



1 V-NLH-35 Reference: Rate Schedule, Section E: RSP Surplus, section 2.1 page 16  
2 of 47

3 In the "Phase-In Industrial Customer Rates - September 1, 2015"  
4 section, the rules state "At the end of the phase-in period, any remaining  
5 balance will be added to the Industrial Customers plan then in effect". If  
6 there is a remaining balance owing to Hydro, over what period of time is  
7 Hydro proposing to recover the balance?

8 V-NLH-36 Reference: Rate Schedule, Section E: RSP Surplus, page 14 of 47  
9 Reference: RSP Application 2013, RFI IC-NLH-1

10 IC-NLH-1 shows that based on Hydro's proposed phase-in, the forecast  
11 drawdown will be \$12,172,725. Based on the forecast demand and  
12 energy, please provide the balance in the RSP Surplus that is forecasted  
13 to be owing to Hydro on Sept. 1, 2015.

14 V-NLH-37 Reference: Rate Schedule, Section E: RSP Surplus, page 14 of 47  
15 Reference: RSP Application 2013, RFI IC-NLH-1

16 Using the amount provided in V-NLH-36 for the balance in the RSP  
17 Surplus that is forecasted to be owing to Hydro on Sept. 1, 2015, please  
18 provide the impact this balance has on each of the industrial customers.

19 V-NLH-38 Reference: Rate Schedule, Section E: RSP Surplus, page 14 of 47

20 Please complete the following table using forecasted demand and  
21 energy:

22 Net Phase-In Drawdown by Industrial Customer (\$)

Industrial Customer	Phase-In Drawdown	RSP Balance Payment	Net Drawdown
Vale			
CBPP			
NARL			
Praxair			
Teck			

23 Where:

- 24 • Phase-in drawdown is the amount of drawdown for each  
25 customer as provided in V-NLH-34

- 1 • RSP Balance Payment is the impact on each of the industrial
- 2 customers due to the balance in the RSP Surplus that is
- 3 forecasted to be owing to Hydro on Sept. 1, 2015
- 4 • Net Drawdown is the Phase-In Drawdown less the RSP Balance
- 5 Payment

6 V-NLH-39 Reference: Rate Schedule, Section E: RSP Surplus, page 14 of 47  
 7 Reference: Rate Stabilization Plan Monthly Report for August 2013

8 With reference to the August 2013 RSP Report, please confirm that the  
 9 following transactions occurred:

- 10 • Load variation amount removed from the IC RSP \$160,749,555
- 11 • Load variation amount removed from the NP RSP \$ 823,770
- 12 • Amount of load variation allocated to the IC RSP \$ 49,000,000
- 13 • Amount of load variation allocated to the NP RSP \$112,573,325
- 14 • IC amount owing to Hydro after load variation removed \$ 38,129,373
- 15 • IC amount available for phase-in of IC rate increases \$ 10,870,627

16 V-NLH-40 Reference: Rate Schedule, Section E: RSP Surplus, page 14 of 47  
 17 Reference: Section 4: Rates and Regulation, Section 4.6 Rate  
 18 Stabilization Plan, Page 4.16

19 It is understood that prior to Jan 1, 1986 a fuel adjustment charge (FAC)  
 20 was used instead of the RSP. Please explain how the FAC functioned  
 21 and comment on whether it stabilized revenue for Hydro or stabilized  
 22 rates for customers.

23 V-NLH-41 Reference: Rate Schedule, Section E: RSP Surplus, page 14 of 47  
 24 Reference: Section 4: Rates and Regulation, Section 4.6 Rate  
 25 Stabilization Plan, Page 4.16

26 Did the introduction of the RSP on Jan 1, 1986 stabilize revenue for  
 27 Hydro, stabilize rates for customers or both?

28 V-NLH-42 Reference: Rate Schedule, Section E: RSP Surplus, page 14 of 47  
 29 Reference: Section 4: Rates and Regulation, Section 4.6 Rate  
 30 Stabilization Plan, Page 4.16

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Since implementation of the RSP, please complete the following table for the Island Interconnected System for each change in the approved cost of service (COS) and for the proposed 2013 COS.

4

Cost of Service Data since January 1, 1986

COS Effective Date	Hydraulic Production	No. 6 Fuel Cost (\$C/bbl)	NP Load	IC Load	Rural Load	Total Island Interconnected Load

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V-NLH-43

Reference: Rate Schedule, Section E: RSP Surplus, page 14 of 47  
Reference: Section 4: Rates and Regulation, Section 4.6 Rate Stabilization Plan, Page 4.16

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Since implementation of the RSP, please complete the following table for the Island Interconnected System for each year and for the proposed 2013 test year.

