

June 27, 2014

**VIA COURIER and ELECTRONIC MAIL**

Board of Commissioners of Public Utilities  
120 Torbay Road  
P.O. Box 21040  
St. John's, NL A1A 5B2

**Attention: Ms. G. Cheryl Blundon**  
Board Secretary

Dear Ms. Blundon:

**RE: Second Interim General Rate Application of Newfoundland and Labrador Hydro**

---

Enclosed are the original and twelve (12) copies of Vale's Second Round RFIs in respect of the above-noted Application.

We have provided a copy of this correspondence together with enclosures to all concerned parties.

We trust you will find the enclosed satisfactory.

Yours faithfully,

Thomas J. O'Reilly, Q.C.

TJOR/js

Encl.

c.c. Geoffrey P. Young, Senior Legal Counsel, Newfoundland & Labrador Hydro  
Gerard Hayes, Senior Legal Counsel Newfoundland Power  
Consumer Advocate, Thomas J. Johnson, O'Dea, Earle  
Paul Coxworthy, Stewart McKelvey  
Edward M. Hearn, Q.C., Miller & Hearn  
Stephanie Kearns, Olthuis, Leer, Townshend LLP  
Yvonne Jones, MP Labrador, House of Commons

**Thomas J. O'Reilly, Q.C. | Partner**

Direct 709 570 5320 Main 709 738 7800 Fax 709 726 3070 Email [toreilly@coxandpalmer.com](mailto:toreilly@coxandpalmer.com)  
Suite 1000 Scotia Centre 235 Water Street St. John's NL A1C 1B6

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").

1 REQUESTS FOR INFORMATION OF VALE NEWFOUNDLAND & LABRADOR LIMITED

2 SIR-V-NLH-014 to SIR-V-NLH-023

3 Issued June 27, 2014

4 SIR-V-NLH-014 Reference: Second Interim Rates Application Evidence, section  
5 2.3 Shortfall, page 4, lines 13 to 14

6 The evidence states "As indicated in section 2.1, Hydro's 2014  
7 GRA forecast net income shortfall under existing rates relative to  
8 proposed rates is approximately \$29.4 million (i.e., \$33.2 minus  
9 3.8)". Please add additional detail to that statement by  
10 completing the following table.

11 Forecast Net Income Shortfall By System

System	Shortfall (\$)
Island Interconnected	
Island Isolated	
Labrador Isolated	
L'Anse au Loup	
Labrador Interconnected	
<b>TOTAL</b>	

12 SIR-V-NLH-015 Reference: Second Interim Rates Application Evidence, section  
13 2.3 Shortfall, page 4, lines 13 to 14 and Appendix A, page A1

14 In addition to SIR-V-NLH-011 & 012, please explain the rationale  
15 for changing two expense items, the rate stabilization plan

deferral (Appendix A, line 11) by \$72 million and the accretion of asset retirement obligation by \$20,000, when comparing existing rates and proposed rates.

4 SIR-V-NLH-016 Reference: Second Interim Rates Application Evidence, section  
5 2.3 Shortfall, page 4, lines 13 to 14

Please confirm that in the calculation of the forecast \$29.4 million shortfall, that the only two expense items that changed were the rate stabilization plan deferral and the accretion of asset retirement obligation.

10 SIR-V-NLH-017 Reference: Second Interim Rates Application Evidence, Appendix  
11 A, page A1, line 2

Please confirm that the term “energy sales” includes revenue from energy, demand and customer specific charges. If it does not, please provide the forecast revenue from the demand and customer specific charges.

16 SIR-V-NLH-018 Reference: June 19 presentation entitled Settlement  
17 Discussions - Second Interim Rate Application, slide 4, third  
18 bullet

In this bullet, the term “credit metrics” is used. Please fully explain what Hydro’s threshold is to meet the credit metrics and how these credit metrics are established.

22 SIR-V-NLH-019 Reference: June 19 presentation entitled Settlement  
23 Discussions - Second Interim Rate Application, slide 4, third  
24 bullet

If the Board did not approve the second interim rate application for \$29.4 million, please fully explain what impact this would have on Hydro's credit.

28 SIR-V-NLH-020 Reference: June 19 presentation entitled Settlement  
29 Discussions - Second Interim Rate Application, slide 4, fourth  
30 bullet

In this bullet, Hydro uses the phrase “fair return standard”. Within the context of this statement, please explain what Hydro considers a fair return standard.

1 SIR-V-NLH-021 Reference: Application, Evidence page 10, table 2

2 Hydro is proposing a RSP current balance rider of 0.168¢/kWh  
3 effective July 1, 2014. Please provide the forecast IC energy  
4 consumption in the last six months of 2014 and the dollar  
5 impact that this increase will have on industrial customers during  
6 that period.

7 SIR-V-NLH-022 Reference: June 19 presentation entitled Settlement  
8 Discussions – Second Interim Rate Application, slide 9

9 Hydro has stated that, along with a general rate application  
10 based on a 2015 test year, Hydro will file a 2014 test year with  
11 the Board and seek to recover any shortfall in revenues  
12 necessary for Hydro to earn what it deems a fair rate of return in  
13 2014. Will Hydro seek to recover any portion of its shortfall from  
14 individual customers as opposed to from customer groups?

15 SIR-V-NLH-023 Reference: June 19 presentation entitled Settlement  
16 Discussions – Second Interim Rate Application, slide 9

17 If the answer to SIR-V-NLH-022 is yes, what amounts will Hydro  
18 seek to recover from individual customers?

DATED at St. John's, in the Province of Newfoundland and Labrador, this 27<sup>td</sup> day  
of June, 2014.

COX & PALMER  
Per: 1  
Thomas J. O'Reilly, Q.C.

TO: The Board of Commissioners of Public Utilities  
Suite E210, Prince Charles Building  
120 Torbay Road  
P. O. Box 21040  
St. John's, NL A1A 5B2  
Attention: Board Secretary

TO: Newfoundland & Labrador Hydro  
P. O. Box 12400  
500 Columbus Drive  
St. John's, NL A1B 4K7  
Attention: Geoffrey P. Young  
Senior Legal Counsel

TO: Newfoundland Power  
P. O. Box 8910  
55 Kenmount Road  
St. John's, NL A1B 3P6  
Attention: Gerard Hayes  
Senior Legal Counsel

TO: Thomas J. Johnson, Consumer Advocate  
O'Dea, Earle  
323 Duckworth Street  
P. O. Box 5955, Stn. C  
St. John's, NL A1C 5X4

TO: Corner Brook Pulp and Paper Limited,  
North Atlantic Refining Limited  
and Teck Resources Limited  
Stewart McKelvey  
PO Box 5038  
11th Floor, Cabot Place  
100 New Gower Street  
St. John's, NL A1C 5V3  
Attention: Paul Coxworthy

TO: Miller & Hearn  
450 Avalon Drive  
P.O. Box 129  
Labrador City, NL A2V 2K3  
Attention: Edward M. Hearn, Q.C.

TO: Olthuis, Leer, Townshend LLP  
229 College Street  
Suite 312  
Toronto, ON M5T 1R4  
Attention: Stephanie Kearns

TO: House of Commons  
Confederation Building  
Room 682  
Ottawa, ON K1A 0A6  
Attention: Yvonne Jones, MP Labrador