

IN THE MATTER OF the *Electrical Power Control Act*, 1994,
SNL 1994, Chapter E-5.1 and the *Public Utilities Act*,
RSNL 1990, Chapter P-47, and regulations thereunder; and

IN THE MATTER OF a general rate application by
Newfoundland and Labrador Hydro to establish customer
electricity rates for 2027.

**CONSUMER ADVOCATE
SECOND ROUND REQUESTS FOR INFORMATION
CA-NLH-225 to CA-NLH-353**

Issued: September 21, 2026

A. Proposed Rate Adjustments

CA-NLH-225 (Reference CA-NLH-036)

In an effort to establish the sensitivity of proposed rates to costs, how would Hydro's rate proposals in the 2026 GRA be impacted if the Board were to deny \$20 million, \$50 million, \$100 million or \$200 million of the costs included in the revenue requirement in the 2027 Test Year Cost of Service Study? For each case, state the assumed cost categories and customer allocations, and show separately the changes in mitigation funding and rates by customer class.

B. Operations, Reliability, and Customer Service

CA-NLH-226 (Reference: Response to CA-NLH-017, part a)

Further to CA-NLH-017(a), please break down the percentage of satisfied respondents in Table 1 for each year from 2019 to 2025 by satisfaction category, and provide the survey wording and scoring thresholds used.

CA-NLH-227 (Reference: Response to CA-NLH-017, part b)

Further to the response to CA-NLH-017, part b (Attachment 1 – page 21), please explain Hydro's understanding of why customer satisfaction with respect to the price paid for electricity has decreased from 7.0 in 2010 to 6.0 in 2024.

CA-NLH-228 (Reference: Response to CA-NLH-017, part b)

Further to the response to CA-NLH-017, part b (Attachment 1 – page 33), please provide the criteria that were used to assess the various attributes of customer satisfaction as poor, fair, good and excellent and explain why the "*price you pay for electricity*" was assessed as poor between 2014 and 2018 with a score of 48% to 49%, while in 2024 it was assessed as fair with a score of 48%.

CA-NLH-229 (Reference: Response to CA-NLH-017, part d)

Further to the response to CA-NLH-017, part d, please provide specific examples of actions taken by Hydro in response to feedback received from residential customers from the 2019 to 2025 surveys, including the findings in the response to CA-NLH-017, part b, that "*emerging gaps in pricing...indicate areas for targeted improvement.*"

CA-NLH-230 (Reference: Response to CA-NLH-018, part a)

Further to CA-NLH-018(a), please explain how Hydro's asset-management framework is consistent with good utility practice in the absence of a formally documented Strategic Asset Management Plan.

1	CA-NLH-231	(Reference: Response to CA-NLH-018, part b)
2		
3		Further to the response to CA-NLH-018, part b, please provide a summary of (i) the
4		overall asset management maturity assessment/score for Hydro flowing from the 2022
5		Asset Management Needs and Readiness Assessment and (ii) the 39 recommendations
6		for continued improvement.
7		
8	CA-NLH-232	(Reference: Response to CA-NLH-020)
9		
10		CA-NLH-020 states that the Electricity Canada five-year average DAFOR benchmark of
11		6.03% is not used for resource adequacy or long-term planning. Please explain the
12		purpose of including the comparison with Muskrat Falls' 2025 DAFOR of 1.35% in the
13		GRA, and whether and how Hydro uses Muskrat Falls' own DAFOR in resource
14		adequacy and long-term planning.
15		
16	CA-NLH-233	(References: CA-NLH-021; Application, Volume I, Application paragraph 10 and
17		Chapter 6, footnote 34)
18		
19		Please provide (i) the approved amortization period and applicable order for the CDM
20		Cost Deferral Account; (ii) the estimated remaining useful lives of the programs or
21		measures represented by the account balance at December 31, 2027, including the
22		weighting method used to calculate any average; and (iii) a comparison of 2027
23		amortization under the approved method and a method based on useful lives, using the
24		same opening balance, additions and recovery-start assumptions and explaining how the
25		useful-life estimates are applied.
26		
27	CA-NLH-234	(Reference: Response to CA-NLH-028, part a)
28		
29		Further to the response to CA-NLH-028, part a, please explain the similarities and
30		differences between the Hydro vision to be " <i>cost-conscious</i> " in its 2026 to 2030 Strategic
31		Plan (page 3) and the concept of affordability of rates commonly discussed in the electric
32		utility sector.
33		
34	CA-NLH-235	(Reference: Response to CA-NLH-028, part b)
35		
36		Further to the response to CA-NLH-028, part b, please provide the following for each of
37		the Key Business Risks (i) risk quantification (likelihood and impact) (ii) risk tolerance
38		assessment (iii) residual risk assessment and (iv) risk treatment.
39		
40	CA-NLH-236	(Reference: Response to CA-NLH-028, part c)
41		
42		Further to the response to CA-NLH-028, part c, please provide a detailed explanation of
43		how the Hydro 2026 to 2030 Strategic Plan and its three strategic priorities respond to
44		each of the external disruptive/transformational forces (decarbonization, decentralization,
45		democratization, decreased use and digitization) that are reshaping the energy sector
46		during the energy transition.
47		
48	CA-NLH-237	(Reference: Response to CA-NLH-029)
49		
50		Further to the response to CA-NLH-029, please provide or summarize the governance,
51		policy, evaluation criteria and processes that Hydro has established to support the
52		responsible adoption of AI technologies.

