

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 a second application by Newfoundland and Labrador Hydro, pursuant to Sections 70 and 75 of the *Act*, for the interim approval of customer electricity rates for 2014 pursuant to Order No. P.U. 13(2014) (the “Application”).

**ISLAND INDUSTRIAL CUSTOMERS
REQUESTS FOR INFORMATION
SIR-IC-NLH-8 TO SIR-IC-NLH-17
SIR-IC-NP-1; SIR-IC-CA-1**

Issued: June 27, 2014

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 a second application by Newfoundland and Labrador Hydro, pursuant to Sections 70 and 75 of the Act, for the interim approval of customer electricity rates for 2014 pursuant to Order No. P.U. 13(2014) (the "Application").

REQUESTS FOR INFORMATION OF THE ISLAND INDUSTRIAL CUSTOMERS

SIR-IC-NLH-8 to SIR-IC-NLH-17

SIR-IC-NP-1; SIR-IC-CA-1

- SIR-IC-NLH-8** Please provide an updated analysis similar to IR-V-NLH-023 from Hydro's first Interim Rate application for industrial customers as a group and NP.
- SIR-IC-NLH-9** Separately please provide updated analysis similar to IR-V-NLH-023 Attachment 1 for each industrial customer.
- SIR-IC-NLH-10** Please confirm, as indicated in the June 19, 2014 Interim Rates technical conference, that Hydro's current intention is to finalize the 2014 RSP based on the 2007 GRA variables, rather than ultimately restating the 2014 RSP year based on updated 2014 test year variables.
- SIR-IC-NLH-11** Please provide a December 2014 forecast RSP report showing the RSP balances by month for the remainder of 2014 - specifically, on the basis of no restatement (per SIR-IC-NLH-10) and assuming Hydro's application (to use the hydraulic balance and start drawdown of the industrial balance for the RSP fuel rider) is not approved.
- SIR-IC-NLH-12** Please confirm that Hydro's example of Manitoba introducing interim rates yielded only 70% of the amounts requested by the utility (2.75% increase granted, of 3.95% requested).
- SIR-IC-NLH-13** Please indicate the expenses that Hydro will incur in its 2014 net income to pay for the RSP interest related to each of the balances being carried (i.e. (a) hydraulic, under both the base case forecast and under the proposed application by Hydro; (b) industrial RSP

surplus, under both the base case forecast and under the proposed application by Hydro; (c) utility RSP surplus; and, (d) Segregated Load Balance).

SIR-IC-NLH-14

Please provide the calculations for the July 1, 2014 NP RSP rider (both "current" balance as well as fuel rider) assuming application of the RSP procedures as approved.

SIR-IC-NLH-15

Under the assumption that the existing (forecast) segregated load variation balance is ordered by the Board to be allocated to customer balances as at December 31, 2013 as well as June 30, 2014 on an interim basis using the proposed approach in Hydro's GRA application (i.e., by load ratios), please provide the calculations of the revised IC and NP riders that would be applicable as of July 1, 2014.

SIR-IC-NLH-16

Please provide a revised response to SIR-IC-NLH-13 assuming the approach set out in SIR-IC-NLH-15 is adopted.

SIR-IC-NLH-17

Please provide a revised response to SIR-IC-NLH-13 assuming the NP RSP load variation (pre-September 1, 2013) surplus was transferred out of the RSP to an account earning no interest or interest reflective of Hydro's cost of short-term financing (or alternatively was retained within the RSP but at an interest rate revised to reflect Hydro's prevailing short-term interest rates).

SIR-IC-NP-1

In the Prefiled Evidence of Larry Brockman on behalf of Newfoundland Power (September 30, 2009), in Hydro's 2009 Application for approval of RSP components of the rates to be charged to Industrial Customers, Mr. Brockman stated the following at pages 24-25:

Hydro's recommended Cost of Service Approach for dealing with RSP Load Variation Transfers results in rates better reflecting costs and reduces potential rate volatility. The Cost of Service Approach is also consistent with the current RSP allocation of fuel cost variances resulting from changes in fuel price and hydraulic production.

The Cost of Service Approach is consistent with the proposed approach in the IC Rate Design Review Report, agreed to by all parties, to deal with load variations resulting from increases in production or the addition of a new customer.

It is appropriate that the Board approve a revision to the RSP to require the use of the Cost of Service

1 *Approach in dealing with Load Variation Transfers.*
2 *While it may be conceptually sound to apply the Cost*
3 *of Service Approach to Load Variation Transfers since*
4 *January 1, 2007, the IC class rates did not become*
5 *interim until January 1, 2008.*

6 *The use of the Cost of Service Approach effective*
7 *January 1, 2008 would result in a better matching of*
8 *revenues and costs from the time that the IC rates*
9 *became interim than that provided using the*
10 *Assignment Approach. This timeframe would also*
11 *match the anticipated implementation of Hydro's*
12 *recommended change to be dealt with in the 2007*
13 *RSP Review provided for in the 2006 GRA Settlement*
14 *Agreement.*

15 *It is appropriate that the Cost of Service Approach be*
16 *used to determine the disposition of any balance in*
17 *the RSP resulting from Load Variation Transfers that*
18 *have accumulated since January 1, 2008.*

19 Please advise if Newfoundland Power takes any different position
20 from that stated by Mr. Brockman above, in relation to the RSP
21 Load Variation balance which has accumulated since September 1,
22 2013.

23 **SIR-IC-CA-1**

24 In the Prefiled Evidence of Douglas Bowman on behalf of the
25 Consumer Advocate (September 30, 2009), in Hydro's 2009
26 Application for approval of RSP components of the rates to be
27 charged to Industrial Customers, Mr. Bowman stated the following
at page 14:

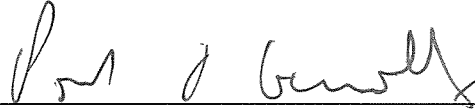
28 *In the interests of meeting the long-standing rate*
29 *design objectives in this Province, I recommend that*
30 *the Board order disbursement of the net load variation*
31 *balance in the RSP consistent with the Hydro's*
32 *response to CA-NLH-23. Specifically, I recommend*
33 *the following:*

34 *The net load variation component of the RSP be*
35 *disbursed on January 1, 2010 between Newfoundland*
36 *Power and the Industrials Customers on the basis of*
37 *customer energy ratios as recommended by Hydro in*
38 *its response to PUB-NLH-15 (and reiterated in*
39 *responses to PUB-NLH-13, PUB-NLH-14, PUB-NLH-*
40 *25 (Rev 1 July 31-09) and PUB-NLH-26 (Rev 1 July*
41 *31-09).*

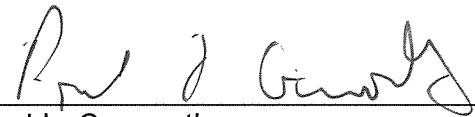
1 Please advise if the Consumer Advocate takes any different
2 position from that stated by Mr. Douglas Bowman above, in relation
3 to the RSP Load Variation balance which has accumulated since
4 September 1, 2013.

DATED at St. John's, in the Province of Newfoundland and Labrador, this 27th day of June, 2014.

POOLE ALTHOUSE

Per: 
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STEWART MCKELVEY

Per: 
Paul L. Coxworthy

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Attention: Yvonne Jones, Member of Parliament, Labrador