



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

E-mail: gyoung@nlh.nl.ca

2014-06-02

Mr. Geoffrey Young
Newfoundland and Labrador Hydro
P.O. Box 12400
St. John's, NL A1B 4K7

Dear Mr. Young:

Re: Newfoundland and Labrador Hydro - Second application for the interim approval of customer electricity rates for 2014 - Requests for Information

Enclosed are Information Requests SIR-PUB-NLH-1 to SIR-PUB-NLH-14 regarding the above-noted application.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email, jglyn@pub.nl.ca or by telephone, 709-726-6781.

Yours truly,

Cheryl Blundon
Board Secretary

/cpj
Encl.

e.c.c. **Newfoundland & Labrador Hydro**
Mr. Fred Cass, E-mail: fcass@airdberlis.com
Newfoundland Power Inc.
Mr. Gerard Hayes, E-mail: ghayes@newfoundlandpower.com
Mr. Liam O'Brien, E-mail: lobrien@curtisdawe.nf.ca
Consumer Advocate
Mr. Thomas Johnson, E-mail: tjohnson@odeaearle.ca
Ms. Colleen Lacey, E-mail: clacey@odeaearle.ca
Corner Brook Pulp and Paper Limited, North Atlantic Refining Limited and Teck Resources
Mr. Paul Coxworthy, E-mail: pcoxworthy@stewarimckelvey.com
Mr. Dean Porter, E-mail: dporter@pa-law.ca
Val Newfoundland and Labrador Limited
Mr. Tom O'Reilly, Q.C., E-mail: toreilly@coxandpalmer.com
Mr. Denis Fleming, E-mail: dfleming@coxandpalmer.com
Innu Nation
Ms. Nancy Kleer, E-mail: nkleer@oklaw.com
Mr. Sonwung Luk, Email: sluk@oklaw.com
Towns of Labrador City, Wabush, Happy Valley-Goose Bay and North West River
Mr. Edward Hearn, Q.C., E-mail: miller&hearn@crstv.net
Yvonne Jones, MP Labrador
Yvonne Jones, E-mail: Yvonne.Jones.C1@parl.gc.ca; Yvonne.Jones.A1@parl.gc.ca

1 **IN THE MATTER OF**
2 the *Electrical Power Control Act, 1994*,
3 SNL 1994, Chapter E-5.1 (the “*EPCA*”)
4 and the *Public Utilities Act*, RSNL 1990,
5 Chapter P-47 (the “*Act*”), as amended; and
6
7 **AND IN THE MATTER OF** an application
8 by Newfoundland and Labrador Hydro for
9 the approval of customer electricity rates for
10 2014 on an interim basis.

**PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION**

SIR-PUB-NLH-1 to SIR-PUB-NLH-14

Issued: June 2, 2014

1 **SIR-PUB-NLH-1** On page 5 of the evidence Hydro states that dealing with the forecast net
2 income shortfall in advance of the general rate application completion will
3 “enable Hydro to forecast reasonable cost recovery in 2014 and provide
4 more certainty to lenders and other stakeholders that it will have an
5 opportunity to earn a reasonable return in 2014”. Given that the approval
6 sought is on an interim basis with no guarantee of recovery, please explain
7 how this provides “more certainty” as stated.
8

9 **SIR-PUB-NLH-2** On page 7, lines 14-16 of the evidence Hydro proposes that the Board
10 approve on an interim basis that \$29.4 million of the balance in the
11 Hydraulic Production Variation component of the Rate Stabilization Plan
12 be provided to Hydro to record as revenue in 2014. Explain in detail how
13 this credit to revenue, which will be on an interim basis, will be treated
14 from an accounting perspective, including how Hydro intends to reflect in
15 its 2014 financial statements the fact that the final order of the Board may
16 cause a portion or all of the \$29.4 million to be returned to the Hydraulic
17 Production Variation component of the Rate Stabilization Plan.
18

19 **SIR-PUB-NLH-3** On page 7, lines 19-21 of the evidence Hydro states that a proposal on the
20 method of recovery of the actual 2014 shortfall can be addressed through
21 the general rate application negotiation process. Please explain in detail
22 the options available, in Hydro’s opinion, to deal with the recovery of the
23 shortfall.
24

25 **SIR-PUB-NLH-4** In evaluating a just and reasonable return on rate base for 2014, from an
26 accounting perspective how will the approval of the transfer of funds from
27 the Rate Stabilization Plan, on an interim basis, give assurance to users of
28 the 2014 financial statements that recognition of revenue appropriately
29 reflects the revenue that should be recognized by Hydro?
30

31 **SIR-PUB-NLH-5** On page 7, lines 7-11 of the evidence Hydro states that following Hydro’s
32 2006 general rate application the Board approved the use of a credit
33 balance in the Hydraulic Production Variation to reduce rate impacts and
34 that the 2006 approach has “merit in the current circumstances”. Please
35 provide Hydro’s opinion as to why the 2006 situation, following a general
36 rate application when the rates were known, is similar to and should be
37 relied on to support the current application to set rates in advance of the
38 conclusion of the general rate application.
39

40 **SIR-PUB-NLH-6** Please provide any regulatory precedent for the transfer of a balance to be
41 recognized as revenue on an interim basis.
42

43 **SIR-PUB-NLH-7** Please explain why Hydro is not proposing that the revenue shortfall be set
44 aside in a deferral account with recovery to be determined later.

1 **SIR-PUB-NLH-8** Provide proposed revised wording for the Rate Stabilization Plan
2 (Interim), Section A: Hydraulic Production Variation to provide for the
3 transfer, on an interim basis, of \$29.4 million from the Hydraulic
4 Production Variation component of the Rate Stabilization Plan to be
5 recognized as revenue by Hydro in 2014 on an interim basis.

6

7 **SIR-PUB-NLH-9** Why is it necessary at this time that the Board approve rate changes for the
8 Island Industrial customers to be effective January 1, 2014, July 1, 2014
9 and September 1, 2014?

10

11 **SIR-PUB-NLH-10** What are the implications for Hydro and for customers if the Board were
12 to consider at this time rates for January 1, 2014, July 1, 2014 and
13 September 1, 2014 for Island Industrial customers and defer consideration
14 of rates changes for other customers until the conclusion of the general
15 rate application?

16

17 **SIR-PUB-NLH-11** Please confirm that Hydro's proposal would result in a higher increase to
18 Labrador Interconnected customers than proposed in the general rate
19 application.

20

21 **SIR-PUB-NLH-12** Please advise how Hydro intends to deal with the proposed 2014 rate
22 increase for the Labrador Interconnected customers upon a final general
23 rate application order, explaining how the amount included in the \$29.4
24 million in relation to the Labrador Interconnected customers will be
25 addressed.

26

27 **SIR-PUB-NLH-13** Please explain whether Hydro's proposal will result in rate increases in
28 2014 for Newfoundland Power Inc. customers and Hydro's Isolated
29 customers and Island Interconnected customers.

30

31 **SIR-PUB-NLH-14** Provide advise how Hydro intends to deal with proposed 2014 rate
32 changes resulting from the general rate application to Newfoundland
33 Power Inc. customers and Hydro's Isolated customers and Island
34 Interconnected customers, which will be temporarily suspended as a result
35 of the use of the credit of \$29.4 million from the Rate Stabilization Plan,

DATED at St. John's, Newfoundland this 2nd day of June, 2014.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per Cheryl Blundon
Cheryl Blundon
Board Secretary