IN THE MATTER OF the **Public Utilities Act**, (the “**Act**”); and

IN THE MATTER OF a general rate application by Newfoundland and Labrador Hydro to establish customer electricity rates for 2027.

PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION

PUB-NLH-001 to PUB-NLH-125

Issued: July 29, 2026

Test Year Load Forecast

PUB-NLH-001 Explain the impact of load increases or decreases on Hydro's regulated earnings between rate hearings (i.e., positive impact, negative impact, or no earnings impact) for each of the following:

a) For the billing demand and firm energy for Newfoundland Power;
b) For the billing demand, firm energy and non-firm demand/energy for the Island Industrial Customers;
c) For the demand, energy and non-firm demand/energy for Hydro Rural Labrador Interconnected;
d) For the demand and energy for Hydro Rural Subsidized Classes; and
e) For the transmission demand, energy and non-firm demand/energy for Labrador Industrial.

In the response, illustrate the transactional relationships to the load variation component of the existing Supply Cost Variance Deferral Account ("SCVDA") and the proposed Long Term Supply Cost Variance Deferral Account (LT SCVDA").

PUB-NLH-002 Provide the Power on Order and energy forecast by month for each Island Industrial Customer for the period 2026F, 2027TY, 2027F, 2028F, 2029F and 2030F.

PUB-NLH-003 **Volume I, Schedule A-1; Volume II, Exhibit 4**

Explain the basis for forecasting Island Industrial Customer energy at 613.4 GWh for both 2026 and 2027 considering the forecast Island Industrial Customer demand increases from 84.7 MW in 2026 to 91.3 MW in 2027.

PUB-NLH-004 Considering that Marathon Gold Corporation is a new customer, did Hydro reflect a normalized load forecast in the preparation of the Island Industrial load forecast in preparing the 2027 Test Year cost of service study? Explain.

PUB-NLH-005 **Volume I, Schedule A-I; Volume II, Exhibit 4, Section 2.1.1**

a) Provide both Newfoundland Power's submitted forecast and Hydro's internal forecast for Newfoundland Power for 2026 and 2027, reconcile the two, and identify which is reflected in Schedule A-I.
b) Compare the proposed 2027 rate increases for each Island Interconnected system customer class with the estimated rate impacts assuming the Newfoundland Power submitted forecast was used in preparing the 2027 Test Year cost of service study.

PUB-NLH-006 **Volume II, Exhibit 4, Section 2.1.1**

a) Provide the energy and peak demand impacts of the installation of the electric boilers at Memorial University on the Newfoundland Power load forecast.

b) Is this additional load curtailable during peak times and is it reflected in the 2027TY Curtailable Load of Newfoundland Power? Explain.

PUB-NLH-007 **Volume I, Schedule A-I; Section 6.2, page 6.3**

With respect to the 2027 Test Year peak demand of 1,683.7 MW on the Island Interconnected system:

a) Provide the derivation of the forecast system peak, including class non-coincident peaks, the coincidence factors applied, and station service and losses at peak; and

b) State whether the peak used in the Cost of Service is a P50 or other percentile value.

<u>Test Year Revenue Requirement</u>

PUB-NLH-008 Provide in table format Hydro's projected return on rate base and return on equity for 2026F, 2027TY, 2027F, 2028F, 2029F and 2030F, assuming the requested 2027TY revenue requirement is approved.

PUB-NLH-009 Provide the reasons for the selection of 2027 as a single test year in the 2026 General Rate Application.

PUB-NLH-010

a) Provide a detailed explanation of Hydro's budgeting process.

b) Provide any guidelines issued to staff regarding the development of annual budgets.

PUB-NLH-011 **Volume I, page 3.2-3.3, 2027 Test Year – Chart 3-1**

As the policy for General Expenses Capitalized ("GEC") was effective January 1, 2025, recreate Chart 3-1 using the assumption that GEC would have been in effect for 2024.

PUB-NLH-012 **Supplemental Material, page 5, Table 3-1**

a) Provide a detailed explanation for the increase in the SEM expense from 2024 to 2025 and why this expense is forecast to decline by $2.9 million in the 2027TY.

b) Provide a breakdown of the various components of the SEM operating costs from the 2019TY to the 2027TY.

PUB-NLH-013 **Supplemental Material, page 5, Schedule B-I**

Provide a detailed explanation for the variances in Professional Services, Equipment Rentals, Miscellaneous Expenses, Transportation, and Customer Costs from 2024 to the 2027TY.

PUB-NLH-014 **Supplemental Material, page 7, Operations Costs – Table 3-5**

a) Provide a breakdown of the components for each of the functional areas in Table 3-5.
b) Provide an explanation for the increase in "Transmission and Distribution", "Production", and "Operating Technology" in the 2027TY in comparison to the period 2025 to 2026F.

PUB-NLH-015 **Volume I, page 3.11, Operations Costs – Table 3-5**

Hydro notes that a key driver of the increases in operating costs includes market-driven contract cost escalations, including higher contract labour costs.

a) Illustrate the market-driven cost escalations and higher contract labour costs that Hydro is experiencing.
b) What rate of increase is Hydro using in its forecast for contract costs and contract labour?

PUB-NLH-016 **Supplemental Material, page 8, Table 3-6**

a) Provide a breakdown of the components for each of the functional areas in Table 3-6.
b) Provide an explanation for the decrease in "Executive" and "Financial Services and Other" in 2026F and the 2027TY in comparison to 2025.
c) Provide an explanation for the increase in "Regulatory Affairs, Customer Service and Energy Optimization" in the 2027TY in comparison to 2025 and 2026F.

PUB-NLH-017 **Volume I, page 2.23, Employee Compensation and Benefits**

Provide the current status of the collective agreements with Hydro's unions and state whether any wage adjustments are included in the 2026F and 2027TY.

PUB-NLH-018 **Volume I, page 2.24, Employee Compensation and Benefits**

Hydro noted that its compensation levels increased by 4% in both 2024 and 2025 and that it has forecasted modest salary adjustments through its 2027TY. Provide the salary adjustments forecast for 2026F and the 2027TY.

PUB-NLH-019 **Volume I, page 2.26, Workforce Resourcing and Planning**

Explain how FTEs are calculated as a result of the amalgamation and the allocation of various employees between regulated operations and other lines of business as described in the updated Intercompany Transaction Costing

Guidelines. Has there been changes in the calculation of and the total number of FTEs as a result of the change in the organization structure?

PUB-NLH-020 **Volume I, page 2.26, Workforce Resourcing and Planning, Chart 2-11**

Provide a breakdown of FTEs by department for 2024, 2025, 2026F, 2027F and 2027TY.

PUB-NLH-021 **Volume I, page 2.30-2.31, Labour Costs, Chart 2-13**

According to Chart 2-13, Hydro started to increase staffing levels in 2023 to be ready to prudently plan for and execute new system additions, and that labour costs reflect this increase. The labour costs presented in Chart 2-13 are net of GEC beginning in 2025.

Are the additional staff hired to plan and execute new system additions part of the Major Projects Group? If so, shouldn't this labour cost be included in GEC and not reflected in the increase in operating labour costs? Explain.