1
2 **CA-NLH-238**

(Reference CA-NLH-024)

3
4 It is stated “*Hydro cannot speak to Manitoba Hydro’s Integrated Resource Plan,*
5 *particularly in the context of CDM programming, which is primarily offered on the Island*
6 *Interconnected System by Newfoundland Power.*” Has Hydro done any benchmarking of
7 CDM and customer-owned generation forecasts in NL to amounts attained or proposed
8 in other jurisdictions in an effort to ascertain the reasonableness of its own forecasts and
9 programs? If so, please provide the results of the benchmarking exercise.
10
11

12 **C. Supply Costs and Recovery Mechanics**

13
14 **CA-NLH-239**

(Reference: Response to CA-NLH-032, part b)

15
16 Further to CA-NLH-032(b), Tables 2 and 3, please explain the annual changes in total
17 Muskrat Falls PPA Supply Costs from \$315.3 million in 2027 to \$366.4 million in 2030,
18 separating supply-price escalation, Base Block Energy growth, adjustment interest, other
19 costs and sustaining-capital deferrals. State whether Hydro expects similar annual growth
20 after 2030 and provide the basis for that expectation.
21

22 **CA-NLH-240**

(Reference: Response to CA-NLH-035, part a)

23
24 Further to CA-NLH-035(a), please confirm that Application Tables 5-2 and 5-5 show a
25 \$129.7 million decrease in No. 6 and Other fuel costs, a \$40.2 million increase in net
26 export revenue and an \$18.3 million increase in transmission tariff revenue between the
27 2019 and 2027 Test Years, totalling \$188.2 million in revenue-requirement reductions.
28 For each component, explain the portion attributable to the Muskrat Falls Project and any
29 other drivers. This request concerns those identified changes, rather than a complete
30 “*without Muskrat Falls*” revenue requirement.
31

32 **CA-NLH-241**

(Reference: Response to CA-NLH-043, parts a and b)

33
34 Further to the responses to CA-NLH-043, parts a and b, please explain and reconcile (i)
35 how the 2027 Test Year monetized NLH Deferred Energy of \$38.1 million relates to the
36 Muskrat Falls Export revenue of \$83.0 million and (ii) how the 2030 Forecast monetized
37 NLH Deferred Energy of \$26.8 million relates to the Muskrat Falls Export revenue of
38 \$57.3 million.
39

40 **CA-NLH-242**

(Reference: Response to CA-NLH-043, part b)

41
42 Further to the response to CA-NLH-043, part b, please explain why the monetized NLH
43 Deferred Energy is forecast to decrease from \$38.1 million in the 2027 Test Year to \$26.8
44 million in 2030.
45

1 **CA-NLH-243** (Reference: Response to CA-NLH-044, part b)
2
3 Further to CA-NLH-044(b), Tables 2 and 3, please explain the annual changes in total
4 LTA Payments from \$49.4 million in 2027 to \$54.5 million in 2030, separating supply-
5 price escalation, Base Block Energy growth, adjustment interest, operating costs and
6 sustaining-capital costs. State whether Hydro expects similar annual growth after 2030
7 and provide the basis for that expectation.
8

9 **CA-NLH-244** (Reference: Response to CA-NLH-045, parts a and b)
10
11 Further to CA-NLH-045(a) and (b), please explain the decreases in return on equity from
12 \$207.5 million in 2027 to \$200.2 million in 2030 and net interest from \$103.6 million to
13 \$98.1 million. Provide a bridge showing the effects of changes in partnership equity
14 balances, sustaining capital, debt balances and interest earned on the financing-related
15 bank accounts.
16

17 **CA-NLH-245** (Reference: Response to CA-NLH-048, part a)
18
19 Further to the response to CA-NLH-048, part a, please explain why Hydro does not
20 anticipate that its business model will materially change through the energy transition –
21 given the external disruptive/transformational forces (decarbonization, decentralization,
22 democratization, decreased use and digitization) that are reshaping the energy sector
23 during the energy transition.
24
25

26 **D. Rate Mitigation, Affordability, Net Export Revenue & the Post-2030 Rate Path**

27
28 **CA-NLH-246** (Reference: Response to CA-NLH-059, part a)
29
30 Further to the response to CA-NLH-059, part a, in which Hydro indicates that the amount
31 of required rate mitigation is a back-calculation of the amount required to achieve the
32 target annual rate increases of 2.25% to 2030 – please explain if the Board were to direct
33 reductions to the 2027 Test Year revenue requirements for non-Muskrat Falls costs, if the
34 required level of rate mitigation (\$502 million) for the 2027 Test Year would decrease by
35 a corresponding amount.
36

37 **CA-NLH-247** (Reference: Response to CA-NLH-059, part d)
38
39 Further to the response to CA-NLH-059, part d, Hydro did not provide a description and
40 breakdown of the internally generated sources of rate mitigation (excluding LCP
41 dividends and Government of Canada debenture funding) as requested, indicating such
42 funds are managed on a pooled basis. Please provide examples of internally generated
43 sources of rate mitigation (excluding LCP dividends and Government of Canada
44 debenture funding) for the 2027 Test Year to the 2030 Forecast.
45

46 **CA-NLH-248** (Reference: Response to CA-NLH-060, part c)
47
48 Further to the response to CA-NLH-060, part c, please provide an estimate of the annual
49 principal and interest repayments commencing in January of 2042 if the Government of
50 Canada convertible debenture is not converted to Class B LP units.
51

1 **CA-NLH-249** (Reference: Response to CA-NLH-060, part d)
2
3 Further to the response to CA-NLH-060, part d (which was cross referenced to PUB-
4 NLH-069), Hydro provided a forecast of total rate mitigation funding in 2030 of \$331.3
5 million and a footnote (footnote 3) indicating that \$346.5 million of required mitigation
6 funding is excluded from the \$331.3 million forecast as it is to be received in the first
7 quarter of 2031.
8
9 (a) Please confirm that \$331.3 million plus \$346.5 million totals \$677.8 million, and
10 explain whether that total funds only 2030 costs or includes amounts attributable to
11 other cost years.
12 (b) Using the cost-year reconciliation requested in CA-NLH-250, compare the mitigation
13 required for 2030 costs with the \$448.4 million to \$502.0 million annual amounts for
14 the 2027 Test Year through the 2029 Forecast, and explain the differences.

