently is electricity usage by residential customers in Natuashish determined?
- 3 IN-NLH-82. Re: NLH Evidence, Section 2, page 2.48, section 2.6.3
- 4 Please describe NLH's role during the construction of the diesel generating plant in Natuashish  
5 prior to the relocation of the community to Natuashish in 2002-2003.
- 6 IN-NLH-83. Re: NLH Evidence, Section 2, page 2.48, section 2.6.3
- 7 Please describe NLH's role during the construction of the local electricity distribution system in  
8 Natuashish prior to 2002-2003.
- 9 IN-NLH-84. Re: NLH Evidence, Section 2, page 2.48, section 2.6.3
- 10 Please describe NLH's role during the construction or installation of distribution assets in  
11 Natuashish after the community relocated from Davis Inlet in 2002-2003.
- 12 IN-NLH-85. Re: Non-Regulated Operations Report, Exhibit 7, p. 3
- 13 Please describe NLH's role in the ongoing operation and management of the diesel generating  
14 plant and distribution system in Natuashish.
- 15 IN-NLH-86. Re: NLH Evidence, Section 2, page 2.48, section 2.6.3
- 16 With respect to Natuashish, please indicate whether or not NLH owns a) the generating station,  
17 b) distribution assets such as poles, wires and transformers, c) diesel fuel tanks, and d) other  
18 assets.
- 19 IN-NLH-87. Re: NLH Evidence, Section 2, page 2.48, section 2.6.3
- 20 Please indicate, for each year 2007- 2013YTD:
- 21 • the total amount of diesel used in the diesel generator facilities NLH operates in  
22 Natuashish in (in litres and \$), and
- 23 • the total electricity production of the diesel generator facilities in Natuashish
- 24 IN-NLH-88. Re: NLH Evidence, Section 2, page 2.48, section 2.6.3
- 25 Please clarify if Natuashish is considered part of the Isolated Diesel systems. If so, please  
26 describe the regulatory treatment of diesel fuel purchases for Natuashish.
- 27 IN-NLH-89. Re: NLH Evidence, Section 2, page 2.48, section 2.6.3
- 28 If Natuashish is not considered by NLH to be part of its Isolated Diesel systems, please indicate  
29 whether or not NLH has ever received a service request from Natuashish, and the disposition of  
30 said request(s).

1 IN-NLH-90. Re: NLH Evidence, Section 2, page 2.48, section 2.6.3

2 Does NLH own the diesel tanks and related infrastructure in Nain? If so, please explain the  
3 reason(s) for having different arrangements in Nain and in Natuashish.

4 IN-NLH-91. Re: NLH Evidence, Section 2, page 2.48, section 2.6.3

5 Please describe in detail the services for which NLH bills Mushuau Innu First Nation (MIFN) (or  
6 the government of Canada, on MIFN's account) in relation to Natuashish, including the billed  
7 amounts for each type of service, from 2002-2013.

8 IN-NLH-92. Re: NLH Evidence, Section 2, Schedule IV

9 Note 5 states: "Natuashish is operated by Hydro for the Department of Indian and  
10 Northern Affairs with full cost recovery."

11 Please provide copies of the agreements and all related correspondence establishing this  
12 relationship.

13 IN-NLH-93. Re: NLH Evidence, Section 2, Schedule IV

14 Schedule IV, p. 1 of 1, Note 4 states that "Operations ceased at Davis Inlet in early 2006,  
15 when the community moved to Natuashish."

16 Please provide a copy of the submissions of NLH to the Board of Commissioners of Public  
17 Utilities in connection with the decommissioning of the electricity generation facilities at Davis  
18 Inlet (re: Order No. P.U. 9(2006)).

19 IN-NLH-94. Re: NLH Evidence, Section 4, page 4.11, lines 6-10.

20 Section 4.4.4 explains that for government departments (domestic), which are charged  
21 rates based on full cost recovery, the average increase will be 17.7%.

22 In note 5, to Schedule IV of Section 2, it is mentioned that "Natuashish is operated by  
23 Hydro for the Department of Indian and Northern Affairs with full cost recovery."

24 Are billings for Natuashish based on the government department rates? If not, please specify on  
25 what basis they are based.

