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December 18, 2013

**COURIER & EMAIL**

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  
Email: cblundon@pub.nl.ca

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

Dear Ms. Blundon:

**Re: Newfoundland and Labrador Hydro's 2013 General Rate Hearing**

Please find enclosed an original plus 12 copies of Innu Nation's Requests for Information in the above noted Application. We have also emailed you an electronic copy.

A copy of this letter and enclosure will be forwarded directly to the parties listed below.

If you have any questions about the enclosed, please contact the undersigned.

Yours truly,

*Olthuis, Kleer, Townshend LLP*

A handwritten signature in black ink, appearing to be 'SK' followed by a long horizontal line.

Stephanie Kearns

SK/ck

Enclosure

cc: Geoffrey Young and Fred Cass, counsel for Newfoundland and Labrador Hydro

Paul Coxworthy, counsel for Island Industrial Customers

Ed Hearn, Q.C., counsel for Towns of Labrador City, Wabush, Happy Valley-Goose Bay,  
Northwest River

Gerard Hayes, counsel for Newfoundland Power Inc.

Thomas Johnson, Consumer Advocate

Thomas O'Reilly, Q.C., counsel for Vale Newfoundland and Labrador Power

Yvonne Jones, MP, Labrador

**IN THE MATTER OF** the *Public Utilities Act*, RSN 1990, Chapter P-46 (the “Act”);  
and

**IN THE MATTER OF** a General Rate Application (the “Application”) by Newfoundland and Labrador Hydro (the “Applicant”) for approvals of, under Section 70 of the Act, changes in the rates to be charged for the supply of power and energy to Newfoundland Power, Rural Customers and Individual Customers; and under Section 71 of the Act, changes in the Rules and Regulations applicable to the supply of electricity to Rural Customers.

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**Requests for Information by Innu Nation**

**IN-NLH-160 to IN-NLH-230**

**December 18, 2013**

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1 **Load Forecasts**

2 IN-NLH-160. **Re: IC-NLH-030, p. 2 of 10**

3 Please explain why the Transmission and Transformation Loss Rates are:

- 4 • 3 to 4 times greater for Labrador West energy than for the Island Interconnected  
5 System, throughout the year  
6 • 3 to 4 times greater for Labrador East energy than for the Island Interconnected  
7 System, except in the summer months  
8 • 2.8 to 4 times greater for Labrador Interconnected System demand than for the Island  
9 Interconnected System, for all months.  
10

11 IN-NLH-161. **Re: IC-NLH-030, pp. 6 and 10 of 10**

12 On p. 6, Hydro Rural Interconnected is broken down into Goose  
13 Bay, Churchill Falls, Wabush and Labrador City. On p. 10, Hydro  
14 Rural System Sales are broken down into Happy Valley-Goose  
15 Bay and Labrador West.

16 Please indicate where in these tables the forecasts for Sheshatshiu and Northwest River are to be  
17 found.

18 IN-NLH-162. **Re: IN-NLH-006**

19 Please present the information found in this response with subtotals for the Labrador diesel  
20 systems, Island diesel systems, and the L'Anse au Loup system.

21 IN-NLH-163. **Re: IN-NLH-042**

22 Please provide the information in Table 1 including annual totals for each category, for the years  
23 2008-2012, inclusive.

24

25 **CDM**

26 IN-NLH-164. **Re: IN-NLH-010**

27 Please:

- 28 • Clarify if the data presented for 2009-2012 are for calendar years or fiscal years and, if  
29 the latter, the closing date for the fiscal year; and  
30 • Clarify if the last column ("2013 Forecast to March 31") represents a partial year and, if  
31 so, please include a full-year forecast for 2013, comparable to the data presented for  
32 2009-2012.

1 IN-NLH-165. **Re: IN-NLH-012, p. 1 of 3**

2 Please provide:

- 3     • a copy of Hydro’s CDM Report filed with the Board in March 2013, and  
4     • documents describing in detail the Isolated System Community Energy Efficiency  
5     Program.

6 IN-NLH-166. **Re: IN-NLH-014**

7 Please describe the program eligibility criteria for the existing takeCHARGE programs providing  
8 rebates for insulation, windows and thermostat upgrades, and estimate the percentage of  
9 customers in isolated diesel systems who meet these criteria.

