

WHENEVER. WHEREVER.
We'll be there.



September 20, 2021

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

Dear Ms. Blundon:

Re: Newfoundland and Labrador Hydro – Supply Cost Accounting Application

Please find enclosed Newfoundland Power's Requests for Information NP-NLH-021 to NP-NLH-031 in relation to the above noted Application.

In accordance with the Board's February 12, 2021 notice regarding the activation of its Business Continuity Plan to address the COVID-19 pandemic, these Requests for Information are provided in electronic format only.

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

Yours truly,

A handwritten signature in black ink, appearing to read "Lindsay Hollett".

Lindsay Hollett
Legal Counsel

Enclosures

cc.	Shirley Walsh Newfoundland and Labrador Hydro	Dennis Browne, Q.C. Browne Fitzgerald Morgan & Avis
	Paul Coxworthy Stewart McKelvey	Gregory Moores Stewart McKelvey
	Senwung Luk Olthuis Kleer Townshend LLP	Sheryl Nisenbaum Praxair Canada Inc.
	Shawn Kinsella Teck Resources Limited	

Newfoundland Power Inc.

55 Kenmount Road • P.O. Box 8910 • St. John's, NL A1B 3P6

PHONE (709) 737-5364 • FAX (709) 737-2974 • lhallett@newfoundlandpower.com

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

IN THE MATTER OF an application by Newfoundland and Labrador Hydro (“Hydro”) pursuant to Section 58, 71, and 80 of the Act, for the approval of deferral accounts to address material changes in system costs as a result of the Muskrat Falls Project (“Project”) and the phasing out of the Holyrood Thermal Generating Station (“Holyrood TGS”) as a generating facility.

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

NP-NLH-021 to NP-NLH-031

September 20, 2021

Requests for Information

- Reference:** **Response to Request for Information NP-NLH-006.**
- NP-NLH-021 Please update the analysis provided in the response to Request for Information NP-NLH-006 to include the operation of all of the components of Hydro's proposed deferral account. The analysis should demonstrate that the overall effect on Hydro's net income is the same under both the existing and proposed scenarios. Please explain any differences.
- Reference:** **Response to Request for Information NP-NLH-007, Attachment 1 and Supply Cost Accounting Application, Schedule 1, Section 3.2.**
- NP-NLH-022 Please provide estimated rate mitigation funding amounts that would be required for the residential rate to not exceed 13.5 ¢/kWh in 2022 given that the balance in the proposed deferral account is estimated to be approximately \$800 million as of December 31, 2022.
- Reference:** **Response to Request for Information NP-NLH-007, Attachment 1 and Supply Cost Accounting Application, Schedule 1, Section 3.2.**
- NP-NLH-023 Please provide estimated rate mitigation funding amounts that would be required for the residential rate to not exceed 14.7 ¢/kWh in 2022 given that the balance in the proposed deferral account is estimated to be approximately \$800 million as of December 31, 2022.
- Reference:** **Responses to Requests for Information NP-NLH-007 and NP-NLH-010.**
- NP-NLH-024 Please provide an estimated end-customer rate impact on July 1, 2022 assuming existing supply cost mechanisms continue to operate.
- Reference:** **Responses to Requests for Information NP-NLH-007 and NP-NLH-010.**
- NP-NLH-025 Is rate mitigation funding expected to cover Hydro's 2021 deferred supply costs excluding Muskrat Falls? If not, please explain why supply costs incurred in 2021, excluding Muskrat Falls, should continue to be deferred into the future.

Reference: Responses to Requests for Information NP-NLH-007 and NP-NLH-010.

NP-NLH-026 Please outline the existing supply cost deferral amounts as of December 31, 2021 from response to Request for Information NP-NLH-007 that Hydro has included in its estimated customer rate reduction of 8% on July 1, 2022 due to the update of the Rate Stabilization Plan. What 2021 supply cost deferral amounts are proposed to be deferred until a rate change plan is developed?

Reference: Responses to Requests for Information NP-NLH-007, NP-NLH-010, NP-NLH-016 and NP-NLH-017.

NP-NLH-027 Does Hydro have any concerns with respect to how deferred supply cost amounts will practically be recovered from customers, provided the magnitude of the deferred amounts and the magnitude of projected ongoing operating and sustaining capital costs? If not, why not?

Reference: Response to Request for Information NP-NLH-018.

NP-NLH-028 Does the definition of Hydro's existing Energy Supply Cost Deferral account provide for monthly interest charges at Hydro's weighted average cost of capital? Please provide the definition of the account.

Reference: Response to Request for Information NP-NLH-007.

NP-NLH-029 Please provide a breakdown of the projected \$23.3 million in finance charges at the end of 2022, including the return on debt and return on equity components.

Reference: Response to Request for Information NP-NLH-019.

NP-NLH-030 The response to Request for Information NP-NLH-019 provides that Item A, the Actual Purchased Power Expense from Muskrat Falls PPA Charges, excludes Generation Interconnection Agreement ("GIA") Payments. Article B of the GIA defines the LTA payments as including LTA Capital Recovery and Estimated O&M Costs. The GIA defines O&M Costs as including the costs of O&M Activities which include sustaining activities.

Please explain whether or not it is intended to exclude LTA Capital Recovery and O&M costs from the operation of the Muskrat Falls Project Cost Variances. If necessary, please provide an updated definition that can be used in the Proposed Supply Cost Variance Deferral Account Definition for "Actual Purchased Power Expense from Muskrat Falls PPA Charges" and "Actual Purchased Power Expense from TFA Charges".

Reference: Response to Request for Information NP-NLH-015 and Supply Cost Accounting Application, Schedule 1, Appendix B.

NP-NLH-031 Please explain why the deferral account is specific to 2022 and excludes 2023. Could Hydro envision any circumstance in which it does not file a general rate application that includes a 2023 test year?

RESPECTFULLY SUBMITTED at St. John's, Newfoundland and Labrador, this 20th day of September, 2021.



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