11

Actual Data since January 1, 1986

Year	Hydraulic Production	No. 6 Fuel Cost (\$C/bbl)	NP Load	IC Load	Rural Load	Total Island Interconnected Load

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V-NLH-44

Reference: Rate Schedule, Section E: RSP Surplus, page 14 of 47  
Reference: Section 4: Rates and Regulation, Section 4.6 Rate Stabilization Plan, Page 4.16

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Since implementation of the RSP, please complete the following table for the industrial customers RSP balances at the end of each year. Please explain all adjustments.

1

**End-of-year RSP Balances for Industrial Customers**

End-of-Year	Load Variation (\$)	Allocation Fuel Variance (\$)	Subtotal Variance* (\$)	Financing Charges (\$)	Adjustments (\$)	Cumulative Net Balance (\$)

\* Subtotal Variance = Load Variation + Allocation Fuel Variance

2 V-NLH-45

Reference: Rate Schedule, Section E: RSP Surplus, page 14 of 47  
 Reference: Section 4: Rates and Regulation, Section 4.6 Rate Stabilization Plan, Page 4.16

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Since implementation of the RSP, please complete the following table for the NP RSP balances at the end of each year. Please explain all adjustments.

8

**End-of-year RSP Balances for Newfoundland Power**

End-of-Year	Load Variation (\$)	Allocation Fuel Variance (\$)	Subtotal Variance* (\$)	Financing Charges (\$)	Adjustments (\$)	Cumulative Net Balance (\$)

\* Subtotal Variance = Load Variation + Allocation Fuel Variance

9 V-NLH-46  
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Reference: Section 4: Rates and Regulation, Section 4.6 Rate Stabilization Plan, Pages 4.17 - 4.20

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For the Island Interconnected System, please complete the table for each source of purchased power and for diesel / gas turbine generation. Include all years that power was purchased.

14

**Annual Energy Purchased**

Year	Wind	CBPP Cogeneration	All Hydraulic Generation	Diesel Generation	Gas Turbine Generation

- 1 V-NLH-47 Reference: Section 4: Rates and Regulation, Section 4.6 Rate  
2 Stabilization Plan, Pages 4.17 - 4.20
- 3 For each hydraulic generation station on the Island Interconnected  
4 System, please provide a table showing the annual power purchases.  
5 Include all years that power was purchased.
- 6 V-NLH-48 Reference: Section 4: Rates and Regulation, Section 4.6 Rate  
7 Stabilization Plan, Pages 4.17 - 4.20
- 8 For each hydraulic generation station on the Island Interconnected  
9 System from which power is being purchased, please provide the annual  
10 average water flow through the generating station. Spillage and other  
11 flows that do not go through the generator should be omitted. The flows  
12 should include historical averages from all available sources, such  
13 Hydro, Nalcor, the Water Resources Department, files from the owners  
14 prior to the expropriation, etc.
- 15 V-NLH-49 Reference: Section 4: Rates and Regulation, Section 4.6 Rate  
16 Stabilization Plan, Pages 4.17 - 4.20  
17 Reference: RFI CA-NLH-075
- 18 Please explain how including "Energy Supply" in the RSP is consistent  
19 with the position of placing less emphasis on Holyrood fuel as  
20 referenced and defended in CA-NLH-75.
- 21 V-NLH-50 Reference: Section 2: Regulated Activities, Table 2.17, page 2.42  
22 Reference: Exhibit 13: 2013 Test year COS, Schedule 4.2, page 107 of  
23 109, line 1, column 2
- 24 Please reconcile the difference between the 2013 load forecast of 7990  
25 gWh in Table 2.17 and the 2013 test year COS sales plus system losses  
26 of 6,680,800 mWh.
- 27 V-NLH-51 Reference: RFI V-NLH-2  
28 Reference: 2014 Capital Budget Application, Capital Budget Plan,  
29 Appendix A, page A2
- 30 Attachment 1 of V-NHL-2 lists a 2014 capital expenditure of  
31 \$71,929,000 to upgrade transmission line corridor - Bay d'Espoir to  
32 Western Avalon. Appendix A, page A2 of the 2014 Capital Plan indicates  
33 that \$6,370,800 will be applied for in 2014. Please explain the  
34 discrepancy.

