

HAND DELIVERED

November 25, 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-17 to NP-NLH-22 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

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.

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

**NP-NLH-17 to NP-NLH-22**

**November 25, 2013**

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## Requests for Information

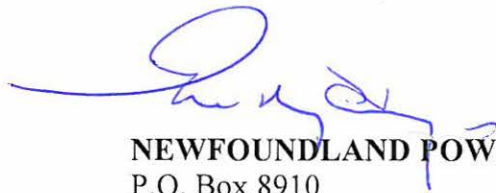
- NP-NLH-17 Under Hydro's interim application, the proposed increase in the wholesale demand charge from \$48 per kW per year to \$109.44 per kW per year is to apply to billing demand of Newfoundland Power established during the period *December 2013 to March 2014*.
- Given the uncertainty in marginal capacity costs currently on the system and the willingness of Hydro to explore options to an embedded cost-based demand charge during the General Rate Application process (as indicated in the responses to Requests for Information CA-NLH-177 and NP-NLH-118 filed in Hydro's General Rate Application), please explain the rationale for proposing to implement the increased demand charge for the 2013/2014 winter season.
- NP-NLH-18 The proposed interim wholesale rate provides an incentive to Newfoundland Power to incur costs of up to \$109.44 per kW (i.e., \$9.12 per kW times 12 months) to reduce its peak demand during the 2013/2014 winter season. If a lower demand charge is implemented at the conclusion of the General Rate Application, is Hydro proposing to revise its billing to Newfoundland Power for 2014 to reflect the lower demand charge?
- NP-NLH-19 Further to Request for Information NP-NLH-18, does Hydro agree that the approval of the proposed interim rate could result in Newfoundland Power incurring demand management costs during the 2013/2014 winter season that, when expressed on a per kW basis, would be in excess of the final demand charge approved by the Board?
- Given this scenario, please explain how the implementation of the proposed demand charge on an interim basis is consistent with (i) customer understandability and (ii) the provision of electrical service on a least cost basis.
- NP-NLH-20 Please confirm that rates approved on an interim basis in Order No. P.U. 41 (2006) were consistent with agreements between Hydro, the Consumer Advocate, the Island Industrial Customers and Newfoundland Power filed with the Board on Cost of Service, Rate Design and Revenue Requirement for *all* systems including Labrador Interconnected.
- NP-NLH-21 An extensive negotiation process was undertaken to gain agreement on rate design, cost of service and revenue requirement matters for all of Hydro's systems at the 2006 Hydro General Rate Application hearing prior to proposing rates on an interim basis for 2007.
- Based on this experience, please compare the advantages and disadvantages of approving the proposed interim rates based upon untested costs effective January 1, 2014 with the establishment of a deferral account to address a revenue shortfall for 2014. Please give

consideration to accepted regulatory principles in discussing the advantages and disadvantages of each approach.

NP-NLH-22

Does Hydro agree that the approved test year revenue requirement by system and customer class (that will result from Hydro's General Rate Application) provides a reasonable basis for allocation of a 2014 revenue shortfall deferral account balance among customer classes? If not, why not.

**RESPECTFULLY SUBMITTED** at St. John's, Newfoundland and Labrador, this 25<sup>th</sup> day of November, 2013.



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