



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**  
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2019-05-22

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Dear Mr. Connors:

**Re: Rate Mitigation Options and Impacts Reference - Information Requests**

Attached are Information Requests PUB-Nalcor-218 to PUB-Nalcor-249 issued by the Board in relation to the above subject matter. Responses to these requests must be filed by 3:00 p.m. on Wednesday, June 5, 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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**Labrador Interconnected Customer Group**  
Senwung Luk, E-mail: [sluk@oktlaw.com](mailto:sluk@oktlaw.com)

**Reference from the Lieutenant-Governor in Council  
On the Rate Mitigation Options and Impacts  
Relating to the Muskrat Falls Project**

**INFORMATION REQUESTS**

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- 1    **PUB-Nalcor-218**    For any ongoing and planned efficiency and productivity improvement  
2    initiatives Newfoundland Hydro is undertaking or will undertake, provide:  
3    a.    The time horizon forming the basis for analyzing them (for example,  
4    a horizon of 5-7 years).  
5    b.    A description of each initiative, including the drivers which will  
6    result in lower costs or fewer associated FTEs.  
7    c.    The timeline associated with implementation of each initiative (a  
8    target date after which savings will reach a steady state basis)  
9    d.    The FTE reductions (and cost reductions) associated with the  
10    achievement of each initiative.  
11    e.    The implementation costs associated with each initiative.  
12    f.    The implementation risks associated with each initiative - those  
13    factors which might prevent or delay realization of savings and/or  
14    FTE reductions beyond the target date.  
15
- 16   **PUB-Nalcor-219**    Please provide a quantitative analysis of Newfoundland Hydro's  
17   observations regarding Newfoundland Hydro versus Newfoundland Power  
18   capital trajectory for investments in: (a) distribution, and (b) 138 and 66kV  
19   radial lines feeding distribution facilities.  
20
- 21   **PUB-Nalcor-220**    Assuming transfer of operations of all Newfoundland Hydro retail-level  
22   service operations (both Island and Labrador, and both Interconnected and  
23   isolated) to Newfoundland Power (*termed the "Retail Transfer Option"*  
24   *hereafter in this set of questions*), please provide a table that indicates the  
25   current numbers of Newfoundland Hydro's distribution-related FTEs  
26   responsible for operating its Island Interconnected systems and related  
27   interconnected diesel backup generators, using two categories (combined to  
28   produce a single value for each of): (a) craft and supervision, and (b) levels  
29   from there up to but excluding the director level.  
30
- 31   **PUB-Nalcor-221**    Assuming the **Retail Transfer Option**, please provide a table that indicates  
32   the current numbers of Newfoundland Hydro's distribution-related FTEs  
33   responsible for operating its Island Interconnected systems and related  
34   interconnected diesel backup generators, using two categories (combined to

- 1 produce a single value for each of): (a) craft and supervision, and (b) levels  
 2 from there up to but excluding the director level.  
 3
- 4 **PUB-Nalcor-222** Assuming the **Retail Transfer Option**, please provide a table that indicates  
 5 the current numbers of Newfoundland Hydro's distribution-related FTEs  
 6 responsible for operating its Island isolated diesel plant distribution systems,  
 7 using two categories (combined to produce a single value for each of): (a)  
 8 craft and supervision, and (b) levels from there up to but excluding the  
 9 director level.  
 10
- 11 **PUB-Nalcor-223** Assuming the **Retail Transfer Option**, please provide a table that indicates  
 12 the current numbers of Hydro's distribution-related FTEs responsible for  
 13 operating its Labrador isolated diesel plant distribution systems, using two  
 14 categories (combined to produce a single value for each of): (a) craft and  
 15 supervision, and (b) levels from there up to but excluding the director level.  
 16
- 17 **PUB-Nalcor-224** Further to PUB-Nalcor-220 to PUB-Nalcor-223, for the organizations and  
 18 groups depicted in these responses addressing the **Retail Transfer Option**,  
 19 please provide estimates of expected steady state percentages (assuming no  
 20 transfers of Newfoundland Hydro operating responsibility under any of the  
 21 options addressed in this set of questions) of O&M versus capital work (a  
 22 higher level of aggregation is acceptable if lower level of detail is  
 23 cumbersome to provide).  
 24
- 25 **PUB-Nalcor-225** Please provide current versions of all Nalcor organizational charts.  
 26
- 27 **PUB-Nalcor-226** Please provide Newfoundland Hydro's comparison of trade compensation  
 28 rates for Canadian utilities, including but not limited to Newfoundland  
 29 Power and Newfoundland Hydro.  
 30
- 31 **PUB-Nalcor-227** Please provide Newfoundland Hydro's data on company-paid pension costs  
 32 for its employees and for any others in Atlantic Canada for which it has data.  
 33
- 34 **PUB-Nalcor-228** Please provide total cost (and major categorical breakdown) for employee  
 35 health benefits for as many of the past five years as is available and  
 36 employee counts appropriate for calculating such costs per employee for  
 37 each year.  
 38
- 39 **PUB-Nalcor-229** Assuming transfer of operational responsibility for all Newfoundland  
 40 Hydro transmission (on the Island only, and excluding conversion,  
 41 synchronous condenser, and other Labrador Island Link terminating  
 42 activities at Soldiers Pond, but including Labrador Island Link operation  
 43 and maintenance between Soldiers Pond and the Island end of the Strait of  
 44 Belle Isle crossing) (*termed the "Island Transmission Transfer Option"*  
 45 *hereafter in this set of questions*), please provide a table that indicates the  
 46 current numbers of FTEs required for operating all Hydro's 66 kV and 138