PUB-NLH-022 **Volume I, page 3.9, Labour Costs, Table 3-2**

On page 3.9, footnote 33, Hydro stated that a vacancy allowance of 55 FTEs is included in the 2027 Test Year. Hydro states that this is consistent with the 2019 Test Year after the Board ordered an increase in the vacancy allowance.

(a) What is the dollar value of the vacancy allowance included in the 2027 Test Year?

(b) How is the vacancy allowance reflected in the 2027 Test Year?

(c) Provide a table showing the forecast, and where available the actual FTEs and vacancy factors for each year from 2019 to 2027TY AND 2027F.

(d) Are the FTEs noted in Chart 2-11 net of the 55 FTEs in the vacancy allowance?

PUB-NLH-023 **Volume I, page 3.5, Labour Costs - Table 3-2**

According to Table 3-2, Salary costs have increased by $14.2 million when comparing 2024 to the 2027 Test Year (before GEC). Provide a reconciliation of this increase including, but not limited to, salary adjustments, additional FTEs, any vacancy allowance, etc.

PUB-NLH-024 **Supplemental Material, page 6, Labour Costs - Table 3-2**

Provide the calculation of the GEC to support the amounts included in Table 3-2 for 2025, 2026 Forecast and the 2027 Test Year.

PUB-NLH-025 **Volume I, page 3.5, Labour Costs - Table 3-2**

Hydro states that there is a change in its methodology for budgeting overtime. Hydro is currently using the historic average approach described in footnote 7, page 3.1. Explain how overtime was previously budgeted?

PUB-NLH-026 **Supplemental Material, page 6, Cost Allocations (Recoveries) – Table 3-3**

a) Provide a breakdown of the "Net Administration Fees" between regulated administration fee recovery and the non-regulated administration fees from 2024 Actual to the 2027 Test Year.

b) Why will Hydro experience a decrease in Net Administrative Fees in the 2027 Test Year when compared to the period 2024 to 2026 Forecast?

c) Provide an explanation for the significant increase in the Removal and Decommissioning Recovery from 2024 and 2025.

d) How does Hydro budget for Removal and Decommissioning Recovery and why is this recovery forecast to decline to $1 million in the 2027 Test Year?

e) Provide an explanation for the significant increase in the Other Cost Recoveries in 2025.

f) How does Hydro budget for Other Cost Recoveries and why is this recovery forecast to decline to $0.5 million in the 2027 Test Year?

PUB-NLH-027 **Volume I, page 2.50-2.51, Productivity Allowance**

Hydro states that it included a $4 million productivity allowance to mitigate the increasing operating costs within the 2027 Test Year and the productivity allowance has been allocated across departments as a percentage of total budgeted dollars.

a) How does Hydro anticipate to achieve the productivity allowance in the 2027 Test Year?

b) Provide any instructions or guidelines that were issued to staff with respect to this allowance.

PUB-NLH-028 **Volume I, page 3.7, Table 3-3**

a) Why did Hydro include a $4 million productivity allowance in the 2026F when it is not a test year for the purposes of this GRA?

b) Has the 2026F been adjusted since it was prepared for the purposes of this Application?

c) How was the productivity allowance for the 2026 Forecast considered in the preparation of the budget for the 2027 Revenue Requirement?

PUB-NLH-029 **Volume I, page 5.7, Other Adjustments**

a) In footnote 33, Hydro noted that for the 2027 Test Year, it is forecasting $1.3 million for greenhouse gas credit sales. However, based on the Supply Cost Variance Deferral Accounts reports filed with the Board from 2022 to 2025, Hydro reported greenhouse gas credits sales of $9.3 million in 2022, $23.1 million in 2023, $20.1 million in 2024 and $16.1 million in 2025. Explain why the forecast for the 2027 Test Year is significantly lower.

b) Provide the 2026F and the 2027F.

Test Year Supply and Supply Cost Forecast

PUB-NLH-030 **Volume I, pages 4.8, 4.11 and 4.14, Muskrat Falls Project Operating and Sustaining Capital Costs**

Hydro states that operating costs and sustaining capital costs associated with the Muskrat Falls Hydroelectric Generating Facility, the Labrador Transmission Assets and the Transmission Funding Agreement are budgeted by Hydro with the same level of prudence and scrutiny as the regulated operating and capital costs.

a) Explain the budgeting and approval process for the operating and sustaining capital costs, including the role of Hydro Regulated in the process.

b) Were there any changes in the budgeting and approval process as a result of the amalgamation? Explain.

c) Is there a productivity allowance included in the Muskrat Falls Project operating costs? If so, how much? If not, explain why this would not be considered in the budgeting process.

PUB-NLH-031 **Supplemental Material, page 8, Table 4-1**

Provide an explanation for the decrease in the 2025 Actual Muskrat Falls PPA costs in comparison to the 2025 Forecast. Would the reason for this decrease have any impact on the costs forecast for 2026 and the 2027 Test Year?

PUB-NLH-032 **Supplemental Material, page 8, Table 4-1**

Provide explanations for the $4.5 million decrease in the Muskrat Falls PPA Sustaining Capital Deferral in 2025 compared to 2024, the $12.6 million increase in 2026 Forecast, and the decrease to $8.6 million in the 2027 Test Year.

PUB-NLH-033 **Supplemental Material, page 9, Table 4-3**

a) Provide a breakdown of the components of "Operating Costs" for 2024 to the 2027 Test Year.

b) Provide an explanation for the significant decrease in the Impact and Benefits Agreement in 2026 Forecast and the 2027 Test Year in comparison to 2025.

c) Footnote 25 states that "other" is primarily related to interest earned and operational financing costs. Explain why "other" is increasing by $4.4 million in 2026 Forecast and 2027 Test Year in comparison to 2025.

PUB-NLH-034 **Supplemental Material, Schedule A-V, Energy Supply and Fuel Expense**

a) Provide an explanation for the variance between 2025F and 2025 Actual for the Gas Turbine/Diesel Production (GWh).

b) Explain why Hydro is forecasting Gas Turbine/Diesel Production (GWh) of 41.4 GWh for 2026F and 44.3 GWh for the 2027TY when the actual GWH from 2019 to 2025 is significantly lower.

c) Provide the forecast average price per litre for diesel fuel in 2026F, 2027F and 2027TY.

d) Provide a comparison of the Gas Turbine/Diesel Production cost for the first 6 months of 2026 to the 2026F, and explain any variances.

e) Provide the average market price of No. 6 Fuel per barrel and the No. 6 Fuel Production Costs for the first 6 months of 2026 compared to the 2026F.

f) What impact have the geopolitical events in 2026 had on the forecast for the cost of Gas Turbine/Diesel Production and the No. 6 Fuel ($/bbl) and how has Hydro reflected this in its test year forecast?

PUB-NLH-035 **Supplemental Material, Schedule A-VI, Energy Purchases**

Provide an explanation for the variance in the 4th Quarter between 2025F and 2025 Actual for CBPP Co-generation and Exploits.

PUB-NLH-036 **Volume II, Exhibit 4, Section 2.1.1, page 3**

a) Is the increase in Island Interconnected system losses primarily attributed to load flows over the Labrador Island Link? Explain.

b) From a cost-of-service perspective, is the delivery point of energy from Muskrat Falls to the Island metered as purchases at Soldier's Pond? If not, why not?

c) Provide the derivation of the Island Interconnected system loss forecast, distinguishing the 120 GWh associated with bulk island deliveries from the 207 GWh associated with export flows, and identify the loss study and vintage relied upon.

d) Provide the sensitivity of the Island Interconnected system loss forecast to export volumes.

e) Reconcile the loss quantities in Schedule A-I with the 3.44% five-year average loss factor used in the non-firm rate.