15 **CA-NLH-250** (References: PUB-NLH-068 and PUB-NLH-069 (filed September 14, 2026), including
16 PUB-NLH-069, p. 1, Table 1 and footnote 3; CA-NLH-063, CA-NLH-196 and CA-
17 NLH-198; CA-NLH-249 above; OC2024-062(b)–(c))
18
19 (a) Provide annual continuity schedules for the existing Supply Cost Variance Deferral
20 Account (SCVDA) and proposed Long-Term SCVDA from December 31, 2026
21 through settlement of costs incurred in 2030. Show opening and closing balances,
22 costs, revenues, mitigation recognized, cash received by source and cost year,
23 financing and transfers between accounts. Show the disposition of the 2023 SCVDA
24 balance covered by OC2024-062(c), including any amount still outstanding at
25 December 31, 2026. Explain the entries by which customer-funded balances are
26 “*extinguished*” annually.
27 (b) Identify the cost years funded by \$331.3 million forecast receipts in 2030 and \$346.5
28 million expected in Q1 2031. Reconcile their \$677.8 million sum to annual
29 requirements without double counting.
30 (c) For each funding source, identify the payer, amount, commitment status, conditions,
31 required approvals and expected receipt date, distinguishing any binding due date.
32 State who bears a funding shortfall or financing cost caused by delay, and identify
33 any authority relied upon to recover those amounts from customers.
34

35 **CA-NLH-251** (Reference: CA-NLH-116; PUB-NLH-105; NP-NLH-120)
36
37 Please provide a table for Newfoundland Power, Island Industrial Customers and Rural
38 Island Interconnected customers showing each group’s dollar amount and percentage
39 share of 2027 Test Year Muskrat Falls Project costs under the Power Purchase Agreement
40 and Transmission Funding Agreement, and of rate mitigation funding. State each
41 denominator, reconcile total payments under the agreements to the \$721.85 million
42 allocated amount in NP-NLH-120, identifying exclusions or other adjustments, and
43 explain any difference between the cost and mitigation percentage shares.
44

1 **CA-NLH-252** (Reference: CA-NLH-116; PUB-NLH-105; COS Study; Sch F)
2
3 Please provide a table for each affected customer class comparing: i) the 2027 revenue-
4 to-cost ratio resulting from Hydro’s proposed rates; ii) the 2027 revenue-to-cost ratio that
5 would result if the Government’s 2.25% annual rate increase target for Island Domestic
6 customers did not apply and rates were instead established based on Hydro’s otherwise
7 applicable cost-of-service and rate-design methodology; and iii) whether application of
8 the 2.25% annual rate increase target results in the customer class being closer to or
9 further from a revenue-to-cost ratio of 1.00. State the mitigation funding assumed in each
10 case and explain any difference. Hold underlying 2027 costs and allocation inputs
11 constant, and identify any other change needed to implement the scenario.
12

13 **CA-NLH-253** (References: CA-NLH-057; CA-NLH-195, Attachment 1; CA-NLH-198; CA-NLH-
14 204; Volume I, Schedule D-V; OC2024-062 and OC2024-063; Hydro Corporation Act,
15 2024, section 4)
16
17 (a) Identify funding assumed for 2031 costs, its basis and conditions, separately from
18 settlement of 2030 costs. State whether and how OC2024-063 applies after
19 amalgamation and 2030, its relationship to OC2024-062 and any amendments.
20 Provide existing transition analysis.
21 (b) For an illustrative 2031 scenario, calculate the full-year 2031 mitigation required to
22 continue the Hydro-attributable 2.25% annual increase target for domestic customers.
23 Use 2030 as the base year and hold operating-cost, load, fuel-price, purchased-power-
24 price, export-price, allocation and return assumptions constant; identify scheduled
25 recovery changes and the capital and depreciation assumptions used. Test funding at
26 100%, 75% and 0% of the calculated requirement. Show the funding gap and
27 customer-class effects under immediate recovery and deferral. State the assumed
28 rate-effective dates and retail pass-through.
29 (c) Compare four-year and eight-year recovery beginning in 2027 for the Phase Two
30 Hearing Costs Deferral Account and Reliability and Resource Adequacy Study
31 Review Deferral Account, including financing. Show annual combined recovery
32 through 2034 with the other obligations in CA-NLH-195, Attachment 1,
33 distinguishing proposed recovery, approved recovery and recognition-account
34 reversals. Assess whether a post-2030 funding and recovery plan filed by December
35 31, 2028, followed by annual updates, would allow timely review of customer
36 impacts; explain any preferred alternative.
37
38

39 **E. Operating Costs and Productivity**

40
41 **CA-NLH-254** (Reference: Response to CA-NLH-065, part a)
42
43 Further to CA-NLH-065(a) and NP-NLH-035, please confirm that the compounded
44 increases from the 2019 Test Year to the 2027 Test Year of approximately 32% for non-
45 labour costs and 25% for labour costs imply compound annual growth rates over eight
46 years of approximately 3.5% and 2.8%, respectively. Provide the calculations using
47 unrounded inflation factors.
48

