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February 15, 2024

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

Attention: Jo-Anne Galarneau  
Executive Director and Board Secretary

**Re: Newfoundland Power Inc.'s 2025–2026 General Rate Application – Requests for Information**

Please find enclosed Newfoundland and Labrador Hydro's requests for information NLH-NP-001 to NLH-NP-098 in relation to Newfoundland Power Inc.'s 2025–2026 General Rate Application.

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

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Shirley A. Walsh  
Senior Legal Counsel, Regulatory  
SAW/kd.sk

Encl.

ecc:

**Board of Commissioners of Public Utilities**

Jacqui H. Glynn  
Maureen Greene, KC  
Board General

**International Brotherhood of Electrical Workers, Local 1620**

Donald Murphy  
Adrienne H.Y. Ding, O'Dea Earle  
Justin W. King, O'Dea Earle  
Kyle R. Rees, O'Dea Earle

**Consumer Advocate**

Dennis M. Browne, KC, Browne Fitzgerald Morgan & Avis  
Stephen F. Fitzgerald, Browne Fitzgerald Morgan & Avis  
Sarah G. Fitzgerald, Browne Fitzgerald Morgan & Avis  
Bernice Bailey, Browne Fitzgerald Morgan & Avis

**Newfoundland Power Inc.**

Dominic J. Foley  
Lindsay S.A. Hollett  
Liam P. O'Brien, Curtis Dawe  
Regulatory Email

**IN THE MATTER OF** the *Public Utilities Act*, RSNL  
1990, Chapter P-47 , as amended (“*Act*”); and

**IN THE MATTER OF** an application by  
Newfoundland Power Inc. (“Newfoundland Power”)  
to establish customer electricity rates for 2025 and  
2026 (“Application”).

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**Newfoundland and Labrador Hydro**

**Requests for Information**

**NLH-NP-001 to NLH-NP-098**

**February 15, 2024**

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1 **SECTION 1: INTRODUCTION**

2 **NLH-NP-001 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 3 **December 12, 2023, vol. 1, Evidence, sec. 1.1.1, p. 1-1, Table 1-1.**

4 Please provide sales growth numbers related to electrification only for the same  
 5 forecast period. Please provide this information by electrification type (i.e., space  
 6 heating conversions, light-duty electric vehicles, medium- and heavy-duty electric  
 7 vehicles, electric busses, and any other relevant categories) including forecast energy  
 8 sales, peak demand impact, and heating/vehicle conversion numbers by year. If this  
 9 cannot be broken out, please explain why.

10 **NLH-NP-002 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 11 **December 12, 2023, vol. 1, Evidence, sec. 1.1.1, p. 1-1, Table 1-1.**

12 Please provide sales growth numbers related to new customers by year for the same  
 13 forecast period (energy, demand and number of customers).

14 **NLH-NP-003 References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 15 **December 12, 2023, vol. 1, Evidence, sec. 1.1.1, p. 1-1/13–15 and sec. 1.1.4, p. 1-6/17–**  
 16 **19.**

17 Page 1-1, lines 13–15 state:

18 The number of customers served by Newfoundland Power is forecast to  
 19 increase by approximately 4,600, or 1.7%, from 2022 to 2026. Annual  
 20 weather-adjusted energy sales are forecast to increase by  
 21 approximately 194 GWh, or 3.4%, over the same period.

22 Page 1-6, lines 17–19 state:

23 The provincial economic outlook remains weak with economic  
 24 indicators that continue to lag behind the rest of Canada, including  
 25 historically low housing starts.

26 Please reconcile these statements.



1 **NLH-NP-006 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
2 **December 12, 2023, vol. 1, Evidence, sec. 1.1.2, p. 1-3/11–12.**

3 Page 1-3, lines 11–12 state:

4 The Company reduced its gross operating cost per customer by  
5 approximately 9.5% on an inflation adjusted basis over the last decade.

6 a) Please provide the supporting information related to gross operating cost per  
7 customer on an inflation-adjusted basis for each year of the decade referenced;  
8 include the data used to calculate the 9.5% reduction.

9 b) Please provide this same statistic for 2016 to 2026 Forecast.

10 **NLH-NP-007 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
11 **December 12, 2023, vol. 1, Evidence, sec. 1.1.2, p. 1-3/11–13.**

12 Page 1-3, lines 11–13 state:

13 The Company reduced its gross operating cost per customer by  
14 approximately 9.5% on an inflation-adjusted basis over the last decade.  
15 The effective use of technology has been a primary means through  
16 which the Company has improved its operating efficiency.

17 a) What other means has Newfoundland Power employed to reduce costs and  
18 improve operating efficiency in the last decade?

19 b) Aside from technological improvements noted what operational efficiencies are  
20 included within the 2025 and 2026 Test Years?

21 c) Please provide a list of technology implementations for each year of the decade  
22 referenced and the associated cost savings attributed to the reduction in gross  
23 operating cost per customer.

24 d) Please provide the costs associated with each of the capital investments made  
25 as part of the technology implementations in the decade referenced, including  
26 the year the project began, the year implemented, and the associated revenue  
27 requirement impact, including 2023 Actuals, for each year.

1 **NLH-NP-008** **References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 2 **December 12, 2023, vol. 1, Evidence, sec. 1.1.2, p. 1-4/17–19 and vol. 2, Reports,**  
 3 **“Labour Forecast 2024–2026,” sch. A, p. 2, No. 9.**

4 Page 1-4, lines 17–19 state:

5 Operating labour costs are forecast to increase by approximately 3.1%  
 6 annually from 2022 to 2026. This is approximately 1% less than the  
 7 Company’s annual labour inflation over the same period.

8 a) Please provide the calculations that reflect this statement.

9 b) Please confirm that the labour calculated in part a) includes the compounded  
 10 impact of annual labour inflation rates.

11 c) In the 2024 Internal Labour Forecast, Newfoundland Power notes a decrease of  
 12 22.7 full-time equivalents (“FTE”) related to the conclusion of the Customer  
 13 Service System Replacement Project, a savings of \$3.1 million. How many of  
 14 these FTEs and what corresponding labour costs (in dollars) were allocated to  
 15 Capital versus Operating labour expenses?

16 d) Please provide the forecasted increase for Capital labour costs annually from  
 17 2022 to 2026 Forecast.

18 **NLH-NP-009** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 19 **December 12, 2023, vol. 1, Evidence, sec. 1.2.1, p. 1-7/8–10.**

20 Please provide Newfoundland Power's revenue requirement for 2025 and 2026 if the  
 21 increase proposed in the 2024 Return of Return on Rate Base Application is not  
 22 approved.

## 23 **SECTION 1: PROPOSAL TO NOT REBASE POWER SUPPLY COSTS**

24 Hydro has no questions for this topic within this section at this time. Questions on rebasing are included  
 25 in other sections.

1 **SECTION 2: CUSTOMER OPERATIONS/OPERATING COSTS**

2 **NLH-NP-010 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 3 **December 12, 2023, vol. 1, Evidence, sec. 2.2.1, p. 2-4/2–3 and p. 2-5/4–5.**

4 Page 2-4, lines 2–3 state:

5 In 2022, 80% of visits to the website were driven by customers accessing  
 6 information on their accounts and outage information.

7 Page 2-5, lines 4–5 state:

8 Newfoundland Power continues to enhance its use of social media to  
 9 share information with customers, including information on outages  
 10 and available programs and services.

11 a) Does Newfoundland Power share information with customers through social  
 12 media in response to all outages? If not, why not?

13 b) How many Newfoundland Power-caused outages in 2022 and 2023 were  
 14 communicated on social media channels? Please express this as a percentage of  
 15 overall number of Newfoundland Power-caused outages.

16 **NLH-NP-011 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 17 **December 12, 2023, vol. 1, Evidence, sec. 2.3.4, p. 2-27, fig. 2-11.**

18 Please provide an updated Figure 2-11 from 2013 to 2026 Forecast, including 2023  
 19 Actuals. Please provide the nominal and real dollars for each year and the number of  
 20 customers.

21 **NLH-NP-012 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 22 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-29/4–5.**

23 Page 2-29, lines 4–5 state:

24 Gross operating costs represent approximately 10% of Newfoundland  
 25 Power’s proposed 2026 revenue requirement from customer rates.

