

HAND DELIVERED

November 6, 2013

Board of Commissioners
of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Ladies and Gentlemen:

Re: Newfoundland and Labrador Hydro's 2013 General Rate Application

Please find enclosed the original and 12 copies of Newfoundland Power's Requests for Information NP-NLH-138 to NP-NLH-197 in relation to the above-noted Application.

At Monday's meeting of counsel, Hydro suggested that, if intervenors would submit any second-round Requests for Information they have ready at this time, it may help reduce slippage in the schedule resulting from Hydro's failure to meet the deadline for first-round responses. These Requests for Information are submitted in accordance with Hydro's suggestion.

For convenience, the Requests for Information are provided on three-hole punched paper.

It is Newfoundland Power's understanding, following Monday's meeting of counsel, that counsel for the parties and the Board recognize that the schedule for the hearing of the Application established in Order No. P.U. 28 (2013) must be revised. It is Newfoundland Power's view that an appropriate deadline for submission of second-round Requests for Information cannot be established until complete responses to all first-round Requests for Information have been filed.

A copy of this letter, together with enclosures, has been forwarded directly to the parties listed below.

If you have any questions regarding the enclosed, please contact the undersigned at your convenience.

Yours very truly,



Gerard M. Hayes
Senior Counsel

Enclosures



c. Geoffrey Young
Newfoundland and Labrador Hydro

Paul Coxworthy
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Yvonne Jones, MP
Labrador



IN THE MATTER OF the Public
Utilities Act, R.S.N. 1990, Chapter P-47
(the Act), and

IN THE MATTER OF a General Rate Application
(the Application) by Newfoundland and Labrador Hydro
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
Industrial Customers; and under Section 71 of the Act,
changes in the Rules and Regulations applicable to the
supply of electricity to Rural Customers.

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

NP-NLH-138 to NP-NLH-197

November 6, 2013

Requests for Information

- NP-NLH-138 Further to Response to Requests for Information NP-NLH-038 and PUB-NLH-100:
- Given the actual number of litres and not the test year number of litres is used in the proposed account definition, doesn't the volume change from test year also get reflected in the calculation of the transfers to this account?
- NP-NLH-139 Further to response to Request for Information NP-NLH-039:
- For the 2013 Test Year, please compare the forecast average incremental purchased power cost on isolated systems (on a ¢ per kWh basis) with the average incremental generation cost (on a ¢ per kWh basis).
- NP-NLH-140 Further to response to Requests for Information NP-NLH-038 and NP-NLH-039:
- Please demonstrate using the scenario set forth below that there is no duplication of cost recovery through the operation of the proposed Power Purchases Cost Variance Account and the proposed Diesel Unit Cost Variance Deferral Account. In the scenario, assume: (i) MWh purchases increase by 20% in a single year and test year diesel production decreases by a corresponding MWh amount; (ii) average purchase price increases by 10%; (iii) customer MWh energy requirements increase by 5% and (iv) the average diesel fuel price increases by 10%.
- For the requested scenario, show the account transfers and reconcile the end result to the 2013 Test Year average cost for the Isolated diesel systems.
- NP-NLH-141 Further to response to Requests for Information NP-NLH-038, NP-NLH-039 and IN-NLH 027:
- Please explain why Hydro is not proposing a recovery mechanism to recover the portion of the balances in the proposed Power Purchases Cost Variance Account and the proposed Diesel Unit Cost Variance Deferral Account allocated to regulated Labrador Interconnected customers.
- NP-NLH-142 Please provide details of the operation of the regulatory mechanism to recover the balances in the proposed Power Purchases Cost Variance Account and the proposed Diesel Unit Cost Variance Deferral Account allocated to Newfoundland Power's customers. In the response please provide an illustrative example of the proposed July 1 rate adjustment.