1	CA-NLH-255	(Reference: Response to CA-NLH-067, part b)
2		
3		Further to CA-NLH-067(b), Table 1, please confirm that gross labour costs, before
4		deducting amounts deferred to the General Expenses Capitalized Deferral Account,
5		increase from \$85.5 million in the 2019 Test Year to \$103.0 million in the 2027 Test
6		Year: an increase of \$17.5 million, or approximately 20.5%, equivalent to a compound
7		annual growth rate of approximately 2.4% over eight years.
8		
9	CA-NLH-256	(References: CA-NLH-068, Table 1; NP-NLH-035, Tables 3 and 4)
10		
11		Using the \$136 million 2019 Test Year operating-cost baseline in NP-NLH-035, Table
12		3, and the \$163 million 2027 Test Year amount including costs deferred to the General
13		Expenses Capitalized Deferral Account in CA-NLH-068, Table 1, please confirm an
14		increase of approximately \$27 million, or 19.9%, equivalent to a compound annual
15		growth rate of 2.3% over eight years. Reconcile the \$133 million 2019 entry in CA-NLH-
16		068, Table 1, to the 2019 Actual and Test Year amounts.
17		
18	CA-NLH-257	(Reference: Response to CA-NLH-069, part a)
19		
20		Further to the response to CA-NLH-069, part a, please explain why Hydro did not
21		propose a self-imposed productivity allowance of greater than \$4.0 million for the 2027
22		Test Year to account for the inflation since the 2019 Test Year with respect to the \$4.0
23		million productivity allowance directed by the Board in Order No. P.U. 16(2019).
24		
25	CA-NLH-258	(Reference: Response to CA-NLH-071)
26		
27		Further to the response to CA-NLH-071 (Attachment 1), please provide detailed variance
28		explanations with respect to the salary increases between the 2019 Test Year and 2027
29		Test Year for the following business units (i) Transmission & Distribution (ii) Production
30		(iii) Engineering Services (iv) Major Projects and (v) People, Culture & Corporate
31		Affairs.
32		
33	CA-NLH-259	(Reference: Response to CA-NLH-074)
34		
35		Further to the response to CA-NLH-074 (Attachment 1), please provide detailed
36		explanations with respect to the reasons for the increases in FTEs between the 2025
37		Actual and 2027 Test Year for the following business units (i) Major Projects & Asset
38		Management (ii) Production and (iii) Transmission & Distribution.
39		
40	CA-NLH-260	(Reference: Response to CA-NLH-076, part a)
41		
42		Further to CA-NLH-076(a) and Volume II, Exhibit 6, Appendix I, please confirm which
43		employee groups use the “ <i>Utilities Reference</i> ” and “ <i>Select Canadian Utilities</i> ”
44		comparator groups. Explain how each group’s results, including the primary and
45		secondary references for executives, informed the compensation adjustments included in
46		the 2027 Test Year, and identify any departure from Southlea’s recommendations.
47		
48	CA-NLH-261	(Reference: Application, Tables 3-1, 3-2 and 3-3, pages 3.4, 3.5 and 3.7)
49		
50		Please extend Table 3-1, Table 3-2 and Table 3-3 to include the 2028 Forecast to 2030
51		Forecast and provide variance explanations for material increases and decreases as
52		compared to the 2027 Test Year amounts.

F. Revenue Requirements

CA-NLH-262 (Reference: Response to CA-NLH-081, part b)

Further to CA-NLH-081(b), please estimate, for each year from 2028 through 2030, the incremental revenue requirement relative to the 2027 Test Year arising from the capital investment forecasts in that response. Show depreciation, financing or return on rate base, and related operating costs separately, and state the assumed in-service dates, retirements and deferral or capitalization treatment without double counting financing costs.

CA-NLH-263 (Reference: Response to CA-NLH-082, part b)

Further to the response to CA-NLH-082, part b, please explain the reasons for the lower price and volumes and provide the calculations associated with the decrease in net export revenue from \$40.2 million in the 2027 Test Year to \$29.7 million in the 2030 Forecast.

CA-NLH-264 (Reference: Response to CA-NLH-083, part b)

Further to the response to CA-NLH-083, part b, (which was cross referenced to the response to PUB-NLH-098), please provide the detailed calculation used to derive the Muskrat Falls expense lead of 7.8 days.

CA-NLH-265 (References: PUB-NLH-098, Attachments 1–2; NP-NLH-075 through NP-NLH-077; CA-NLH-063; CA-NLH-083(b)–(c); CA-NLH-264 above)

- (a) Reproduce the \$115.1 million Muskrat Falls working-capital allowance included in rate base, including component payment dates, the 36-day mitigation lag, 44.5-day revenue lag and HST adjustment. Identify the receipts that fund the \$806 million of expenses and explain why approximately \$585 million is used as the revenue-weighting base. Reconcile receipts excluded from that base and Churchill Falls purchases with the other working-capital calculations and customer-class allocations.
- (b) Recalculate the allowance and annual return using: (i) filed lead/lag timing; (ii) the latest expected cash receipt and payment dates; and (iii) unchanged annual mitigation allocated proportionately to the dates of the corresponding supply payments. State the assumptions and explain any implementation objections separately.
- (c) Reconcile the amounts and periods financed through this allowance, the SCVDA and other working-capital recovery. Identify any overlap and show the exclusions or offsets that prevent duplicate recovery.

CA-NLH-266 (Reference: Response to CA-NLH-083, part d)

Further to the response to CA-NLH-083, part d, (which was cross referenced to the response to PUB-NLH-008), please provide the Rate Base detailed line items contained in the original Table 5-7 of the Application for the 2028 Forecast to 2030 Forecast period.

1 **CA-NLH-267** (Reference: Response to CA-NLH-084, part b)

2
3 Further to the response to CA-NLH-084, part b, please explain why Hydro is not able to
4 provide Schedules D-I and D-II for the 2028 Forecast to 2030 Forecast period.
5
6

7 **G. Depreciation and Asset Service Lives**

8
9 **CA-NLH-268** (Reference: Response to CA-NLH-090, parts a and b)

10
11 Further to CA-NLH-090, part a (Table 1) and part b (Table 2), please show separately
12 where the \$7.3 million reduction from the depreciation study changes is included in the
13 components of the \$31.9 million net increase in depreciation and accretion between the
14 2019 and 2027 Test Years. Reconcile the revised breakdown to the \$31.9 million total
15 without double counting.
16

17 **CA-NLH-269** (Reference: Response to CA-NLH-090, parts b and c)

18
19 Further to the response to CA-NLH-090, parts b (Table 2) and c (with part c being cross
20 referenced to the response to PUB-NLH-076), please provide summary explanations of
21 the most material proposed useful life changes in the depreciation study for each of the
22 following plant categories provided in part b of the response: (i) Computer Software (ii)
23 Distribution (iii) General Plant (iv) Hydraulic Generation (v) Information Systems &
24 Telecoms and (vi) Transmission Lines.
25
26

27 **H. Finance and Cost of Capital**

28
29 **CA-NLH-270** (Reference: Response to CA-NLH-096, part a)

30
31 Further to the response to CA-NLH-096, part a, please (i) provide the sources and
32 calculation of the forecast 0.93% indicative 30-year provincial spread for Debt Series 4A
33 and 5A (ii) compare this forecast spread with the current provincial spread in the financial
34 markets and (iii) provide a detailed explanation for any material differences between the
35 forecast provincial spread and the current provincial spread.
36

37 **CA-NLH-271** (Reference: Response to CA-NLH-096, part c)