26 Please provide Newfoundland Power’s gross operating costs as a percentage of revenue  
 27 requirement from customer rates for 2022 to 2026 Forecast including 2023 Actuals and  
 28 2022 and 2023 Test Years.

- 1 **NLH-NP-013** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
2 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-29, Table 2-3.**
- 3 a) Please explain the process used to determine the estimates for budgets and test  
4 years.
- 5 b) Please confirm the budgeting process used to determine that the estimates for  
6 the 2025 and 2026 Test Years were zero-based. If not, please describe how the  
7 estimates were determined.
- 8 c) How many months of Actuals and Forecast are included in 2023 Forecast?
- 9 **NLH-NP-014** **References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
10 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-30, Table 2-4 and “2025/2026**  
11 **General Rate Application – Additional Information,” Newfoundland Power Inc.,**  
12 **December 13, 2023, sch. B, att. 1, sec. 2, p. 1, Table 2-4.**
- 13 a) Please restate Table 2-4 to include 2023 Actuals and 2022 and 2023 Test Years.  
14 Please include the dollar and percentage change between Actuals and Test  
15 Years.
- 16 b) Please explain the reason for the increase in General Operating Costs in the  
17 2022 and 2023 Actuals compared to 2022 and 2023 Test Years.
- 18 c) Please confirm that Newfoundland Power's operating costs for 2026 Forecast  
19 increased by \$12.6 million over the 2023 Test Year. If Newfoundland Power had  
20 maintained its 2023 Test Year Operating Costs, what would the rate impact be?
- 21 **NLH-NP-015** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
22 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-31, f.n. 57.**
- 23 a) Please provide a breakdown of the weighted labour rate increases by executive,  
24 senior management, union, and non-union in both percentage and dollars for  
25 2022 Test Year, 2022 Actuals, 2023 Test Year, 2023 Actuals, 2024 Forecast, 2025  
26 Forecast, and 2026 Forecast.
- 27 b) Please provide Newfoundland Power’s average annual salary for each of the  
28 years identified in part a) broken down by executive, senior management,



1 union, and non-union. Please indicate where average salary calculations include  
2 incentive or bonus pay.

3 c) What comparators does Newfoundland Power use to determine union and non-  
4 union labour increases? Please provide a breakdown of the methods and  
5 comparators for executive, senior management, union, and non-union.

6 **NLH-NP-016 Reference: "2025/2026 General Rate Application," Newfoundland Power Inc.,**  
7 **December 12, 2023, vol. 1, Evidence, sec. 1.1.2, p. 1-4/21–22.**

8 Page 1-4, lines 21–22 state:

9 Newfoundland Power will continue to focus on the delivery of reliable  
10 and environmentally responsible service to customers at the lowest  
11 possible cost.

12 a) How many electric vehicles does Newfoundland Power have in its fleet? Please  
13 provide a table with the year, make, model, and purpose of these vehicles. How  
14 many kilometres have these vehicles travelled and what operational savings  
15 would Newfoundland Power attribute to these electric versus gasoline-powered  
16 vehicles?

17 b) Please provide Newfoundland Power's fleet electrification plan. In the response,  
18 please detail how Newfoundland Power is preparing for the Government of  
19 Canada's Electric Vehicle Availability Standard (i.e., 100 percent zero-emission  
20 vehicle sales by 2035) and the savings Newfoundland Power expects to realize  
21 from an increased number of electric vehicles in the test year period.

22 **NLH-NP-017 References: "2025/2026 General Rate Application," Newfoundland Power Inc.,**  
23 **December 12, 2023, vol. 1, Evidence, sec. 2.1, pp. 2-1–2-2 and sec. 2.4.1, p. 2-32, Table 2-**  
24 **6.**

25 a) What is incorporated in the function "Energy Solutions"? What specific  
26 initiatives are driving the increased cost of Energy Solutions?

27 b) Please confirm customer service costs have increased by 9% over the 2023 Test  
28 Year. Given the technological efficiencies Newfoundland Power noted in  
29 Section 2 (pp. 2-1–2-2), please explain why Customer Service costs are  
30 increasing.

1 **NLH-NP-018** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 2 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-33, Table 2-7.**

3 Please provide a detailed breakdown and explanation of all costs included in the  
 4 category of Information Systems by year for 2022 to 2026 Forecast including 2023  
 5 Actuals and 2022 and 2023 Test Years.

6 **NLH-NP-019** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 7 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-33, f.n. 59.**

8 a) Are the cost increases in footnote 59 a result of new or increased discretionary  
 9 purchases or are they the result of inflationary increases of existing software  
 10 and hardware requirements? Please provide a breakdown.

11 b) Please explain why the software and hardware costs referenced did not qualify  
 12 for capitalization.

13 **NLH-NP-020** **References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 14 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-33, Table 2-7 and f.n. 60.**

15 a) How much of Newfoundland Power’s costs per year in financial services are  
 16 associated with the conversion to IFRS (International Financial Reporting  
 17 Standards)?

18 b) How do those costs compare to the 2012 migration to US GAAP (Generally  
 19 Accepted Accounting Principles)?

20 c) Please explain how estimates were calculated.

21 d) Is Fortis Inc. or other subsidiaries sharing any of the costs?

22 e) Please provide the amount of consulting costs included per year for the change  
 23 in accounting standards.

24 **NLH-NP-021** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 25 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-33, Table 2-7.**

26 Please provide detailed support for the insurance increases forecast for each year and  
 27 explain if any policy changes (such as changes to coverage or deductibles) can be made  
 28 to mitigate the projected increases.

1 **NLH-NP-022** **References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
2 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-33, Table 2-7 and p. 2-34/9.**

3 Please provide a breakdown of the increase in costs per year in Corporate and Employee  
4 Services between inflationary costs and consultant costs associated with regulatory  
5 proceedings.

6 **NLH-NP-023** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
7 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-35, Table 2-9.**

8 Please provide a breakdown of labour costs between salary costs, fringe, group and  
9 employee future benefits by year for 2022 to 2026 Forecast including 2023 Actuals and  
10 2022 and 2023 Test Years.

11 **NLH-NP-024** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
12 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-35, Table 2-9.**

13 Please provide the specific drivers of the increases in overtime costs year-over-year for  
14 2024 to 2026 Forecast

15 **NLH-NP-025** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
16 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-35/13–15.**

17 a) Please define “regular labour,” “standby labour,” and “temporary labour.” What  
18 costs are included within each category?

19 b) In a chart, please provide the regular, standby, and temporary labour costs  
20 Budgeted and Actuals over the past three years (2021, 2022, and 2023) and the  
21 variances for each year.

22 **NLH-NP-026** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
23 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-36/7–8.**

24 Are there any instances of costs included as part of goods and services that were not  
25 acquired through competitive processes? If so, how was it determined that these costs  
26 were consistent with the least-cost requirement?

1 **NLH-NP-027 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
2 **December 12, 2023, vol. 1, Exhibits, exh. 1.**

3 Please provide the cost breakdown by account in the same format and periods used in  
4 Exhibit 2. Please include 2023 Actuals and 2022 and 2023 Test Years for the functions  
5 provided. Please include the dollar and percentage change between Actuals and Test  
6 Year and provide an explanation of the reasons for the variance where they exceed  
7  $\pm 10\%$  and \$100,000 between Actuals and Test Year:

- 8 a) Distribution;
- 9 b) Power Produced;
- 10 c) Administration and Engineering Support;
- 11 d) Customer Service;
- 12 e) Energy Solutions;
- 13 f) Information Systems;
- 14 g) Financial Services; and
- 15 h) Corporate and Employee Services.

16 **NLH-NP-028 References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
17 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-36/12–16 and f.n. 62.**

18 Please provide a detailed breakdown of the \$1.7 million in other company fees. Please  
19 provide a specific explanation of costs included in other company fees.

20 **NLH-NP-029 References: “2025/2026 General Rate Application – Additional Information,”**  
21 **Newfoundland Power Inc., December 13, 2023, sch. B, att. 4, exh. 1 and att. 5, exh. 2.**

22 Please update Exhibits 1 and 2 to include 2023 Actuals and append columns that provide  
23 the year-over-year variances for both dollars and percentages, as shown in the tables  
24 provided.