10 IN-NLH-167. **Re: IN-NLH-015**

11 Please:

- 12     • Clarify whether the programs described in this response are provincial programs, or are  
13     part of the Isolated Systems Energy Efficiency Program;  
14     • indicate the percentage of customers in the Labrador diesel systems who have electricity  
15     consumption of 15,000 kWh/year or greater; and  
16     • indicate the percentage of customers in the Labrador diesel systems who have electric  
17     heat.

18 IN-NLH-168. **Re: IN-NLH-015**

19 Please:

- 20     • clarify if the Residential Insulation Program applies only to attics and basements;  
21     • indicate the typical increase in R-value compensated under the Residential Insulation  
22     Program, and the typical incentive per customer;  
23     • indicate how the increased R-value is determined and/or verified with respect to a request  
24     under the Residential Insulation Program; and  
25     • for the Residential Energy Star Windows Program, indicate the typical percent of  
26     combined purchase/installation cost the the incentive of \$2/sq. foot represents.

27 IN-NLH-169. **Re: NP-NLH-104**

28             It is indicated (p. 2, lines 5-6) that “Participation in provincially  
29             offered programs by customers on these [Isolated and Anse au  
30             Loup] systems is minimal,” and that (p. 3, line 2) “the Isolated  
31             Systems Energy Efficiency Program ... will continue through  
32             2014.”

33 Please explain:

- 34     • why participation in provincially offered programs by customers in the Isolated and Anse  
35     au Loup systems is minimal, and

- 1       • if the Isolated Systems Energy Efficiency Program is expected to continue after 2014  
2       and, if not, why not.

3   IN-NLH-170. **Re: IN-NLH-019**

4               “Export sales are not a regulated activity, so the CDM costs  
5               associated with obtaining this additional export power are also  
6               considered unregulated. There were no such costs for 2006 to  
7               2009.”

8   Please:

- 9       • Indicate whether and, if so, when and where the Board has concurred with this  
10       interpretation of its jurisdiction with respect to CDM programs for customers of the  
11       Labrador Interconnected System;  
12       • Explain the dramatic increase in Labrador Interconnected CDM Expenditures seen in  
13       2013; and  
14       • Indicate how Hydro’s decision-making process with respect to Labrador Interconnected  
15       CDM Expenditures takes customer benefits into account.

16   IN-NLH-171. **Re: IN-NLH-023**

17               “Costs for CDM are not recorded by community within the  
18               Labrador Interconnected System.”

19   What steps, if any, has Hydro taken to take into account the particular circumstances of the Innu  
20   community of Sheshatshiu in diffusing information regarding the availability of CDM programs?

21   IN-NLH-172. **Re: Rates Schedules, page 20 of 47**

22   Please describe any conservation and demand management programs that are targeted for  
23   Sheshatshiu in 2013 and 2014.

24   IN-NLH-173. **Re: Rates Schedules, page 20 of 47; IN-NLH-015**

25   Are residents of Natuashish able to access the Conservation and Demand Management Programs  
26   set out in NLH’s response to IN-NLH-015?

27   IN-NLH-174. **Re: IN-NLH-025**

28               “The CDM costs which are not recovered from the Labrador  
29               Interconnected customers are not recovered by Hydro. There is no  
30               impact on ratepayers but the non-recovery of these costs does  
31               decrease the overall return to the shareholder.”

32   Given that Hydro’s CDM activities among Labrador Interconnected customers results in  
33   increased export sales revenues, would it not be more precise to say that “any disparity (positive  
34   or negative) between CDM costs respecting Labrador Interconnected customers and the resulting  
35   export revenues accrue to the shareholder”?

1 If Hydro does not agree with this suggested reformulation, please state the impact of CDM costs  
2 respecting Labrador Interconnected customers on shareholder returns in a way that takes  
3 resulting export sales revenues into account.

4 IN-NLH-175. **Re: IN-NLH-040**

5 “The Insulation, Windows and Thermostat programs are promoted  
6 and delivered as a residential bundle of energy efficiency  
7 programs. The increase in costs from budgeted amounts in 2011  
8 and 2012 was a result of heightened promotional activities aimed  
9 at increasing customer participation in these programs. These  
10 include increased promotion of the technologies and benefits at  
11 local retail locations and an increase in program marketing costs.  
12 These activities resulted in increased program participation  
13 compared to budget and in turn an increased number of rebate  
14 incentives to the homeowners and builders who participated.”

15 Has this increased program participation resulted in adjustments to Hydro’s understanding of the  
16 potential for cost-effective conservation activities in the future, and to future budgets for these  
17 activities? If so, please describe the adjustments.

