

HAND DELIVERED

December 5, 2013

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

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Ladies and Gentlemen:

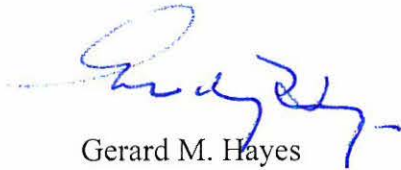
Re: Newfoundland and Labrador Hydro – Application for approval of customer electricity rates for 2014 on an interim basis, or in the alternative, for a deferral and recovery mechanism.

Please find enclosed the original and 12 copies of Newfoundland Power's Requests for Information IR-NP-NLH-23 to IR-NP-NLH-34 in relation to the above-noted Application.

For convenience, the Requests for Information are provided on three-hole punched paper. A copy of this letter, together with enclosures, has been forwarded directly to the parties listed below.

If you have any questions regarding the enclosed, please contact the undersigned at your convenience.

Yours very truly,


Gerard M. Hayes
Senior Counsel

Enclosures

c. Geoffrey Young
Newfoundland and Labrador Hydro

Paul Coxworthy
Stewart McKelvey

Ed Hearn, QC
Miller & Hearn

Nancy Kleer
Olthuis, Kleer, Townshend LLP

Thomas Johnson
O'Dea Earle Law Offices

Thomas O'Reilly, QC
Vale Newfoundland and Labrador Limited

Yvonne Jones, MP
Labrador



IN THE MATTER OF the *Electrical Power Control Act, 1994*, R.S.N.L. 1994, Chapter E-5.1 (the EPCA) and the *Public Utilities Act*, R.S.N.L. 1990, Chapter P-47 (the *Act*) and regulations thereunder;

AND IN THE MATTER OF an application by Newfoundland and Labrador Hydro, pursuant to Sections 70 and 75 of the *Act*, for the approval of customer electricity rates for 2014 on an interim basis or, in the alternative, for a deferral and recovery mechanism.

**Requests for Information by
Newfoundland Power Inc.**

IR-NP-NLH-23 to IR-NP-NLH-34

December 5, 2013

Requests for Information

- IR-NP-NLH-23 On page 3, lines 6 to 9 of Request for Information IR-PUB-NLH-3 Hydro states "...Hydro felt that the Board would be less inclined to exercise its discretion to granting interim rates for customers served from this system [Labrador Interconnected System] unless and until a more thorough hearing was held."
- The Interim Rate Application proposes to increase the wholesale utility rate to Newfoundland Power by approximately \$78 million in 2014 (18.2%, see IR-PUB-NLH-1). Given the large percentage increase proposed for Newfoundland Power, did Hydro consider whether or not the Board would be "less inclined to exercise its discretion to granting interim rates" in a similar manner with respect to the wholesale utility rate increase proposals?
- IR-NP-NLH-24 In response to Request for Information IR-PUB-NLH-3 Hydro states "The vast majority of those customers will receive a rate decreases flowing from this interim rates application; meanwhile approving the application will provide Hydro with the opportunity to achieve a rate of return in 2014 approaching that directed by Government."
- Please confirm that if the Interim Rate Application is approved:
- (i) the projected 2014 Hydro revenue shortfall is recovered through an increase in Hydro's 2014 revenues by amounts currently recovered through the RSP fuel rider currently reflected in customer rates; and
 - (ii) because the amounts currently recovered through the RSP fuel rider reflected in customer rates are in excess of Hydro's estimated additional 2013 Test Year revenue requirement in the General Rate Application for Newfoundland Power, the Interim Rate Application results in interim rate reductions.
- IR-NP-NLH-25 Further to response to Request for Information IR-NP-NLH-2, has Hydro considered how customers may perceive or respond to, in a single calendar year, the possibility of three rate changes (of which some may result in rate increases and some in rate decreases), a customer refund as a result of the RSP Surplus application, and the possibility of a customer refund resulting from the final order on Hydro's 2013 General Rate Application?
- IR-NP-NLH-26 Further to response to Request for Information IR-NP-NLH-5, does Hydro perceive there to be any material difference between interim rate approvals in which existing rates remain in effect until a final order of the Board, and interim rate approvals in which new rates come in effect that will likely require future adjustment and/or refunds upon a final order of the Board? Please respond to the question from the perspective of the impacts on both the customer and the utility.

- IR-NP-NLH-27 Further to response to Request for Information IR-NP-NLH-5, lines 18 to 26, please confirm that Order No. P.U. 17 (2012) resulted in no change in customer rates in 2012 and the “retrospective application of new rates” resulted in no adjustments to customer rates in 2012.
- IR-NP-NLH-28 Further to response to Request for Information IR-CA-NLH-2, what is Hydro’s current forecast return on rate base for 2013?
- IR-NP-NLH-29 Further to response to Request for Information IR-NP-NLH-21, please outline the administrative complexities that would result if the Board approved:
- (i) the proposed change in Island Industrial Customer rates and RSP rules on an interim basis effective January 1, 2014;
 - (ii) existing customer rates for all other classes of service be made interim effective January 1, 2014; and
 - (iii) a deferral and recovery mechanism whereby, commencing January 1, 2014, Hydro would defer any revenue shortfall between existing and approved rates with such shortfall to be recovered from all customers over a three-year period commencing when final rates become effective.
- IR-NP-NLH-30 Further to response to Request for Information IR-PUB-NLH-3, please confirm that if the Interim Rate Application is approved:
- (i) Labrador Interconnected customer rates, established based upon the 2007 Test Year, will remain final until the implementation of new final rates are approved based upon a 2013 Test Year with an effective date subsequent to the Hydro General Rate Application order; and
 - (ii) the rates for other Hydro customer classes will change on an interim basis January 1, 2014 to reflect a 2013 Test Year and may require adjustment or refund subject to the Hydro General Rate Application order and then become final effective retroactively to January 1, 2014.
- IR-NP-NLH-31 Further to response to Request for Information IR-PUB-NLH-1, Attachment 1, page 2 of 4, line 1, please reconcile the difference in the 2013 demand units under existing and proposed rates. Should the demand units under existing and proposed rates be equal? Also, should the proposed total demand and energy charges on line 4 be higher than existing demand and energy charges?

- IR-NP-NLH-32 Further to response to Request for Information IR-NP-NLH-8, lines 14 to 16, Hydro has not provided 2014 forecast costs as requested in Hydro's 2013 General Rate Application Request for Information NP-NLH-20. Therefore, please substantiate Hydro's claim that Hydro's costs have been "subject to testing" in justifying a 2014 revenue shortfall.
- IR-NP-NLH-33 Further to response to Request for Information IR-NP-NLH-19, please identify what "mitigating action" is available to Newfoundland Power.
- IR-NP-NLH-34 Further to response to Request for Information IR-CA-NLH-4 in which Hydro indicates it is revising its request for a rate increase for domestic and general service customers on the Island Isolated System and Labrador Isolated System, please provide all revisions to the pre-filed evidence to reflect the revised interim rate request.

RESPECTFULLY SUBMITTED at St. John's, Newfoundland and Labrador, this 5th day of December, 2013.



NEWFOUNDLAND POWER INC.
P.O. Box 8910
55 Kenmount Road
St. John's, Newfoundland A1B 3P6

Telephone: (709) 737-5609
Telecopier: (709) 737-2974