- 1 V-NLH-52 Reference: RFI V-NLH-2  
2 Reference: 2014 Capital Budget Application, Capital Budget Plan,  
3 Appendix A, page A2
- 4 Attachment 1 of V-NHL-2 lists a 2014 capital expenditure of  
5 \$1,210,000 to install a 20 MVAR Reactor at Bottom Brook. Appendix A,  
6 page A9 of the 2014 Capital Plan indicates that approximately the same  
7 amount will be applied for in 2015. Please confirm the capital budget  
8 year.
- 9 V-NLH-53 Reference: RFI V-NLH-2  
10 Reference: 2014 Capital Budget Application, Capital Budget Plan,  
11 Appendix A, page A2
- 12 Attachment 1 of V-NHL-2 lists a 2014 capital expenditure of  
13 \$1,425,000 for Phase 1 Engineering to determine System for  
14 Synchronous Condensing - Holyrood. Please indicate where this project  
15 can be located in the 2014 Capital Budget Application.
- 16 V-NLH-54 Reference: RFI V-NLH-3
- 17 Attachment 1 of V-NHL-3 indicates that purchased energy from 'NP at  
18 Hydro Request' is in excess of 20 ¢/kWh. What is the source of  
19 generation for this energy and under what circumstances does Hydro  
20 request this energy?
- 21 V-NLH-55 Reference: RFI V-NLH-10
- 22 Section 1.4.1.1, page 1.20, line 8 states that inflation has averaged 2%  
23 annually over the period 2007 to 2013. TRO expenses averaged an  
24 increase of about 4% annually over the same period, even after  
25 removing the \$1.2 million associated with the transfer of inventory and  
26 stores employees. When does Hydro expect the TRO expenses to  
27 decrease to at or below inflationary levels?
- 28 V-NLH-56 Reference: RFI NP-NLH-52
- 29 Please provide the same information as in NP-NLH-52 for each of  
30 Hydro's hydraulic generating stations.

1 V-NLH-57 Reference: RFI NP-NLH-78

2 Please explain why the energy produced by the Island Interconnected  
3 diesel generators in 2011 was significantly higher than the other years  
4 in the table.

5 V-NLH-58 Reference: RFI PUB-NLH-6

6

7 Please explain the reason that Hydro does not have a standard 20 year  
8 purchase power agreement with Nalcor for Exploits Generation in order  
9 to stabilize price and availability.

10 V-NHL-59 Reference: RFI PUB-NLH-277

11 Attachment 1 indicates that the current interest rate payable to Hydro is  
12 7.53%. Please confirm that this rate will increase to the 2013 test year  
13 WACC when it is approved.

14 V-NLH-60 Reference: RFI V-NLH-001  
15 Reference: RFI IN-NLH-114  
16 Reference: Exhibit 13, 2013 Test Year Cost of Service, page 40 of 109

17 The COS and IN-NLH-114 indicate that the Plant in Service is  
18 \$11,037,566. How much of this amount was capital expenditure by  
19 Hydro and what amount was constructed by Vale? Please break the  
20 amounts down between transmission line and terminal station.

21 V-NLH-61 Reference: RFI V-NLH-001  
22 Reference: RFI IN-NLH-114  
23 Reference: Exhibit 13, 2013 Test Year Cost of Service, page 40 of 109

24 Please provide a list of the assets which comprise the amount of capital  
25 expenditure by Hydro as stated in V-NLH-063. List the assets according  
26 to function, that is, transmission line and terminal station.

27 V-NLH-62 Reference: RFI V-NLH-001  
28 Reference: RFI IN-NLH-114  
29 Reference: Exhibit 13, 2013 Test Year Cost of Service, page 40 of 109

30 As the \$247,748 amount found at line 2, col 10 was not explained in V-  
31 NLH-001, please explain how it was derived, the references in the COS  
32 or elsewhere and provide the complete and exact calculations used in  
33 deriving this amount.

1 V-NLH-63 Reference: RFI V-NLH-001  
2 Reference: RFI IN-NLH-114  
3 Reference: Exhibit 13, 2013 Test Year Cost of Service, page 40 of 109

4 The depreciation amount for Vale's transmission lines is \$4059 (line 21,  
5 col 7). The only explanation in V-NLH-001 is that "depreciation expense  
6 is a direct cost". Please provide the depreciation method, depreciation  
7 period and the transmission line amount that is being depreciated.