26 Is it reasonable to conclude that the average increase in billings by NLH for operating the  
27 Natuashish system will also be 17.7%? If not, please explain the rate increase or expected cost  
28 increase in relation to Natuashish.

29 IN-NLH-95. Re: Non-Regulated Operations Report, Exhibit 7, p. 3

30 NLH states that revenue and expenses associated with the diesel plant in Natuashish are  
31 not included in determining NLH's regulated income.

32 Please describe how it was determined and who determined that these revenues and expenses are  
33 not to be included in determining NLH's regulated income. Did NLH seek permission of the

1 Board of Commissioners of Public Utilities to not include the diesel plant in Natuashish in  
2 determining its regulated income?

3 IN-NLH-96. Re: Non-Regulated Operations Report, Exhibit 7

4 Please describe the activities conducted under Business Unit 1405 and provide an accounting of  
5 the revenue and expenses in Business Unit 1405 for each of the years 2007-2013YTD.

6 IN-NLH-97. Re: Non-Regulated Operations Report, Exhibit 7

7 Are the revenue earned and expenses incurred by NLH for Conne River included in determining  
8 NLH's regulated income?

9 IN-NLH-98. Re: Non-Regulated Operations Report, Exhibit 7

10 Are the revenue earned and expenses incurred by NLH for Sheshatshiu included in determining  
11 NLH's regulated income?

12 IN-NLH-99. Re: Diesel Plant Fire Protection Study Final Report, March 2012, Prepared by  
13 Hatch Ltd., filed in NLH's response to RFI PUB-NLH-26 in NLH's 2013 Capital Budget  
14 application

15 Why does this report list the diesel plant in Natuashish as being owned by NLH?

16 IN-NLH-100. Re: Diesel Plant Fire Protection Study Final Report, March 2012, Prepared by  
17 Hatch Ltd., filed in NLH's response to RFI PUB-NLH-26 in NLH's 2013 Capital Budget  
18 application

19 Is the diesel plant in Natuashish listed as being owned by NLH in any other documents? If yes,  
20 please provide copies of those documents.

21 IN-NLH-101. Re: Diesel Plant Fire Protection Study Final Report, March 2012, Prepared by  
22 Hatch Ltd., filed in NLH's response to RFI PUB-NLH-26 in NLH's 2013 Capital Budget  
23 application

24 Has the diesel plant in Natuashish ever been included in any NLH capital budgets submitted to  
25 the Board for approval? If yes, please provide references to such capital budgets.

## 26 **Rates and regulation**

27 IN-NLH-102. Re: Rates Schedules, page 23-24 of 47.

28 Please describe the group of customers served under Rate Class 1.1 (Island Interconnected,  
29 Domestic) and 2.1D and 2.1G (General Service Diesel, 0-10 kW), and explain why they are  
30 served by NLH rather than NP.

31 IN-NLH-103. Re: Rates Schedules, page 35 of 47.

1 Paragraph 16 (b) states: “As Newfoundland Power changes its rates, Hydro will  
2 automatically adjust all rates such that these [L’Anse au Loup System] customers pay the  
3 same rates as Newfoundland Power customers.”

4 Please explain in detail the history of the provision whereby L’Anse au Loup rates are  
5 automatically adjusted to follow NP rates, and the reasons behind it, making reference to relevant  
6 Board decisions.

7 IN-NLH-104. Re: Rates Schedules, page 35 of 47.

8 Paragraph 16 (c)(i) states: “Isolated Rural Domestic customers, excluding Government  
9 departments, pay the same rates as Newfoundland Power for the basic customer charge  
10 and First Block consumption (outlined in Rate 1.2D). Rates charged for consumption  
11 above this block will be automatically adjusted by the average rate of change granted  
12 Newfoundland Power from time to time.”

13 Please explain in detail the history of the provision whereby Isolated Rural Domestic customers  
14 pay the same rates as NP for the basic customer charge and First Block consumption, and  
15 whereby rates charged for additional consumption are adjusted by the average rate of change  
16 granted NP from time to time, and the reasons behind it, making reference to relevant Board  
17 decisions and Newfoundland and Labrador government policies or directives.

18 IN-NLH-105. Re: Rates Schedules, page 35 of 47.

19 Paragraph 16 (c)(ii) states: “Rates for Isolated Rural General Service customers,  
20 excluding Government departments, will increase or decrease by the average rate of  
21 change granted Newfoundland Power from time to time.”

