

IN THE MATTER OF the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 (the “*EPCA*”) and the *Public Utilities Act, RSNL 1990*, Chapter P-47 (the “*Act*”), as amended;

AND IN THE MATTER OF a General Rate Application (“*GRA*”) by Newfoundland and Labrador Hydro (“*Hydro*”) to establish customer electricity rates for 2018 and 2019;

AND IN THE MATTER OF a compliance application by Newfoundland and Labrador Hydro pursuant to Order No. P.U. 16(2019) (“*2017 GRA Compliance Application*”).

**Requests for Information
by the Labrador Interconnected Group**

LAB-NLH-001 to LAB-NLH-012

July 31, 2019

Requests for Information Regarding

DATA CENTRES

LAB-NLH-001. Re: 2017 GRA Compliance Application, Exhibit 1, pages 1 and 2 (pp. 37-38 pdf)

- a) Please present tables for 2018 and 2019 showing installed capacity (MW), loads (GWh) and revenues (\$) from data centres in Labrador according to:
 - i. the original GRA filing;
 - ii. the “2018 Cost Deferral and Interim Rates Application,” (rev. 2) November 14, 2018, (originally filed on October 26, 2018) (“October 2018 Filing”); and
 - iii. the Compliance Application.
- b) Please explain all substantial variances between the values shown in the tables created in response to (a), for each year.
- c) Please confirm that the data presented in the Compliance Application with respect to data centre loads in Labrador represent a) actual data, for 2018, and b) Hydro’s most recent projection of 2019 data, taking into account actuals for the year to date.
- d) Please explain the impact of the Interruptible Load Service Agreement with Labrador Lynx Limited, approved by the Board in P.U. 37 (2018), on the data centre load data in the tables created in response to (a).
- e) Please indicate whether any other interruptible load service agreements a) have been made by Hydro, or b) are currently being contemplated by Hydro.

LAB-NLH-002. Re: 2017 GRA Compliance Application, Exhibit 2, pages 4 and 5 (pp. 56 and 57 pdf)

Citation (Note 8) :

The data centre load forecast for 2018 has been reduced relative to that used in Hydro’s “2018 Cost Deferral and Interim Rates Application,” (rev. 2) November 14, 2018, (originally filed on October 26, 2018) (“October 2018 Filing”)

Citation (Note 10) :

The data centre load forecast for 2019 has been reduced by approximately 40 GWh relative to that used in the October 2018 Filing.

- a) Please indicate the amount of the reduction mentioned in Note 8.
- b) Please explain in detail the reasons for the reductions in the data centre load forecasts described in Notes 8 and 10.

LAB-NLH-003. Re: 2017 GRA Compliance Application, Exhibit 2, pages 3-5 (p. 55-57 pdf)

- a) Please confirm that the differences shown between the 2017 GRA and the 2017 GRA Compliance Application in Table 4 (p. 55 pdf) and Table 6 (p. 57 pdf) for customer classes 2.3 (GS 110-1000 kVA) and 2.4 (GS over 1000 kVA) reflect the changes in data centre loads referred to in LAB-NLH-001.
- b) Please indicate how many distinct data centre sites are included in each rate class (referring to the Compliance Application data), the location of these centres, and the installed capacity and estimated annual consumption of each. If, for confidentiality reasons, it is not possible to identify the individual customers, please identify them by location and by arbitrary number.
- c) Are there any data centre clients in either the 2018 or 2019 test years which are served directly from Churchill Falls (i.e. in the company town of Churchill Falls, without use of transmission lines)? If so:
 - i. Please clarify if the installed capacity and energy consumption of these data centre clients are included in the response to (b).
 - ii. If not, please provide the information requested in (b) for each data centre site served directly from Churchill Falls.
 - iii. Please advise how the costs of serving such data centre loads are accounted for in the Compliance Application.

LAB-NLH-004. Re: 2017 GRA Compliance Application, Exhibit 3, page 6 (p. 70 pdf)

Citation :

The 2018 Test Year Supply Costs on the Labrador Interconnected System changed as the result of an increase in Hydro's Rural Labrador Interconnected System Load Forecast to reflect Hydro's most recent projections of data centre loads for 2018.

Please confirm that the "most recent projections for 2018" are in fact the actual results for 2018. If not, please explain.

