



Newfoundland Power Inc.

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HAND DELIVERED

June 2, 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:

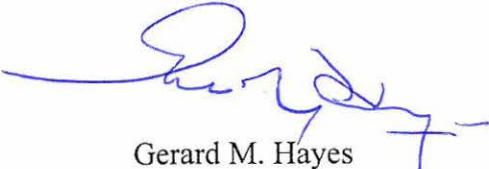
**Re: Newfoundland and Labrador Hydro – Second Application for the interim approval of customer electricity rates for 2014 pursuant to Order No. P.U. 13 (2014).**

Please find enclosed the original and 12 copies of Newfoundland Power's Requests for Information SIR-NP-NLH-1 to SIR-NP-NLH-5 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

June 2, 2014

Page 2 of 2

c. Geoffrey Young  
Newfoundland and Labrador Hydro

Paul Coxworthy  
Stewart McKelvey

Ed Hearn, QC  
Miller & Hearn

Senwung Luk  
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** 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”).

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

**SIR-NP-NLH-1 to SIR-NP-NLH-5**

**June 2, 2014**

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## Requests for Information

### SIR-NP-NLH-1

At page 1 of the Second Interim Rates Application Evidence (the “Evidence”), Hydro states that “...with the number of applications currently before the Board and the ongoing hearing on the reliability of electricity supply, it is possible that final rates may not be approved until 2015.”

At page 5 of the Evidence, Hydro states it does not believe the approach of having the Board approve recovery of 2014 net income shortfall only at the conclusion of the GRA is reasonable. It is Hydro’s evidence that “the current forecast of a net income loss in 2014 (based on existing rates) combined with the uncertainty of whether a final rate order will be issued prior to year-end creates uncertainty of Hydro’s opportunity to earn a reasonable return in 2014.”

Absent Hydro’s concern that a final rate order on Hydro’s GRA may not be issued prior to the end of 2014, would Hydro consider the approach of having the Board approve recovery of 2014 net income shortfall at the conclusion of the GRA to be reasonable? Please fully explain your answer.

### SIR-NP-NLH-2

Does Hydro agree that, if a final rate order with respect to Hydro’s 2014 rates is forthcoming prior to the end of 2014, the effect of the interim relief sought in this Application on Hydro’s 2014 financial results may be superseded by the effects of the final rate order?

### SIR-NP-NLH-3

At page 11 of the Evidence, Hydro states that “addressing Hydro’s 2014 forecast net income shortfall prior to conclusion of the GRA will enable Hydro to forecast reasonable cost recovery in 2014 and provide more certainty to lenders and other stakeholders that it will have an opportunity to earn a reasonable return in 2014.

In its financial reporting with respect to the opportunity to earn a reasonable return in 2014, how does Hydro propose to address the fact that the interim relief proposed in the Application may be adjusted retrospectively at the conclusion of the GRA in accordance with Section 75 of the *Public Utilities Act*?

### SIR-NP-NLH-4

At page 11 of the Evidence, Hydro states that “addressing Hydro’s 2014 forecast net income shortfall prior to conclusion of the GRA will enable Hydro to forecast reasonable cost recovery in 2014 and provide more certainty to lenders and other stakeholders that it will have an opportunity to earn a reasonable return in 2014”.

If the Board were to deny Hydro the interim relief proposed in the Application, and indicate in its order that it would approve deferred

recovery of a 2014 revenue shortfall only following proof thereof in the GRA, what impact would this have on the costs of Hydro that are to be borne by its ratepayers? Please provide details of all forecast impacts based on this scenario.

SIR-NP-NLH-5

Newfoundland and Labrador Hydro's Quarterly Regulatory Report, Appendix C, Statement of Comprehensive Income – Regulated Operations, for March 31, 2014 shows an actual net loss of \$5.9 million. Are Newfoundland and Labrador Hydro's quarterly financial results reported to financial markets? If so, please provide any market analyst evaluations of Hydro's financial performance reflecting the first quarter results of 2014.

**RESPECTFULLY SUBMITTED** at St. John's, Newfoundland and Labrador, this 2<sup>nd</sup> day of June, 2014.



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