22 Please explain in detail the history of the provision whereby rates for Isolated Rural General  
23 Service customers, excluding Government departments, will increase or decrease by the average  
24 rate of change granted Newfoundland Power from time to time, and the reasons behind it,  
25 making reference to relevant Board decisions.

26 IN-NLH-106. Re: Rates Schedules, page 35 of 47.

27 Please provide a summary table indicating, by system, rate class and billing determinant (e.g.  
28 customer charge, first block, etc.), the basis on which rates are set (e.g., cost-of-service, reference  
29 to another rate class, reference to a specific NP rate, indexation based on a specific NP rate, etc.)

30 IN-NLH-107. Re: Rates Schedules, page 35 of 47.

31 Please confirm that, in NLH’s view, the Policies for Automatic Rate Changes set out in  
32 paragraph 16 remain appropriate for setting rates in the Isolated Systems.

33 IN-NLH-108. Re: NLH Evidence Section 2, pages 1.18-1.25, section 1.4

34 Please provide NLH’s forecast for rate increases in each of NLH’s systems for 2014-2018.  
35 Please breakdown your answer by system, rate class, and year.

36 IN-NLH-109. Re: NLH Evidence Section 2, pages 1.18-1.25, section 1.4

- 1 Please provide a detailed explanation for NLH’s forecast rate increases for 2014-2018.
- 2 IN-NLH-110. Re: NLH Evidence, Section 2, Schedules
- 3 Please explain why no schedules are provided for Energy Supply and Fuel Expense for the  
4 Labrador Interconnected System, for the Isolated Systems or for the L’Anse au Loup System.
- 5 IN-NLH-111. Re: NLH Evidence, Section 2, Schedules
- 6 Please provide schedules similar to Schedules 5 and 6 for the Labrador Interconnected System,  
7 for the Isolated Systems and for the L’Anse au Loup System.
- 8 IN-NLH-112. Re: NLH Evidence, Section 2, Schedule I
- 9 Please provide a breakdown of Transmission and Rural Operations into the following categories,  
10 and provide a description of the “other” categories:
- 11 - Island transmission  
12 - Other island rural operations  
13 - Labrador transmission  
14 - Labrador East distribution  
15 - Labrador West distribution  
16 - Other Labrador rural operations
- 17 IN-NLH-113. Re: NLH Evidence, Section 4, page 4.6, lines 2-6, Table 4.2 and note 3.
- 18 Please describe the criteria used to determine whether or not a given asset is “used primarily by  
19 that customer,” and thus should be reflected in Specifically Assigned Charges.
- 20 IN-NLH-114. Re: NLH Evidence, Section 4, page 4.6, Table 4.2
- 21 Please provide a breakdown of the specific assets reflected in the Specifically Assigned Charges.
- 22 IN-NLH-115. Re: NLH Evidence, Section 4, page 4.9, lines 1 to 6.
- 23 Please file a copy of the current Hydro Rate Manual as evidence in the present file.
- 24 IN-NLH-116. Re: NLH Evidence, Section 4, page 4.9, lines 1 to 6.
- 25 Please explain why the list of classes of service in section 2 makes no reference to the Labrador  
26 Industrial rate described on pages IND-1 to IND-3 of the Hydro Rate Manual.
- 27 IN-NLH-117. Re: NLH Evidence, Section 4, page 4.9, lines 1 to 6.
- 28 The table of contents to the July 1, 2013 Hydro Rate Manual bears the indication  
29 “LABRADOR INDUSTRIAL – UNREGULATED”, but the word “unregulated” does  
30 not appear in the text.
- 31 Please explain: a) when and how the terms of the Labrador Industrial rate were set, b) how it is  
32 determined whether an industrial client in Labrador taking service of 1000 kVA or more at

1 transmission voltage is served under rate 2.4L or under the Labrador Industrial Rate, c) where  
2 the cost of service concerning this rate is found, d) why the Development Energy Block is to  
3 increase dramatically starting on Jan. 1, 2015, and e) the implications for other customers in the  
4 event that the rates charged under this tariff do not cover the cost of service.