LAB-NLH-005. Re: 2017 GRA Compliance Application, Exhibit 3, Table 15, page 13 (p. 77 pdf)

- a) Please confirm that the differences identified in Table 15 reflect only changes in the data centre load forecasts. If not, please explain their source(s).
- b) In the affirmative, please explain how the updated data centre forecast resulted in a decrease in gas turbine and diesel costs in 2019.

LOAD FORECASTS

LAB-NLH-006. Re: 2017 GRA Compliance Application, Exhibit 3, page 1 (p. 65 pdf); Re: 2017 GRA Compliance Application, Exhibit 2, page 1 (p. 53 pdf)

Citation:

Changes in Load Forecast: Hydro has updated its load forecasts as required by the Board in the 2017 GRA Order. [footnote 3]

Preamble 1:

Footnote 3 refers to p. 15, lines 5-21 of P.U. 16(2019), which read:

With respect to the load forecast for the Labrador Interconnected system the Settlement Agreements set out the following:

The Parties agree that the 2017 GRA forecast for the Labrador Interconnected System will be updated in the 2017 GRA compliance application reflecting Hydro’s most recent projections: i) of data centre loads for 2018 and 2019 including both the revenue and supply costs impacts and (ii) of 2019 Power on Order requirements for Labrador Industrial customers.

The settlement proposal to update the load forecast for the Labrador Interconnected system is accepted. [emphasis in original]

It is indicated on the same page of the decision that “**The proposed 2018 test year customer load forecasts for the Island Interconnected system are accepted.**” [emphasis in original]

Preamble 2:

Table 1 (p. 66 pdf) and similar tables indicate precisely the same load forecast values for the 2018 Test Year according to a) the 2017 GRA, filed on July 28, 2017 and last revised on July 4, 2018, and b) the 2017 GRA Compliance Application.

- a) Please confirm that, except for the specific categories mentioned in the Settlement Agreements and P.U. 16(2019), Hydro has not updated the load forecasts for the 2018 Test Year to account for actual results for that year, nor has it updated its load forecasts for the 2019 Test Year.
- b) If (a) is confirmed, please provide the justification for not updating these load forecasts.
- c) In the event that actual sales in 2018 were greater than the approved load forecast, please explain whether (and, if so, how) the resulting extra revenues will be returned to customers. If such extra revenues are not being returned to customers, please explain why not.

MFHVI PROJECT

LAB-NLH-007. P.U. 16(2019), p. 45

Citation :

In its submission Hydro advised that the customer impact of the inclusion of the Muskrat Falls to Happy Valley Interconnection project would not be known until its compliance application pending the Board's determination on the approval of the project. Hydro also advised that it intends to reflect an updated forecast of capital assets to be included in its forecast 2018 and 2019 test year average rate base in its compliance application.

The Board accepts the proposals in the Settlement Agreements with respect to the exclusion of the Muskrat Falls to Happy Valley Interconnection project in the forecast 2018 test year rate base. The project was approved in Order No. P.U. 9(2019) as a multi-year project with expenditures contemplated in both 2019 and 2020. Consistent with regulatory principles this project should only be included in the 2019 test year rate base upon meeting the test of being used and useful by the end of 2019. As part of its compliance filing Hydro should set out clearly the basis on which it has assessed whether the Muskrat Falls to Happy Valley Interconnection project should be included in the 2019 test year rate base. The 2018 and 2019 test year average rate base should also be revised to reflect subsequent Board orders since the Application as well as updated information for capital expenditures incurred in 2018 and forecast for 2019. [emphasis added]

Citation: Labrador Settlement Agreement, art.7:

7. The Parties agree to the following in relation to the Muskrat Falls to Happy Valley Interconnection Capital Project (the "MF-HV Project"):
 - a. Exclusion of the MF-HV Project from Hydro's rate base in the 2018 Test Year and in the calculation of depreciation expense for the 2018 Test Year;

b. Inclusion of the MF-HV Project in Hydro's closing rate base for the 2019 Test Year, if approved by the Board for construction to be completed in 2019 prior to Hydro's 2017 GRA Compliance filing;

c. If, at the time of Hydro's 2017 GRA Compliance filing, the MF-HV Project is not approved by the Board for construction to be completed in 2019, the Parties agree that the MF-HV Project will be excluded from the 2019 Test Year rate base; and

d. Exclusion of depreciation associated with the MF-HV Project in the calculation of 2019 Test Year revenue Requirement

- a) Please indicate where in the Compliance Application Hydro has "set out clearly the basis on which it has assessed whether the Muskrat Falls to Happy Valley Interconnection project should be included in the 2019 test year rate base".
- b) Please indicate clearly whether or not any elements of the MFHVI project have been included in its 2019 rate base and, if so, how much, and why.
- c) If any such amounts are included in the 2019, please provide support demonstrating that the elements they represent will be in service by the end of 2019.
- d) Please describe the progress of the construction of the MFHVI at the time of the filing of the Compliance Application.
- e) Please describe Hydro's current best estimate of when the MFHVI will be commissioned.