18 Please indicate what proportion of these increased activities took place among customers of  
19 Labrador diesel systems.

20 IN-NLH-176. **Re: IN-NLH-041**

21 “Participation by Industrial Customers [in the Industrial Energy Efficiency Program] was lower  
22 than anticipated, which resulted in significant reductions in expenditures in 2011 and 2012.”

23 Please reconcile this statement with the substantial increase in Industrial CDM expenditures in  
24 2012 and 2013 seen in IN-NLH-010.

25 IN-NLH-177. **Re: CA-NLH-014**

26 It is indicated that “the current CDM plan does not extend beyond  
27 the year 2016 and therefore there are currently no projected  
28 savings beyond 2016.”

29 Does Hydro intend to extend its CDM activities beyond 2016? If so, what steps has it taken to  
30 plan CDM activities after 2016? What is the process by which these activities will be  
31 determined? If not, why not?

## 32 **Capital expenditures**

33 IN-NLH-178. **Re: IN-NLH-032**

34 Charts 1-4 apparently do not break down the assets by system, as requested. On page 1, it is  
35 mentioned that “Hydro do not track information on capital expenditures by system during the  
36 course of a capital project.”

1 Please present charts similar to Charts 1-4, including only those projects that concern the  
2 Labrador Interconnected System.

3 If Hydro is unable to comply with this request, please provide a list of all the capital projects  
4 summarized in Charts 1-4, indicating the location of each.

5 **IN-NLH-179. Re: IN-NLH-33, Att. 1**

6 Please present the data in lines 4, 7 and 14 as a percentage of total values for Net Plant in  
7 Service, Net Book Value, and Total Revenue Requirements, respectively.

8 **IN-NLH-180. Re: IN-NLH-034**

9 Please indicate if the installation of a new combustion turbine at Holyrood is still planned for  
10 2014-2015, despite the expected decommissioning of Holyrood as a result of the Muskrat Falls  
11 project.

12 **IN-NLH-181. Re: CA-NLH-019**

13 Table 1 gives the forecast Holyrood operations in Unit Operating Hours.

14 Please indicate the capacity of each unit.

15 Please present this information as a capacity factor, in relation to Holyrood's maximum power  
16 output.

17 **IN-NLH-182. Re: IN-NLH-046**

18 Please indicate whether and to what extent investments for Service Extensions (PO1397,  
19 PO1396, PO2158, etc.) are recovered from individual customers.

20 Please clarify, for PO2678, if HPD refers to Hopedale, and the nature of the Additions to  
21 Accommodate Load Growth.

22 **IN-NLH-183. Re: IN-NLH-049**

23 "The Labrador City Upgrade includes two separate projects: (1) a  
24 terminal station upgrade; and (2) a distribution voltage conversion  
25 to 25 kV. The project to upgrade terminal stations to 25 kV in  
26 Labrador City will be completed in 2013. The voltage conversion  
27 project was to be completed by the end of 2013. All of the  
28 budgeted dollars are expected to be spent by the end of 2013.  
29 However, this project will not be complete. It will be proposed that  
30 this project be carried over into 2014 and 2015. Hydro intends to  
31 file a supplementary application in order to seek approval for the  
32 additional funding and extend the project by two years."

33 Please estimate the cost of the additional funding to be requested and the magnitude of its  
34 eventual rate impact, and explain the reason(s) why the voltage conversion project was not  
35 completed on-time and on-budget.

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## **Cost of Service**

IN-NLH-184. **Re: LWHN-NLH-10, Att. 1, p. 38 of 42**

From the 1996 Report on Rural Electric Service:

**The Board recommends that both generation assets and the 138 kV transmission line on the Great Northern Peninsula be assigned, on a provisional basis, as being of common benefit to all interconnected customers and that sub-transmission costs (for lines whose voltage is below 138 kV) be specifically assigned. The Board further recommends re-examination of these cost assignment decisions, and the rules for cost assignment, at a future hearing.**

Since the 1996 Report, has the Board re-examined these cost assignment decisions and the rules for cost assignment? If so, please provide references.