- NP-NLH-143 Further to response to Request for Information PUB-NLH-066:
- Provide the forecast Industrial Customer RSP Adjustment factor to become effective January 1, 2014 assuming base rate implementation after January 1, 2014 and reflecting the Industrial Customer RSP fuel price projection provided to the Board on October 15, 2013. Please include the detailed calculations supporting the response and provide the projected rate increase for each Industrial Customer.
- NP-NLH-144 Further to response to Request for Information NP-NLH-132:
- The classification of Holyrood generation and transmission terminal stations has increased from 59.17% demand and 40.83% energy in the 2007 Test Year to 77.66% demand and 22.34% energy in the 2013 Test Year.
- Please provide the increase in 2013 revenue requirement from Newfoundland Power as a result of this change.
- NP-NLH-145 Further to response to Request for Information NP-NLH-132:
- Please compute the demand charge per month in wholesale rate to Newfoundland Power that would be proposed (based upon the proposed rate design methodology) if the 2014 forecast Holyrood capacity factor was used for the 2013 Test Year.
- NP-NLH-146 Further to response to Request for Information PUB-NLH-136:
- Please provide the actual capacity factor for Holyrood for each year from 2000 to 2012 and forecast for each year from 2013 to 2017.
- NP-NLH-147 Further to response to Requests for Information PUB-NLH-136 and NP-NLH-132:
- What is Lummus Consultants' opinion on whether it is more reasonable for the 2013 Test Year cost of service study to use a capacity factor for Holyrood based upon (i) an historic period of low energy production or (ii) to also consider forecast production reflecting the period in which rates will be in effect (i.e., in which Holyrood energy production and its capacity factor will be materially higher than recent history)?
- NP-NLH-148 Further to response to Request for Information NP-NLH-079:
- Please explain why gas turbine production on the Island Interconnected system is forecast to increase materially in 2016 and 2017.

- NP-NLH-149 Further to response to Request for Information PUB-NLH-109:
Please explain why the cost of the rural deficit and customer-related costs are included in the marginal energy rate of 10.400¢ per kWh proposed for Newfoundland Power.
- NP-NLH-150 Further to response to Request for Information NP-NLH-123:
Does Hydro agree that the material increase in the demand charge to Newfoundland Power is an indication that Hydro wants Newfoundland Power to change the focus of its CDM activities? Please explain.
- NP-NLH-151 Further to response to Request for Information NP-NLH-123:
Is the material increase in the demand charge to Newfoundland Power an indication that Hydro wants Newfoundland Power to materially increase the availability of curtailable load on the island interconnected system? Please explain.
- NP-NLH-152 Further to response to Request for Information PUB-NLH-109:
Please provide an alternative wholesale rate which recovers the proposed revenue requirement from Newfoundland Power by applying proportional changes in demand charges and energy charges while maintaining the size of the 1st block.
- NP-NLH-153 Further to response to Request for Information NP-NLH-075:
Does Hydro agree that the probabilistic distribution of variability for the 2013 hydraulic production forecast indicates that there is a 61% probability that the 2013 actual hydraulic production will exceed the 2013 Test Year hydraulic production? If not, why not?
- NP-NLH-154 Further to response to Request for Information NP-NLH-075:
Please provide the impact on the revenue requirement for the Island Interconnected System of using the median of the hydraulic probability distribution (i.e., 4,590 GWh) rather than the mean (i.e., 4,533 GWh) in establishing the 2013 Test Year hydraulic production forecast.
- NP-NLH-155 Further to response to Request for Information NP-NLH-075:
Please provide a revised version of the response to Request for Information NP-NLH-075 excluding the sequences which provide the three lowest and three highest values. In the response, please provide revised summary statistics consistent with the format of Table 1 provided in the response to Request for Information NP-NLH-075.