**Exhibit 1: Operating Costs by Function**

Function	2023 Actual vs 2022 Actual		2024 Forecast vs 2023 Actual		2025 Forecast vs 2024 Forecast		2026 Forecast vs 2025 Forecast	
	(\$000)	%	(\$000)	%	(\$000)	%	(\$000)	%
1 Distribution								
2 Transmission								
3 Substations								
4 Power Produced								
5 Administrative and Engineering Support								
6 Telecommunications								
7 Environment								
8 Fleet Operations and Maintenance								
9								
10 <b>Electricity Supply</b>								
11								
12 Customer Service								
13 Energy Solutions								
14 Uncollectible Bills								
15								
16 <b>Customer Service</b>								
17								
18 Information Systems								
19 Financial Services								
20 Corporate Employee Services								
21 Insurances								
22								
23 <b>General</b>								
24								
25 <b>Gross Operating Cost</b>								

**Exhibit 2: Operating Costs by Breakdown**

Breakdown	2023 Actual vs		2024 Forecast vs		2025 Forecast vs		2026 Forecast vs	
	2022 Actual		2023 Actual		2024 Forecast		2025 Forecast	
	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)
1 Regular and Standby								
2 Temporary								
3 Overtime								
4 <b>Total Labour</b>								
5								
6 Vehicle Expenses								
7 Operating Materials								
8 Inter-Company Charges								
9 Plants, Substations, System Operations and Buildings								
10 Travel								
11 Tools and Clothing Allowance								
12 Miscellaneous								
13 Taxes and Assessments								
14 Uncollectible Bills								
15 Insurance								
16 Severance and Other Employee Costs								
17 Education, Training and Employee Fees								
18 Trustee and Directors' Fees								
19 Other Company Fees								
20 Stationary and Copying								
21 Equipment Rental and Maintenance								
22 Telecommunications								
23 Postage								
24 Advertising								
25 Vegetation Management								
26 Computing Equipment and Software								
27 <b>Total Other</b>								
28								
29 <b>Gross Operating Cost</b>								

1 **NLH-NP-030**    **References: “2025/2026 General Rate Application – Additional Information,”**  
2                    **Newfoundland Power Inc., December 13, 2023, sch. B, att. 4, exh. 1 and att. 5, exh. 2.**

3                    Please update Exhibits 1 and 2 to include 2023 Actuals and append columns that provide  
4                    the variances for both dollars and percentages, as shown in the tables provided.



**Exhibit 2: Operating Costs by Breakdown**

Breakdown	2025 Forecast vs		2025 Forecast vs		2026 Forecast vs		2026 Forecast vs	
	2022 Test Year	2023 Test Year	2023 Test Year	2022 Test Year	2022 Test Year	2023 Test Year	2023 Test Year	2022 Test Year
	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)	(\$000)	(%)
1 Regular and Standby								
2 Temporary								
3 Overtime								
4 <b>Total Labour</b>								
5								
6 Vehicle Expenses								
7 Operating Materials								
8 Inter-Company Charges								
9 Plants, Substations, System Operations and Buildings								
10 Travel								
11 Tools and Clothing Allowance								
12 Miscellaneous								
13 Taxes and Assessments								
14 Uncollectible Bills								
15 Insurance								
16 Severance and Other Employee Costs								
17 Education, Training and Employee Fees								
18 Trustee and Directors' Fees								
19 Other Company Fees								
20 Stationary and Copying								
21 Equipment Rental and Maintenance								
22 Telecommunications								
23 Postage								
24 Advertising								
25 Vegetation Management								
26 Computing Equipment and Software								
27 <b>Total Other</b>								
28								
29 <b>Gross Operating Cost</b>								

1 **NLH-NP-031 Reference: "2025/2026 General Rate Application," Newfoundland Power Inc.,**  
 2 **December 12, 2023, vol. 1, Exhibits, exh. 2/16.**

3 Please explain what is included in Severance and Other Employee Costs by year for 2022  
 4 to 2026 Forecast including 2023 Actuals and 2022 and 2023 Test Years.

5 **NLH-NP-032 Reference: "2025/2026 General Rate Application," Newfoundland Power Inc.,**  
 6 **December 12, 2023, vol. 1, Exhibits, exh. 2.**

7 Please detail all instances in the 2025 Forecast and 2026 Forecast Operating Costs  
 8 where Gross Domestic Product or the Consumer Price Index is used to escalate costs  
 9 relative to a previous year.



1 **NLH-NP-033** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
2 **December 12, 2023, vol. 1, Exhibits, exh. 2/26.**

3 a) Please provide a detailed breakdown and explanation of all costs included in the  
4 category of Computing Equipment and Software expenses by year for 2022 to  
5 2026 Forecast including 2023 Actuals and 2022 and 2023 Test Years.

6 b) Are any of the expenditures related to cloud computing?

7 **NLH-NP-034** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
8 **December 12, 2023, vol. 1, Exhibits, exh. 2.**

9 a) Has Newfoundland Power included any management compensation or benefits  
10 other than base salary in its operating costs? If so, please quantify by year for  
11 2022 to 2026 Forecast including 2023 Actuals and 2022 and 2023 Test Years.

12 b) Are there vehicle allowances provided to management and executives? If so,  
13 please quantify by year for 2022 to 2026 Forecast including 2023 Actuals and  
14 2022 and 2023 Test Years. Where there are no vehicle allowances, are there  
15 assigned vehicles for executive and management?

16 **NLH-NP-035** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
17 **December 12, 2023, vol. 1, Exhibits, exh. 2/6.**

18 Please provide the volume and price of fuel by year for 2022 to 2026 Forecast including  
19 2023 Actuals and 2022 and 2023 Test Years.

20 **NLH-NP-036** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
21 **December 12, 2023, vol. 1, Exhibits, exh. 2.**

22 Please provide a detailed breakdown and explanation of all costs included in the  
23 categories provided by year for 2022 to 2026 Forecast including 2023 Actuals and 2022  
24 and 2023 Test Years. Please include the dollar and percentage change between Actuals  
25 and Test Years and explain the reasons for the variance where they exceed  $\pm 10\%$   
26 between Actuals and Test Years.

27 a) Vehicle Expenses;

28 b) Travel;

- 1                   c) Miscellaneous;
- 2                   d) Education, Training, and Employee Fees;
- 3                   e) Vegetation Management; and
- 4                   f) Other Company Fees.

5 **NLH-NP-037   Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
6 **December 12, 2023, vol. 1, Exhibits, exh. 2/8.**

7                   Please provide a breakdown of Intercompany charges by year for 2022 to 2026 Forecast  
8                   including 2023 Actuals and 2022 and 2023 Test Years in terms of costs charged to the  
9                   entity, the source and the nature of these charges as well as charges from  
10                  Newfoundland Power to other entities, the entities, and the nature of these charges.

11 **NLH-NP-038   Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
12 **December 12, 2023, vol. 1, Exhibits, exh. 2/10.**

13                  Please categorize Travel costs into operational travel, conferences, training, and other  
14                  categories by year for 2022 to 2026 Forecast including 2023 Actuals and 2022 and 2023  
15                  Test Years.

16 **NLH-NP-039   References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
17 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-34, Table 2-8 and Exhibits, exh. 3,**  
18 **p. 1/15.**

19                  Please provide a reconciliation of the Operating expenses in Exhibit 3 with Operating  
20                  Costs in Table 2-8 by year for 2022 to 2026 Forecast including 2023 Actuals and 2022  
21                  and 2023 Test Years.

22 **NLH-NP-040   Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
23 **December 12, 2023, vol. 1, Exhibits, exh. 3, p. 9/20–21.**

24                  How were the average short-term interest rates of 5.97% for 2023, 5.54% for 2024, and  
25                  4.75% for 2025 and 2026 determined? Please provide calculations and backup, including  
26                  the sources and assumptions used.

1 **NLH-NP-041 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 2 **December 12, 2023, vol. 1, Exhibits, exh. 3, p. 9/27–29.**

3 How was the coupon rate of 5.50% derived for the forecasted debt issuance in March  
 4 2026? Please provide calculations and backup, including the sources and assumptions  
 5 used.