## **Labrador**

IN-NLH-185. **Re: IN-NLH-051 and IN-NLH-054**

“There has been an increase in domestic and general service load as a result of increased economic activity, due to the ramp up of mining activity in the area. This increase in domestic and general service load has resulted in a requirement to upgrade the distribution system.” (IN-NLH-051)

“There will be no improvements in reliability or other characteristics of electric service that the improvements in the Labrador West distribution system will provide to consumers in Labrador East or the Labrador Isolated systems. The improvements in Labrador West target the distribution systems in that area only.” (IN-NLH-054)

Given that the distribution system upgrades in Labrador West are due to a ramp-up of mining activity in the area and that these improvements will provide no improvements in reliability or other characteristics of electric service in Sheshatshiu or elsewhere in Labrador East, please explain why in Hydro’s view it is just and reasonable that rates in Sheshatshiu or elsewhere in Labrador East reflect the costs of the Labrador West distribution system upgrades?

Is there any precedent at the NLPUB for assigning costs of a distribution upgrade to the specific customers that benefit from it? Please provide references.

1 IN-NLH-186. **Re: IN-NLH-055, IN-NLH-056 and IC-NLH-030**

2 Hydro declined to break down the amounts for Plant in Service in Exhibit 13, Schedule 2.2E  
3 between Labrador East and Labrador West, stating:

4 “Board Order No. P.U. 14(2004) ruled that there will be a single  
5 cost of service study for the Labrador Interconnected System. As a  
6 result, Hydro does not track its detailed cost records on a basis that  
7 would provide information separately for Labrador East and  
8 Labrador West.”

9 However, Load Forecasts and Loss Rates (e.g., IC-NLH-030 page 2 and 6 of 10) do distinguish  
10 between these regions.

11 Please explain to what extent and at what level of detail Hydro is able to distinguish between  
12 investments in Lab East and Lab West, and present the plant additions on this basis.

13 IN-NLH-187. **Re: NLH Evidence, Section 2, Schedule VIII; IN-NLH-062**

14 Please provide the average delivered fuel costs per litre of fuel delivered at each of the Labrador  
15 Isolated Communities in 2012 (please list by community)?

16 IN-NLH-188. **Re: IN-NLH-004, Att. 3**

17 Please indicate the source of the 1.5% discount, and to what categories of customers it applies,  
18 and indicate the detailed calculations used to determine the Lab Coast Electricity Rebate.

19 IN-NLH-189. **Re: IN-NLH-060**

20 “The table on Page 2 presents the evolution of net energy  
21 requirements for Labrador isolated communities and the L’Anse au  
22 Loup System, starting in 1995. The net energy requirements for  
23 Labrador Isolated communities do not include L’Anse au Loup,  
24 Davis Inlet or Natuashish.”

25 Why do the net energy requirements for the Labrador isolated communities starting in 1995 not  
26 include Davis Inlet for the years that NLH provided service to Davis Inlet?

27 Please present the year-by-year energy requirements for Davis Inlet prior to the  
28 decommissioning and those for Natuashish.

29 Please present a revised table including data for Davis Inlet and Natuashish.

30 IN-NLH-190. **Re: IN-NLH-061**

31 The table presented shows no data for Natuashish.

32 Please:

- 1       • present the year-by-year energy requirements for Natuashish, between 2007 and 2013,  
2       and  
3       • confirm that the year-to-year changes are identical to those presented in IN-NLH-060 or,  
4       if they are not, present the adjustments required to make them comparable.

5   IN-NLH-191. **Re: IN-NLH-063, IN-NLH-065, IN-NLH-068, and IN-NLH-103, Att. 1**

6       “L’Anse au Loup has experienced strong electricity sales growth following the  
7       introduction of lower electricity rates as a result of the interconnection of the L’Anse au  
8       Loup system to Hydro Québec’s Lac Robertson system. Over one-third of the homes on  
9       the L’Anse au Loup system now have electricity as the main heating source whereas prior  
10      to the rate change very few homes were heated by electricity. Given the cost to  
11      consumers of heating fuel compared to electricity costs, further conversion to electric  
12      heat is anticipated and additional capital expenditure will likely be required.”

13      Given that substantial amounts of diesel fuel are used in serving the L’Anse au Loup system (IN-  
14      NLH-068) and that its revenue to cost ratio is only 0.45 (IN-NLH-065), does Hydro still consider  
15      it appropriate that L’Anse au Loup rates not include any of the dissuasive elements with respect  
16      to electric heating found in the Isolated System rates? Why?

17   IN-NLH-192. **Re: CA-NLH-087**

18      The response states: “IOCC is a non-regulated customer served, in part, by Hydro’s regulated  
19      transmission infrastructure in the Labrador Interconnected System. To ensure that regulated  
20      customers pay only their share of costs, IOCC’s load supplied by Hydro is assigned costs in the  
21      same manner as an Industrial Customer on the Island Interconnected System. The customer is  
22      allocated its share of generation and transmission costs based upon Hydro’s approved Cost of  
23      Service methodology.”

