



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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2013-11-27

Mr. Geoffrey Young
Senior Legal Counsel
Newfoundland and Labrador Hydro
P.O. Box 12400
St. John's, NL A1B 4K7

Dear Mr. Young:

Re: Newfoundland and Labrador Hydro – Application, received November 18, 2013, for approval of customer electricity rates for 2014 on an interim basis, or in the alternative, for a deferral and recovery mechanism – Requests for Information

Enclosed are Information Requests IR-PUB-NLH-1 to IR-PUB-NLH-25 regarding the above-noted application.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacqui Glynn, via jglynn@pub.nl.ca or (709) 726-6781.

Yours truly,

Cheryl Blundon
Board Secretary

/bds
Encl.
e.c.c.

Newfoundland & Labrador Hydro

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Newfoundland Power Inc.

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Mr. Liam O'Brien, E-mail: lobrien@curtislawe.nl.ca

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Yvonne Jones, MP Labrador

Yvonne Jones, E-mail: Yvonne.Jones.C1@parl.gc.ca

1 **IN THE MATTER OF**

2 the *Electrical Power Control Act, 1994*,
3 SNL 1994, Chapter E-5.1 (the "*EPCA*")
4 and the *Public Utilities Act*, RSNL 1990,
5 Chapter P-47 (the "*Act*"), as amended; and
6

7 **AND IN THE MATTER OF** an application
8 by Newfoundland and Labrador Hydro
9 for the approval of customer electricity
10 rates for 2014 on an interim basis or, in
11 the alternative, for a deferral and recovery
12 mechanism.

**PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION**

IR-PUB-NLH-1 to IR-PUB-NLH-25

Issued: November 27, 2013


- 1 **IR-PUB-NLH-1** Provide a full explanation and reconciliation of the variance in the rates
2 proposed in the Interim Rates Application with the rates proposed in the
3 General Rate Application for each of Hydro's rate classes.
4
- 5 **IR-PUB-NLH-2** How does Hydro intend to mitigate the revenue shortfall resulting from
6 the proposal in the Interim Rates Application to hold rates the same for
7 certain rural customers that would otherwise have had rate increases?
8
- 9 **IR-PUB-NLH-3** Provide the rationale, citing precedents, justifying the approval of the
10 proposal in the Interim Rates Application to make only some of the rate
11 changes set out in the General Rate Application.
12
- 13 **IR-PUB-NLH-4** List the rate classes that will have a rate increase as a result of the Interim
14 Rates Application and explain why Hydro is proposing to implement these
15 rate increases but proposing that other rate increases not be implemented.
16
- 17 **IR-PUB-NLH-5** Explain whether or not Hydro's proposals in the Interim Rate Application
18 may be considered discriminatory.
19
- 20 **IR-PUB-NLH-6** Set out the forecast percentage impacts on rates for each of Hydro's
21 customer classes resulting from changes to the base rates proposed in the
22 Interim Rates Application separate from the changes to the Rate
23 Stabilization Plan Adjustments proposed in the Interim Rates Application.
24
- 25 **IR-PUB-NLH-7** Set out the forecast impact on Hydro's 2014 revenue requirement and
26 return on equity if i) the Rate Stabilization Plan Adjustments proposed in
27 the Interim Rates Application are denied; and, alternatively, ii) if the base
28 rates proposed in the Interim Rates Application are denied.
29
- 30 **IR-PUB-NLH-8** If the Interim Rates Application is approved does Hydro plan to amend the
31 General Rate Application to reflect the approved changes?
32
- 33 **IR-PUB-NLH-9** Does Hydro expect that there will be further changes to the General Rate
34 Application proposals to reflect changes in forecast or actual costs in 2013
35 or 2014, such as labor costs, insurance costs and fuel costs. (see PUB-
36 NLH-025; PUB-NLH-041; and PUB-NLH-023)
37
- 38 **IR-PUB-NLH-10** How will approval of the Interim Rates Application affect the finalization
39 of rates flowing from the General Rate Application?
40
- 41 **IR-PUB-NLH-11** Explain why it is appropriate to use 2014 Billing Determinants in the
42 Interim Rates Application when the rates proposed in the General Rate
43 Application are based on 2013 data.
44
- 45 **IR-PUB-NLH-12** List the factors reflected in the Interim Rates Application that are based on
46 updated 2014 forecasts.