- NP-NLH-156 Further to response to Request for Information V-NLH-002:
- Please identify where the \$5,370,000 for the project “Additions for Load – Labrador South Interconnection” is included in the 2014 Capital Budget and please provide all supporting documents for this project.
- NP-NLH-157 Further to response to Request for Information V-NLH-002:
- Please reconcile the \$3,045,000 cost stated for the project “Additions for Load Labrador South Generation – Port Hope Simpson” with the capital costs for Port Hope Simpson generation provided in the 2014 Capital Budget Application.
- NP-NLH-158 Further to response to Request for Information NP-NLH-009:
- Please detail all capacity additions to the Island Interconnected System since 2007 and the cost of each addition. For each capacity addition, please explain if the generation addition or additional purchases was justified (i) to provide energy savings, or (ii) to meet Hydro’s capacity criterion, or (iii) to meet Hydro’s firm energy criterion.
- NP-NLH-159 Further to response to Request for Information NP-NLH-055:
- The cost of energy purchases from Star Lake and Exploits River Hydro partnership was approximately 2.4¢ per kWh higher during the winter period than the non-winter period. Please explain the basis for the price differential, and please confirm there is no longer a seasonal price differential for purchases from Nalcor.
- NP-NLH-160 Further to response to Requests for Information NP-NLH-078 and NP-NLH-079:
- Provide the energy supply cost variance threshold beyond which Hydro considers it necessary to implement a recovery mechanism.
- NP-NLH-161 Further to response to Request for Information CA-NLH-066:
- The response states “Marginal cost principles were not explicitly incorporated in the Lummus report.” Were marginal cost principles implicitly incorporated in the Lummus report? If yes, please identify each occurrence in which marginal cost principles were incorporated in the Cost of Service Study/Utility and Industrial Rate Design Report provided in Exhibit 9.
- NP-NLH-162 Further to response to Request for Information NP-NLH-136:
- Please explain why it is appropriate that wind purchases be classified in the cost of service study based upon system load factor.

- NP-NLH-163 Further to response to Request for Information NP-NLH-136:
- Please compute the demand charge per month in the wholesale rate to Newfoundland Power that would be proposed (based upon the proposed rate design methodology) if the 2013 Test Year wind purchases were classified as 100% energy.
- NP-NLH-164 Further to response to Request for Information NP-NLH-136:
- Please compute the demand charge per month in the wholesale rate to Newfoundland Power that would be proposed (based upon the proposed rate design methodology) if the 2013 Test Year purchases from CBPP were classified as 100% energy.
- NP-NLH-165 Further to response to Request for Information NP-NLH-136:
- Please compute the demand charge per month in the wholesale rate to Newfoundland Power that would be proposed (based upon the proposed rate design methodology) if the 2013 Test Year purchases from Nalcor were classified as 100% energy.
- NP-NLH-166 Further to response to Request for Information NP-NLH-136:
- Please compute the demand charge per month in the wholesale rate to Newfoundland Power that would be proposed (based upon the proposed rate design methodology) if:
- (i) the 2013 Test Year purchases from Nalcor were classified as 100% energy;
 - (ii) the 2013 Test Year purchases from CBPP were classified as 100% energy;
 - (iii) the 2013 Test Year wind purchases were classified as 100% energy; and
 - (iv) the 2013 Test Year Holyrood capacity factor was set equal to the 2014 forecast Holyrood capacity factor.
- NP-NLH-167 Further to response to Request for Information NP-NLH-059:
- What incentive will Hydro have to minimize the cost of power purchases on the Island Interconnected System if Hydro is permitted to recover all cost variations through the RSP?
- NP-NLH-168 Further to response to Request for Information PUB-NLH-094:
- Please confirm that the listing of New Deferral and Recovery Mechanisms requested in PUB-NLH-094 and provided in Attachment 1 to PUB-NLH-093 does not include the proposed recovery of supply cost

variations on the Island Interconnected System through the RSP based on the:

- (i) amount of power purchases from wind generation;
- (ii) amount of power purchases from CBPP cogeneration;
- (iii) amount of power purchases from hydraulic generation;
- (iv) cost of diesel generation;
- (v) cost of gas turbine generation; and
- (vi) the price of power purchases.

NP-NLH-169

Further to response to Request for Information PUB-NLH-094:

Please provide a revised listing of New Deferral and Recovery Mechanisms including the proposed recovery of supply cost variations on the Island Interconnected System through the RSP.

NP-NLH-170

Further to response to Requests for Information NP-NLH-101 and NP-NLH-034:

The customers of the L'Anse Au Loup System pay materially less for electricity than the customers on the Island Interconnected System. The rural deficit for the L'Anse Au Loup System has increased from \$1.6 million in the year 2000 to \$3.0 million in 2012 and the 2013 Test Year revenue to cost ratio is forecast to be 45%.

Does Lummus Consultants believe maintaining the current pricing approach for the L'Anse Au Loup System is appropriate? Please provide reasons in the response.

NP-NLH-171

Further to response to Requests for Information NP-NLH-101 and NP-NLH-034:

Does Hydro believe maintaining the current pricing approach for the L'Anse Au Loup System is appropriate? Please provide reasons in the response.