38
39 CA-NLH-096, part c, states that the disallowed debt guarantee fees are excluded and
40 restates Table 5-11 without changing the \$136.7 million return on rate base. Please
41 reconcile the original and restated calculations, showing how the \$8.792 million
42 exclusion is treated in net interest, net income, return on rate base and total revenue
43 requirement. Demonstrate whether any portion is recovered from ratepayers and explain
44 the basis for any such recovery.
45

- 1 **CA-NLH-272** (Reference: Response to CA-NLH-100, part a)
- 2
- 3 Further to CA-NLH-100, part a (Table 1 and footnotes 2 and 3), please explain how
- 4 interest rates are set for promissory notes and credit-facility drawings, including whether
- 5 each rate is fixed for the borrowing term or resets during that term. Reconcile the fixed-
- 6 rate classification with CORRA-based pricing and distinguish the pricing of actual
- 7 borrowings from the forecast-rate assumptions.
- 8
- 9 **CA-NLH-273** (Reference: Response to CA-NLH-100, part a)
- 10
- 11 Further to the response to CA-NLH-100, part a, please provide a summary of the terms
- 12 and conditions of Hydro's (i) promissory note program and (ii) committed credit facility.
- 13
- 14 **CA-NLH-274** (Reference: Response to CA-NLH-100, part c)
- 15
- 16 Further to the response to CA-NLH-100, part c, please (i) explain why there is no short-
- 17 term variable-rate debt or no long-term variable-rate debt in Hydro's total debt portfolio
- 18 and (ii) provide a forecast of the interest rate at which Hydro could access short-term
- 19 variable-rate debt and the interest rate at which Hydro could access long-term variable-
- 20 rate debt in the 2027 Test Year.
- 21
- 22 **CA-NLH-275** (Reference: Response to CA-NLH-100, part d)
- 23
- 24 Further to the response to CA-NLH-100, part d, please explain if Hydro's debt
- 25 management strategies (including guidelines on the use of variable-rate debt in the debt
- 26 portfolio) have been reviewed by the Board at a past GRA proceeding. If so, please
- 27 provide the reference to the applicable Board Order associated with such a review.
- 28
- 29

30 **I. Cost of Service**

- 31
- 32 **CA-NLH-276** (Reference: NP-NLH-120)
- 33
- 34 NP-NLH-120 identifies a \$17.86 million "*Change in Costs*" for Island Industrial
- 35 Customers between the 2019 and 2027 Test Years attributable collectively to changes in
- 36 supply costs, other Test Year costs, functionalization, classification, load and allocation
- 37 factors. Please quantify the portion of the \$17.86 million attributable to changes in the
- 38 underlying costs included in Hydro's revenue requirement, holding functionalization,
- 39 classification and customer allocation factors constant.
- 40
- 41 **CA-NLH-277** (Reference: CA-NLH-109; NP-NLH-120)
- 42
- 43 Please quantify the portion of the \$17.86 million "*Change in Costs*" shown for Island
- 44 Industrial Customers in NP-NLH-120 attributable to changes in the functionalization and
- 45 classification of costs between the 2019 and 2027 Test Years, holding the underlying
- 46 costs and customer allocation factors constant.
- 47

1	CA-NLH-278	(Reference: CA-NLH-110; NP-NLH-120)
2		
3		Please quantify separately the change in the 2027 allocated cost of service of
4		Newfoundland Power, Island Industrial Customers and Rural Island Interconnected
5		customers attributable to the change from the 2019 Test Year to the 2027 Test Year in
6		each of the demand, energy and transmission allocation factors identified in NP-NLH-
7		120, holding total 2027 costs and functionalization and classification constant.
8		
9	CA-NLH-279	(Reference: NP-NLH-120)
10		
11		Please quantify the portion of the \$17.86 million change in costs shown for Island
12		Industrial Customers in NP-NLH-120 that represents a reduction in Hydro's total costs
13		to serve customers, as distinct from costs that remain in Hydro's revenue requirement but
14		are allocated to other customer classes in the 2027 Cost of Service Study.
15		
16	CA-NLH-280	(Reference: CA-NLH-109; CA-NLH-110; NP-NLH-120)
17		
18		Using the responses to CA-NLH-276 through CA-NLH-279, please provide a
19		reconciliation of the \$17.86 million decrease reported as " <i>Change in Costs</i> " for Island
20		Industrial Customers in NP-NLH-120. State the baseline values and order of substitutions
21		used to separate cost, functionalization/classification and customer-allocation effects;
22		identify interactions and any residual. Treat CA-NLH-279 as a distinction within those
23		effects, not an additional component, and retain NP-NLH-120's exclusion of direct
24		project-related costs.
25		
26	CA-NLH-281	(Reference: CA-NLH-109)
27		
28		Please explain and provide any sensitivity analysis, reconciliation or other analysis
29		undertaken by Hydro to assess and test the reasonableness of the overall results of the
30		2027 Test Year Cost of Service Study, including whether the resulting changes in
31		allocated cost responsibility among customer classes were reasonable. If Hydro did not
32		undertake any such analysis, please explain why not.
33		
34	CA-NLH-282	(Reference: CA-NLH-001(c); CA-NLH-117)
35		
36		In CA-NLH-001(c), Hydro states that providing Island Industrial Customers with a rate
37		increase similar to Newfoundland Power would require Hydro " <i>to propose a different</i>
38		<i>method for the allocation of costs in the Cost-of-Service Study.</i> " Please explain why
39		Hydro considers a change to the approved cost-of-service allocation methodology
40		necessary to establish Island Industrial rates at a revenue-to-cost ratio other than 1.00,
41		given that an RCC other than 1.00 can be achieved by changing the revenues recovered
42		from the customer class without changing the costs allocated to that class in the Cost-of-
43		Service Study.
44		