PUB-NLH-037 **Volume II, Exhibit 4, Sections 2.1.2.3 and Table 7; Volume I, Schedule A-IV**

a) Provide the monthly 2027F of export energy, distinguishing firm Nova Scotia commitments (Nova Scotia Block and Energy Access Agreement deliveries) from discretionary market exports, and the corresponding price assumptions.

b) Provide the Plexos production plan assumptions and outputs supporting Schedule A-IV, including the Labrador Island Link flow limits assumed.

c) Explain how a variance in Island Interconnected system load translates into a variance in export volumes in the production plan, and confirm consistency of that relationship with the load variation valuation in the LT SCVDA.

PUB-NLH-038 **Volume II, Exhibit 4, Section 2.1.2.1 and Table 5; Exhibit 5**

a) Confirm the basis of the 4,600 GWh average annual hydraulic production, including the period of record in the 2023 Hydrology Review and any adjustment for climate trends or recent inflow experience.

b) Explain the inclusion in a normalized test year of 44 GWh of combustion turbine and diesel generation attributable to the extended Bay d'Espoir Penstock 3 outage, quantify the associated fuel cost in the revenue requirement, and state whether outage-related incremental costs would more appropriately be addressed through the LT SCVDA when incurred.

PUB-NLH-039 **Volume I, page 1.8, footnote 14**

a) Provide an update on the transfer of the Exploits generation assets to Hydro.

b) Describe the current arrangements for the purchases from Exploits generation facilities, including the term of any license relating to the use of the facilities and the terms for purchase by Hydro of power from the facilities, including price and quantities. Provide a copy of any written agreement relating to the purchases by Hydro from these facilities.

c) Provide the forecast capital expenditures for the Exploits generation facilities for the period 2027 – 2032 and provide a description of any major projects over the period.

Labrador Interconnected Retail Rates

PUB-NLH-040 **Section 6.8.3, page 6.27, lines 4-5**

Does Hydro consider an 8.54% average increase in 2027 rates to customers on the Labrador Interconnected System to be rate shock? Explain.

PUB-NLH-041 Provide a comparison of the July 1, 2027 projected cent per kWh increase in the Domestic rate for the Island Interconnected System with the Domestic rate on the Labrador Interconnected System assuming no rate smoothing is implemented for the Labrador Interconnected System.

PUB-NLH-042 Provide an estimate of the average annual bill impact in dollars for Domestic customers on the Island Interconnected System and the Labrador Interconnected System assuming no rate smoothing is implemented for the Labrador Interconnected System.

PUB-NLH-043 **Volume I, Section 6.8.3, page 6.27, lines 13-15**

"At the end of four years, Hydro is projecting a revenue deficiency of approximately $3.3 million and proposes that this residual revenue deficiency be addressed as part of Hydro's next GRA."

a) Provide the projected $3.3 million residual revenue deficiency as a percentage of 2027 Test Year allocated costs for Hydro Rural customers on the Labrador Interconnected System.

b) Will the rate smoothing proposal that projects a revenue deficiency to be collected contribute to potential rate shock for these customers in its next GRA? Explain.

c) Is the rate smoothing proposal consistent with the principal of intergenerational equity? Explain.

PUB-NLH-044 Provide the annual rate increase required to fully collect costs and eliminate the estimated revenue deficiency from Hydro Rural customers on the Labrador Interconnected System if there were equal increases implemented using (i) 2 years, (ii) 3 years and (iii) 4 years.

<u>Labrador Industrial Customer Rates</u>

PUB-NLH-045 **Volume I, Section 6.9.1, page 6.29**

Hydro states that the increase in the average embedded cost for transmission demand allocated to Labrador Industrial Customers results from additional transmission investment over an eight-year period on the Labrador Interconnected System, reflected in the 2027TY, compared to the 2019TY, as well as an increase in cost allocated to this customer class due to increased load compared to the 2019TY.

a) Provide a list of the referenced transmission investments on the Labrador Interconnected System, including dates, a description of the work and costs.

b) Provide the basis and the calculation for the proposed increase in cost allocated to the Labrador Industrial Customer class.

PUB-NLH-046 Provide the calculation for the proposed specifically assigned charges for Tacora and IOC.

<u>Industrial Customer Rate Change and Rate Structure</u>

PUB-NLH-047 Provide a copy of the most current service agreement for each of the Island Industrial Customers.

PUB-NLH-048 a) Provide a detailed description of Hydro's approach to communications with its Island Industrial Customers.

b) Were the proposed changes to the Island Industrial Customer Rate Structure discussed with the customers that would be impacted in advance of the application being filed?

PUB-NLH-049 **Volume III, Exhibit 17: Pricing for a Revised Island Industrial Rate Report**

Given that Corner Brook Pulp and Paper Limited ("CBPP") self-generates almost all its energy requirements, would the reduced demand charge relative to the continuation of an embedded cost-based demand charge result in an under-recovery of capacity costs from CBPP? Explain.

PUB-NLH-050 [redacted]

PUB-NLH-051 **Volume III, Exhibit 17: Pricing for a Revised Island Industrial Rate Report**

a) Describe generally accepted utility practice with respect to the recovery of system costs when self-generators are receiving benefits from being able to access supply from an interconnected grid. Does an hours-of-use rate adequately compensate the utility in this scenario? Explain.

b) Explain if it is common in the industry for stand-by charges to be applied to self generators.

PUB-NLH-052 **Volume I, Section 6.7; Exhibit 17**

Provide the supporting electronic information used to develop the proposed hours-of-use ("HOU") rate design, including:

a) The hourly billing simulation model used by Christensen Associates, in working format, together with the customer-level hourly load data (in confidential form as required).

b) The derivation of each price in Table 6-7, including the formula linking the demand price, the block boundary, the Block 2 prices, and the $42.8 million target revenue requirement to the residual First Block Energy rate of 6.694 cents per kWh.

c) The reconciliation in footnote 38 of Section 6.7.5 demonstrating revenue equivalence between the HOU design and the existing structure updated to 2027 rates.

PUB-NLH-053 **Volume I, Section 6.7, pages 6.19 – 6.20; and Volume III, Exhibit 17, Section 4**

a) Provide, by customer and by month, the number of months with zero Block 2 usage under boundaries of 200, 300, and 400 hours of use.

b) Explain the criteria by which 300 hours was selected over the alternatives analyzed, including the treatment of the two customers with load factors of approximately 45% who fail to reach Block 2 in a material number of months.

c) State whether a seasonally differentiated boundary was considered, given the evidence that the lowest-load-factor customer reaches Block 2 in winter months but not in several non-winter months.

d) Describe the process and criteria by which the boundary would be reviewed and adjusted in future proceedings.