OFF-ISLAND PURCHASES

LAB-NLH-008. Re: 2017 GRA Compliance Application, Exhibit 3, pages 2-3 (pp. 66 and 67 pdf)

a) Please confirm that all "Recapture Energy" is transmitted over the LIL, and that all "Other Off-Island Purchases" are transmitted over the Maritime Link (ML). If not, please explain.

b) Please provide a table, based on the 2017 GRA Compliance Application data, showing, for "Recapture Energy" and for "Other Off-Island Purchases", a) volumes, b) total revenues and c) unit costs, for the 2018 and 2019 test years.

c) Please provide a table breaking down Other Off-Island Purchases in 2019 between a) spot market purchases and b) bilateral purchases, sourced from:

- i. Nova Scotia,
- ii. New Brunswick and
- iii. New England.

- f) Please list all bilateral contracts in 2018 and 2019 to date, and indicate the duration, capacity and unit cost of each. If it is not possible to list these contracts individually, please explain why and instead break them down into categories based on source and duration, indicating for each such category:
- i. The number of contracts included therein;
 - ii. The contracts' average duration;
 - iii. The average energy and/or capacity; and
 - iv. The average unit cost.

LAB-NLH-009. Re: 2017 GRA Compliance Application, Exhibit 3, page 7 (p. 71 pdf)

Citation:

The off-island purchases forecast is materially lower (234 GWh) in the 2019 Test Year as compared to the October 2018 Filing due to an extended outage of the Labrador-Island Link forecast to take place during the period of May to October 2019 (inclusive), which results in lower than anticipated Recapture Energy purchases. The duration of this outage was not known at the time of preparation of the supply cost forecast included in the October 2018 Filing.

- a) Please explain reasons for this extended LIL outage, and why it was not foreseen in the October 2018 Filing.
- b) Please provide a copy of the document referred to in Note 31 ("Planned Outage for the Labrador-Island Link," April 12, 2019).

LAB-NLH-010. Re: 2017 GRA Compliance Application, Exhibit 3, page 8 (p. 72 pdf)

Preamble :

Table 8 indicates a substantial reduction in Recapture Energy for the 2019 Test Year, compared to the October 2018 filing.

Please indicate if the extended LIL outage mentioned in LAB-NLH-009 fully accounts for this substantial reduction in Recapture Energy, or if other factors are also at play (e.g. data centres in Labrador, the Tacora Mine, etc.). If so, please quantify the contributions of each factor.

DEFERRED SUPPLY COSTS

LAB-NLH-011. Re: 2017 GRA Compliance Application, Exhibit 5, Table 10, page 10 (p. 154 pdf)

Please explain the allocations to Labrador of each of the three deferrals mentioned. Is this solely the result of the Rural Deficit Allocation? If not, please explain.

RATES

LAB-NLH-012. Re: 2017 GRA Compliance Application, Exhibit 7, pages 13 (p. 201 pdf)

Citation :

To address the revenue excess of approximately \$1.5 million for Hydro Rural Customers on the Labrador Interconnected System (as detailed in Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs) and the remaining balance owed to customers in accordance with Board Order P.U. 22(2017), Hydro is proposing to provide a customer refund in February 2020. Hydro plans to base the refund on the percentage of actual billings for the period of January 1, 2018 to September 30, 2019. Hydro estimates the refund percentage will be approximately 4.3% of the billings for the 21-month period.

- a) Please explain the reasons supporting Hydro's decision to return the revenue surplus to Labrador consumers (both Industrial and rural) through a one-time lump-sum billing credit, rather than through a rate rider or some other mechanism which would spread the return out over time and integrate this true-up into the rate structure.
- b) Please provide an estimate or range of the amount of this refund for an individual customer, expressed as a percentage of that customer's average winter bill.