5 IN-NLH-118. Re: NLH Evidence, Section 4, page 4.21, lines 6-13.

6 A number of deferral mechanisms are listed.

7 Please provide schedules indicating the evolution of each of these accounts since 2002.

8 IN-NLH-119. Re: NLH Evidence, Section 4, page 4.21, line 10.

9 Please provide a detailed description of the deferral mechanism for Deferred Major  
10 Extraordinary Repairs, indicating the types of repairs for which it is applied and the recovery  
11 mechanism.

12 IN-NLH-120. Re: NLH Evidence, Section 4, page 4.21, line 12.

13 Please provide a detailed description of the deferral mechanism for Deferred Energy  
14 Conservation Costs, indicating the types of costs for which it is applied and the recovery  
15 mechanism.

16 IN-NLH-121. Re: NLH Evidence, Section 4, page 4.21, line 13.

17 Please provide a detailed description of the deferral mechanism for Deferred Purchased Power  
18 Savings, indicating the types of costs for which it is applied and the recovery mechanism.

19 IN-NLH-122. Re: NLH Evidence, Section 4, Schedule 1, pages 1-8.

20 Schedules describing percentage change in annual costs and dollar change in annual costs  
21 are provided for certain rate classes.

22 Please provide similar schedules for all other rate classes and systems.

23 IN-NLH-123. Re: Application, p. 6

24 Please provide copies of all government directives to the Board concerning NLH rates which are  
25 currently in effect.

26 IN-NLH-124. Re: NLH Evidence, Section 2, page 2.48, section 2.6.3

27 Please indicate under what circumstances NLH may refuse a request for electric service from a  
28 resident or business located in the Newfoundland and Labrador, citing any relevant provisions of  
29 laws, regulations and regulatory orders.

### 30 **Newfoundland Power rates**

31 IN-NLH-125. Re: NLH Evidence, Section 2, page 2.43, lines 5-10

1 Please provide a detailed description of the regulatory practices governing the NP generation  
2 credit.

3 IN-NLH-126. Re: NLH Evidence, Section 4, page 4.3 to 4.5

4 Please explain the justification for the size of the first block in the proposed NP rate  
5 (280,000,000 kWh), presenting all assumptions necessary to reproduce the calculations.

6 IN-NLH-127. Re: NLH Evidence, Section 4, page 4.3 to 4.5

7 Please explain the justification for the first block rate (2.786 cents/kWh) in the proposed NP rate,  
8 presenting all assumptions necessary to reproduce the calculations.

9 IN-NLH-128. Re: NLH Evidence, Section 4, page 4.3 to 4.5

10 Please explain the justification for the second block rate (10.4 cents/kWh) in the proposed NP  
11 rate, presenting all assumptions necessary to reproduce the calculations.

12 IN-NLH-129. Re: NLH Evidence, Section 4, page 4.3 to 4.5; Rate Schedules pages 1 to 4 of 47;  
13 Cover letter, p. 3

14 Please explain how the modifications in the Newfoundland Power (NP) utility rate proposed in  
15 the present application will be reflected in NF Power's rates, given that NP's 2013-14 General  
16 Rate Review has already fixed rates based on power supply costs for 2013 and 2014 based on  
17 current rates.

## 18 **Rural deficit**

19 IN-NLH-130. Re: NLH Evidence, Section 4, page 4.14, lines 10-13

20 Please explain in detail the regulatory mechanisms in place with respect to the rural deficit, as  
21 well as the historical evolution of these mechanisms, making reference to all relevant Board  
22 decisions and Newfoundland and Labrador government directives or other actions.

23 IN-NLH-131. Re: NLH Evidence, Section 4, page 4.14, lines 10-13

24 It is stated: "The 2013 revenue to cost ratio, including allocated rural deficit, for Labrador  
25 Interconnected Customers is 1.44. The ratio exceeds 1.0 as Labrador Interconnected  
26 Rural Customers pay a portion of the rural deficit in addition to their system costs."

27 Please provide a detailed accounting of the rural deficit calculations, indicating the amount  
28 attributable to Labrador Interconnected Customers.

29 IN-NLH-132. Re: NLH Evidence, Section 4, page 4.14, lines 10-13

30 Please describe the implications that would occur for each rate class of each system, before and  
31 after the Northern Strategic Plan subsidy, if the allocated rural deficit for Labrador  
32 Interconnected Customers were reduced to 1.0.