PUB-NLH-054 **Volume I, Sections 6.7 and 6.7.1; and Volume III, Exhibit 17, Sections 2.2 and 2.3**

Please confirm the billing determinants of the proposed design:

a) Identify the demand quantity that sets the monthly Block 1 size (invoiced billing demand, actual monthly maximum demand, or Power on Order), and the demand quantity to which the $5.50 per kW charge applies, including any ratchet or minimum billing demand provisions.

b) Explain how the design treats a customer whose Power on Order exceeds its actual maximum demand, including the observation in Exhibit 17 that an increase in Power on Order shifts energy from Block 2 to Block 1, with a worked example.

c) Describe the treatment of interruptible (non-firm) demand and energy in determining hours of use and the block boundary.

PUB-NLH-055 **Volume I, Section 6.7.1**

Hydro proposes to reduce the demand charge from $10.73 to $5.50 per kW per month - equal to the Newfoundland Power charge and approximately 31% of the $17.54 embedded demand cost - with the remainder recovered through the First Block Energy rate.

a) Provide the rationale for setting the Industrial demand charge equal to the Newfoundland Power charge rather than by reference to marginal capacity cost or embedded demand cost, and state Hydro's current estimate of marginal capacity cost on the Island Interconnected System.

b) Quantify the effective combined price signal on an incremental kilowatt of peak demand under the proposal - the $5.50 demand charge plus the shift of 300 kWh from Block 2 to Block 1 pricing - by season, and compare that combined signal to marginal capacity cost.

c) Provide the intra-class bill impact, by customer, of shifting demand-cost recovery from the demand charge into the First Block Energy rate, distinguishing high and low load factor customers.

d) Discuss whether the reduced demand charge weakens or strengthens the incentive to manage peak demand relative to the existing design, with supporting quantification.

PUB-NLH-056 **Volume I, Sections 6.6.5 and 6.7.3, Tables 6-5 and 6-7; and Volume III, Exhibit 17, Section 4.3**

a) Will the Industrial Block 2 marginal energy price be set to equal the Newfoundland Power Block 2 marginal energy price? Explain.

b) Confirm whether the Block 2 price incorporates Maritime Link transmission costs and marginal losses so that it represents the full opportunity cost of exports at the customer meter.

c) Describe the proposed mechanism and frequency for updating Block 2 prices between GRAs, and the customer notice to be provided.

d) Confirm how variances between forecast and actual export prices affect Industrial customers — through the LT SCVDA, through subsequent rate resets, or both — and identify if there is any potential double-counting risk.

PUB-NLH-057 **Volume I, Section 6.7, Table 6-7; and Volume III, Exhibit 17**

The Winter Block 2 price (8.889 cents) exceeds the Block 1 price (6.694 cents), producing an inclining block in winter and a declining block in non-winter months.

a) Provide, by customer and by month, the marginal energy price each customer would face under the proposal (including all riders) and compare it to Hydro's forecast marginal cost in that month.

b) Identify the months and customers for which the marginal price is the Block 1 rate rather than the Block 2 rate, and quantify the associated efficiency loss.

c) Discuss the incentive properties of the seasonal inversion — in particular, whether a customer near the boundary in winter has an incentive to increase billing demand (enlarging Block 1) to avoid the higher winter Block 2 price, and how the design guards against such behaviour.

PUB-NLH-058 **Volume I, Section 6.7.5, Table 6-9; and Volume III, Exhibit 17, Section 4**

a) Provide customer-specific annual and monthly bill impacts of the proposed rates relative to existing rates, in confidential form as required, including the range of impacts reported by Christensen Associates.

b) Provide a breakdown of the estimated 14.3% total bill reduction between the 6.9% base rate, the specifically assigned increase and the 21.2% Project Cost Recovery Rider reduction, and provide the forecast rider trajectory through 2030.

c) Quantify the bill impact on a representative customer of a ten-percentage-point deterioration in load factor under the proposed design versus the existing design.

PUB-NLH-059 **Volume I, Section 1.7.2, page 1.21, footnote 39**

Recovery of costs for the Muskrat Falls Project has commenced through the Project Cost Recovery Rider charged to the Island Industrial Customer Rate and the Utility Rate. Hydro has been implementing equal annual rate increases to the Project Cost Recovery Rider for the Island Industrial Customers and Newfoundland Power.

a) The estimated rate change for July 1, 2027 includes a reduction in the Project Cost Recovery Rider for the Island Industrial Customers of 21.2%. Should Hydro continue to implement equal annual rate increases if such a reduction is necessary for the Island Industrial Customers?

b) Hydro states that the inclusion of the Project Cost Recovery Rider for the Island Industrial Customers is consistent with the approach utilized for Newfoundland Power to target the annual rate increase and is also consistent with the rate mitigation plan, which directs rates for other customers shall be targeted in a manner that is compatible with the Hydro Target Rate Increase. Explain why the Utility Rate increase, which reflects partial recovery of the Muskrat Falls Project costs allocated to both Newfoundland Power and Hydro Rural customers (i.e., through the rural deficit), is a compatible increase for the Island Industrial Customers.

PUB-NLH-060 **Volume I, Section 6.7.6**

a) Provide the derivation of the updated five-year average loss factor of 3.44%.

b) Explain how the applicable marginal source (thermal versus export market) is determined and communicated to customers for non-firm pricing in each period.

c) Provide 2027F and 2027TY non-firm volumes and revenues and describe their treatment in the Cost of Service and in the LT SCVDA.

PUB-NLH-061 **Volume I, Section 6.7; Volume II, Exhibit 4, Table 1; and Volume III, Exhibit 17**

Island Industrial load has declined 17.5% since the 2019 Test Year.

a) Describe any assessment Hydro performed of load retention, bypass, self-generation, or curtailment risk among Island Industrial customers under the proposed structure.

b) Summarize consultations with Island Industrial customers on the HOU design and the positions expressed.

c) Discuss the revenue recovery consequences for remaining customers if a large Industrial customer materially reduces load or departs, given the largely fixed Block 1 structure.

d) Are there cost recovery clauses upon departure within the service agreements that are impacted by the reduced demand charge?

PUB-NLH-062 **Volume I, Sections 6.6.8 and 6.7.7**

Hydro proposes to eliminate the Firming-Up Charge and the Industrial wheeling rate.

a) Confirm that no customer currently takes, or has pending requests for, service under either of these rates.

b) Identify any revenue collected under these rates from 2019 to 2025.

c) Describe how a future request for wheeling service or purchases of secondary energy would be provided upon the elimination of these rates.

Rural Deficit

PUB-NLH-063 **Volume I, Section 2.3.4, page 2.37**

a) Hydro identified electrification trends as a challenge with the rural deficit and as a factor beyond Hydro's control. Describe Hydro's approach to managing electrification and capital investments to serve load growth on isolated systems.

b) Provide details on the projected acceleration of capital investments for new generation facilities on isolated systems primarily resulting from electrification including the timeline for having new additional generation in-service.

PUB-NLH-064 **Volume I, Section 2.3.4**

Is Hydro pursuing opportunities on isolated systems for the use of battery storage technology, wind and solar, and non-wires solutions that may be of benefit in serving load growth? Explain.

PUB-NLH-065 **Volume I, Section 2.3.4**

a) Provide the long-term supply plan to address the aging diesel plant in the community of Paradise River in southern Labrador and provide the estimated costs for this supply option. If the supply plan has not been finalized, provide the supply options that are being considered and the cost of each.

b) Provide details on the number of customers and permanent residences in Paradise River.