6 **NLH-NP-042 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 7 **December 12, 2023, vol. 1, Exhibits, exh. 5, p. 3.**

8 Please confirm where cash and short-term borrowings are grouped on the Balance  
 9 Sheet. Please also provide the year-end cash and short-term borrowings balances by  
 10 year for 2022 to 2026 Forecast including 2023 Actuals and 2022 and 2023 Test Years.

11 **NLH-NP-043 References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 12 **December 12, 2023, vol. 1, Exhibits, exh. 3, p. 7/6–7 and exh. 5, p. 7/4–5.**

13 a) Please provide a detailed breakdown by series of the Interest on Long-Term  
 14 Debt line item.

15 b) Please provide a detailed breakdown of what is included in the Other Interest  
 16 line item by year for 2022 to 2026 Forecast including 2023 Actuals and 2022 and  
 17 2023 Test Years.

18 c) Does Newfoundland Power have a policy or guidance on when it issues long-  
 19 term debt?

20 **NLH-NP-044 References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 21 **December 12, 2023, vol. 1, Exhibits, exh. 4: “Credit Opinion,” Moody’s Investors Service,**  
 22 **March 31, 2023; exh. 9, p. 8; and exh. 11, p. 10.**

23 a) Where are these sinking funds grouped on the Balance Sheet?

24 b) Please provide current sinking funds balances by series.

25 c) What is the 2022 and 2023 Actuals and 2024–2026 Forecast sinking fund  
 26 income?

1 d) In what types of investments are the sinking funds invested? Are there  
2 restrictions?

3 e) For what purpose is income earned on the sinking funds used?

4 **NLH-NP-045 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
5 **December 12, 2023, vol. 1, Exhibits, exh. 3, p. 5.**

6 Please explain why the Forecast Average Rate Base for 2024, 2025, and 2026 Existing  
7 each contains an Excess Earnings Account deduction of \$3,566.

8 **NLH-NP-046 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
9 **December 12, 2023, vol. 1, Evidence, sec. 2.2.4, p. 2-13, Table 2-2.**

10 Please provide a revised Table 2-2 with detailed expense cost types in a similar format  
11 as Exhibit 2 and include actual results from 2018 through 2023 including 2022 and 2023  
12 Test Years.

13 **NLH-NP-047 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
14 **December 12, 2023, vol. 1, Evidence, sec. 2.3.1, p. 2-15.**

15 a) Please complete the table provided.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Internal Full-Time Equivalents										

16 b) Please provide the number of full-time equivalents (“FTE”) for each department  
17 by year for 2022 to 2026 Forecast including 2023 Actuals and 2022 and 2023  
18 Test Years.

19 c) Please provide the change in FTEs from 2022 to 2026 Forecast including 2023  
20 Actuals for each year over the previous year and quantify the impacts of the FTE  
21 change as a proportion of the total change in costs for each department.

1 **SECTION 2: CUSTOMER OPERATIONS/CAPITAL EXPENDITURES**

2 **NLH-NP-048 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 3 **December 12, 2023, vol. 1, Exhibits, exh. 2/17.**

4 a) Please provide the amount (in dollars) of education and training costs that are  
 5 capitalized by year for 2022 to 2026 Forecast including 2023 Actuals and 2022  
 6 and 2023 Test Years.

7 b) Please provide the training and education cost per full-time equivalent,  
 8 including operating and capital costs, by year for 2022 to 2026 Forecast  
 9 including 2023 Actuals and 2022 and 2023 Test Years.

10 **NLH-NP-049 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 11 **December 12, 2023, vol. 1, Evidence, sec. 2.4.1, p. 2-35, Table 2-9.**

12 a) Please provide a table similar to Table 2-9 for capital labour costs by year for  
 13 2022 to 2026 Forecast including 2023 Actuals and 2022 and 2023 Test Years.

14 b) Please provide a table similar to Table 2-9 for external (contractor) labour costs  
 15 by year for 2022 to 2026 Forecast including 2023 Actuals and 2022 and 2023  
 16 Test Years. Please show Operating and Capital labour costs separately.

17 c) How does Newfoundland Power determine whether the use of internal or  
 18 external labour is least cost to customers?

19 **SECTION 2: CUSTOMER OPERATIONS/RELIABILITY**

20 **NLH-NP-050 References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 21 **December 12, 2023, vol. 1, Evidence, p. 2-18/7–8 and sec. 2.3.2, p. 2-20/3–4.**

22 Page 2-20, lines 3–4 state:

23 Since 2013, the average duration of outages experienced by  
 24 Newfoundland Power’s customers has been approximately 40% better  
 25 than the Canadian average under normal operating conditions.

26 Page 2-18, lines 7–8 state:

27 Comparing Newfoundland Power’s system reliability to the Canadian  
 28 average is a reasonable means through which to assess the Company’s  
 29 performance.



1 **SECTION 3: FINANCE/FAIR RETURN**

2 **NLH-NP-052 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 3 **December 12, 2023, vol. 1, Evidence, sec. 3.1, p. 3-1/12–16.**

4 a) Newfoundland Power is requesting an increase to their Return on Equity  
 5 (“ROE”) to 9.85% on 45% equity. Please confirm the completeness of the table  
 6 provided.

	2013–2014 (%)	2016–2017 (%)	2019–2020 (%)	2022–2023 (%)
Newfoundland Power General Rate Application - Proposed ROE	10.40	9.50	9.50	9.80
Consultant Recommendation	10.4–10.5	9.50	9.50	9.80
Final ROE	8.80	8.50	8.50	8.50
Common Equity Component	45	45	45	45

7 b) Has accepting a lower ROE in previous GRAs impacted Newfoundland Power's  
 8 financial integrity? If so, how? If not, please explain.

9 **NLH-NP-053 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 10 **December 12, 2023, vol. 1, Evidence, sec. 3.1, p. 3-2/14–16.**

11 What is the balance of the Pension Capitalization Deferral Account and the rate impact  
 12 associated with the amortization of the Pension Capitalization Deferral Account as  
 13 proposed?

14 **NLH-NP-054 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 15 **December 12, 2023, vol. 1, Evidence, sec. 3.3.2, p. 3-25/8–9.**

16 Page 3-25, lines 8–9 state:

17 The weak economic outlook for Newfoundland and Labrador presents  
 18 risks to Newfoundland Power’s ability to recover its investment in long-  
 19 life utility assets and earn a fair return

20 An October 21, 2022 article by The Independent noted that in 2022, Newfoundland and  
 21 Labrador had a surplus in excess of \$400 million dollar in its budget and the lowest  
 22 unemployment rate since 1976.<sup>1</sup>

<sup>1</sup> Brown, D. “Premier Stays Positive in First ‘State of the Province’ Address,” The Independent, October 21, 2022.  
 <<https://theindependent.ca/news/premier-stays-positive-in-first-state-of-the-province-address/>>.

1 In his State of the Province address in October 2022, Premier Andrew Furey said:

2 Our economic forecast is no longer a bleak story that’s been told and  
 3 retold . . . All three of the province’s credit rating agencies moved their  
 4 outlook of Newfoundland and Labrador from negative to stable. With oil  
 5 revenues higher than expected, our government is projecting revenue  
 6 to be \$1.3 billion more than expected this fiscal year. This reduces our  
 7 net debt by nearly a billion dollars, and perhaps most exciting, we will  
 8 make the first-ever contribution to the new Future Fund with \$157  
 9 million.<sup>2</sup>

10 How does Newfoundland Power reconcile these statements? What considerations does  
 11 Newfoundland Power include in its assessment of the state of the provincial economy?

12 **NLH-NP-055** **References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 13 **December 12, 2023, vol. 1, Evidence, sec. 3.2.1, p. 3-5, Table 3-2 and “2025/2026**  
 14 **General Rate Application – Additional Information,” Newfoundland Power Inc.,**  
 15 **December 13, 2023, sch. B, att. 2, sec. 3, p. 2, Table 3-2.**

16 a) Please update Table 3-2 by year for 2022 to 2026 Forecast including 2023  
 17 Actuals and 2022 and 2023 Test Years.

18 b) Please provide a table similar to Table 3-2 for 2016–2021 including all Actuals  
 19 and 2016, 2017, 2019, and 2020 Test Years.

20 c) Please explain where there are variances exceeding 10% between Actuals and  
 21 Test Year for the period 2016–2023.