24      Please explain in what way IOCC is a non-regulated customer, if it is allocated its share of  
25      generation and transmission costs based upon Hydro’s approved Cost of Service methodology.

26   IN-NLH-193. **Re: LWHN-NLH-006**

27      The RFI asked if, for new mining developments in Labrador, “all the incremental capital cost to  
28      the system [will] be paid by these new users”. The response quotes a Government Backgrounder  
29      to state: “transmission service and rates would be fully regulated by the PUB beginning in 2015  
30      based on the cost of service principles currently in use of the Island.”

31      Do the cost of service principles currently in use on the Island require that new industrial  
32      customers pay all the incremental capital cost of transmission infrastructure required to provide  
33      service?

34      More generally, please describe the Board’s approach to costs related to transmission upgrades  
35      required to service new industrial customers, making reference to Board decisions as appropriate.

36

1 **Innu communities**

2 IN-NLH-194. **Re: IN-NLH-124**

3 “For service requests that are within Hydro’s service area ...”

4 Please define Hydro’s “service area”, making reference to laws and regulations as appropriate.

5 IN-NLH-195. **Re: IN-NLH-069**

6 “It is important to note the exception to the above is Hydro’s role  
7 in Natuashish. Hydro’s main function in Natuashish is to operate  
8 and maintain the diesel plant and distribution facilities on behalf of  
9 the Mushuau Innu First Nation (MIFN) on a full cost recovery  
10 basis.”

11 Has MIFN requested regular service from Hydro for the community of Natuashish? If so, please  
12 describe exchanges with MIFN in this regard, and provide copies of relevant documents.

13 Is there any reason for Hydro not to provide regular service to customers in Natuashish, if so  
14 requested? If so, please specify.

15 IN-NLH-196. **Re: NLH Evidence, Section 2, page 2.48, section 2.6.3; IN-NLH-069**

16 In answer to IN-NLH-069, NLH states that “Hydro’s main function in Natuashish is to operate  
17 and maintain the diesel plant and distribution facilities on behalf of the Mushuau Innu First  
18 Nation on a full cost recovery basis”. Please describe NLH’s other functions, if any, in  
19 Natuashish.

20 IN-NLH-197. **Re: IN-NLH-069, IN-NLH-096, Att. 1**

21 Please indicate all amounts billed by Hydro to MIFN and/or to the Federal Government with  
22 respect to the operation and maintenance of the diesel plant and distribution facilities in  
23 Natuashish, for each year since such billings began, and provide copies of these invoices.

24 Insofar as these amounts differ from those reported in IN-NLH-096, Att. 1, please explain all  
25 differences.

26 IN-NLH-198. **Re: Non-Regulated Operations Report, Exhibit 7**

27 How much profit did NLH make annually (revenue – expenses) from the services it charged  
28 Mushuau Innu First Nation in each year from 2007 to 2013 (year to date)?

29 IN-NLH-199. **Re Non-Regulated Operations Report, Exhibit 7, p 3**

30 Does NLH apply any subsidies or rate reduction programs to the costs for the services it provides  
31 to Mushuau Innu First Nation? If so, please specify.

1 IN-NLH-200. **Re: IN-NLH-096, Att. 1**

2 Please:

- 3 • Confirm that the line “Cost Recoveries” represents billings to MIFN and/or the Federal  
4 Government,
- 5 • Confirm that, apart from fuel costs, these Cost Recoveries represent the only cost to  
6 MIFN and/or the Federal Government of providing electrical service to Natuashish,
- 7 • Indicate the average cost of these cost recoveries, on a ¢/kWh basis, and
- 8 • Present the “allowance for administrative costs” (the Net Operating Expense/(Recovery))  
9 for each year as a percentage of total costs.

10 IN-NLH-201. **Re: IN-NLH-096, Att. 1**

11 Please explain how the “allowance for administrative costs” (the Net Operating  
12 Expense/(Recovery)) was determined, and explain why there were Customer Costs in 2008 only,  
13 and what those costs consisted of.

14 IN-NLH-202. **Re: IN-NLH-087**

15 The table provides annual fuel consumption by the Natuashish diesel plant from 2007 through  
16 2013 (Jan-Sept).

17 Please indicate the amounts that Hydro would have paid for the purchase of these quantities of  
18 diesel fuel, using average annual prices paid by Hydro under similar circumstances for other  
19 isolated communities.