PUB-NLH-066 **Volume I, Section 6.8.1, page 6.26**

a) Provide a price comparison for the Burgeo School and Library under its existing rate and the rate it would pay on the Island Interconnected System rate.

b) Does Hydro have a plan to phase-out the rate in place for the Burgeo School and Library? Explain.

PUB-NLH-067 **Volume I, Section 2.3.4 Rural Deficit**

Rate increases for Rural Isolated System Customers have continued to be deferred from the 2007 General Rate Application. Provide Hydro's plan with respect to the deferred increases and any impact the continued deferral has on the rural subsidy, Hydro's earnings and the 2027 Test Year revenue requirement.

Rate Mitigation

PUB-NLH-068 **Volume II, Exhibit 3, Implementation of the Rate Mitigation Plan Report, page 5**

Update Table 2 for the existing Supply Cost Variance Deferral Account since the filing of this report on October 22, 2024 and provide similar tables for the proposed Long Term Supply Cost Variance Deferral Account.

PUB-NLH-069 **Volume 1, Page 5.10, Table 5-6, Rate Mitigation; and Volume II, Exhibit 3, page 5**

The "Implementation of the Rate Mitigation Plan" included in Exhibit 3, page 5, includes LCP dividends as one of the sources of rate mitigation funding, however this source of funding is not specifically noted in Table 5-6. Provide a reconciliation of Exhibit 3, page 5, Table 2, and page 5.10, Table 5-6, and extend Table 5-6 to 2030.

Export Forecast, Export Revenues and Opportunity Cost

PUB-NLH-070 **Volume I, Section 2.2.2, page 2.19**

Hydro states that Energy Marketing utilizes imports and exports to support ponding activities. Based on reports filed with the Board over the past couple of years, ponding activity has been minimal.

a) Is Hydro anticipating that Energy Marketing will be participating in ponding activities more frequently going forward? Explain.
b) Describe the system conditions which provide opportunities for ponding activities.

Financial Results and Forecasts

PUB-NLH-071 **Supplemental Material, Schedule D-V Summary of Deferred Charges**

Schedule D-V filed with the Supplemental Material has not changed since the original filing of Schedule D-V in the 2026 GRA. Confirm if the January 1, 2027 Opening Balance in Schedule D-V filed in the original 2026 GRA was prepared using 2025 Actual activity.

Financing Costs/Debt

PUB-NLH-072 **Volume I, Schedule D-II, page 6 of 7**

Provide supporting calculations and explanations for the debt guarantee fee amounts included and excluded in computing the 2027 Test Year revenue requirement.

PUB-NLH-073 Provide the recent copies of all credit rating reports for Hydro and the Government of Newfoundland and Labrador.

Depreciation Study

PUB-NLH-074 **Volume III, Exhibit 8 - 2024 Technical Update, page 1-1**

Identify and explain any material changes in methodology, assumptions, analytical techniques, judgmental factors, or data sources between the 2019TY and 2027TY Depreciation Studies. For each change, quantify its impact on depreciation rates, annual depreciation expense, and revenue requirement, and provide all supporting evidence relied upon by Hydro and Concentric Advisors.

PUB-NLH-075 **Volume III, Exhibit 8 - 2024 Technical Update page 1-1**

Hydro reports an annual depreciation expense of approximately $78.2 million reflecting updated plant balances, depreciation parameters, and assumptions as of December 31, 2024. Compare the annual depreciation expense between 2019TY and 2027TY and identify the specific factors contributing to that increase.

Of the total change, how much is attributable to:

- new plant additions;
- changes in average service life assumptions;
- changes in survivor curve selections;
- changes in net salvage assumptions;
- updates to plant balances; and
- any other material factors.

PUB-NLH-076 **Volume III, Exhibit 8 - 2024 Technical Update**

a) Which asset accounts experienced changes in Average Service Life recommendations between the 2019TY study and the 2027TY study?

b) Were the revisions driven by statistical evidence, engineering judgment, or management expectations?

c) For major generation, transmission, and distribution assets, what retirement experience has occurred since the last study that supports shortening or extending asset lives?

d) How do the proposed asset lives align with Hydro's long-term asset management and capital plans?

PUB-NLH-077 **Volume II, Exhibit 7; and Volume III, Exhibit 8**

Exhibit 7 relied on information available as of December 31, 2022. Exhibit 8 incorporates operating experience, retirements, additions, and accounting data through December 31, 2024.

a) Did any asset classes experience retirement patterns inconsistent with the conclusions reached in the 2023 study?

b) What new empirical evidence became available after completion of the 2023 study?

Operating Efficiencies

PUB-NLH-078 In the "Final Report on Rate Mitigation Options and Impacts Muskrat Falls Projects" dated February 7, 2020 the Board noted a number of potential rate mitigation opportunities related to operational efficiencies that were identified by the Board's consultant, Liberty Consulting Group. Liberty estimated that annual savings of $12.7 million in 2020, increasing to $20.7 million in 2023, could be realized if Power Supply and Hydro were re-integrated. In Volume 1, page 2.31 Hydro stated that it pursued operating cost reductions as ordered by the Board in 2013 and 2017 GRAs, as well as the Board's 2020 recommendation that Nalcor and Hydro undertake a comprehensive organizational review to identify $20 million in savings from the overall organization.

a) Provide details of the organizational review and operating cost reductions, indicating the amount of savings that were realized and how the savings were achieved.

b) The Board also noted that Liberty identified potential savings of $12 million in the Muskrat Falls Project O&M costs. Hydro states that operating costs for Muskrat Falls Assets have decreased by $20.3 million Please provide details of how operating costs have been reduced beyond the savings identified by Liberty.

PUB-NLH-079 a) Did Hydro engage an outside consultant to assist in determining the appropriate organizational structure upon amalgamation with Nalcor?

b) What measures or processes has Hydro put in place to evaluate the effectiveness of the new organizational structure?

PUB-NLH-080 **Volume I, page 2.1, Managing Our Business**

Hydro states that it is committed to further savings for customers in the 2027TY and to continuously improve business processes and the delivery of electricity service.

a) Provide the specific initiatives that Hydro has committed to in the 2027 Test Year, and the amount of savings expected from the initiative.

b) Are the savings embedded in the relevant 2027 Test Year costs or in the $4 million productivity allowance? Explain.

c) Will the full impact of these initiatives be realized in the 2027 Test Year or will the savings be spread over more than one year?

PUB-NLH-081 On November 12, 2020, Hydro provided correspondence to the Board relating to Hydro's Efficiency and Effectiveness Plan indicating that Hydro would provide the Board with an update on the status of its plan and its key deliverables in its next general rate application (including its operational cost savings target totaling $9 million by 2024).

Provide an update of the progress for each of the following areas referenced in the plan and how the savings are reflected in the 2027TY: Management and Execution; Technology; Exploits; Capital Planning; Contracting and Procurement; and Human Resources Management.

Operational Plans for the Holyrood Thermal Generating Station

PUB-NLH-082 Provide the period of time the Holyrood Thermal Generating Station ("Holyrood TGS") is planned to remain operational as a generating plant and the phase-out plan for each unit.

Long Term Supply Cost Variance Deferral Account ("LT SCVDA")

PUB-NLH-083 **Volume III, Exhibit 10; LT SCVDA Definition**
Provide the fully functional electronic version of the LT SCVDA with all formulas, proposed classifications, allocators and linkages intact.