22 d) Is Newfoundland Power pursuing additional other revenue opportunities that  
 23 are not included in the forecast?

24 **NLH-NP-056** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 25 **December 12, 2023, vol. 1, Evidence, sec. 3.2.2, p. 3-6, Table 3-3.**

26 Please provide a reconciliation of 2019–2023 GWh purchased from Newfoundland and  
 27 Labrador Hydro to Newfoundland Power's purchases presented in Return 15 of its  
 28 Annual Returns to the Board of Commissioners of Public Utilities. List each adjustment  
 29 individually and include the financial impact of each adjustment used to normalize  
 30 purchases.

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<sup>2</sup> Ibid.



1 **NLH-NP-057** Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,  
2 December 12, 2023, vol. 1, Evidence, sec. 3.2.4, p. 3-7, Table 3-5.

3 What specific costs are included in Pension and OPEB (Other Post-Employment Benefits)  
4 Expenses?

5 **NLH-NP-058** Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,  
6 December 12, 2023, vol. 1, Evidence, sec. 3.2.4, p. 3-9, f.n. 11.

7 a) Why are the pension employer-matching rates for the defined contribution  
8 pension increasing from 6.5% to 7% over the next two years?

9 b) Does Newfoundland Power have an expert report supporting these changes? If  
10 so, please provide a copy of this report for the record.

11 c) Is this increase in employer contributions in line with industry standards?

12 **NLH-NP-059** Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,  
13 December 12, 2023, vol. 1, Evidence, sec. 3.2.8, p. 3-14, f.n. 28.

14 Footnote 28 states:

15 Cash flow metrics from 2022 to 2026 are negatively impacted by the  
16 combination of the current wholesale rate charged by Hydro and an  
17 increase in energy sales. Additional energy requirements are purchased  
18 from Hydro at a second block rate of 18.165 ¢/kWh. This is substantially  
19 higher than additional sales revenue, which reflects an average supply  
20 cost rate of 6.940 ¢/kWh. This dynamic results in a negative impact on  
21 operating cash flow pre-working capital. Ultimately, any additional costs  
22 are collected from customers via the Company’s Energy Supply Cost  
23 Variance Clause. This dynamic is temporary as it is anticipated that the  
24 second block rate will be substantially lower following Hydro’s next  
25 GRA, reflecting commissioning of the Muskrat Falls Project.

26 Would the cash flow metrics be improved if rates were rebased? Please explain why or  
27 why not.

28 **NLH-NP-060** Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,  
29 December 12, 2023, vol. 1, Evidence, sec. 3.2.8, p. 3-14, Table 3-11, and f.n. 29.

30 a) Please reconcile footnote 29 to Table 3-11 and provide the calculation to the  
31 Energy Supply Cost Variance Account that results in the difference in the Cash  
32 Flow Interest Coverage.

1                   **b)** Please provide the calculation of the Cash Flow Interest Coverage including and  
 2                   excluding the impact of current energy supply cost variances. Show the impact  
 3                   of the current energy supply cost variances on a separate line with supporting  
 4                   calculations.

5   **NLH-NP-061**   **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 6                   **December 12, 2023, vol. 1, Evidence, sec. 3.2.8, p. 3-14, Table 3-11, and f.n. 30.**

7                   **a)** Please reconcile footnote 30 to Table 3-11 and provide the calculation to the  
 8                   Energy Supply Cost Variance Account that results in the difference in the Cash  
 9                   Flow Debt Coverage.

10                  **b)** Please provide the calculation of the Cash Flow Debt Coverage including and  
 11                  excluding the impact of current energy supply cost variances. Show the impact  
 12                  of the current energy supply cost variances on a separate line with supporting  
 13                  calculations.

14   **NLH-NP-062**   **References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 15                   **December 12, 2023, vol. 1, Evidence, sec. 3.3.1, p. 3-17 and p. 3-19/14–24 and**  
 16                   **1998 CanLII 18064 [144].**

17                  Page 3-19, lines 14–24 state:

18                                 In Order No. PU 32 (2007), the Board described the fair return standard  
 19                                 as follows:

20   Regulated utilities are given the opportunity to earn a  
 21   fair rate of return. To be considered fair, the return  
 22   must be:

- 23   - Commensurate with return on investments of
- 24   similar risk;
- 25   - Sufficient to assure financial integrity; and
- 26   - Sufficient to attract necessary capital.

27   The fair return principle is consistent with both Section  
 28   80(1) of the Act and Section 3(a)(iii) of the EPCA.

29                  1998 CanLII 18064 [144], Justice Green says:

30   It must always be remembered that, as has been emphasized  
 31   throughout this opinion, the Board is charged with balancing the  
 32   competing interests of the utility and the consumers of the service it  
 33   provides. Neither set of interests can be emphasized in complete  
 34   disregard of the interests of the other. Thus, in choosing to exercise a

1 particular power within the Board’s jurisdiction, the Board must always  
 2 be mindful of whether, in so acting, it will be furthering the objectives  
 3 and policies of the legislation and doing so in a manner that amounts to  
 4 a reasonable balance between the competing interests involved.

5 How has Newfoundland Power considered the interests of its customers and how to  
 6 limit the impact on them in developing its proposals?

7 **NLH-NP-063 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 8 **December 12, 2023, vol. 1, Evidence, sec. 3.3.2, p. 3-23, f.n. 45.**

9 Please provide a copy of “Economic Recovery Delayed as Growth Stalls – Newfoundland  
 10 and Labrador’s Three-Year Outlook,” Conference Board of Canada, September 6, 2023,  
 11 for the record.

12 **NLH-NP-064 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 13 **December 12, 2023, vol. 1, Evidence, sec. 3.3.2, p. 3-31, f.n. 64.**

14 Please provide the annual Grant Thornton reports on Newfoundland Power’s Annual  
 15 Return filings for the past five years.

16 **NLH-NP-065 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 17 **December 12, 2023, vol. 1, Evidence, sec. 3.3.2, p. 3-39.**

18 Provide a numerical example demonstrating the impact on contribution resulting from  
 19 an additional 300 GWh of sales in 2024 including the activity flowing through each  
 20 regulatory mechanism impacted. For this example, assume sales are in the domestic  
 21 class; a sample table is provided.

	Existing	Adjustment 1	Adjustment 2	Adjustment 3	Revised
Revenue from Rates					
Transfers from the Rate Stabilization Account					
Purchased Power Expense					
Contribution					

22 **NLH-NP-066 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 23 **December 12, 2023, vol. 1, Evidence, sec. 3.3.3, p. 3-43, Table 3-15.**

24 Based on a Return on Equity of 8.75% and 9.0%:

25 a) Please recalculate 2025 and 2026 Proposed in Table 3-15.

1                   b) Please calculate Newfoundland Power’s Return on Rate Base in 2025 and 2026.

2                   c) Please provide the impact and change to the 2025 and 2026 revenue  
3 requirements.

4 **NLH-NP-067**   **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
5 **December 12, 2023, vol. 1, Evidence, sec. 3.3.4, p. 3-44.**

6 Please provide a chart outlining what Newfoundland Power's Return on Equity would  
7 have been using the Automatic Adjustment Formula for 2025 and 2026 Proposed.

8 **NLH-NP-068**   **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
9 **December 12, 2023, vol. 1, Evidence, sec. 3.3.4, p. 3-44, f.n. 113.**

10 Footnote 113 states:

11                   For example, in 2021, the Energy Supply Cost Variance Clause resulted  
12 in positive cash flows of approximately \$25.4 million, while cash flows  
13 for 2023 are forecast to be negatively impacted by approximately \$32.3  
14 million. This cash flow variance totals \$57.7 million.

15 Please provide a copy of the calculation of the Energy Supply Cost Variance for 2021 and  
16 2023. Please show the Test Year energy purchases and Actual energy purchases that  
17 result in the energy purchases variance in gigawatt-hours.

18 **SECTION 3: FINANCE/ELECTRIFICATION COST DEFERRAL ACCOUNT AND RECOVERY**  
19 **OF COSTS**

20 Hydro has no questions for this section at this time.

21 **SECTION 3: FINANCE/DEMAND MANAGEMENT INCENTIVE ACCOUNT**

22 **NLH-NP-069**   **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
23 **December 12, 2023, vol. 1, Evidence, sec. 3.1, p. 3-2/4–5.**

24                   a) What are the limitations that Newfoundland Power experiences in managing its  
25 demand costs?