20 IN-NLH-203. **Re: CA-NLH-007**

21 It is indicated that the average rate for Domestic Government service in Isolated Systems is  
22 80.4¢/kWh, and that the proposed average rate is 94.7¢/kWh.

23 Please confirm that these Government rates are based on 100% cost recovery.

24 Is it reasonable to assume that the average costs paid for service in Natuashish resemble these  
25 rates, given that Natuashish is currently paying 100% of the costs related to electric service? If  
26 not, please provide Hydro’s best estimate of the total costs borne by Natuashish, on a ¢/kWh  
27 basis.

28 IN-NLH-204. **Re: IN-NLH-070, IN-NLH-075**

29 Please provide tables for Davis Inlet for the years 1995 through 2002, similar to those provided  
30 here for Sheshatshiu.

31 IN-NLH-205. **Re: IN-NLH-092**

32 “There are no formal agreements with either Mushuau Innu First  
33 Nation (MIFN) or the Federal Government with respect to this  
34 matter. While negotiations were held with MIFN and Indian and

1 Northern Affairs Canada (INAC – now Aboriginal Affairs and  
2 Northern Development Canada) regarding a formal operating  
3 agreement for the operation at Natuashish, no formal agreement  
4 has been reached. Over a span of several years, meetings were held  
5 and draft agreements circulated without conclusion of a final  
6 agreement.”

7 Please provide copies of documents related to the negotiation of an operating agreement for the  
8 operations at Natuashish, and explain why a formal operating agreement is required in NLH’s  
9 view.

10 IN-NLH-206. **Re: IN-NLH-092**

11 Did NLH ever discuss the option of purchasing the diesel plant and associated assets at  
12 Natuashish for a nominal fee with Canada and Mushuau Innu First Nation during the  
13 negotiations of an operating agreement for Natuashish? If so, please provide copies of relevant  
14 documents. If not, why not?

15 IN-NLH-207. **Re: NLH Evidence, Section 2, page 2.48, section 2.6.3; IN-NLH-082**

16 “The original understanding between the Federal Government and  
17 Hydro prior to relocation of residents to Natuashish was that the  
18 diesel plant and associated electrical assets would be built and then  
19 turned over to Hydro for a nominal fee of \$1 to own, operate and  
20 maintain to provide electrical service to residents of Natuashish.  
21 ...”

22 Please explain the form in which this “original understanding” was expressed, providing copies  
23 of all documents referred to.

24 IN-NLH-208. **Re: NLH Evidence, Section 2, page 2.48, section 2.6.3; IN-NLH-082**

25 Did the “original understanding” referred to in IN-NLH-082 include a plan that NLH would  
26 provide regulated service to Natuashish, which would then be treated as a Labrador isolated  
27 community and charged Labrador Isolated rates? If not, please describe the additional terms and  
28 conditions of this “original understanding”.

29 IN-NLH-209. **Re: NLH Evidence, Section 2, page 2.48, section 2.6.3; IN-NLH-082**

30 Please provide copies of any documentation from NLH’s discussions with Canada in which the  
31 matter of NLH purchasing the diesel plant and related facilities for a nominal fee was discussed.

32 IN-NLH-210. **Re: NLH Evidence, Section 2, page 2.48, section 2.6.3; IN-NLH-082**

33 Was Mushuau Innu First Nation involved in the discussions between NLH and Canada regarding  
34 NLH’s purchase of the diesel plant and associated assets in Natuashish prior to the community’s  
35 relocation? If not, why not?

1 IN-NLH-211. **Re: NLH Evidence, Section 2, page 2.48, section 2.6.3; IN-NLH-082.**

2 Following NLH's review of the proposed design of the facilities at Natuashish described in IN-  
3 NLH-082, did NLH determine that the design met NLH's minimum standards. If not, why not?

4 IN-NLH-212. **Re: IN-NLH-071, att. 1, page 3 of 3**

5 Please explain the "2<sup>nd</sup> Energy Credit" and how it is calculated.

6 IN-NLH-213. **Re: Non-Regulated Operations Report, Exhibit 7; IN-NLH-096, Att. 1**

7 Please explain why the costs for "System and Equipment Maintenance" were higher in 2008 and  
8 2009 compared to the other years provided in Attachment 1.