1	CA-NLH-283	(Reference: CA-NLH-001; CA-NLH-117)
2		
3		Hydro states in CA-NLH-117 that the targeted RCC for Island and Labrador Industrial
4		Customers is 1.00. Please explain the basis and rate design rationale for targeting an RCC
5		of exactly 1.00 for Industrial Customers, including whether Hydro regards 1.00 as a
6		precise measure of the costs caused by the class or as a benchmark produced by the
7		approved Cost of Service methodology. As part of the response, please identify any
8		legislation, Government direction, Board order, settlement agreement, Hydro policy or
9		accepted rate-design principle that Hydro considers requires or supports rates to be set at
10		unity (i.e. 1.00).
11		
12	CA-NLH-284	(Reference: CA-NLH-001; CA-NLH-117)
13		
14		CA-NLH-117 states that Hydro does not target a specific RCC bandwidth for customer
15		classes affected by the Rural Deficit but does not address whether a reasonable range
16		around unity may be used for Industrial Customers. Please explain whether Hydro
17		considers a reasonable range around unity to be an appropriate rate design concept for
18		Industrial Customers and, if so, why no alternative Island Industrial rate design within
19		such a range was considered.
20		
21	CA-NLH-285	(Reference: CA-NLH-001; CA-NLH-117; Schedule F)
22		
23		Please provide a table showing, for Island Industrial RCCs of 0.95, 1.00 and 1.05, the
24		resulting Island Industrial annual revenue, average percentage rate change and
25		corresponding change in revenue to be recovered from Newfoundland Power and Rural
26		Island Interconnected customers, holding Hydro's total revenue requirement, Cost of
27		Service allocation and total rate mitigation funding constant. As part of the response,
28		please explain how the resulting Island Industrial revenue difference is apportioned
29		between the remaining classes.
30		
31	CA-NLH-286	(Reference: CA-NLH-117; PUB-NLH-104; CA-NLH-138; CA-NLH-146; IIC-NLH-
32		022)
33		
34		Using the Cost-of-Service sensitivities for system load factor, NP generation credit, wind-
35		purchase classification and Holyrood fuel classification cited above, please provide the
36		resulting range of Island Industrial allocated 2027 Cost of Service and corresponding
37		RCC at Hydro's proposed Island Industrial revenues. Use a common 2027 base with total
38		rate mitigation and all inputs other than the specified sensitivity held constant; reconcile
39		any differences from the previously filed sensitivity results. Show each sensitivity
40		separately and identify the low and high results and their assumptions. Do not combine
41		assumptions Hydro considers mutually inconsistent.
42		
43	CA-NLH-287	(Reference: CA-NLH-117; responses to Cost of Service sensitivity RFIs)
44		
45		Please explain whether Hydro has assessed the combined uncertainty in the Island
46		Industrial Cost of Service result arising from reasonably plausible variation in material
47		Cost of Service inputs and assumptions. As part of the response, please provide the
48		analysis.
49		

1	CA-NLH-288	(Reference: CA-NLH-005 to CA-NLH-014; NP-NLH-120)
2		
3		Please quantify the change in the 2027 allocated Cost of Service of NP, Island Industrial
4		Customers and Rural Island Interconnected customers resulting from a 5% reduction and
5		a 5% increase in forecast Island Industrial annual energy requirements, holding Hydro's
6		total costs, approved Cost of Service methodology and all other load assumptions
7		constant.
8		
9	CA-NLH-289	(Reference: CA-NLH-006, Table 1; PUB-NLH-061)
10		
11		Using the largest percentage shortfall in aggregate Island Industrial annual energy
12		requirements relative to forecast identified for the period 2019 through 2025, please
13		calculate the resulting 2027 allocated Cost of Service of NP, Island Industrial Customers
14		and Rural Island Interconnected customers if an equivalent percentage reduction occurred
15		relative to the 2027 Island Industrial load forecast, holding total Hydro costs and all other
16		load assumptions constant. Use the unrounded shortfall and identify the historical year
17		and source values.
18		
19	CA-NLH-290	(Reference: PUB-NLH-061)
20		
21		For reductions of 10% and 25% in Island Industrial billing demand and energy relative
22		to the 2027 Test Year forecast, applied proportionately to each customer's monthly
23		billing demand and energy, please quantify the annual reduction in demand, Block 1 and
24		Block 2 revenue. Hold proposed rates and export-price assumptions constant, identify
25		any contractual or billing constraints, and show the incremental net export revenue or
26		other supply-cost offset recognized through the LT-SCVDA or another mechanism and
27		the remaining revenue shortfall.
28		
29	CA-NLH-291	(Reference: PUB-NLH-061)
30		
31		PUB-NLH-061 indicates that, following the loss of a large Industrial customer, Hydro
32		could consider an application for deferral and recovery of lost revenue. Please identify
33		the circumstances in which Hydro would consider seeking such recovery and, for any
34		resulting deferred amount, identify the customer class or classes from which Hydro would
35		propose recovery and the basis for that allocation.
36		
37	CA-NLH-292	(Reference: PUB-NLH-061; Island Industrial rate design)
38		
39		Please quantify the amount of fixed or demand-related 2027 costs recovered from Island
40		Industrial Customers through the proposed demand charge and through Block 1 energy
41		charges, respectively, and quantify the reduction in recovery of those fixed or demand-
42		related costs resulting from a 10% and 25% reduction in Island Industrial energy
43		requirements with billing demand unchanged.
44		
45	CA-NLH-293	(Reference: PUB-NLH-061)
46		
47		PUB-NLH-061 indicates that Industrial service agreements typically include a demand-
48		related liquidated damages amount based in part on the applicable Firm Power Demand
49		rate. Please quantify, for each existing Island Industrial customer or on an aggregate basis
50		if customer-specific information is confidential, the demand-related liquidated damages
51		that would apply under existing rates and under Hydro's proposed rates, and the
52		percentage reduction resulting from the proposed change in the Firm Power Demand rate.

1
2 **CA-NLH-294**

(Reference: PUB-NLH-061; Specifically Assigned Assets Report)

3
4 For each existing Island Industrial customer, please identify the remaining unrecovered
5 capital cost associated with specifically assigned plant and identify the amount that would
6 be recoverable through applicable liquidated-damages, termination or other contractual
7 provisions if the customer permanently ceased operations. As part of the response, please
8 also identify any residual unrecovered specifically assigned cost that could remain
9 following application of those provisions and explain how Hydro would propose to
10 recover that amount.

