



Newfoundland Power Inc.

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HAND DELIVERED

February 24, 2014

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 – Amended 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-35 to IR-NP-NLH-44 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



Board of Commissioners

of Public Utilities

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c. Geoffrey Young
Newfoundland and Labrador Hydro

Thomas Johnson
O'Dea Earle Law Offices

Paul Coxworthy
Stewart McKelvey

Thomas O'Reilly, QC
Vale Newfoundland and Labrador Limited

Ed Hearn, QC
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Yvonne Jones, MP
Labrador

Nancy Kleer
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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 amended 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-35 to IR-NP-NLH-44

February 24, 2014

Requests for Information

IR-NP-NLH-35 Assume upon conclusion of Hydro's General Rate Application, the Board approved:

- (i) a deferral account to permit recovery of a 2014 revenue shortfall resulting from delayed implementation of customer rates; and
- (ii) the recovery of the balance in the 2014 revenue shortfall deferral account over a three-year period commencing once final rates became effective.

Does Hydro agree that the scenario presented above would provide Hydro the opportunity to earn a just and reasonable return in 2014? If not, why not.

IR-NP-NLH-36 Provide a comparison by month for 2014 of the forecast amounts to be recovered by the Newfoundland Power RSP Fuel Price Projection rider and the forecast revenue shortfall attributable to delayed implementation of the proposed rates for Newfoundland Power.

IR-NP-NLH-37 The Amended Application requests to "*segregate, within the RSP, amounts collected by Hydro through NP's current Fuel Price Projection rider of 1.634 cents/kWh until a further order of the Board on the matter*". However, page 6 of the Evidence related to Hydro's Amended Interim Rates Application proposes "*the existing NP RSP Fuel Projection rider of 1.634¢ per kWh be applied to the Deferral Account rather than the RSP*".

Please reconcile these statements.

IR-NP-NLH-38 Please explain why it is appropriate that the revenues from the existing Newfoundland Power RSP Fuel Price Projection rider of 1.634¢ per kWh be applied to the proposed Deferral Account in advance of the Board completing its review of Hydro's forecast 2014 costs and 2014 revenues to determine if a revenue shortfall for 2014 actually exists.

IR-NP-NLH-39 Assume, once final rates are approved by the Board, the amounts collected during interim rates through Newfoundland Power's Fuel Price Projection rider of 1.634¢ per kWh exceeds the 2014 revenue shortfall attributable to Newfoundland Power.

Under this scenario, would the amounts collected in excess of the revenue shortfall attributable to Newfoundland Power be credited to the Newfoundland Power RSP? If yes, will Hydro modify its proposal to provide for this matching of revenues and costs? If no, why not?

IR-NP-NLH-40 Hydro's Amended Interim Rates Application proposes that the RSP operate using 2013 Proposed Test Year values on an interim basis. Given all RSP balances will then be interim until the Board approves final rates, is Hydro proposing that the July 1st RSP rate change for Newfoundland Power be suspended until final test year inputs to the RSP are approved? If not, please explain the proposed methodology to restate RSP balances once final rates are approved by the Board and the July 1st rate change has already occurred.

IR-NP-NLH-41 Please provide the forecast July 1st rate change to Newfoundland Power and its customers reflecting the Amended Interim Rates Application.

IR-NP-NLH-42 Hydro is proposing "Recovery for the Deferral Account over a three-year period commencing once final rates become effective". Please provide the forecast recovery amounts and rate impacts by system and customer class assuming final rates become effective October 1, 2014.

IR-NP-NLH-43 The proposed Revenue Shortfall Account Definition states: "This account will be charged with the difference between revenue at approved 2013 Test Year Rates and billed revenue at existing rates for all regulated customers except Island Industrial Customers".

Given the Board may approve a different revenue requirement and subsequently different base rates for Industrial Customers than proposed in the Amended Interim Rates Application, please explain how the 2014 revenue variance between the final approved rates and the proposed interim rates will be dealt with for Industrial Customers.

IR-NP-NLH-44 Please illustrate using the "proposed 2013 Test Year values in the RSP" by providing an illustrative RSP report for January 2014 highlighting the proposed 2013 Test Year values and demonstrating the computations with the following assumptions:

- (i) NP load and Island Industrial Customer load is 5% greater than forecast;
- (ii) Holyrood fuel price is 5% greater than forecast;
- (iii) Hydraulic production is 5% greater than forecast; and
- (iv) the use of existing RSP rules to apply allocation of fuel price variations, hydraulic production variations and load variations.

RESPECTFULLY SUBMITTED at St. John's, Newfoundland and Labrador, this 24th day of February, 2014.



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