9 IN-NLH-214. **Re: Non-Regulated Operations Report, Exhibit 7; IN-NLH-096, Att. 1**

10 Please explain what costs are included in the category "Customer Costs" in Attachment 1.

11 IN-NLH-215. **Re: Non-Regulated Operations Report, Exhibit 7; IN-NLH-096, Att. 1**

12 Please explain what costs are included in the category "Building Rental and Maintenance" in  
13 Attachment 1.

14 IN-NLH-216. **Re: NLH Evidence, Section 1.1.2, p 1.2**

15 Does NLH own all of the transmission and distribution assets it uses to supply electricity to  
16 NLH's customers? If not, please provide a list of transmission and distribution assets that are  
17 owned by other entities, specifying the entity that owns each of the assets.

18 IN-NLH-217. **Re: NLH Evidence, Section 2, Schedule IV**

19 Have the electricity generation and distribution assets in Natuashish ever been included in  
20 Hydro's rate base?

21 Were the electricity generation and distribution assets in Davis Inlet included in Hydro's rate  
22 base?

23 IN-NLH-218. **Re: NLH Evidence, Section 2.3.3, page 2-11 to 2-12**

24 Please provide SAIFI and SAIDI data for the most recent available five-year period for  
25 distribution in Sheshatshiu.

26 IN-NLH-219. **Re: NLH Evidence, Section 2.3.3, page 2-11 to 2-12**

27 Please provide SAIFI and SAIDI data or the equivalent information for the most recent available  
28 five-year period for the services NLH provides in Natuashish.

1 IN-NLH-220. **Re: IN-NLH-098**

2 “The revenue earned and expenses incurred by Hydro for Sheshatshiu are included in  
3 determining Hydro's regulated income, with the exception of bad debts and interest on  
4 overdue accounts, which are not included in the regulated revenue requirement.”

5 Please explain how bad debts and interest on overdue accounts are handled for Sheshatshiu and  
6 for other communities.

## 7 **Rural deficit**

8 IN-NLH-221. **Re: IN-NLH-104**

9 Please indicate where the report provided in response to IN-NLH-103 explains the history of the  
10 provision “whereby Isolated Rural Domestic customers pay the same rates as NP for the basic  
11 customer charge and First Block consumption, and whereby rates charged for additional  
12 consumption are adjusted by the average rate of change granted NP from time to time, and the  
13 reasons behind it,” and provide additional explanation if required.

14 IN-NLH-222. **Re: IN-NLH-132, p. 2 of 2**

15 “For the purposes of this scenario, Hydro has assumed that all of  
16 the rural deficit would be assigned to NP.”

17 For Labrador Interconnected rates, the difference between the column “Proposed Average  
18 Increase (Decrease)” and the column “Average Increase (Decrease) assuming Rural Deficit  
19 removed from Labrador Interconnected Rates” ranges from 27.5% (General Service 10-100 kW)  
20 to 58.4% (Street and Area Lighting). For the other systems, the difference is under 2%.

21 Please explain why the consequences of the rural deficit for Labrador Interconnected Customers  
22 is so large.

23 Please prepare a similar table in which it is assumed that all of the rural deficit would be assigned  
24 to Labrador Interconnected Customers.

25

## 26 **Rates and regulation**

27 IN-NLH-223. **Re: IN-NLH-103, Att. 1, page 47 of 66.**

28 The Report cites s. 73 (1) of the *Public Utilities Act*:

29 All tolls, rates and charges shall always, under substantially similar  
30 circumstances and conditions in respect of service of the same  
31 description, be charged equally to all persons and at the same rate,  
32 and the board may by regulation declare what shall constitute  
33 substantially similar circumstances and conditions.

1 Has the Board declared by regulation what shall constitute substantially similar circumstances  
2 and conditions? If so, please provide references.

3 IN-NLH-224. **Re: IN-NLH-113**

4 “For the purposes of the assignment of plant Hydro uses the  
5 following definitions with respect to assignment of plant:

6 “**Common plant** is defined as plant that is of benefit to two or  
7 more customers. Costs for common plant is assigned to all  
8 customers of the system with the individual portion of the cost  
9 being derived based upon factors such as usage.

10 “**Specifically assigned plant** is defined as plant that is of  
11 benefit to only one customer. Costs for specifically assigned plant  
12 are assigned directly to the benefiting customer.