26                   b) Please provide the Order in which the Board of Commissioners of Public Utilities  
27 approved the original deadband of 1% of test year demand costs?

1 **NLH-NP-070** **References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
2 **December 12, 2023, vol. 1, Evidence, sec. 3.4.2, p 3-51/2–5 and Exhibits, exh. 14,**  
3 **p. 1/23–26.**

4 Page 3-51, lines 2–5 state:

5 Newfoundland Power has limited ability to manage system demand on  
6 a peak day. Peak demand is typically driven by a period of extremely  
7 cold weather and normally occurs in the morning or early evening. Peak  
8 demand varies annually depending on timing and weather conditions.

9 Exhibit 14, p. 1, lines 23–26 state:

10 A = actual demand supply cost in dollars per kWh determined by  
11 dividing the wholesale demand charges in the calendar year by the  
12 weather normalized kWh purchases for that year (as will be reported in  
13 Return 15 of Newfoundland Power’s Annual Report to the Board).

14 Please detail how weather normalization impacts the calculation of the existing Demand  
15 Management Incentive Account Balance. In Newfoundland Power’s view, does the  
16 current account definition appropriately normalize for weather impacts on peak  
17 demand or could weather normalization be better utilized in the calculation to more  
18 appropriately capture demand impacts within Newfoundland Power’s control? Please  
19 explain.

20 **NLH-NP-071** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
21 **December 12, 2023, vol. 1, Evidence, sec. 3.4.2, pp. 3-51/17 to 3-52/1–3.**

22 Page 3-51, line 17 and page 3-52, lines 1–3 state:

23 As Newfoundland Power has implemented voltage management in past  
24 years to lower peak demand, that demand reduction is embedded into  
25 the forecast used to set customer rates. As a result, the Company is now  
26 effectively required, rather than incentivized, to employ voltage  
27 management to maintain its purchased power demand costs.

28 Please indicate the years used in the calculation of the average load factor for the peak  
29 demand forecast in which Newfoundland Power had implemented voltage management  
30 during the time of their native peak. Please include the estimated impact that voltage  
31 management had on the peak demand.

1 **NLH-NP-072** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
2 **December 12, 2023, vol. 1, Evidence, sec. 3.4.2, pp. 3-51–3-53.**

3 Has the uncertainty in forecasting demand savings within the test year(s) influenced  
4 Newfoundland Power’s offering of demand management programs? If so, how?

5 **NLH-NP-073** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
6 **December 12, 2023, vol. 1, Evidence, sec. 3.4.2, p. 3-51/2–5 and p. 3-54/15–17.**

7 Page 3-51, lines 2–5 state:

8 Newfoundland Power has limited ability to manage system demand on  
9 a peak day. Peak demand is typically driven by a period of extremely  
10 cold weather and normally occurs in the morning or early evening. Peak  
11 demand varies annually depending on timing and weather conditions.

12 Page 3-54, lines 15–17 state:

13 Newfoundland Power proposes to revise the DMI Account definition to  
14 replace the calculation of the threshold from  $\pm 1\%$  of test year  
15 wholesale demand charges to  $\pm \$500,000$  with effect from January 1,  
16 2025.

17 **a)** Please explain what aspects of peak day demand Newfoundland Power believes  
18 to be in its control.

19 **b)** If its proposal for a lower Demand Management Incentive (“DMI”) Account  
20 threshold was approved, how might Newfoundland Power’s efforts to manage  
21 peak demand be impacted? In the response, please detail how Newfoundland  
22 Power’s proposal to lower the DMI Account threshold is consistent with the  
23 actions Newfoundland Power can take to limit peak demand.

24 **NLH-NP-074** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
25 **December 12, 2023, vol. 1, Evidence, sec. 3.4.2, p. 3-54/15–17.**

26 Newfoundland Power proposes to revise the DMI Account definition to  
27 replace the calculation of the threshold from  $\pm 1\%$  of test year  
28 wholesale demand charges to  $\pm \$500,000$  with effect from January 1,  
29 2025.

30 If this proposal were approved, would Newfoundland Power anticipate any impact on  
31 the Demand Management programming offered to its customers? In the response,

1 please specifically address Newfoundland Power’s current and upcoming demand  
 2 response programs such as the Electric Vehicle Demand Response Pilot program.

3 **NLH-NP-075** **References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 4 **December 12, 2023, vol. 1, Evidence, sec. 3.2.2, p. 3-6, Table 3-3 and sec. 3.4.2, p. 3-**  
 5 **54/15–17.**

6 Page 3-54, lines 15–17 state:

7 Newfoundland Power proposes to revise the DMI Account definition to  
 8 replace the calculation of the threshold from ± 1% of test year  
 9 wholesale demand charges to ± \$500,000 with effect from January 1,  
 10 2025.

11 **a)** Please provide Newfoundland Power’s actual Demand Management Incentive  
 12 (“DMI”) Account threshold results by year for 2008 through 2023.

13 **b)** In the table provided, please provide each transfer to the DMI Account. Please  
 14 provide what the transfer would be if a ± \$500,000 deadband was in effect  
 15 during these years.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Transfer to DMI Account (After Tax)												
Revised Transfer to DMI Account (After Tax) w/± \$500,000 Deadband												

16 **NLH-NP-076** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 17 **December 12, 2023, vol. 1, Evidence, sec. 4.3.4, p. 4-10/18 to p. 4-11/2.**

18 Hydro observes that the Demand Management Incentive (“DMI”) mechanism has been  
 19 rebased. Please explain why it is appropriate to rebase the costs used by the DMI but  
 20 not rebase the unit energy costs used by the Energy Supply Cost Variance mechanism.

1 **SECTION 4: RATE BASE AND REVENUE REQUIREMENT/RATE BASE AND RATE OF**  
 2 **RETURN ON RATE BASE**

3 **NLH-NP-077** **References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 4 **December 12, 2023, vol. 1, Evidence, sec. 4.3.4, p. 4-9, f.n. 31 and “2025/2026 General**  
 5 **Rate Application – Additional Information,” Newfoundland Power Inc.,**  
 6 **December 13, 2023, sch. A, sec. A, p. 2.**

7 a) Is the 117 GWh related to the electrification of Memorial University’s (“MUN”)  
 8 boilers included in forecast? If not, why not?

9 Additional Information, schedule A, section A, page 2 states:

10 Following the conversion, MUN’s electric boilers are forecast to add  
 11 over 100 GWh in each of 2025 and 2026 to the Company’s purchased  
 12 energy requirements. If the current second block rate is still in place in  
 13 those years, the cost of the purchased energy will more than offset the  
 14 additional revenues.

15 b) Please show a detailed calculation for 2025 and 2026 showing the impacts of  
 16 the additional 100 GWh in sales if rates were rebased and the MUN boilers were  
 17 reflected in the load forecast.

18 **NLH-NP-078** **Reference: “2025/2026 General Rate Application – Additional Information,”**  
 19 **Newfoundland Power Inc., December 13, 2023, sch. A, att. 1.**

20 Please provide Newfoundland Power’s total anticipated rate increase for July 1, 2025  
 21 and 2026 including the forecasted Rate Stabilization Account and Municipal Tax  
 22 Adjustment under each rebasing scenario.

23 **NLH-NP-079** **Reference: “2025/2026 General Rate Application – Additional Information,”**  
 24 **Newfoundland Power Inc., December 13, 2023, sch. A, sec. D, p. 5.**

25 Additional Information states:

26 In an unlikely situation where the current wholesale rate remains in  
 27 place through 2026 with excess energy requirements being costed at  
 28 18.165¢ per kWh, cost recovery would be delayed by 18 months in the  
 29 Company’s proposed approach, versus rebasing power supply energy  
 30 costs in its GRA. The customer rate impact on the interest associated  
 31 with that delayed recovery is estimated to be a 0.1% increase in 2026  
 32 and a 0.2% increase in 2027.