33 IN-NLH-133. Re: NLH Evidence, Section 4, p. 4.14

1 Please describe all government policies applicable to NLH regarding the subsidization of isolated  
2 and interconnected customers in Labrador, and provide copies of relevant supporting documents.

3 IN-NLH-134. Re: NLH Evidence, Section 4, page 4.26, lines 7-9.

4 It is stated, “The diesel unit cost variation will be allocated between NP and Labrador  
5 Interconnected Rural Customers in the same proportion as the rural deficit was allocated  
6 in the approved Test Year Cost of Service Study.”

7 Please summarize the calculation and allocation of the rural deficit, providing specific references  
8 to the cost of service study.

9 IN-NLH-135. Re: Rates Schedules, page 10 of 47.

10 Please explain in detail the operation of the Rural Rate Alteration of the Rate Stabilization Plan,  
11 and indicate which systems and customer classes it affects.

12 IN-NLH-136. Re: NLH Evidence, Section 3, page 3.28, lines 3-22.

13 Please indicate in what ways, if any, the application of the RSP and the disposition of the RSP  
14 surplus affect a) Labrador interconnected customers, and b) Labrador isolated customers, directly  
15 or indirectly.

## 16 **NSP**

17 IN-NLH-137. Re: NLH cover letter dated July 30, 2013, p. 3, note 3.

18 Note 3 states: “With the annual Northern Strategic Plan subsidy, domestic customers in  
19 coastal Labrador pay the equivalent electricity rates as Labrador Interconnected  
20 customers for their basic electricity needs. The proposed increase to Labrador  
21 Interconnected rates will mean that the average rate increase for domestic coastal  
22 Labrador customers, after the subsidy is considered, will be 20.4%.

23 Please explain in detail the operation of the Northern Strategic Plan subsidy for domestic  
24 customers in coastal Labrador, and provide supporting documents, including:

- 25 - government documents enacting the subsidy and setting out its operational details, and  
26 - copies of bills or other correspondence showing the amounts claimed and paid since  
27 2011.

28 If the subsidy is not explicitly and transparently integrated into the actual electricity bills, please  
29 explain in detail how the subsidy is applied with supporting documents.

30 IN-NLH-138. Re: NLH cover letter dated July 30, 2013, p. 3, note 4.

31 Note 4 states: “With the annual Northern Strategic Plan subsidy, residential customers in  
32 the L’Anse au Loup System pay the equivalent electricity rates as Labrador  
33 Interconnected customers for their basic electricity needs. The proposed increase to

1 Labrador Interconnected Customers will mean that the average rate of increase for  
2 domestic L'Anse au Loup customers, after the subsidy is considered, will be 4.5%.”

3 Please explain in detail the operation of the Northern Strategic Plan subsidy for domestic  
4 customers in the L'Anse au Loup System, and provide supporting documents, including:

- 5 - government documents enacting the subsidy and setting out its operational details, and
- 6 - copies of bills or other correspondence showing the amounts claimed and paid since  
7 2011.

8 IN-NLH-139. Re: NLH cover letter dated July 30, 2013, p. 3, notes 3 and 4.

9 Please explain in detail why, if domestic customers in coastal Labrador and residential customers  
10 in the L'Anse au Loup System both pay the equivalent electricity rates as Labrador  
11 Interconnected Customers for their basic electricity needs, the average rate increase will be  
12 20.4% for the former, and 4.5% for the latter.

13 IN-NLH-140. Re: Rates Schedules, page 35 of 47.

14 Please explain in detail the interaction between (i) the regulatory policies embodied in paragraph  
15 16 of the Rules and Regulations, which bases rates for isolated customers on Newfoundland  
16 Power rates, and (ii) the Northern Strategic Plan subsidy, referred to in notes 3 and 4 on page 3  
17 of the cover letter dated July 30, 2013, which results in customers paying rates equal to the  
18 Labrador Interconnected Rate.

19 IN-NLH-141. Re: NLH Evidence, Section 2, page 2.39, lines 9-13

20 “In 2007, the Government introduced an electricity rebate program for domestic  
21 customers in isolated Labrador coastal communities, including the communities on the  
22 L'Anse au Loup system. The Labrador rebate reduces customer electricity costs on the  
23 first block of energy and basic customer charge to the equivalent of costs paid by  
24 customers on Labrador Interconnected Systems.”

