



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

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2019-04-25

Gregory J. Connors
Counsel for Nalcor
McInnes Cooper
5th Floor, 10 Fort William Building
P.O. Box 5939
St. John's, NL A1C 5X4

Dear Mr. Connors:

Re: Rate Mitigation Options and Impacts Reference - Information Requests

Attached are Information Requests PUB-Nalcor-187 to PUB-Nalcor-212 issued by the Board in relation to the above subject matter. Responses to these requests must be filed by 3:00 p.m. on Tuesday, May 7, 2019.

If you have any questions or require any clarification, please do not hesitate to contact the undersigned.

Sincerely,

Cheryl Blundon
Board Secretary

CB/bt

Enclosure

ecc **Nalcor Energy**
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Jeannine Fitzgerald, E-mail: JeannineFitzgerald@nalcorenergy.com
Newfoundland and Labrador Hydro
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**Reference from the Lieutenant-Governor in Council
On the Rate Mitigation Options and Impacts
Relating to the Muskrat Falls Project**

INFORMATION REQUESTS

- 1 **PUB-Nalcor-187** Please provide the budgets by major cost category for Customer Service for
2 2019 to 2023.
3
- 4 **PUB-Nalcor-188** Please provide a list of the major systems used by Customer Service
5 including a description of the purpose of each system.
6
- 7 **PUB-Nalcor-189** Please provide the resources (internal and external) for Customer Service by
8 major category for the most recent year available, noting any significant
9 planned future changes.
10
- 11 **PUB-Nalcor-190** Please provide the budgets by major cost category for Corporate Services
12 for 2019 to 2023 for Nalcor and Newfoundland Hydro.
13
- 14 **PUB-Nalcor-191** Please provide a list of the major systems used by Corporate Services
15 (Nalcor and Newfoundland Hydro) including a description of the purpose
16 of each system.
17
- 18 **PUB-Nalcor-192** Please provide the resources (internal and external) for Corporate Services
19 for Nalcor and Newfoundland Hydro by major category for the most recent
20 year available, noting any significant planned future changes.
21
- 22 **PUB-Nalcor-193** Please provide the person hours of support for Churchill Falls and Muskrat
23 Falls that are provided from their respective corporate support groups for
24 the functions of engineering, planning, work management, asset
25 management, environmental, safety and operations.
26
- 27 **PUB-Nalcor-194** Please provide a copy of the Churchill Falls Shareholders Agreement.
28
- 29 **PUB-Nalcor-195** Please provide the detailed current budgets/Long Range Plan department
30 expenses for 2019 to 2023 for:
31 a. All of the functions ultimately reporting to the Nalcor CFO; and
32 b. All of the functions ultimately reporting to the Power Supply CFO.

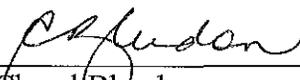
- 1 **PUB-Nalcor-196** Please provide the job descriptions for each department head and their
 2 functions for:
 3 a. All of the functions ultimately reporting to the Nalcor CFO; and
 4 b. All of the functions ultimately reporting to the Power Supply CFO.
 5
- 6 **PUB-Nalcor-197** Please provide a representative list of current components and dollar values
 7 for Hydro's rate base (pre-existing if available).
 8
- 9 **PUB-Nalcor-198** Please provide an algorithm for calculating the return and other annual costs
 10 for a \$1 million "slice" of Hydro's distribution assets.
 11
- 12 **PUB-Nalcor-199** Please provide an algorithm for calculating the return and other annual costs
 13 for a \$1 million "slice" of Hydro's transmission assets.
 14
- 15 **PUB-Nalcor-200** Please provide the Hydro costs of capital, including equity and debt capital
 16 and the related capital structure for financing its distribution and
 17 transmission rate bases (as referenced in PUB-Nalcor-199 and PUB-Nalcor-
 18 200).
 19
- 20 **PUB-Nalcor-201** Regarding the MFLTA forecasts for dividends, please provide the
 21 calculations of the following components of the "Cash Inflow" for each year
 22 from 2020-2039. Please also provide specific references in agreements for
 23 the revenues/costs calculated.
 24 a. Revenues, including the Base Block Capital Costs Recovery,
 25 Schedule 2 Base Block Energy and other Revenues components;
 26 b. "Operating Costs";
 27 c. "WPR";
 28 d. "IBA";
 29 e. "Interest Earned"; and
 30 f. Sustaining Capital
 31
- 32 **PUB-Nalcor-202** Regarding the MFLTA forecasts for dividends, please provide the
 33 calculations of the following components of the "Total Debt Servicing" for
 34 each year from 2020-2039. Please also provide specific references in
 35 agreements for the costs calculated.
 36 a. "DSEA coupon contributions";
 37 b. "DSEA principal contributions";
 38 c. "DSRA incremental funding"; and
 39 d. "PPA/GIA adjustments".
 40
- 41 **PUB-Nalcor-203** Regarding the LIL forecasts for dividends, please provide the calculations
 42 of the following components of the "Cash Inflow" for each year from 2020-
 43 2039. Please also provide specific references in agreements for the costs
 44 calculated.
 45 a. "Return on Equity" components;

