



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

E-mail: gyoung@nlh.nl.ca

2013-12-05

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 Requests for Information IR-PUB-NLH-26 to IR-PUB-NLH-43 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 jgylmn@pub.nl.ca or (709) 726-6781.

Yours truly,

Sara Kean
Assistant Board Secretary

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Encl.
e.c.c.

Newfoundland & Labrador Hydro

Mr. Colin Feltham, E-mail: cfeltham@wrmmlaw.com

Newfoundland Power Inc.

Mr. Gerard Hayes, E-mail: ghayes@newfoundlandpower.com

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

Consumer Advocates

Mr. Thomas Johnson, E-mail: tjohnson@odeaeale@nf.ca

Ms. Colleen Lacey, E-mail: clacey@odeaeale.ca

Mr. Doug Bowman, E-mail: cdbowman@netzero.net

Corner Brook Pulp and Paper Limited, North Atlantic Refining Limited and Teck Resources

Mr. Paul Coxworthy, E-mail: pcoxworthy@stewartmckelvey.com

Mr. Dean Porter, E-mail: dporter@pa-law.ca

Vale Newfoundland and Labrador Limited

Mr. Tom O'Reilly, Q.C., E-mail: torell@coxandpalmer.com

Mr. Denis Fleming, E-mail: dfleming@coxandpalmer.com

Innu Nation

Ms. Nancy Kleer, E-mail: nkleer@oktlaw.com

Ms. Stephanie Kearns, E-mail: skearns@oktlaw.com

Towns of Labrador

Mr. Edward Hearn, Q.C., E-mail: miller&hearn@crstv.net

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-26 to IR-PUB-NLH-43

Issued: December 5, 2013

IR-PUB-NLH-26 Further to the responses to IR-CA-NLH-004 and IR-PUB-NLH-001, provide the rates for Domestic and General Service customers on the Island and Labrador Isolated Systems that are proposed by Hydro to be implemented as part of its Interim Rates Application.

IR-PUB-NLH-27 Further to the response to IR-CA-NLH-004, will the revenue not collected from Domestic and General Service customers on the Island and Labrador Isolated Systems due to the proposed continuation of the deferral of the 2007 rate increase be fully funded by the Government subsidy paid to Hydro? In the answer provide the forecast amount of this subsidy for 2014.

IR-PUB-NLH-28 Further to the response to IR-CA-NLH-004, confirm that the percentage rate increase upon approval of final rates at the conclusion of the 2013 General Rate Application for Domestic and General Service customers on the Island and Isolated Systems will be larger with approval to the Interim Rates Application than proposed by the 2013 General Rate Application. What will this rate increase be?

IR-PUB-NLH-29 Further to the response IR-IC-NLH-003, provide the 2014 rates for each customer class assuming that current base rates are adjusted to reflect only the fuel forecast of September 2013. Revise IR-IC-NLH-004 and IR-IC-NLH-005 accordingly.

IR-PUB-NLH-30 The interim rate schedule for Island Industrial customers, effective January 1, 2014 (page 6 of 11, Schedule A, Interim Rates Application), shows no Rate Stabilization Plan adjustment for the Island Industrial Customers other than Teck. In response to IR-IC-NLH-004, Attachment 1, the interim rate for all Island Industrial customers, excluding Teck, shows a Rate Stabilization Plan adjustment for the current plan as well as a fuel rider, which differs from the information in the Interim Rates Application. Explain in detail why there is no Rate Stabilization Plan adjustment for Island Industrial customers shown in the Interim Rates Application, considering that Government direction found in OC2013-089, section 5, states that:

"Notwithstanding Items 1) through 4) above, effective January 1, 2014, the Island Industrial customers will be subject to Rate Stabilization Plan rate changes in accordance with the Board of Commissioners of Public Utilities – approved methodology"

IR-PUB-NLH-31 Further to the response to IR-NP-NLH-007, provide the impact on Hydro's 2014 return on equity and Hydro's return on rate base assuming the Board approves only the proposed Island Industrial customers' rates as of January 1, 2014 and the proposed phase-in of such Industrial

customers' rate increases. Explain any concerns that should be addressed if this approval is taken.