NP-NLH-172

Further to response to Request for Information NP-NLH-035:

Does Lummus Consultants believe that a rate design approach that more closely relates marginal price to marginal cost would be an effective approach to limit growth of the rural deficit for the L'Anse Au Loup System? If not, why not?

NP-NLH-173

Further to response to Requests for Information NP-NLH-035 and NP-NLH-101:

Does Hydro believe it would be appropriate to conduct a retail rate review for the customers on the L'Anse Au Loup system for consideration of the

Board (i.e., similar to the retail rate review that was recently completed for Newfoundland Power's customers)? If not, why not?

NP-NLH-174

Further to response to Request for Information NP-NLH-117:

Please explain why non-program CDM costs for the Island Interconnected System are not fully allocated between Hydro's Rural and Industrial Customers?

NP-NLH-175

Further to response to Request for Information NP-NLH-117:

What is the amount of non-program CDM costs being allocated to Newfoundland Power through the Rural Deficit allocation in the 2013 Test Year?

NP-NLH-176

Further to response to Request for Information NP-NLH-118:

The response states "*...when the Labrador Interconnection is completed and given the future elimination of Holyrood fuel costs with the replacement energy coming from Muskrat Falls (a hydroelectric source), energy costs may decrease and demand costs may increase.*"

In the above statement, is Lummis Consultants referring to embedded costs or marginal costs? If Lummus Consultants is referring to marginal costs, please explain the basis for the marginal capacity cost assumption.

NP-NLH-177

Further to response to Request for Information NP-NLH-118:

Does Lummis Consultants believe embedded demand costs per kW will likely increase under a Labrador Interconnection? Please provide the reasons for the response.

NP-NLH-178

Further to response to Request for Information NP-NLH-118:

Recommendation 15 in the Board's decision on the 1992 Cost of Service Methodology hearing stated "*That transmission lines and substations in the Island Interconnected System used solely or dominantly for the purpose of connecting remotely-located generation to the main transmission system be classified in the same manner as the generating stations they serve.*"

Does Lummis Consultants agree that applying the above principle to cost allocation of the DC transmission line from Muskrat Falls would result in a material proportion of the transmission costs being considered energy-related? If not, why not?

- NP-NLH-179 Further to response to Request for Information NP-NLH-118:
- Does Hydro believe the cost of service methodology currently in effect will require a review to address changes in system costs resulting from the Labrador Interconnection? If not, why not?
- NP-NLH-180 Further to response to Request for Information NP-NLH-124:
- Does Lummus Consultants agree that it is inefficient for Newfoundland Power and its customers to incur material costs to curtail load at times when the curtailment is not required for system support? If not, why not?
- NP-NLH-181 Further to response to Request for Information NP-NLH-128:
- Does Hydro believe that having customers available to curtail load for system support is of value to the electrical system (i) from a planning perspective or (ii) from an operational perspective? Please provide reasons in the response.
- NP-NLH-182 Further to response to Request for Information IC-NLH-009:
- Please explain why the proposed CDM recovery mechanism includes a rolling seven year amortization period given the Board has approved a discrete seven year recovery period for the CDM costs of Newfoundland Power. In the response, please provide the advantages and disadvantages of each approach.
- NP-NLH-183 Further to response to Request for Information NP-NLH-011:
- Please explain why the hydraulic production forecast increases from 4,533.5 GWh in the 2013 Test Year to 4,581.1 GWh in 2014 and 4,595.9 GWh in 2015.
- NP-NLH-184 Further to response to Request for Information NP-NLH-044:
- Using the 2014 hydraulic production forecast reduces Holyrood 2013 Test Year production cost by approximately \$7.5 million. Does Hydro believe it would be reasonable to adjust the 2013 Test Year forecast and use the 2014 hydraulic production forecast to better reflect the cost of providing service for the period that customer rates will be in effect? If not, why not?
- NP-NLH-185 Further to response to Request for Information NP-NLH-011:
- Does Hydro believe it would be reasonable to adjust the 2013 Test Year forecast and use the forecast Holyrood conversion factor for 2014 to better reflect the cost of providing service for the period that customer rates will be in effect? If not, why not?