- 1 kV radial lines and terminal stations (excepting those operating in a looped  
 2 arrangement), using two categories (combined to produce a single value for  
 3 each of): (a) craft and supervision, and (b) levels from there up to but  
 4 excluding the director level.  
 5
- 6 **PUB-Nalcor-230** Please provide the data requested in PUB-Nalcor-229 for 138kV lines that  
 7 Newfoundland Hydro operates in a looped arrangement.  
 8
- 9 **PUB-Nalcor-231** Please provide a table that indicates the current numbers of transmission-  
 10 related FTEs required for operating all of Newfoundland Hydro's Island  
 11 greater than 138kV transmission lines and termination stations (including  
 12 the LIL from the point of its Island Strait of Belle Isle crossing to but not  
 13 including conversion, synchronous condenser, or other LIL termination  
 14 operations at Soldiers Pond) using two categories (combined to produce a  
 15 single value for each of): (a) craft and supervision, and (b) levels from there  
 16 up to but excluding the director level.  
 17
- 18 **PUB-Nalcor-232** Please summarize Newfoundland Hydro's views regarding potential  
 19 economies that might be obtained by its assumption of the operation of all  
 20 Newfoundland Power Island transmission (*termed the "Reverse Island*  
 21 *Transmission Transfer Option" for purposes of this set of questions*)  
 22 a. Please provide a description of whether, and if so, how Hydro would  
 23 propose to analyze this option.  
 24 b. Please provide any available preliminary estimates of revenue  
 25 requirements changes (at the Newfoundland Power customer level)  
 26 that might result.  
 27
- 28 **PUB-Nalcor-233** Assume for the purposes of this request that all export sales (whether or not  
 29 from or involving assets that Nalcor deems regulated) were managed  
 30 commonly and under an agency approach (i.e., a third party under contract)  
 31 rather than under the internal Nalcor Energy Marketing approach now  
 32 employed. Under that assumption, please identify (using organizational  
 33 charts already provided for the organizations involved):  
 34 a. The numbers of resources that would move to Newfoundland  
 35 Hydro's generation function.  
 36 b. The types and numbers of resources needed to manage and control  
 37 the third party providing services and where they would optimally  
 38 be located (assuming no regulated/non-regulated split but rather a  
 39 single group).  
 40 c. The types and numbers of current resources (and their current  
 41 organizational location) performing middle and back office roles  
 42 associated with Nalcor Energy Marketing operations.  
 43 d. To the extent not already accounted for under part (b) of this  
 44 question, the middle and back office resources (numbers and their  
 45 roles) that would be required to be employed assuming movement to

1 an agency approach that combines transactions from all assets,  
2 whether or not deemed regulated.

3  
4 **PUB-Nalcor-234** Please identify the incremental change in permanent FTEs, temporary  
5 FTEs, and embedded contractor FTEs, and the underlying  
6 assumptions/justification for those changes, associated with combining  
7 Hydro and Power Supply transmission organizations using two categories  
8 (combined to produce a single value for each of): (a) craft and supervision,  
9 and (b) levels from there up to but excluding the director level

10  
11 **PUB-Nalcor-235** Please identify the incremental change in permanent, temporary and  
12 embedded contractor FTEs, and the underlying assumptions/justification  
13 for those changes, associated with combining Hydro and Power Supply  
14 Engineering organizations using two categories (combined to produce a  
15 single value for each of): (a) craft and supervision, and (b) levels from there  
16 up to but excluding the director level.

17  
18 **PUB-Nalcor-236** Please identify the incremental changes in permanent, temporary and  
19 embedded contractor FTEs and the underlying assumptions/justification for  
20 those changes, associated with combining the Churchill Falls and Muskrat  
21 Falls into a single Hydro production organization using two categories  
22 (combined to produce a single value for each of): (a) craft and supervision,  
23 and (b) levels from there up to but excluding the director level.