IR-PUB-NLH-32 Complete the attached Table 1 of actual/forecast returns for the years 2007 to 2015. **PUB-NLH-32-Table 1**

IR-PUB-NLH-33 Complete the attached Table 2 for the 8 scenarios outlined below using information filed in the **2013 General Rate Application (including the impacts of the Northern Strategic Plan subsidy), the Interim Rates Application and 2013 Billing Determinants**, and showing percentage changes resulting from changes in rates from those previously approved by the Board, beginning with the rates in effect December 31, 2013. Clearly set out any assumptions or explanations that may be required.

Scenario 1:

- i. The January 1, 2014 implementation of rates for all rate classes as proposed in Hydro's 2013 General Rate Application;
- ii. The July 1, 2014 rate change resulting from the annual Rate Stabilization Plan adjustment for Newfoundland Power; and
- iii. The September 1, 2014 rate change for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

Scenario 2:

- i. The January 1, 2014 implementation of interim rates for all rate classes as proposed in the Interim Rates Application (this will not include forecast Cost of Service rate increases for Labrador Interconnected customers but will include any impacts from the flow-through of Newfoundland Power rates);
- ii. The July 1, 2014 implementation of rates for all rate classes as proposed in Hydro's 2013 General Rate Application and the normal operation of the Rate Stabilization Plan (note if there will be impacts other than changes to Newfoundland Power rates and to rates for Rural customers impacted by the flow-through of these rates); and
- iii. The September 1, 2014 rate change for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

Scenario 3:

- i. The January 1, 2014 implementation of interim rates for the Island Industrial customer rate class as proposed in the Interim Rates Application and the continuation into 2014 on an interim basis of rates (including the Rate Stabilization Plan adjustment) in effect for Newfoundland Power on December 31, 2013;

- ii. The July 1, 2014 implementation of rates for all rate classes as proposed in Hydro's 2013 General Rate Application and the normal operation of the Rate Stabilization Plan (note if there will be impacts other than changes to Newfoundland Power rates and to rates for rural customers impacted by the flow-through of these rates); and
- iii. The September 1, 2014 rate change for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

Scenario 4:

- i. The continuation of all rates in effect on December 31, 2013 until February 1, 2014 when there will be an adjustment to rates for Island Industrial customers as proposed in the Interim Rates Application, and the continuation on an interim basis of rates (in effect on December 31, 2013) for Newfoundland Power until rates are finalized on July 1, 2014;
- ii. The July 1, 2014 implementation of rates for all rate classes as proposed in Hydro's 2013 General Rate Application and the normal operation of the Rate Stabilization Plan (note if there will be impacts other than changes to Newfoundland Power rates and to rates for rural customers impacted by the flow-through of these rates); and
- iii. The September 1, 2014 rate change for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

Scenario 5:

- i. The January 1, 2014 implementation of interim rates for Newfoundland Power and for Rural rate classes as proposed in the Interim Rates Application and the continuation into 2014 of rates (including the Rate Stabilization Plan adjustment) in effect for Island Industrial customers on December 31, 2013;
- ii. The July 1, 2014 implementation of rates for all rate classes as proposed in Hydro's 2013 General Rate Application and the normal operation of the Rate Stabilization Plan (note if there will be impacts other than changes to Newfoundland Power rates and to rates for rural customers impacted by the flow-through of these rates); and
- iii. The September 1, 2014 rate change for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

Scenario 6:

- i. The continuation of rates in effect on December 31, 2013 until February 1, 2014 when there will be an adjustment to rates for

Newfoundland Power and for Rural rate classes as proposed in the Interim Rates Application, and the continuation of rates (in effect on December 31, 2013) for Island Industrial customers until rates are finalized on July 1, 2014;