1 Please describe why cost recovery would be delayed. Please include a numeric example  
2 demonstrating the delay.

3 **NLH-NP-080 Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
4 **December 12, 2023, vol. 1, Evidence, sec. 4.3.2, p. 4-4, Table 4-2 and sec. 4.3.5, p. 4-11,**  
5 **Table 4-11 and vol. 2, Reports, “Customer, Energy and Demand Forecast,” app. B and**  
6 **app. C.**

7 a) Please provide calculations supporting the Elasticity Impacts in Table 4-2 and  
8 Table 4-11. In the calculations, incorporate and refer to the total changes to  
9 Energy Sales, Purchases, and Demand described in Appendix B and C of the  
10 “Customer, Energy and Demand Forecast” report. Please explain how  
11 Newfoundland Power determined the contribution impact of each gigawatt-  
12 hour adjusted.

13 b) Please provide calculations detailing how the proposed 5.5% price increase is  
14 used to determine the energy adjustments used to convert the existing GWh  
15 sales, purchases and demand forecast into the proposed GWh sales, purchases  
16 and demand forecast in Appendix B and C of the “Customer, Energy and  
17 Demand Forecast” report.

18 **NLH-NP-081 Reference: “2025/2026 General Rate Application – Additional Information,”**  
19 **Newfoundland Power Inc., December 13, 2023, sch. A, att. 1.**

20 Scenario A and B present the same Power Supply Costs of \$522,388 in 2026.

21 Footnote 2 states:

22 Scenario B is based on rebasing power supply energy costs effective  
23 July 1, 2025. The rebasing impact is based on the current wholesale end  
24 block rate of 18.165¢ per kWh. The analysis excludes price elasticity  
25 effects associated with the additional rate impact resulting from the  
26 rebasing of power supply energy costs.

27 Please provide a revised Scenario B, with elasticity impacts incorporated.

1 **NLH-NP-082** **References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 2 **December 12, 2023, vol. 1, Exhibits, exh. 7 and vol. 2, Expert Evidence, “Cost of Capital,”**  
 3 **Concentric Energy Advisors Inc., November 7, 2023, ch. VI(B)(1)(c), p. 55, fig. 33.**

a) Please confirm that the revenue requirement impact of Newfoundland Power’s proposed 9.85% Return on Equity (“ROE”) is \$19.9 million, as shown in Exhibit 7.

b) Using the Canadian comparators provided in Figure 33—Deemed Equity Ratio and Authorized ROE—please provide Newfoundland Power's 2026 Revenue Requirement in each instance.

<b>Operating Utility</b>	<b>Deemed Equity</b>		<b>Revenue Requirement (\$)</b>
	<b>Ratio (%)</b>	<b>Authorized ROE (%)</b>	
Newfoundland Power (Existing)	45.0	8.50	
Newfoundland Power (Proposed)	45.0	9.85	
Alberta Electric Utilities	37.0	8.50	
FortisBC Electric	41.0	9.65	
Ontario Electric Utilities	40.0	9.36	
Maritime Electric	40.0	9.35	
Nova Scotia Power	40.0	9.00	
Canadian Electric Average	39.6	9.17	

4 **SECTION 5: CUSTOMER RATES**

5 **NLH-NP-083** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 6 **December 12, 2023, vol. 1, sec. 5.2.2, p. 5-6, Table 5-4.**

7 Please explain the forecast decrease in Newfoundland Power’s Native Peak from  
 8 2024 to 2026 Forecast.

9 **VOLUME 2: CUSTOMER, ENERGY AND DEMAND FORECAST**

10 Hydro has no questions for this section at this time.

1 **VOLUME 2: COST OF SERVICE**

2 **NLH-NP-084** **References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 3 **December 12, 2023, vol. 2, Reports, “Cost of Service Study,” app. A, sch. 5.2 and sch. 5.3**  
 4 **and part a) of Newfoundland Power’s response to CA-NP-003 filed as part of the ongoing**  
 5 **2024 Return on Rate Base Application proceeding**

6 a) In Schedule 5.3, Newfoundland Power increased Street Light Revenue by \$4,432  
 7 for the “Required Rate Change to meet 8.36% RORB.” Please explain why LED  
 8 street lights require a rate change to meet a 8.36% return on rate base (“RORB”)  
 9 and whether or not this rate change is proposed elsewhere in the 2025/2026  
 10 General Rate Application.

11 b) Please provide the “detail analysis of all LED fixtures at January 1, 2022”  
 12 referenced in Schedules 5.2 and 5.3. If any LED Street light *pro forma*  
 13 adjustments are not detailed in the analysis, please provide additional  
 14 supporting calculations.

15 c) Why did Newfoundland Power feel that it was appropriate to implement  
 16 *pro forma* adjustments on their street light expenses because of the LED Street  
 17 Light Replacement Program but not for other initiatives that will impact the Cost  
 18 of Service Study in the future, such as the initiatives described in part a) of  
 19 Newfoundland Power’s response to CA-NP-003 filed as part of the ongoing  
 20 2024 Return on Rate Base Application proceeding?

21 **VOLUME 2: COST OF CAPITAL: EXPERT OPINION OF JAMES COYNE-RETURN ON**  
 22 **EQUITY**

23 **NLH-NP-085** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
 24 **December 12, 2023, vol. 1, Evidence, sec. 3.3.1, p. 3-20/7–9 and vol. 2, Expert Evidence,**  
 25 **“Cost of Capital,” Concentric Energy Advisors Inc., November 7, 2023, ch. VI(B)(1)(c),**  
 26 **sec. C, p. 55, fig. 33.**

27 Page 3-20, lines 7–9 state:

28 The Board has acknowledged that a fair return cannot be determined  
 29 independently of a utility’s capital structure.

1 Please confirm that Newfoundland Power's proposal of 9.85% Return on Equity and 45%  
2 Deemed Equity Ratio would be the highest of investor-owned utilities in Canada, as  
3 listed in Figure 33.

4 **NLH-NP-086** **References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
5 **December 12, 2023, vol. 1, Evidence, sec. 3.3.1, p. 3-20/7–9 and vol. 2, Expert Evidence,**  
6 **“Cost of Capital,” Concentric Energy Advisors Inc., November 7, 2023, ch. IV, pp. 28–30**  
7 **and ch. VI(B)(1)(c), p. 55, fig. 33 and “2025/2026 General Rate Application,”**  
8 **Newfoundland Power Inc., December 12, 2023, vol. 1, exh. 4: “Rating Report,”**  
9 **DBRS Morningstar Inc., October 28, 2022, p. 3.**

10 a) Does Newfoundland Power believe the Canadian Proxy Group of publically  
11 traded companies, provided in Figure 18, are better comparators for  
12 determining a reasonable Return on Equity than the Operating Utilities in  
13 Figure 33? Why or why not?

14 b) Why is it appropriate for Newfoundland Power to use a Canadian Proxy Group  
15 of which four of six companies have less than 53% Canadian operations?

16 Exhibit 4: DBRS Morningstar Inc. Report states:

17 Newfoundland Power has a stable customer base with power sales  
18 consisting solely of those to residential and commercial customers. As  
19 such, the Company is somewhat less sensitive to economic cycles than  
20 utilities with exposure to industrial customers, and it has relatively more  
21 stable throughputs YOY.

22 c) How does the mix of customer classes within the Canadian Proxy Group  
23 compare to Newfoundland Power? Please confirm the proportion of customer  
24 type (industrial versus non-industrial) in the Canadian Proxy Groups.

1 **VOLUME 2: COST OF CAPITAL: EXPERT OPINION OF JAMES COYNE-CAPITAL**  
 2 **STRUCTURE AND RISK PROFILE**

3 **NLH-NP-087** Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,  
 4 December 12, 2023, vol. 1, Evidence, sec. 1.1.4, p. 1-6/22–23 and vol. 2, Expert Evidence,  
 5 “Cost of Capital,” Concentric Energy Advisors Inc., November 7, 2023, ch. II(C), p. 8/31  
 6 and p. 9/1–2; ch. VI(B)(1)(c), p.55, fig. 33; and VI(B)(1)(e), p. 58/6–8.

7 Newfoundland Power’s evidence indicates that Newfoundland Power has above-  
 8 average business risk in comparison to other Canadian Utilities.

9 Cost of Capital Report, page 8/31 and page 9/1–2 state:

10 Business risk refers to the political and regulatory environment in which  
 11 the company operates and the operational and competitive forces that  
 12 could potentially exert pressure on earnings.