13 “In the rare case where there are two customers connected to a  
14 particular group of assets where one customer is relatively large  
15 (i.e., 70 MW) and the second customer is relatively small (i.e., 100  
16 kW), the question of “little benefit” or “primary use” comes into  
17 play with respect to the assignment of the group of assets. In this  
18 instance, Hydro may make recommendation that the plant in  
19 question be specifically assigned to the larger customer. However,  
20 the matter is within the Board's jurisdiction.”

21 In the event that the service provided by a particular group of assets was limited to a small group  
22 of consumers, would it be within the Board's jurisdiction to assign the plant in question  
23 collectively to said group? Has the Board ever addressed such a situation? If so, please provide  
24 references.

25 IN-NLH-225. **Re: IN-NLH-038**

26 “A distribution asset would be specifically assigned to an  
27 Industrial Customer or Newfoundland Power if Hydro was  
28 requested to construct such distribution asset(s) and the customer  
29 (either an Industrial Customer or Newfoundland Power) was the  
30 only customer receiving benefit from the distribution asset(s). This  
31 is not a common practice as Hydro's delivery points to an  
32 Industrial Customer or Newfoundland Power are at a transmission  
33 voltage level with the individual customer taking responsibility for  
34 its own local distribution assets.” (p. 1, lines 22-25)

35 In the event that a distribution asset is specifically assigned to Newfoundland Power, please  
36 indicate whether there exist any laws, regulations or Board decisions which would prevent  
37 Newfoundland Power from assigning the costs of that asset in turn to the specific customers who  
38 benefit from it.

1 IN-NLH-226. **Re: IN-NLH-117, Att. 1, page 2 of 2.**

2 “The Market Block would be all remaining industrial power  
3 required beyond the Development Block and its price would be  
4 linked to external market prices. It would be supplied from the  
5 remaining Churchill Falls recall block and other generation sources  
6 in Labrador, including Muskrat Falls. The Market Block would  
7 allow Hydro to earn market value for these electricity sales and, as  
8 such, would meet a guiding principle of the Energy Plan that  
9 industrial rates consider market value for energy resources.”  
10 (underlining added)

11 Will the cost price of Muskrat Falls energy, as determined by a power purchase agreement  
12 currently under negotiation, contribute to determining the price of the Market Block? Please  
13 explain.

14 IN-NLH-227. **Re: PUB-NLH-138 and PUB-NLH-139**

15 PUB-NLH-139 indicates that Gilbert Bennett (VP Lower Churchill Project) is an officer of both  
16 Nalcor and NLH. This position is not indicated in the organizational chart provided in response  
17 to PUB-NLH-138.

18 Please explain the role of the VP Lower Churchill Project for NLH, the percent of his time that is  
19 charged to NLH, and why this position does not appear in the organizational chart.

20 Please explain Mr. Bennett’s role in negotiating a power purchase agreement between Nalcor  
21 and Hydro. Does he represent Nalcor’s interests, or Hydro’s?

22 Please explain how the interests of Hydro’s ratepayers are protected in the process of developing  
23 a PPA for the Muskrat Falls Project.

24 IN-NLH-228. **Re: PUB-NLH-328**

25 PUB-NLH-328 lists the regular attendees of the monthly leadership team meetings of Nalcor and  
26 Hydro. The VP Lower Churchill Project is not mentioned in either list.

27 NP-NLH-058 indicates that monthly meetings of the senior management groups of Nalcor and  
28 Hydro are conducted separately.

29 Please confirm that the VP Lower Churchill Project does not attend the regular monthly  
30 leadership team meetings of either Nalcor or Hydro.

31 IN-NLH-229. **Re: NP-NLH-058**

32 It is mentioned at lines 14-16 that “Nalcor and Hydro have  
33 implemented various measures to ensure that Hydro’s costs and  
34 operations are not inappropriately impacted by this shared services  
35 arrangement.”

1 Please explain the expression “not inappropriately impacted”. Please explain why Hydro did not  
2 respond that Hydro’s costs and operations are not impacted by this shared services arrangement.

3 **Planning**

4 IN-NLH-230. **Re: IN-NLH-152, Att. 1**

5 The excerpt produced from P.U. 8 (2007), states (p. 60) that “The  
6 Board will convene a meeting of stakeholders including Hydro and  
7 the parties to this proceeding to discuss the scope of an IRP  
8 process with the timing of such an exercise to be determined by the  
9 Board.”

10 Did the Board ever convene such a meeting? If so, please provide a copy of any minutes or  
11 report that may have resulted from this meeting, and describe any subsequent steps that were  
12 taken with respect to an IRP process.



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