- ii. The July 1, 2014 implementation of rates for all rate classes as proposed in Hydro's 2013 General Rate Application and the normal operation of the Rate Stabilization Plan (note if there will be impacts other than changes to Newfoundland Power rates and to rates for rural customers impacted by the flow-through of these rates); and
- iii. The September 1, 2014 rate change for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

Scenario 7:

- i. The continuation of all rates in effect on December 31, 2013 until July 1, 2014 when there will be an adjustment to all rates, including the Rate Stabilization Plan adjustment, as proposed in the 2013 General Rate Application; and
- ii. The September 1, 2014 rate change for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

Scenario 8:

- i. The continuation of all rates in effect on December 31, 2013 until September 1, 2014 when there will be an adjustment to all rates, including the Rate Stabilization Plan adjustment, as proposed in the 2013 General Rate Application, including the rate adjustment for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

IR-PUB-NLH-34

Confirm that Hydro does not plan to alter any of the information provided in Table 2 completed in response to IR-PUB-NLH-33 (See the response to IR-CA-NLH-004). If Hydro has revised any of the information provided in the table, provide a revised table and explanations of any changes.

IR-PUB-NLH-35

PUB-NLH-35-Table 3

Complete the attached Table 3 for the 8 scenarios outlined below using information filed in the **2013 General Rate Application (including the impacts of the Northern Strategic Plan subsidy), the Interim Rates Application and 2014 Billing Determinants**, and showing percentage changes resulting from changes in rates from those previously approved by the Board, beginning with the rates in effect December 31, 2013. Clearly set out any assumptions or explanations that may be required.

Scenario 1:

- i. The January 1, 2014 implementation of rates for all rate classes as proposed in Hydro's 2013 General Rate Application;
- ii. The July 1, 2014 rate change resulting from the annual Rate Stabilization Plan adjustment for Newfoundland Power; and
- iii. The September 1, 2014 rate change for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

Scenario 2:

- i. The January 1, 2014 implementation of interim rates for all rate classes as proposed in the Interim Rates Application (this application will not include forecast Cost of Service rate increases for Labrador Interconnected customers but will include any impacts from the flow-through of Newfoundland Power rates);
- ii. The July 1, 2014 implementation of rates for all rate classes as proposed in Hydro's 2013 General Rate Application and the normal operation of the Rate Stabilization Plan (note if there will be impacts other than changes to Newfoundland Power rates and to rates for Rural customers impacted by the flow-through of these rates); and
- iii. The September 1, 2014 rate change for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

Scenario 3:

- i. The January 1, 2014 implementation of interim rates for the Island Industrial customer rate class as proposed in the Interim Rates Application and the continuation into 2014 of rates (including the Rate Stabilization Plan adjustment) in effect for Newfoundland Power on December 31, 2013;
- ii. The July 1, 2014 implementation of rates for all rate classes as proposed in Hydro's 2013 General Rate Application and the normal operation of the Rate Stabilization Plan (note if there will be impacts other than changes to Newfoundland Power rates and to rates for rural customers impacted by the flow-through of these rates); and
- iii. The September 1, 2014 rate change for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

Scenario 4:

- i. The continuation of all rates in effect on December 31, 2013 until February 1, 2014 when there will be an adjustment to rates for Island Industrial customers as proposed in the Interim Rates Application, and the continuation of rates (in effect on December

31, 2013) for Newfoundland Power until rates are finalized on July 1, 2014;

- ii. The July 1, 2014 implementation of rates for all rate classes as proposed in Hydro's 2013 General Rate Application and the normal operation of the Rate Stabilization Plan (note if there will be impacts other than changes to Newfoundland Power rates and to rates for rural customers impacted by the flow-through of these rates); and
- iii. The September 1, 2014 rate change for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

Scenario 5:

- i. The January 1, 2014 implementation of interim rates for Newfoundland Power and for Rural rate classes as proposed in the Interim Rates Application and the continuation into 2014 of rates (including the Rate Stabilization Plan adjustment) in effect for Island Industrial customers on December 31, 2013;
- ii. The July 1, 2014 implementation of rates for all rate classes as proposed in Hydro's 2013 General Rate Application and the normal operation of the Rate Stabilization Plan (note if there will be impacts other than changes to Newfoundland Power rates and to rates for rural customers impacted by the flow-through of these rates); and
- iii. The September 1, 2014 rate change for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

Scenario 6:

- i. The continuation of rates in effect on December 31, 2013 until February 1, 2014 when there will be an adjustment to rates for Newfoundland Power and for Rural rate classes as proposed in the Interim Rates Application, and the continuation of rates (in effect on December 31, 2013) for Island Industrial customers until rates are finalized on July 1, 2014;
- ii. The July 1, 2014 implementation of rates for all rate classes as proposed in Hydro's 2013 General Rate Application and the normal operation of the Rate Stabilization Plan (note if there will be impacts other than changes to Newfoundland Power rates and to rates for rural customers impacted by the flow-through of these rates); and
- iii. The September 1, 2014 rate change for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

Scenario 7:

- i. The continuation of all rates in effect on December 31, 2013 until July 1, 2014 when there will be an adjustment to all rates, including the Rate Stabilization Plan adjustment, as proposed in the 2013 General Rate Application; and
- ii. The September 1, 2014 rate change for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

Scenario 8:

- i. The continuation of all rates in effect on December 31, 2013 until September 1, 2014 when there will be an adjustment to all rates, including the Rate Stabilization Plan adjustment, as proposed in the 2013 General Rate Application, including the rate adjustment for Island Industrial customers resulting from the phase-in of rates proposed in the July 30, 2013 application.

IR-PUB-NLH-36 Confirm that Hydro does not plan to alter any of the information provided in Table 3 completed in response to IR-PUB-NLH-35(See the response to IR-CA-NLH-004). If Hydro has revised any of the information provided in the table, provide a revised table and explanations of any changes.

IR-PUB-NLH-37 Complete the attached Table 4 showing the impact on each Industrial Customer of each of the following scenarios, using information from the **2013 General Rate Application, the Interim Rates Application and 2013 Billing Determinants**. Show the base rate as the base rate determined from the 2013 Cost of Service, without including the impact of the Rate Stabilization Plan Surplus, but showing the Rate Stabilization Plan Surplus adjustment separately.

PUB-NLH-37-Table 4

Scenario 1:

- i. Rates for Island Industrial customers, as proposed in the 2013 General Rate Application, including the Rate Stabilization Plan adjustment, and Rate Stabilization Plan Surplus adjustment are implemented on January 1, 2014; and
- ii. Rates for Island Industrial customers, including the Rate Stabilization Plan adjustment, as proposed in the 2013 General Rate Application, and Rate Stabilization Plan Surplus adjustment change on September 1, 2014.

Scenario 2:

- i. Rates for Island Industrial customers, including the Rate Stabilization Plan adjustment, as proposed in the Interim Rates Application, and Rate Stabilization Plan Surplus adjustment are implemented on January 1, 2014; and

- ii. Rates for Island Industrial customers, including the Rate Stabilization Plan adjustment, as proposed in the Interim Rates Application, and Rate Stabilization Plan Surplus adjustment change on September 1, 2014.

Scenario 3:

- i. Rates for Island Industrial customers which are in effect at December 31, 2013, including the Rate Stabilization Plan adjustment, continue until February 1, 2014 when they are changed to the rates proposed in the Interim Rates Application; and
- ii. Rates for Island Industrial customers, including the Rate Stabilization Plan adjustment, as proposed in the Interim Rates Application, and Rate Stabilization Plan Surplus adjustment change on September 1, 2014.

Scenario 4:

- i. Rates for Island Industrial customers which are in effect at December 31, 2013, including the Rate Stabilization Plan adjustment, continue until July 1, 2014 when they are changed to the rates proposed in the 2013 General Rate Application; and
- ii. Rates for Island Industrial customers, including the Rate Stabilization Plan adjustment, as proposed in the Interim Rates Application, and Rate Stabilization Plan Surplus adjustment change on September 1, 2014.