- 1 b. "Interest Earned";
 2 c. "Coupon Payments";
 3 d. "Depreciation";
 4 e. "Operating Costs";
 5 f. "Sustaining Capital"; and
 6 g. "Taxes".
 7
- 8 **PUB-Nalcor-204** Regarding the LIL forecasts for dividends, please provide the calculations
 9 of the following components of the "Cash Outflow- Flow thru" and
 10 "Sinking Funds and Principal and Release of DSRA" for each year from
 11 2020-2039. Please also provide specific references in agreements for the
 12 costs calculated.
 13 a. "Net Interest Expense" ;
 14 b. "Sinking Funds and Principal Payments"; and
 15 c. "Release of DSRA".
 16 d.
- 17 **PUB-Nalcor-205** With respect to any study being performed by an outside consultant
 18 regarding Muskrat Falls Project depreciation, please provide:
 19 a. An explanation of the goals and objectives of performing this study;
 20 b. The engagement contract; and
 21 c. Deliverables, presentations and work products provided by the
 22 consultant, as soon as received by Nalcor.
 23
- 24 **PUB-Nalcor-206** In response to PUB-Nalcor-074 and PUB-Nalcor-083 Nalcor provided three
 25 load forecast scenarios based on different price assumptions. An analysis
 26 of those results indicates an overall price elasticity of approximately -0.30.
 27 Please describe the basis for the price elasticity effect shown in the Nalcor
 28 price scenarios (e.g., the historical data period, other model coefficients, key
 29 forecast drivers).
 30
- 31 **PUB-Nalcor-207** In response to PUB-Nalcor-074 and PUB-Nalcor-083 Nalcor provided three
 32 load forecast scenarios based on different price assumptions. An analysis
 33 of those results indicates an overall price elasticity of approximately -0.30.
 34 How do the model price elasticities vary by sector and location (e.g.,
 35 domestic vs. commercial)?
 36
- 37 **PUB-Nalcor-208** In response to PUB-Nalcor-074 and PUB-Nalcor-083 Nalcor provided three
 38 load forecast scenarios based on different price assumptions. An analysis
 39 of those results indicates an overall price elasticity of approximately -0.30.
 40 Has there been any analysis of the specific end-use load responses to price
 41 changes (e.g., space heating, lighting, hot water)? If so, please provide that
 42 information.
 43
- 44 **PUB-Nalcor-209** In response to PUB-Nalcor-074 and PUB-Nalcor-083 Nalcor provided three
 45 load forecast scenarios based on different price assumptions. An analysis
 46 of those results indicates an overall price elasticity of approximately -0.30.

- 1 Has there been any analysis of a potential for customer switchover from
 2 electric resistance to heat pump heating and the price range and conditions
 3 under which that might occur? If so, please provide us that analysis.
 4
- 5 **PUB-Nalcor-210** In response to PUB-Nalcor-074 and PUB-Nalcor-083 Nalcor provided three
 6 load forecast scenarios based on different price assumptions. An analysis
 7 of those results indicates an overall price elasticity of approximately -0.30.
 8 In evidence filed by the Consumer Advocate in the 2017 General Rate
 9 Application hearing, J. Feehan submitted testimony that compared
 10 alternative heating technologies and also suggested that a major price
 11 increase could have a significant load reduction effect. Please provide your
 12 comments on those matters.
 13
- 14 **PUB-Nalcor-211** Further to the response to PUB-Nalcor-013, Attachment 1, Operating
 15 Reserves, please provide the same information that is in this document with
 16 the LIL fully in service. In the response explain how the key parameters
 17 noted in this document will change, in particular how the LIL will be treated
 18 for purposes of contingency planning.
 19
- 20 **PUB-Nalcor-212** Please discuss any changes to the electric system or customer composition
 21 since 2016 that would affect the applicability of the rate design alternatives
 22 described in the report filed by Hydro on June 15, 2016 titled "Rate Design
 23 Review for Newfoundland Power and Island Industrial Customers".

DATED at St. John's, Newfoundland this 25th day of April, 2019.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per 
 Cheryl Blandon
 Board Secretary