11
12 **CA-NLH-295**

(Reference: PUB-NLH-061; NP-NLH-120)

13
14 For a permanent 25% reduction in aggregate Island Industrial demand and energy
15 requirements, please explain separately the financial consequences to Newfoundland
16 Power and Rural Island Interconnected customers during the period before Hydro's next
17 Cost of Service Study and following the next Cost of Service Study, including the
18 reallocation of fixed or common costs that would remain in Hydro's revenue requirement.

19
20 **CA-NLH-296**

(Reference: 2027 TY Load Forecast; 2027 Cost of Service Study)

21
22 Please explain how Hydro's expectations regarding decarbonization, electrification,
23 decreased use and other changes in electricity consumption have been reflected in the
24 2027 Test Year load forecast used for cost allocation and rate design. As part of the
25 response, identify any material differences in the expected impacts of these factors among
26 Newfoundland Power, Island Industrial, Rural Island Interconnected, Labrador
27 Interconnected and Labrador Industrial customers and explain how such differences are
28 reflected in the respective energy and demand forecasts used in the Cost-of-Service
29 Study.

30
31 **CA-NLH-297**

(Reference: CA-NLH-011; CA-NLH-220 to CA-NLH-224; Hydro Capital and System
32 Planning)

33
34 Please identify any material generation, transmission or other common system capital
35 expenditure included in the 2027 Test Year or Hydro's current capital or system plans for
36 which the need, timing or sizing is materially affected by forecast existing or new
37 Industrial load. For each such expenditure, provide the forecast Industrial demand or
38 energy assumption upon which the need, timing or sizing materially depends and the
39 associated capital cost.

40
41 **CA-NLH-298**

(Reference: CA-NLH-297)

42
43 For the capital expenditures identified in CA-NLH-297 above, please explain how the
44 associated revenue requirement would be allocated if the Industrial load underpinning the
45 need, timing or sizing of the investment does not materialize or subsequently materially
46 declines, and identify any contractual, contribution, minimum-load, termination or other
47 mechanism that would prevent the resulting cost from being reallocated to existing
48 customers.
49

1	CA-NLH-299	(Reference: CA-NLH-117; Rural Deficit allocation)
2		
3		Please confirm whether the approved Rural Deficit allocation methodology and the
4		amount of Rural Deficit allocated to Newfoundland Power would remain unchanged if
5		Island Industrial rates were designed to produce an RCC greater than 1.00, holding all
6		other Cost of Service inputs constant.
7		
8	CA-NLH-300	(Reference: Labrador Industrial proposed transmission demand rate; IOC-NLH-010 to
9		IOC-NLH-018)
10		
11		For Labrador Industrial transmission demand rates of \$1.50/kW/month, \$2.00/kW/month
12		and \$2.50/kW/month, please show the resulting annual Labrador Industrial revenue and
13		the difference from proposed revenue. Holding total Labrador Interconnected revenue
14		requirement, all other proposed rates and billing determinants constant, quantify the
15		resulting revenue deficiency or surplus. Separately, calculate the illustrative average rate
16		adjustment for Rural Labrador Interconnected customers if that difference were
17		recovered from or returned to them, and explain the assumed allocation.
18		
19	CA-NLH-301	(Reference: Volume I, section 6.7.7; PUB-NLH-062)
20		
21		PUB-NLH-062 confirms that no customer currently takes service under the Island
22		Industrial Wheeling Rate and that no wheeling revenue was recorded from 2019 through
23		2025. Please confirm whether discontinuing that rate changes any costs or revenues in
24		the 2027 Test Year or their allocation among customer classes. If so, quantify and explain
25		the changes; if not, explain how costs associated with any future wheeling service would
26		be recovered through the open access tariff.
27		
28	CA-NLH-302	(Reference: OIC OC2024-062; 2027 Cost of Service Study)
29		
30		Please identify which, if any, Cost of Service inputs, allocation factors or customer class
31		revenue-to-cost ratios Hydro anticipates updating in establishing annual rate adjustments
32		for 2028 through 2030.
33		
34	CA-NLH-303	(Reference: Order in Council OC2024-062; 2027 Cost of Service Study)
35		
36		Please explain how material changes in customer class loads or cost responsibility arising
37		after the 2027 Test Year would be reflected in rates for 2028 through 2030 prior to
38		Hydro's next Cost of Service Study.
39		
40	CA-NLH-304	(Reference: 2027 TY Cost of Service Study; Post 2027 Rates)
41		
42		If the annual rate adjustment process for 2028 through 2030 does not include an updated
43		Cost of Service Study, please explain how Hydro would address a material change in
44		relative cost responsibility among customer classes during that period.
45		