- 1 **IR-PUB-NLH-13** In Hydro's view does the direction of Government in OC2013-089 and
2 OC2013-091, setting out a 2013 Test Year, mandate the use of 2013
3 Billing Determinants as well as other 2013 data in the General Rate
4 Application and the Interim Rates Application?
5
- 6 **IR-PUB-NLH-14** Provide a detailed calculation, with explanations, of the Rate Stabilization
7 Plan Adjustment being proposed for Newfoundland Power in the Interim
8 Rates Application, explaining the variance, if any, from the Rate
9 Stabilization Plan Adjustment proposed in the General Rate Application
10
- 11 **IR-PUB-NLH-15** Which provisions of the Rate Stabilization Plan rules provide the authority
12 to make the January 1, 2014 Rate Stabilization Plan Adjustment for
13 Newfoundland Power proposed in the Interim Rates Application?
14
- 15 **IR-PUB-NLH-16** If the Rate Stabilization Plan Adjustment for Newfoundland Power
16 proposed in the Interim Rates Application is not approved please explain
17 the impact on Newfoundland Power's Rate Stabilization Plan balance, the
18 Rate Stabilization Plan Adjustment on July 1, 2014 and customer rates
19 which are approved following the General Rate Application.
20
- 21 **IR-PUB-NLH-17** Explain how the findings of the Board in Order Nos. P.U. 26(2013) and
22 P.U. 29(2013) in relation to the Island Industrial customer rate phase-in
23 and funding have been addressed in the Interim Rates Application.
24
- 25 **IR-PUB-NLH-18** Assuming that, as of December 31, 2013, the Board orders that the rate
26 changes resulting from the January 1, 2014 and July 1, 2014 Rate
27 Stabilization Plan Adjustments be suspended until the final rates are
28 established in the General Rate Application, provide a forecast of the
29 overall impact on base rates and the Rate Stabilization Plan Adjustments
30 for each Island Industrial customer and Newfoundland Power if final rates
31 are effective on July 1, 2014 and, alternatively, September 1, 2014.
32 Include a detailed explanation and rationale. For Island Industrial
33 customers address the use of the RSP Surplus to phase in any rate
34 increases from the effective date of final rates, as opposed to January 1,
35 2014, over a three-year period.
36
- 37 **IR-PUB-NLH-19** Assuming that, as of December 31, 2013, the Board orders that the rate
38 changes resulting from the January 1, 2014 and July 1, 2014 Rate
39 Stabilization Plan Adjustments be suspended until the final rates are
40 established in the General Rate Application, provide a forecast of the
41 overall impact on Hydro's 2014 rate of return on equity if Hydro is not
42 permitted to defer and recover any shortfall in revenue that results if final
43 rates are effective on July 1, 2014 and, alternatively, September 1, 2014.
44 Include a detailed explanation and rationale.
45

- 1 **IR-PUB-NLH-20** If the Rate Stabilization Plan Adjustment proposed in the Interim Rates
 2 Application is approved but the final Rate Stabilization Plan Adjustment
 3 approved in the General Rate Application is different does Hydro plan to
 4 revise the Rate Stabilization Plan Adjustment that was approved as a result
 5 of the Interim Rates Application? If so, why, and what effect would it
 6 have on the rates of Industrial Customers as of i) July 1, 2014; and ii)
 7 September 1, 2014?
 8
- 9 **IR-PUB-NLH-21** Provide a comparison of the estimated forecast 2014 return on equity
 10 assuming i) the proposals in the General Rate Application are
 11 implemented on January 1, 2014; ii) the proposals in the Interim Rates
 12 Application are implemented on January 1, 2014 and General Rate
 13 Application proposals are implemented on July 1, 2014; and iii) the
 14 proposals in the Interim Rates Application are not approved and the
 15 General Rate Application proposals are implemented on July 1, 2014.
 16
- 17 **IR-PUB-NLH-22** Is it Hydro's view that it earned a just and reasonable return on equity in
 18 each of 2008, 2009, 2010, 2011 and 2012? In the answer set out the return
 19 on equity earned each year.
 20
- 21 **IR-PUB-NLH-23** Is it Hydro's view that its forecast 2013 return on equity is a just and
 22 reasonable return? In the answer set out the current forecast of 2013 return
 23 on equity.
 24
- 25 **IR-PUB-NLH-24** If the Interim Rates Application is not approved and the General Rate
 26 Application rates are not implemented until July 1, 2014, how will
 27 Hydro's forecast 2014 return on equity compare to its 2008-2012 return on
 28 equity?
 29
- 30 **IR-PUB-NLH-25** Please explain why, in the context of Hydro's return on equity over the
 31 last several years, it is reasonable and necessary to implement the
 32 proposed Interim Rates at this stage of the General Rate Application.

DATED at St. John's, Newfoundland this 27th day of November, 2013.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per 
Cheryl Blandon
Board Secretary