PUB-NLH-084 **Volume I, Section 5.7; Exhibit 10**
Provide a table showing, for each component of the LT SCVDA (Muskrat Falls Project costs, net revenue from exports, transmission tariff revenue, rate mitigation funding, Holyrood TGS fuel, utility and industrial load variations, greenhouse gas credit revenue, and other Island Interconnected System supply cost variances), the 2027TY baseline value, the source of the corresponding actual amount, and the proposed demand/energy classification.

PUB-NLH-085 **Volume III, Exhibit 10, Section B 3.0, Monthly Customer Allocation, page 6**
The account definition states that each month, the year-to-date variances in the LT SCVDA will be allocated to demand and energy based on a consistent allocation methodology approved in the Test Year Cost of Service Study for each component, or otherwise approved by the Board for the allocation of the balances in this account.

Explain if "the consistent allocation methodology approved in the Test Year Cost of Service Study" is referring to the 2027 Test Year classification percentages between demand and energy for associated costs included in the 2027 Test Year. If not, explain.

PUB-NLH-086 **Volume I, page 5.25, lines 18-22**

Hydro states that each month, the demand costs will be allocated among the Island Interconnected System customer groups of: (i) Newfoundland Power; (ii) Island Industrial Firm; and (iii) Rural Island Interconnected. The allocation will be based on percentages derived from year-to-date kW for Utility Firm invoiced monthly billing demand, Industrial Firm maximum invoiced demand multiplied by the year-to-date months, and Rural Island Interconnected maximum peak demand multiplied by the year-to-date months.

a) Given that transmission and generation demand costs are allocated in the Cost of Service study based on single coincident peak and the Island Industrial customers have a lower coincidence of billing demand to system peak than Newfoundland Power, explain why the use of actual billing demands is a preferred demand cost allocator than the use the Test Year coincident peak demand allocations.
b) Explain the main drivers of the operating cost variances beyond the 2027TY for Muskrat Falls Project costs, and comment on the potential materiality of these cost variances.
c) Is the maximum peak demand information for the Rural Island Interconnected system readily available for preparation of monthly reports for cost variance allocations?

PUB-NLH-087 **Volume I, pages 5.23-5.24, Allocation Methodology**

Quantify the incremental administrative burden of the demand-and-energy approach relative to the energy-only approach.

PUB-NLH-088 **Volume I, page 5.24, Table 5-13**

Provide the rationale for the following cost/revenue variances transferred to the LT SCVDA not being classified as 100% energy related:

a) Utility load and Industrial load in the load variation component, given that the balance reflects the cumulative variations from test year energy revenues;
b) Off-Island and on-island purchases, given that the purchase cost variances normally depend on the amount of energy purchased and generally do not impact firm capacity;
c) Net Revenues from Exports, given that the variations from forecast revenues are generally driven by the energy market conditions and amount of energy exports;
d) Wind purchase costs, given that the cost variances generally depend on the amount of wind energy purchased and is not normally dependent upon whether the wind is available at peak times; and

e) Greenhouse Gas Credits Revenue, given that the variations from forecast revenues is an outcome of reduced energy production and reduced emissions from the Holyrood TGS.

PUB-NLH-089 **Volume I, Sections 5.7.2 through 5.7.4, Table 5-13; and Volume III, Exhibits 12 and 13**

File the illustrative example in Exhibit 13 in working Excel format with formulas intact.

PUB-NLH-090 **Volume III, Exhibit 10, Section A 6.0, Net Revenues from Exports Variance, page 4**

The account definition states that revenues from non-firm sales on the Island Interconnected System supplied by hydraulic generation will be credited to the Net Revenue from Exports Variance component.

Explain why variances in revenues from Rate 5.1L Non-firm Energy sales on the Labrador Interconnected System are not proposed to be credited to the Net Revenues from Exports Variance component in the LT SCVDA as was approved for the existing Supply Cost Variance Deferral Account in Order No. P.U. 34(2023).

PUB-NLH-091 **Volume III, Exhibit 10, Section A 9.0, Rural Rate Alteration, page 5**

Explain why the Rural Rate Alteration balance, which is not related to supply cost variances, should be included in the LT SCVDA.

PUB-NLH-092 **Volume III, Exhibit 10, Section B 4.0, Balance Disposition**

a) When does Hydro plan to file an application for approval of the methodology and amortization period for disposition of the proposed LT SCVDA account balance?

b) Is the initial rate change for disposition of balances in the LT SCVDA planned to occur on July 1, 2028? If not, when will it be implemented?

PUB-NLH-093 **Volume I, Section 5.7.6; Board Order No. P.U. 33(2021)**

Hydro proposes that financing charges on the LT SCVDA be calculated at the approved weighted average cost of capital ("WACC") (4.88%), whereas Board Order No. P.U. 33(2021) directed short-term borrowing costs for the existing SCVDA.

a) Given the use of WACC in computing the financing costs in the LT SCVDA could increase rate mitigation funding requirements, explain the rationale for this proposal.

b) Explain how the actual financing of account balances corresponds to a WACC-based financing charge.

c) Did Hydro consider a hybrid approach under which balances expected to be collected within one year accrue interest at short-term rates, with either the embedded cost of debt or WACC applied to balances carried longer?

PUB-NLH-094 **Volume I Sections 5.7.1, 5.7.7, and 6.4.2, including footnotes 17 and 18**

a) Provide the forecast balance in the existing SCVDA at December 31, 2026, by component.

b) Explain the mechanics of restating the existing SCVDA balance upon approval of the LT SCVDA to transfer post-January 1, 2027 activity.

<u>Deferral Accounts Excluding Long Term Supply Cost Variance Deferral Account</u>

PUB-NLH-095 **Volume III, Exhibit 10 – Muskrat Falls PPA Sustaining Capital Deferral Account Definition**

According to the account definition, the amount charged to this account includes the sustaining capital payments and the interest during construction incurred by Hydro, calculated in accordance with Hydro's Capitalization Guidelines.

a) Does Hydro Regulated make payments to Hydro Non-Regulated for the Allowance for Funds Used During Construction ("AFUDC") or Interest During Construction ("IDC") in addition to the monthly sustaining capital costs?

b) Confirm that Hydro's AFUDC/IDC is not applied to the total monthly transfer, but only for the sustaining capital projects that meet Hydro's guidelines for the use of AFUDC /IDC. If not, please explain.

c) Explain how the use of AFUDC/IDC is determined for the non-regulated sustaining capital projects and communicated to Hydro Regulated on a monthly basis.

d) Confirm that the inclusion of this deferral account in rate base before the sustaining capital projects are in service, will result in Hydro receiving a return on rate base in addition to the AFUDC/IDC while the project is still in progress.

e) Confirm that the sustaining capital payments by Hydro Regulated are for costs incurred on assets that are not included in Hydro Regulated.

f) This deferral account has not been included in rate base in prior years. Provide Hydro's reasoning to support the inclusion of this deferral account in rate base for the 2027TY.