25 Please confirm that this electricity rebate program is identical to the Northern Plan Subsidy  
26 referred to in notes 4 and 5 of page 3 of the Cover Letter dated July 30, 2013. If this is not the  
27 case, please:

- 28 • describe in detail the electricity rebate program referred to here,
- 29 • provide details as to its functioning, and
- 30 • provide details as to its interaction with the rural subsidy and the Northern Strategic  
31 Plan subsidy.

32 IN-NLH-142. Re: NLH Evidence, Section 2, page 2.39, lines 9-13

33 Please indicate if this rebate is paid directly to consumers, or to NLH. If to consumers, please  
34 provide a copy of a sample residential bill (without identifying customer information) showing  
35 how the rebate is applied. If to NLH, please provide full documentation for the years 2011 and  
36 2012.

1 IN-NLH-143. Re: NLH Evidence, Section 2, page 2.39, lines 9-13

2 Please explain the interaction between this rebate and the ratemaking policy set out in paragraph  
3 26 of the Rules and Regulations (Rates Schedules, page 35 of 47)

#### 4 **Deferred rate increase**

5 IN-NLH-144. Re: NLH Evidence, Section 4, page 4.10, lines 8-13

6 It is stated: “An additional impact on rates for both rural Domestic and General Service  
7 Customers relates to a 15% rate increase, effective January 1, 2007 (deferred rate  
8 increase) which was approved for these customers in the 2006 GRA, but through various  
9 directions from government has resulted in a deferral. Therefore, with this GRA, the  
10 deferred rate increase will be incorporated into Hydro’s final rate schedules for these  
11 customers, which are proposed to take effect January 1, 2014.”

12 Is the deferred rate increase of 15% which will be incorporated into NLH’s final rate schedules  
13 for rural Domestic and General Service Customers additional to the rate increases set out in the  
14 present application? If yes, please provide:

- 15 • a list of the net rate impacts for each rate class, taking into account this deferred rate  
16 increase, and  
17 • A list of the proposed rates for each system and class, with and without the deferred  
18 rate increase.

19 IN-NLH-145. Re: NLH Evidence, Section 4, page 4.10, lines 8-13

20 Please describe any interaction between the deferred 15% rate increase and the Northern  
21 Strategic Plan subsidy. More specifically, please indicate the final rates to consumers who are  
22 eligible for the NSP subsidy before and after the 15% deferred rate increase.

23 IN-NLH-146. Re: NLH Evidence, Section 4, page 4.10, lines 8-13

24 Please provide references to all Board decisions or policies and Newfoundland and Labrador  
25 government directions or policies with respect to this deferred rate increase.

26 IN-NLH-147. Re: NLH Evidence, Section 4, page 4.10, lines 8-13

27 Please clarify if the deferred 15% rate increase applies to all rural Domestic and General Service  
28 customers, or only to those in isolated systems.

29 IN-NLH-148. Re: NLH Evidence, Section 4, page 4.10, lines 8-13 and note 6; cover letter, page  
30 3.

31 Note 6 specifies that the 2007 deferred rate increase for Domestic Customers would  
32 result in an overall increase of 4%.

33 Please confirm that this figure is comparable to the figure of 0.9% found on page 3 of the cover  
34 letter, under the heading “Labrador Isolated Systems, Domestic”.

1 IN-NLH-149. Re: NLH Evidence, Section 4, page 4.10, lines 8-13 and note 6; note 3 of cover  
2 letter, page 3.

3 Note 3 of the cover letter explains that, due to the operation of the Northern Strategic  
4 Plan subsidy, the average rate increase for domestic coastal Labrador customers, after the  
5 subsidy is considered, will be 20.4%

6 Please explain the effect of the deferred 15% rate increase on the average rate increase for  
7 domestic coastal Labrador customers, after the NSP subsidy is considered.

## 8 **Planning**

9 IN-NLH-150. Re: NLH Evidence, Section 2, page 2.46, lines 20-27

10 Please describe any expected changes in the cost of TwinCo power in the coming years, and any  
11 implications for future costs for serving loads in the Labrador Interconnected System.