IR-PUB-NLH-38 Have there been any changes to the information proposed in the 2013 General Rate Application and the Interim Rates Application that would cause there to be changes in the table provided in the response to IR-PUB-NLH-37? If so, provide a revised table showing the changes and explaining why these have occurred.

IR-PUB-NLH-39 Complete the attached Table 5 showing the impact on each Industrial Customer of each of the following scenarios, using information from the **2013 General Rate Application, the Interim Rates Application and 2014 Billing Determinants**. Show the base rate as the base rate determined from the 2013 Cost of Service, without including the impact of the Rate Stabilization Plan Surplus, but showing the Rate Stabilization Plan Surplus adjustment separately.

PUB-NLH-39-Table 5

Scenario 1:

- i. Rates for Island Industrial customers, as proposed in the 2013 General Rate Application, including the Rate Stabilization Plan adjustment, and Rate Stabilization Plan Surplus adjustment are implemented on January 1, 2014; and
- ii. Rates for Island Industrial customers, including the Rate Stabilization Plan adjustment, as proposed in the 2013 General

Rate Application, and Rate Stabilization Plan Surplus adjustment change on September 1, 2014.

Scenario 2:

- i. Rates for Island Industrial customers, including the Rate Stabilization Plan adjustment, as proposed in the Interim Rates Application, and Rate Stabilization Plan Surplus adjustment are implemented on January 1, 2014; and
- ii. Rates for Island Industrial customers, including the Rate Stabilization Plan adjustment, as proposed in the Interim Rates Application, and Rate Stabilization Plan Surplus adjustment change on September 1, 2014.

Scenario 3:

- i. Rates for Island Industrial customers which are in effect at December 31, 2013, including the Rate Stabilization Plan adjustment, continue until February 1, 2014 when they are changed to the rates proposed in the Interim Rates Application; and
- ii. Rates for Island Industrial customers, including the Rate Stabilization Plan adjustment, as proposed in the Interim Rates Application, and Rate Stabilization Plan Surplus adjustment change on September 1, 2014.

Scenario 4:

- i. Rates for Island Industrial customers which are in effect at December 31, 2013, including the Rate Stabilization Plan adjustment, continue until July 1, 2014 when they are changed to the rates proposed in the 2013 General Rate Application; and
- ii. Rates for Island Industrial customers, including the Rate Stabilization Plan adjustment, as proposed in the Interim Rates Application, and Rate Stabilization Plan Surplus adjustment change on September 1, 2014.

IR-PUB-NLH-40 Have there been any changes to the information proposed in the 2013 General Rate Application and the Interim Rates Application that would cause there to be changes in the table provided in the response to IR-PUB-NLH-39? If so, provide a revised table showing the changes and explaining why these have occurred.

IR-PUB-NLH-41 Further to IR-PUB-NLH-012 does the referenced section of the Rate Stabilization Plan rules also require that the September 2013 fuel forecast be reflected in a fuel rider on January 1, 2014 for Industrial customers?

IR-PUB-NLH-42 Provide a proposed rate sheet resulting from the Interim Rates Application for each Industrial customer as of September 1, 2013, January 1, 2014, September 1, 2014 and September 1, 2015, setting out the base rates and

1 each part of the Rate Stabilization Plan, including the rate proposed for the
2 Rate Stabilization Plan Surplus adjustment and specifically assigned
3 charges for each Industrial Customer.
4

5 **IR-PUB-NLH-43**

6 Provide proposed changes to the Rate Stabilization Plan rules which
7 implement a Rate Stabilization Plan Surplus adjustment, reflecting all
8 revenue flowing from the Rate Stabilization Plan Surplus, including
9 changes to the specifically assigned charges. Ensure that the rules address
every proposed change for the full phase-in period.

DATED at St. John's, Newfoundland this 5th day of December, 2013.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per



Sara Kean

Assistant Board Secretary