NP-NLH-186 Further to response to Request for Information NP-NLH-046:

The 2014 forecast Holyrood production cost is approximately \$52 million (25%) higher than the 2013 Test Year forecast. Does Hydro believe it would be reasonable to adjust the 2013 Test Year forecast and use the 2014 forecast Holyrood production to better reflect the cost of providing service for the period that customer rates will be in effect? If not, why not?

NP-NLH-187 Further to response to Request for Information NP-NLH-045:

The 2014 forecast Holyrood fuel price is approximately \$11 million lower than the 2013 Test Year forecast. Does Hydro believe it would be reasonable to adjust the 2013 Test Year forecast and use the forecast Holyrood fuel price for 2014 to better reflect the cost of providing service for the period that customer rates will be in effect? If not, why not?

NP-NLH-188 Further to response to Request for Information NP-NLH-069:

Please complete the following table demonstrating the Gross Plant Production, Station Service Load, and Net Plant Production for the Holyrood Thermal Generating Station.

Holyrood	(A) Gross Plant Production (GWh)	(B) Station Service (GWh)	(C) Net Plant Production (GWh)	(D) Station Service Factor % (D) = (B) / (A) x 100%
2000				
...				
2007				
...				
2010				
2013T				
2014F				
2015F				

NP-NLH-189 Further to response to Request for Information NP-NLH-069:

Please quantify the effect on 2013 revenue requirement of station service factors of 3%, 4%, and 5% (ie. as a percentage of gross plant production).

NP-NLH-190

Further to response to Request for Information NP-NLH-069:

Is the Station Service load that occurs during Holyrood’s non-production months (typically July, August, and September) included in Hydro’s calculation of a fuel conversion factor?

NP-NLH-191

Further to response to Requests for Information IC-NLH-064 and IC-NLH-093:

Please quantify the expected impact on the Holyrood Fuel Conversion factor associated with each Holyrood plant efficiency initiative described in IC-NLH-064 and IC-NLH-093.

NP-NLH-192

Further to response to Request for Information NP-NLH-069:

Please explain how the regression model used to derive the 2013 Test Year Holyrood fuel conversion factor of 612 kWh/bbl has been adjusted to reflect efficiency initiatives quantified in NP-NLH-191. If no adjustment has been made, please explain why not.

NP-NLH-193

Please complete the following table comparing the actual Holyrood conversion factor for each year to the predicted Holyrood conversion factor based upon the model presented in response to NP-NLH-069.

Holyrood Conversion Factor (2001 – 2012)			
Year	Net Energy Produced (GWh)	Actual Conversion Factor (kWh/bbl)	Predicted Conversion Factor (kWh/bbl)
2001			
...			
2006			
2007			
...			
2012			

NP-NLH-194

Further to response to Request for Information NP-NLH-011, Attachment 1, Page 5 of 8:

The forecast Holyrood production is 1,428.9 GWh, which is approximately 25% higher than the 2013 Test Year forecast of 1,127.4 GWh. However, the forecast Holyrood conversion factor increased by only 0.5%. Please provide the calculation of the 2014 forecast conversion factor and explain the assumptions for loading and operating hours which were used in the calculation.

NP-NLH-195 Further to response to Request for Information NP-NLH-011, Attachment 1, Page 5 of 8:

Please explain if, and under what circumstances, the number of operating hours per unit influence the actual conversion factor achieved at Holyrood.

NP-NLH-196 Please complete the following table based upon Holyrood production data for the period 1997 to 2012.

Net Energy Produced Annually (GWh)	Number of Years	Average Annual Conversion Factor (kwh/bbl) ¹
<800		
801 – 1,000		
1,001 – 1,200		
1,201 – 1,400		
1,401 – 1,600		
1,601 – 1,800		
>1,800		

¹ Simple average for applicable years.

NP-NLH-197 Further to response to Request for Information CA-NLH-097, Attachment 1, Page 151:

Please provide the Grant Thornton report on intercompany transactions referenced on Page 3, lines 3-5 of Grant Thornton's 2011 Annual Financial Review of Newfoundland and Labrador Hydro.

RESPECTFULLY SUBMITTED at St. John's, Newfoundland and Labrador, this 6th day of November, 2013.



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