24  
25 **PUB-Nalcor-237** For the following procurement categories (goods and services), please  
26 provide:

- 27  
28 a. The suppliers and annual spending for:
- 29 • Vegetation management contractors
  - 30 • Wood pole purchases
  - 31 • Wood pole installation contractors
  - 32 • Transmission and Distribution Construction and Maintenance
  - 33 contractors
  - 34 • Distribution Transformer purchases
  - 35 • Substation/Terminal Station Power Transformer purchases
  - 36 • Electrical Supplies purchases
  - 37 • Engineering Services contractors
  - 38 • Generation/Hydro Maintenance and Modification contractors
  - 39 • Transmission conductor purchases
  - 40 • Distribution conductor purchases
- 41  
42 b. Break the annual spend listing down as follows:
- 43 • For materials, include number of annual purchased units.
  - 44 • For discrete capital projects, provide supplier, brief scope
  - 45 description of project and contracted spend for each project.

- For capital and operating programs, provide suppliers, brief scope descriptions of program and annual combined spend.

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**PUB-Nalcor-238** Assuming transfer of operations of all Newfoundland Hydro small hydro facilities (*termed the "Small Hydro Transfer to NP Option" hereafter in this set of questions*), please:

- Identify which of its plants Newfoundland Hydro considers as "small hydro" and why such a designation is considered appropriate.
- If such designation does not include the Exploit units or Granite Canal, please describe why.

**PUB-Nalcor-239** Please provide:

- The estimated incremental change in current Hydro staffing FTEs under the *"Small Hydro Transfer to NP Option"* if Newfoundland Hydro were to transfer operational and asset management control of its small hydro plants to Newfoundland Power, including permanent and embedded contractor (if applicable) staff, support functions and position designations (e.g., operator, millwright, engineering, safety, environmental, HR, etc).
- All assumptions underlying that analysis.

**PUB-Nalcor-240** Assuming a transfer of operating responsibility for all Newfoundland Power hydro generation to Newfoundland Hydro (*termed for the purpose of this set of questions as the **Small Hydro Transfer From NP Option***) please provide:

- The estimated incremental change in current Hydro staffing (permanent and embedded contractors (if applicable) staff, support functions and position designations (e.g., operator, millwright, engineering, safety, environmental, HR, etc.)
- All assumptions underlying that analysis.

**PUB-Nalcor-241** Please refer to PUB-Nalcor-050, Attachment 1, page 9. In reference to the models presented on this chart, how would Nalcor best characterize its projected number of FTEs for Nalcor Power Supply transmission organizational structure for HVDC field and engineering? If this differs from the current staffing of 71 FTEs (Power Supply), please describe where the Power Supply number differs from the projected staffing level.

- 1    **PUB-Nalcor-242**    Please refer to PUB-Nalcor-050, Attachment 2, page 11. Please provide the  
2    value of the contingency (included in the current and projected System  
3    Equipment Maintenance cost category) and the calculation(s) underlying  
4    that value.  
5
- 6    **PUB-Nalcor-243**    Please refer to PUB-Nalcor-050, Attachment 2, page 19. Please identify the  
7    Churchill Falls FTE complements for Corporate Support Services and  
8    Engineering Services (i.e., Engineering and Technical Specialties and  
9    Management and Administration) and compare it with the 2021 forecast for  
10   the Lower Churchill Project, or the relevant portions of the Lower Churchill  
11   Project, as appropriate.  
12
- 13   **PUB-Nalcor-244**    Please refer to PUB-Nalcor-050, Attachment 2, page 19. Please provide the  
14   functions/job classifications that support the 2021 Engineering Services  
15   (i.e., Engineering & Technical Specialties Management & Administration)  
16   FTE complement of 42.4.  
17
- 18   **PUB-Nalcor-245**    Please refer to PUB-Nalcor-050, Attachment 2, page 14 and 15. Please  
19   describe how the 2021 NERC cost estimates for the Labrador Island Link  
20   and the Labrador Transmission Assets were derived.  
21
- 22   **PUB-Nalcor-246**    Please refer to PUB-Nalcor-050, Attachment 2, page 13. Regarding System  
23   Equipment Maintenance cost estimates, please identify for the Labrador  
24   Island Link, the Labrador Transmission Assets and Muskrat Falls, for 2019,  
25   2020, and 2021, the largest five (5) contracts and associated dollar values.  
26
- 27   **PUB-Nalcor-247**    Please provide the “Nalcor Energy-Power Supply Muskrat Falls Staffing  
28   Plan Overview” file.  
29
- 30   **PUB-Nalcor-248**    Please provide any organization or resource level charts that depict the  
31   Muskrat Falls transition from construction into operations.  
32
- 33   **PUB-Nalcor-249**    Please refer to PUB-Nalcor-050, Attachment 2, page 6. Please provide the  
34   breakdown of cost by category associated with the 2021 Environmental  
35   forecast of \$4.0 million for Muskrat Falls.

**DATED** at St. John’s, Newfoundland this 22<sup>nd</sup> day of May, 2019.

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

Per

  
Cheryl Blundon  
Board Secretary