PUB-NLH-096 **Volume III, Exhibit 10 – Electrification Cost Deferral Account Definition ("ECDA")**

The account definition states that the portion of the Recoverable Amount which is re-allocated to Labrador Interconnected customers shall be charged to the ECDA for future recovery from customers on the Labrador Interconnected System. Will Hydro track the Labrador Interconnected portion as a separate component of the ECDA going forward to ensure proper allocation of costs? Explain.

PUB-NLH-097 **Volume III, Exhibit 11 – Holyrood Thermal Generating Station Accelerated Depreciation Deferral Account**

a) Provide an explanation for the significant increase in the Actual Depreciation for the 2028F and 2029F in comparison to the 2027TY.

b) This deferral account has not been included in rate base in prior years. Provide Hydro's reasoning to support the inclusion of this deferral account in rate base for the 2027TY.

<u>Working Capital Allowance Methodology</u>

PUB-NLH-098 **Volume I, page 5.12, Table 5-8 Working Capital Allowance**

a) Explain why the Expense Lag Days for the Muskrat Falls Related working capital allowance is a credit of 7.8 days.

b) How is the monetized deferred energy factored into the working capital allowance calculation?

c) Provide the information to support the 2027 Muskrat Falls Related calculation and the 2027 Other calculation included in Table 5-8.

d) Did Hydro have a study completed to determine how the Muskrat Falls supply costs working capital allowance would be determined for this GRA? If so, please provide a copy.

<u>Other Rate Base Related Issues</u>

PUB-NLH-099 How does Hydro determine whether a deferral account will accrue financing charges on the balance or whether a deferral account should be included in rate base?

PUB-NLH-100 Does Hydro consider Board approval of a deferral account to also constitute Board approval for the balance of that deferral account to be included in rate base or is specific approval for a deferral account to be included in rate base required? Provide the basis for the response, including whether there are circumstances where Hydro would require specific Board approval for a deferral account to be included in rate base.

<u>Cost of Service Methodology</u>

PUB-NLH-101 **Volume I, Schedules F and G; Chapter 5, Schedule D-I**

Please provide fully functional electronic versions of the 2027 Test Year Cost of Service Study (Schedule F) and the Cost of Service Study excluding rate mitigation (Schedule G), with all formulas, allocator development, and linkages intact, including:

a) all functionalization, classification, and allocation worksheets, including development of each demand, energy, and customer allocator by class and by system; and

b) a mapping or bridge from each line of the revenue requirement in Schedule D-I to the corresponding COS input in Schedule F.

PUB-NLH-102 **Volume I, Section 6.2.2, pages 6.6–6.7; Volume III, Exhibit 14; and Volume II, Exhibit 4, Section 2.1.2.2, Tables 3 and 4**

The Application proposes to continue classifying Holyrood TGS generation costs (excluding fuel) on a test year forecast capacity factor basis and fuel costs as 100% energy.

a) State the 2027TY forecast capacity factor used to classify Holyrood TGS generation costs, show its calculation, and provide the resulting demand and energy percentages in comparison with the corresponding 2019TY values.

b) Reconcile the continued capacity-factor classification with the evidence that the Holyrood TGS now operates "primarily to provide system reliability and backup generation…" (Exhibit 4, page 6) and that units are held at minimum output of 70 MW per unit for system support rather than economic energy service, and explain why a resource retained principally for reliability during the Bridging Period is not classified predominantly as demand-related.

c) Quantify, for the 2027TY, the portion of forecast Holyrood TGS fuel consumption attributable to operating the units at minimum stable output for reliability purposes versus dispatch above minimum to serve energy requirements, and discuss whether the minimum-output portion of fuel is causally demand-related.

d) Provide alternative classification scenarios for Holyrood TGS generation and fuel costs (including a demand-classified minimum-load fuel scenario) with the resulting class revenue requirement impacts.

e) Confirm the class revenue requirement impact of the 563 kWh per barrel conversion factor relative to the 2019TY value of 583 kWh per barrel, and identify which classes bear the efficiency degradation associated with minimum-output operation.

PUB-NLH-103 **Volume I, Section 6.3.1; and Volume III, Exhibit 16**

Hydro proposes to reclassify purchases of wind generation from 22% demand/ 78% energy to 43% demand / 57% energy based on the 2025 Effective Load Carrying Capability ("ELCC") study's finding of a marginal ELCC of 43% for 50 MW of wind.

a) Explain why a marginal ELCC computed for a 50 MW increment is the appropriate basis for classifying the embedded cost of the existing 54 MW of contracted wind purchases, rather than the average ELCC of the existing fleet, and provide the average ELCC of the existing 54 MW.

b) Reconcile the use for cost-classification purposes of a study conducted "for the purpose of system planning".

c) Describe the sensitivity of the ELCC result to wind penetration levels, resource mix, and study assumptions, and state how frequently Hydro proposes to update the classification.

d) Quantify the class revenue requirement impact of moving from the 22/78 to the 43/57 classification.

PUB-NLH-104 **Volume I, Section 5.7.2, Table 5-13 and Footnote 90; Section 6.2, page 6.3, Item 4**

The classification of the Muskrat Falls PPA, LIL, and LTA costs, net export revenues, rate mitigation funding, transmission tariff revenue, and other components is based on system load factor, stated as 50% for the 2027 Test Year.

a) Provide the calculation of the 2027TY system load factor, including the peak demand and energy values used, and state its unrounded value.

b) Confirm whether the Cost of Service applies the computed system load factor or a rounded 50%, and quantify the class impact of any difference.

c) Provide the sensitivity of class revenue requirements to a change of plus or minus two percentage points in system load factor, given that this single parameter governs the classification of the largest cost items in the study.

d) Discuss the expected stability of system load factor between test years.

PUB-NLH-105 **Volume I, Sections 5.2.7 and 6.4.1; Schedule F 1.1, line 12; and Schedule G**

Rate mitigation of $501,963,983 is reflected in the 2027TY Cost of Service as a reduction to Island Interconnected System costs.

a) Provide the allocation of total rate mitigation among Newfoundland Power, Island Industrial, and Rural Island Interconnected customers, in dollars and as a percentage of each class's unmitigated cost of service.

b) Provide a side-by-side comparison of class revenue requirements and revenue-to-cost coverage ratios under Schedule F (with mitigation) and Schedule G (without mitigation).

c) Describe the consequences for class rates and for the LT SCVDA if actual rate mitigation funding differs from the level assumed in the test year.

PUB-NLH-106 **Volume I, Schedule A-I; and Volume II, Exhibit 4, Section 2.1.1, page 3**

Forecast Island Interconnected System transmission losses increase from 207 GWh in the 2019 Test Year to 327 GWh in the 2027 Test Year, with 207 GWh of the 2027 losses associated with forecast exports flowing from Soldiers Pond to Bottom Brook for delivery over the Maritime Link.

a) Describe how export-related transmission losses are treated in the COS, specifically whether the cost of energy consumed as export-flow losses is netted against export revenues or is embedded in losses allocated to domestic load classes.

b) Quantify the cost of the 207 GWh of export-related losses at the relevant supply cost and identify which classes bear that cost under the proposed study.

c) If any portion of export-related losses is borne by domestic load, provide the cost-causation rationale, given that net export revenues are shared through the Cost of Service on a system load factor basis.