12 IN-NLH-151. Re: NLH Evidence, Section 1.2.2, page 1.6 to 1.8

13 Please describe the procedures currently in place to ensure that NLH complies with its mandate  
14 to provide least cost electricity to its consumers in the years to come, making specific reference  
15 to:

- 16 • the Board's comments on strategic planning found on page 162 of P.U. 7 (2002-2003),
- 17 • its comments on Future Supply/Integrated Resource Planning found on pages 147-149 of  
18 P.U. 14 (2004), and
- 19 • its comments on Integrated Resource Planning found on pages 58-60 of P.U. 8 (2007).

20 IN-NLH-152. Re: NLH Evidence, Section 1.2.2, page 1.6 to 1.8

21 Please indicate more specifically what steps, if any, NLH intends to take to implement Integrated  
22 Resource Planning.

23 IN-NLH-153. Re: NLH Evidence, Section 1.2.2, page 1.6 to 1.8

24 Please describe the status of negotiations with Nalcor regarding a Power Purchase Agreement for  
25 power from Muskrat Falls, indicating the expected timetable for concluding these negotiations.

26 IN-NLH-154. Re: NLH Evidence, Section 1.2.2, page 1.6 to 1.8

27 Please indicate whether, to the best of NLH's knowledge, will approval of the PPA with Nalcor  
28 with respect to power from Muskrat Falls require approval of:

- 29 • The Lieutenant Governor in Council,
- 30 • The Public Utilities Board,
- 31 • Any other body.

1 **Other**

2 IN-NLH-155. Re: NLH Evidence, Section 1, page 1.15, lines 5-7

3 “While there is no recovery mechanism currently in place for diesel fuel, Hydro is  
4 proposing such a mechanism in this Application.”

5 Please provide precise references to the proposal to add a recovery mechanism for diesel fuel.

6 IN-NLH-156. Re: NLH Evidence, Section 1, page 1.22, lines 20-23

7 “In October 21 2012, at the request of Nalcor, Deloitte & Touche LLP, an independent  
8 third party, completed a review of the processes and procedures used by Nalcor to  
9 recover costs among affiliates. A copy of this review was previously filed with the  
10 Board.”

11 Please provide a copy of this review.

12 IN-NLH-157. Re: NLH Evidence, Section 3, page 3.8, Chart 3.1

13 Please provide references for the figures presented for HQTx, HQDx and BC Hydro.

14 IN-NLH-158. Re: NLH Evidence, Section 4, page 4.14, lines 14-26; page 15, lines 1-4.

15 Please provide specific references in the cost of service study or other schedules in which the  
16 impacts of Muskrat Falls Construction on Rate Class 2.4 is set out.

17 Re: NLH Evidence, Section 2, page 2.2, lines 17-23; section 2.2.4, page 2.5 and 2.6

18 Page 2.2: “On the Island Isolated System, Hydro has a PPA with Frontier Power for wind  
19 generation at Ramea. Frontier Power has six - 65 kW wind turbines installed for a total  
20 capacity of 390 kW. From 2006 to 2012, the wind generation from Frontier Power has  
21 produced, on average, 9.4% of Ramea’s annual energy requirements. In 2012, 561 MWh  
22 or 13.2% of Ramea’s total energy requirements of 4,238 MWh were produced from  
23 Frontier Power’s wind turbines. This resulted in a reduction of diesel fuel usage at Ramea  
24 of 159,000 litres with a displacement of 495 tonnes of GHGs.”

25 Page 2.5: “The Ramea Wind-Hydrogen-Diesel facility is a Research and Development  
26 (R&D) project, the capital costs for which were not incurred by the ratepayer.”

27 Page 2.6: “Despite delays and integration issues, the first energy was produced from the  
28 wind generation on December 12, 2009. Over the course of its operation, and up to  
29 December 31, 2012, 493 MWh of energy were produced for the community. This has  
30 resulted in a reduction in diesel fuel usage at Ramea of 138,000 litres and a displacement  
31 of 436 tonnes of GHGs.”

32 Please clarify the relationship, if any, between the wind projects described on page 2.2 and the  
33 one described in section 2.2.4 on pages 2.5 and 2.6.

34 IN-NLH-159. Re: NLH Evidence, Section 2, page 2.16, lines 10-12

- 1 Please provide a graph indicating historical hydraulic inflows used for system planning, and
- 2 indicating the critical dry sequence.