8 V-NLH-64 Reference: RFI V-NLH-001  
9 Reference: RFI IN-NLH-114  
10 Reference: Exhibit 13, 2013 Test Year Cost of Service, page 40 of 109

11 The depreciation amount for Vale's terminal stations is \$10,180 (line  
12 21, col 8). The only explanation in V-NLH-001 is that "depreciation  
13 expense is a direct cost". Please provide the depreciation method,  
14 depreciation period and the terminal station amount that is being  
15 depreciated.

16 V-NLH-65 Reference: RFI V-NLH-001  
17 Reference: RFI IN-NLH-114  
18 Reference: Exhibit 13, 2013 Test Year Cost of Service, page 40 of 109

19 The depreciation amount for Vale General is \$31,463 (line 21, col 10).  
20 The only explanation in V-NLH-001 is that "depreciation expense is a  
21 direct cost". Please confirm that this is a direct expense. If it is, provide  
22 the depreciation method, depreciation period and the terminal station  
23 amount that is being depreciated.

24 If it is not a direct expense, please provide on one page, all the  
25 calculations used to derive the \$31,463 amount. The calculation are to  
26 include the total amount in line 28, col 10 of page 40 of 109, the  
27 derivation of the three components of this total on page 31 of 109 as  
28 well as any other calculations required to clearly understand this cost.

29 V-NLH-66 Reference: RFI V-NLH-001  
30 Reference: RFI IN-NLH-114  
31 Reference: Exhibit 13, 2013 Test Year Cost of Service, page 40 of 109

32 The OM&A amount for Vale's transmission line is \$74,063 (line 21, col  
33 3). The explanation in V-NLH-001 is that this amount is "line 12  
34 multiplied by line 28". Please provide on one page, all the calculations  
35 used to derive the \$401,728 amount on line 28, column 3. The  
36 calculations are to include the plant in service amounts and the total  
37 OM&A amount as well as any others used in determining the \$401,728.

1 V-NLH-67 Reference: RFI V-NLH-001  
2 Reference: RFI IN-NLH-114  
3 Reference: Exhibit 13, 2013 Test Year Cost of Service, page 40 of 109

4 The OM&A amount for Vale's terminal station line is \$129,727 (line 21,  
5 col 4). The explanation in V-NLH-001 is that this amount is "line 12  
6 multiplied by line 28". Please provide on one page, all the calculations  
7 used to derive the \$709,517 amount on line 28, column 4. The  
8 calculations are to include the plant in service amounts and the total  
9 OM&A amount as well as any others used in determining the \$709,517.

10 V-NLH-68 Reference: RFI V-NLH-001  
11 Reference: RFI IN-NLH-114  
12 Reference: Exhibit 13, 2013 Test Year Cost of Service, page 40 of 109

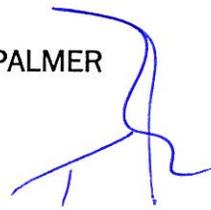
13 The OM&A amount for Vale's Administrative and General expense is  
14 \$211,818 (line 21, col 5). The explanation in V-NLH-001 is that this  
15 amount is "line 12 multiplied by line 28". Please provide on one page,  
16 all the calculations used to derive the \$1,152,811 amount on line 28,  
17 column 5. The calculations are to include the plant in service amounts  
18 and the total OM&A amount as well as any others used in determining  
19 the \$1,152,811.

20 V-NLH-69 Reference: RFI V-NLH-001  
21 Reference: RFI IN-NLH-114  
22 Reference: Exhibit 13, 2013 Test Year Cost of Service, page 40 of 109

23 The OM&A amount for Vale's Other expense is \$43,958 (line 21, col 6).  
24 The explanation in V-NLH-001 is that this amount is "line 12 multiplied  
25 by line 28". Please provide on one page, all the calculations used to  
26 derive the \$239,238 amount on line 28, column 6. The calculations are  
27 to include the plant in service amounts and the total OM&A amount as  
28 well as any others used in determining the \$239,238. Also, please  
29 describe the contents of this 'Other' category.

DATED at St. John's, in the Province of Newfoundland and Labrador, this <sup>6<sup>th</sup></sup> day  
of November, 2013.

COX & PALMER

Per: 

Thomas J. O'Reilly, Q.C.

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TO: Newfoundland & Labrador Hydro  
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