PUB-NLH-107 **Volume I, Schedule F 1.1, line 9; and Section 6.6.5, Table 6-5**

Provide the derivation of forecast net export revenue for the 2027TY, including monthly export volumes, the forecast export prices used (identifying the Intercontinental Exchange Salisbury price series and vintage), Maritime Link transmission costs, transmission tariffs, and losses netted in the calculation.

<u>Newfoundland Power Generation Credit</u>

PUB-NLH-108 **Volume I, Section 6.2.3, Tables 6-1 and 6-2; and Volume III, Exhibit 15**

Hydro proposes to replace the reserve-at-criteria calculation of Newfoundland Power's hydraulic generation credit with a 64 MW credit based on the five-year (2020–2024) historical average of Newfoundland Power hydraulic generation at the time of system peak.

a) Provide the underlying event-level data for each observation used in the analysis, including the date and hour of each system peak, system load, Newfoundland Power hydraulic output, installed hydraulic capability at the time, and whether Hydro had issued a request to maximize hydraulic generation.

b) Explain the rationale for a simple five-year average rather than a capability-based or probabilistic measure (e.g., median or a percentile consistent with planning criteria), and provide the credit that would result under each alternative.

c) Explain why the hydraulic credit moves to demonstrated historical performance while the thermal credit continues to be based on forecast capability reduced by reserve at criteria, and explain why different standards are appropriate for the two components.

d) Excluding the effects of rate mitigation funding, quantify the sensitivity of class revenue requirements and the Newfoundland Power revenue requirement to a 10 MW change in the total generation credit.

e) State whether energy or storage limitations constrained Newfoundland Power's hydraulic output during the observed peaks, and whether comparable limitations are reflected in the ratings assigned to Hydro's own hydraulic fleet in the Cost of Service.

f) Explain if Hydro's requests to Newfoundland Power to run its hydraulic generation and the impacts on Newfoundland Power's storage levels to provide benefits other than meeting system peaks (e.g., reduced requirement for Holyrood TGS operations) was considered in deriving the 64 MW generation credit. Would the hydraulic credit be higher if these operating requests did not occur and does Hydro expect these requests continue in the future?

PUB-NLH-109 Explain any differences in treatment of the Newfoundland Power thermal generation credit and hydraulic generation credit in the allocation of transmission demand costs in the Cost of Service study.

Power Service Arrangements with Corner Brook Pulp and Paper Limited ("CBPP")

PUB-NLH-110 Provide the capacity assistance agreement, the co-generation agreement and any other energy purchase agreements with CBPP.

PUB-NLH-111 Describe the terms upon which CBPP can increase its Power on Order, how much it can be increased and the notice required to implement a change to its Power on Order.

PUB-NLH-112 Is CBPP designated as a Transmission Customer and required to pay transmission tariffs for any energy it sells or repays to Hydro on a contractual basis? Explain.

PUB-NLH-113 **Volume 1, Schedule A-VI**

a) Explain the basis for the approximately $4.6 million in purchase power expense under the CBPP Co-Generation agreement in Schedule A-VI.
b) Schedule A-VI indicates no energy purchases under the CBPP PPA for the 2027TY. Does this reflect the most recent information available? If no, what is the forecast energy deliveries and cost for 2027? In the response provide the calculation of the cost.
c) Provide the incremental energy purchase cost for any forecast purchases from CBPP and a comparison to the forecast marginal energy cost and the basis for this marginal energy cost estimate for 2027.
d) For variances from forecast energy purchases from CBPP that may occur during 2027, illustrate the computations and transfers to Hydro's LT SCVDA. If no energy purchases are forecast under the CBPP PPA for 2027, illustrate how the deferral account calculations were computed for purchases in 2026 under the most recent CBPP PPA.

PUB-NLH-114

a) Provide the CBPP capacity assistance reports for the past 3 winter seasons.
b) Explain the administration of the capacity assistance agreement to ensure full capacity assistance benefits are provided to Hydro if Hydro is

also purchasing energy from CBPP at times of capacity assistance requests.

c) Does the capacity assistance agreement receive priority over its energy purchase agreement with CBPP at times when the system requires additional capacity? Explain based on past experience in administering both agreements.

<u>Rural Reliability</u>

PUB-NLH-115 **Volume I, Section 1.5, page 1.14, Engaging Our Customers**

Hydro states that it regularly surveys its direct customers and that overall customer service satisfaction scores have remained strong and consistent.

Does Hydro perform the same customer survey in all areas of the province where it provides service or are customer surveys developed for separate service areas?

PUB-NLH-116 **Volume I, page 2.3, Customer Satisfaction and Feedback Results**

Hydro noted that the 2025 General Service Survey recorded satisfaction of 81%, a decrease from 2023, which was driven largely by results from the Northern region.

Can Hydro provide customer service satisfactions scores for separate service areas? If so, please provide a table indicating customer satisfaction by service area for 2016-2025.

PUB-NLH-117 **Volume I, Section 2.2.3, lines 5-8**

a) Identify any technology solutions that have been implemented to improve service restoration response from 2020 to 2026 and describe the benefits that have been achieved.

b) Identify any technology solutions that are planned to be implemented to improve service restoration response and describe the benefits that are anticipated to be achieved.

PUB-NLH-118 **Volume I, page 2.6, Chart 2-1, SAIDI (Hydro-Only) Performance 2019-2025 and Chart 2-2 SAIFI (Hydro-Only) Performance 2019-2025**

Provide similar charts for each of Hydro's rural service areas, including the Great Northern Peninsula, the South Coast, Fogo and Change Islands, White Bay—Baie Verte area, and Labrador.

PUB-NLH-119 Provide a list of planned and unplanned outages for each of Hydro's rural service areas for 2019-2026, identifying the reason for each outage.

PUB-NLH-120 Provide the most recent risk assessments from Hydro's rural service areas identifying assets (transmission lines, feeders, stations, diesel plants and protection and control assets) that have been categorized as high risk. For each high-risk asset, please provide the following:

a) asset name;
b) asset type and location;
c) predominant mode of failure;
d) probability of failure (Low, Medium, High);
e) consequences of failure (Low, Medium, High, with specified impact);
f) recent outage experience (Number of outages in the past 5 years);
g) present condition/risk assessment rating;
h) status of present mitigation; and
i) any plans for replacement, refurbishment, or other remediation.

PUB-NLH-121 Provide details of capital investments planned for each of Hydro's rural service areas for the five-year period of 2026-2030.

PUB-NLH-122 Provide details of any upgrades, including sectionalizing, feeder automation, mobile substation and increased back-up generation, that Hydro has considered for each of its rural service areas and why Hydro has or has not included upgrades in its planned capital investments.

PUB-NLH-123
a) For each of Hydro's rural service areas, provide a list indicating the location and date of implementation of installed and scheduled to be installed automation and monitoring systems.
b) Indicate the operations enabled by each system and the type of power interruptions or restoration activities each technology is capable of isolating, avoiding, detecting or minimizing.

PUB-NLH-124 Does Hydro evaluate and prioritize upgrades to rural systems using the same criteria as applied to other Hydro assets? Explain why or why not.

PUB-NLH-125 How has Hydro considered and planned for increasing climate change risks such as wildfires and high wind events specifically for its rural service areas?

DATED at St. John's, Newfoundland and Labrador, this 29th day of July, 2026.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per Colleen Jones
Colleen Jones
Assistant Board Secretary