

HAND DELIVERED

November 22, 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 NP-NLH-IR-1 to NP-NLH-IR-16 in relation to the above-noted Application.

The enclosed Requests for Information have been numbered with the convention NP-NLH-IR-● to distinguish them from those asked in Hydro's 2013 General Rate Application. Newfoundland Power has done this for identification purposes and recognizes that the Board may choose an alternative method to distinguish between filings. In the event the Board makes such a change, Newfoundland Power would be happy to renumber the enclosed to conform with the Board's decision.

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

Thomas O'Reilly, QC
Vale Newfoundland & Labrador Limited

Edward Hearn, QC
Towns of Labrador City, Wabush, Happy
Valley-Goose Bay And North West River

Thomas Johnson
O'Dea Earle Law Offices

Dean A. Porter
Poole Althouse

Nancy Kleer
Innu Nation

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.**

NP-NLH-IR-1 to NP-NLH-IR-16

November 22, 2013

Requests for Information

- | | |
|-------------|--|
| NP-NLH-IR-1 | How long does Hydro expect the interim rates proposed in the Application to be in effect? |
| NP-NLH-IR-2 | Please indicate the number of rate changes for Newfoundland Power that Hydro currently forecasts for 2014. |
| NP-NLH-IR-3 | Please confirm that if Hydro's proposal to adopt interim rates based upon its untested 2013 Test Year included Hydro's customers served by the Labrador Interconnected System that Hydro's forecast 2014 return on rate base would increase by over \$4 million. If Hydro is unable to provide this confirmation, please explain in detail the effect on Hydro's forecast 2014 return on rate base of adopting interim rates on January 1, 2014 based upon Hydro's untested 2013 Test Year for customers served by the Labrador Interconnected System. |
| NP-NLH-IR-4 | Please explain why it is not discriminatory for Hydro to implement interim rates based upon its untested 2013 Test Year for some of its customers while other customers of Hydro continue to be served under final rates based upon a 2007 Test Year that has been approved by the Board for ratemaking purposes. |
| NP-NLH-IR-5 | Please indicate each and every example of which Hydro is aware where the Board approved <i>changes</i> to a utility's rates on an interim basis without either (i) a public hearing or (ii) agreement between all intervenors and Board counsel. |
| NP-NLH-IR-6 | Does Hydro agree that it is required to ensure industrial rates are adjusted as of January 1, 2014 in accordance with OC2013-089 as amended whether or not the Board chooses to adopt interim rates based upon Hydro's untested 2013 Test Year? |
| NP-NLH-IR-7 | Please restate Table 1 of the Interim Rates Evidence to reflect (i) the Board's denial of Hydro's request for interim rates for Newfoundland Power and Hydro's rural customers, and (ii) the Board's approval of Industrial Customers' phase-in rates and associated modification of the RSP rules. |
| NP-NLH-IR-8 | At page 6 of the Interim Rates Evidence, Hydro refers to Order No. P.U. 13 (2013) where the Board provided for deferred recovery of a 2013 revenue shortfall for Newfoundland Power arising from the implementation of 2013 customer rates.

Please explain in detail why it is appropriate for the Board to adopt a different approach for Hydro in 2014 by approving interim rates based upon untested values. |

- NP-NLH-IR-9 Hydro filed its 2013 General Rate Application on July 30, 2013. Please explain in detail why Hydro did not file its application or request for interim rate relief at that time.
- NP-NLH-IR-10 In Hydro's response to Request for Information CA-NLH-061 it is indicated that Hydro's achieved rate of return on average rate base from 2009 through 2012 ranged from 6.29% to 7.46%. The Interim Rates Evidence refers to the government direction in 2009 that Hydro's return on equity be established at a rate equal to Newfoundland Power's.
- Please explain why Hydro has not sought to incorporate the government directed return on equity in its rates prior to 2014.
- NP-NLH-IR-11 At Schedules I and II of the Finance Evidence in Hydro's 2013 General Rate Application it is indicated that the achieved rates of return on rate base for 2009 through 2012 ranged from 6.29% to 7.46%. The forecast rate of return on rate base for 2013 is indicated to be 6.68% (the forecast 2013 return was subsequently reduced to 6.28% in the response to Request for Information NP-NLH-027 in Hydro's 2013 General Rate Application). The average of these achieved/forecast returns for the 5 years ending in 2013 is 6.85%, or less. Table 1 in the Interim Rates Evidence indicates that if implementation of new rates is delayed to March 1, 2014, Hydro forecasts a return on average rate base of 7.00%.
- Given these data, please explain in detail why Hydro considers the current circumstances sufficiently extraordinary to justify the implementation of interim rates based upon an untested 2013 Test Year.
- NP-NLH-IR-12 Please explain what weight, if any, the Board should give to the timing of Hydro's filing of its 2013 General Rate Application in its consideration of Hydro's request for interim rates.
- NP-NLH-IR-13 Please explain what weight, if any, the Board should give to the timing of Hydro's filing of responses to Requests for Information in its 2013 General Rate Application in its consideration of Hydro's request for interim rates.
- NP-NLH-IR-14 Please explain in detail the consideration, if any, that Hydro gave *prior* to the filing of its 2013 General Rate Application to the scheduling of the processes associated with that application and the potential impact of that scheduling upon the implementation of rates.
- NP-NLH-IR-15 Please provide the 2014 forecast of return on rate base that Hydro considered *prior* to the filing of its 2013 General Rate Application.

NP-NLH-IR-16

Hydro is proposing to increase Newfoundland Power's billing demand under the proposed wholesale rate from \$4.00 per kW of demand/month to \$9.12 per kW of demand/month on an interim basis. In the response to Request for Information NP-NLH-119 in Hydro's 2013 General Rate Application, Hydro indicated it did not perform analysis with respect to the potential impacts under the proposed wholesale rate.

Please explain how the Board can justify approving such a large change to the wholesale rate, even on an interim basis, in the absence of either (i) any Hydro analysis or (ii) an opportunity for Newfoundland Power to provide evidence on possible impacts.

RESPECTFULLY SUBMITTED at St. John's, Newfoundland and Labrador, this 22nd day of November, 2013.



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