13 Page 55 of the Cost of Capital Report indicates that Newfoundland Power has the  
 14 highest Deemed Equity Ratio of six Canadian investor-owned electric operating utilities,  
 15 within a “ . . . supportive regulatory environment in Newfoundland and Labrador.” (Cost  
 16 of Capital Report, page 58/7–8)

17 Please reconcile these statements.

18 **NLH-NP-088** Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,  
 19 December 12, 2023, vol. 2, Expert Evidence, “Cost of Capital,” Concentric Energy  
 20 Advisors Inc., November 7, 2023, ch. V(B)(1), p. 43, fig. 26.

21 a) Why were 30-year government bonds chosen for the risk-free rate versus the  
 22 10-year?

23 b) The yield on the 30-year government bonds is imputed based on the forecasted  
 24 yield on the 10-year government bond and the historical spread between 10-  
 25 year and 30-year yields. The 30-year Canada benchmark bond yields are publicly  
 26 available and are fairly liquid. Why was the direct yield on the Canada 30-year  
 27 benchmark not chosen?

28 c) Why was weekly beta chosen over monthly historical beta for this selection?

1                   d) There is no evidence to show that the comparable company's beta is being  
2                   unlevered to determine Newfoundland Power's beta. Please advise the reason  
3                   for this selection?

4                   e) How is the US Market Risk Premium relevant to Newfoundland Power's cost of  
5                   equity calculation?

6 **NLH-NP-089   Reference: "2025/2026 General Rate Application," Newfoundland Power Inc.,**  
7 **December 12, 2023, vol. 2, Expert Evidence, "Cost of Capital," Concentric Energy**  
8 **Advisors Inc., November 7, 2023, ch. VI(B)(2)(e), p. 66/12–19.**

9                   Cost of Capital Report states:

10                   One of the most important operating risks for Newfoundland Power is  
11                   weather-related service disruptions. As described in the Company's risk  
12                   evidence, Newfoundland Power's service territory is characterized by  
13                   the most severe ice and wind conditions in the populated regions of  
14                   Canada. The need to address service disruptions caused by severe  
15                   weather conditions involves unanticipated and potentially volatile  
16                   capital and operating costs. Newfoundland Power's capital structure  
17                   and allowed ROE should provide the Company with the financial  
18                   flexibility necessary to respond to unforeseen capital and operating  
19                   costs in order to restore electric service promptly to customers.

20                   a) Please provide storm-related costs, Operating and Capital, since 2010 and  
21                   explanations per year of how these costs impacted the company's ability to earn  
22                   a fair return. Please include a listing of applicable storm dates and data.

23                   b) Are there any storm-related costs built into Newfoundland Power's 2025/2026  
24                   Test Year Forecast?

25                   c) Has Newfoundland Power ever applied to the Board of Commissioners of Public  
26                   Utilities to defer significant storm-related operating costs? Would applying to  
27                   defer for future recovery be an option to alleviate this risk, if significant  
28                   operating costs occurred? Why or why not?

29 **VOLUME 2: COST OF CAPITAL: EXPERT OPINION OF JAMES COYNE-AUTOMATIC**  
30 **ADJUSTMENT FORMULA**

31 Hydro has no questions for this section at this time.

1 **GENERAL**

2 **NLH-NP-090 Reference: "2025/2026 General Rate Application," Newfoundland Power Inc.,**  
 3 **December 12, 2023.**

4 Please provide Newfoundland Power's total revenue requirement less supply cost to  
 5 Newfoundland and Labrador Hydro from 2014 to 2023 including 2023 Actuals and 2022  
 6 and 2023 Test Years.

7 **NLH-NP-091 Reference: "2025/2026 General Rate Application," Newfoundland Power Inc.,**  
 8 **December 12, 2023, vol. 1, Evidence, sec. 3.3.2, p. 3-37/11-13.**

9 From 2019 to 2023, what percentages of power outages to Newfoundland Power's  
 10 customers were caused by Newfoundland and Labrador Hydro versus Newfoundland  
 11 Power?

12 **NLH-NP-092 Reference: "2025/2026 General Rate Application," Newfoundland Power Inc.,**  
 13 **December 12, 2023, vol. 2, Reports, "Labour Forecast 2024-2026," p. 1, f.n. 3.**

14 Are there any administrative, overhead, or additional costs associated with rechargeable  
 15 and recoverable items including material handling, vehicle service, inter-affiliate labour  
 16 charges, customer jobbing, and third-party services? Please provide the percentages  
 17 and calculations of the costs. What portion of these costs are recovered in rates?

18 **NLH-NP-093 Reference: "2025/2026 General Rate Application," Newfoundland Power Inc.,**  
 19 **December 12, 2023, vol. 2, Reports, "Labour Forecast 2024-2026," sch. A.**

20 **a)** Similar to Schedule A, please provide a breakdown of Newfoundland Power's  
 21 2022 Workforce and 2022 Adjusted Workforce Rechargeable & Recoverable  
 22 labour expenses (Operating, Capital, Rechargeable & Recoverable) by executive,  
 23 senior management, union and non-union.

24 **b)** Similar to Schedule A, please provide a breakdown of Newfoundland Power's  
 25 2022 Workforce and 2022 Adjusted Workforce Rechargeable & Recoverable  
 26 labour expenses by material handling, vehicle service, inter-affiliate labour  
 27 charges, customer jobbing, and third-party services.

- 1 **NLH-NP-094** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
2 **December 12, 2023, vol. 2, Reports, “Labour Forecast 2024–2026,” sch. A to sch. C.**
- 3 a) Please provide a breakdown of Newfoundland Power’s Workforce and Adjusted  
4 Workforce labour expenses (operating, capital, rechargeable and recoverable)  
5 by executive, senior management, union and non-union and by year for 2022 to  
6 2026 Forecast including 2023 Actuals and 2022 and 2023 Test Years.
- 7 b) Please provide a breakdown of Newfoundland Power’s Workforce and Adjusted  
8 Workforce Rechargeable & Recoverable labour expenses by material handling,  
9 vehicle service, inter-affiliate labour charges, customer jobbing, and third-party  
10 services by year for 2022 to 2026 Forecast including 2023 Actuals and 2022 and  
11 2023 Test Years.
- 12 **NLH-NP-095** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
13 **December 12, 2023, vol. 2, Reports, “Labour Forecast 2024–2026,” sch. A. p. 2, No. 2.**
- 14 a) Please define what is included in “payroll loading.”
- 15 b) Please provide the breakdown of payroll loading included in Newfoundland  
16 Power’s Workforce Labour Expenses by cost type by year for 2022 to 2026  
17 Forecast including 2023 Actuals and 2022 and 2023 Test Years.
- 18 **NLH-NP-096** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
19 **December 12, 2023, vol. 2, Reports, “Labour Forecast 2024–2026,” sch. A., p. 1, f.n. 15.**
- 20 a) Does the "Employee Retirement" line represent 100% of those employees  
21 eligible to retire in that calendar year?
- 22 b) How is attrition accounted for by employees who have reached retirement  
23 eligibility in previous years?
- 24 c) How does Newfoundland Power decide which vacant positions will be filled?
- 25 **NLH-NP-097** **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
26 **December 12, 2023, vol. 2, Reports, “Labour Forecast 2024–2026,” sch. A., p. 1, f.n. 16.**
- 27 a) What assumptions, including attrition rates, are used to determine partial year  
28 adjustments?



1                   **b)** What is Newfoundland Power’s average time to fill a position from the date of  
2                   vacancy? Please provide a breakdown separately for internal candidates and  
3                   external candidates.

4 **NLH-NP-098**   **Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
5                   **December 12, 2023, vol. 2, Reports, “Labour Forecast 2024–2026,” sch. A., p. 1, f.n. 9.**

6                   **a)** What is the breakdown of actual apprenticeship positions filled in the past five  
7                   years by trades and full-time equivalents?

8                   **b)** Are there any other disciplines, outside of Power Line Technicians, that  
9                   Newfoundland Power is planning to hire within the next three years? If not, why  
10                  not?

**DATED** at St. John’s, in the Province of Newfoundland and Labrador this 15th day of February 2024.



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