1	CA-NLH-305	(Reference: CA-NLH-109; 2027 Test Year Cost of Service Study)
2		
3		In CA-NLH-109, Hydro states that the Island Interconnected System has transitioned
4		from an isolated system to an integrated system connected to the North American grid
5		and that the resulting cost structure differs materially from that which existed at the time
6		of the 2017 GRA. Please identify any review or assessment undertaken by Hydro to
7		determine whether the Cost-of-Service functionalization, classification and allocation
8		methodologies remain appropriate given this material change in the Island Interconnected
9		System and its cost structure. If no such review or assessment has been undertaken, please
10		confirm.
11		
12	CA-NLH-306	(Reference: CA-NLH-109; 2027 Cost of Service Study)
13		
14		If Hydro considers that the 2027 Test Year Cost of Service methodology appropriately
15		reflects the transition identified in CA-NLH-109, please identify the material
16		functionalization, classification and allocation methodologies that reflect the
17		interconnected nature of the Island Interconnected System and explain how each
18		methodology reflects the characteristics of the interconnected system.
19		
20	CA-NLH-307	(Reference: CA-NLH-109; 2027 Cost of Service Study)
21		
22		Please identify any material Cost of Service functionalization, classification or allocation
23		methodology that remains based on, or substantially unchanged from, the methodology
24		applicable when the Island Interconnected System operated as an isolated system and
25		explain why Hydro considers that methodology continues to be appropriate following the
26		transition identified in CA-NLH-109.
27		
28	CA-NLH-308	(Reference: CA-NLH-109; CA-NLH-306; 2027 Cost of Service Study)
29		
30		For each material Cost of Service methodology identified in CA-NLH-306 as reflecting
31		the transition to an interconnected system, please quantify the impact on 2027 allocated
32		cost of service for Newfoundland Power, Island Industrial Customers and Rural Island
33		Interconnected customers relative to the corresponding methodology used in the 2019
34		Test Year. Hold 2027 costs, loads and total rate mitigation constant and identify the
35		comparator and any assumptions needed. Show each material methodology change
36		separately and, where practicable, the combined impact.
37		
38	CA-NLH-309	(Reference CA-NLH-015)
39		
40		In an effort to determine if assets are being treated in a consistent manner in the 2027
41		Test Year Cost of Service Study for the Island Interconnected System please provide the
42		following.
43		
44		(a) The criteria used to determine classifications and allocations for each generation and
45		transmission asset and the rationale for using the criteria.
46		(b) The planning criteria used to plan the IIS and those that influence classifications and
47		allocations in the cost of service study.
48		(c) The forecast capacity reserve margin in 2027 and the target capacity reserve margin
49		in 2027.
50		(d) Any adjustments to the 2027 Test Year Cost of Service Study that Hydro has made
51		to account for differences between the forecast capacity reserve margin and the target
52		capacity reserve margin.

1
2 **CA-NLH-310**

(Reference CA-NLH-025)

3
4 It is stated “*The requested information relates specifically to Newfoundland and*
5 *Labrador Hydro’s (“Hydro”) 2025 Build Application and Reliability and Resource*
6 *Adequacy Study Review proceeding.*” The context of the RFI relates to the various
7 classifications and allocations used in the 2027 Test Year Cost of Service Study. In this
8 context, please provide the following.
9

- 10 (a) What is the risk of loss-of-load in 2027 during the winter and non-winter months, and
11 how much of this is attributable to the unreliability of i) the LIL, and ii) Holyrood?
12 (b) What is the risk of loss-of-load in 2027 during a LIL Shortfall Event?
13 (c) What is Hydro’s target capacity reserve margin in 2027 based on: 1) its operating
14 criterion, 2) its LOLH criterion, and 3) the LIL Shortfall Event criterion, and which
15 of these criteria is used to define the number of Holyrood TGS units required for
16 service?
17 (d) Why is it necessary to have a LIL shortfall event criterion in addition to the LOLH
18 criterion which assumes different LIL outage probabilities?
19

20 **CA-NLH-311**

(Reference CA-NLH-035)

21
22 Using the 2027 Test Year studies with and without rate mitigation, provide the following
23 average rates in cents per kWh using consistent annual billing quantities and effective
24 dates. State which riders are included and the assumptions used to translate Hydro’s
25 wholesale rates into Newfoundland Power domestic retail rates.
26

- 27 (a) What would be the average rate on the IIS based on the 2027 Test Year Cost of
28 Service Study with and without rate mitigation?
29 (b) What would be the average rate for NP Domestic Customers based on the 2027 Test
30 Year Cost of Service Study with and without rate mitigation?
31

32 **CA-NLH-312**

(Reference CA-NLH-117, Table 1)

33
34 CA-NLH-117, Table 1, reports an unmitigated revenue-to-cost ratio of 1.09 for
35 Newfoundland Power, while the accompanying explanation states that rates would need
36 to be redesigned to recover the higher unmitigated revenue requirement. Please identify
37 the revenue and cost amounts underlying that ratio. Then calculate each customer class’s
38 ratio using revenues from Hydro’s proposed rates and the unmitigated allocated cost of
39 service, with no rate mitigation, and explain the differences from Table 1.
40

41 **CA-NLH-313**

(Reference CA-NLH-134)

42
43 CA-NLH-134 states that a Labrador-Island Link shortfall event or other generating-
44 facility unplanned outage would not influence the proposed allocation of costs or supply-
45 cost variances. Please distinguish the effect of an actual outage from the role of Hydro’s
46 planning and operating criteria in determining Cost of Service inputs and classification.
47 In particular, explain why Hydro proposes a demand-and-energy allocation, rather than
48 an energy-only allocation, for the costs and credits identified in CA-NLH-134, given the
49 role of the LIL shortfall-event criterion.
50

1 **CA-NLH-314**

(References: PUB-NLH-036, PUB-NLH-101 and PUB-NLH-106; CA-NLH-037 and CA-NLH-038; OC2013-343, clauses 1 and 3(a), as amended by OC2022-120)

- 2
- 3
- 4 (a) Break down the 207 GWh associated with Maritime Link export flows by contractual
- 5 export category, including Energy and Capacity Agreement deliveries. Identify
- 6 responsibility for losses, the seller, beneficiary and recipient of proceeds. Trace the
- 7 volumes and costs through domestic allocations and export netbacks, distinguishing
- 8 embedded costs from opportunity value. Explain any limits on this breakdown.
- 9 Reconcile PUB-NLH-106(a) and (c) on domestic treatment of export losses, and
- 10 reconcile Table 1's printed 0.484 energy allocator with its dollar allocations.
- 11 (b) Identify the costs or payments to which clause 3(a) of OC2013-343 applies and show
- 12 where they are excluded from Hydro's cost-of-service calculation and recovery in
- 13 Island Interconnected rates, including any amounts outside the \$780.4 million
- 14 supply-cost line. Explain the contractual and factual basis for treating other amounts
- 15 as outside that exclusion.
- 16 (c) Calculate an alternative allocation that assigns export-related losses to exports before
- 17 determining domestic loss factors, using the filed physical operating forecast and
- 18 unchanged contractual payments. Show the effects on customer classes, the rural
- 19 deficit and net export credits, including both sides of regulated/non-regulated
- 20 transfers. Explain how double counting of loss energy is avoided.
- 21
- 22

23 **J. Holyrood TGS Classification**

24

25 **CA-NLH-315**

(Reference CA-NLH-122)

26

27 It is stated with respect to ongoing Reliability and Resource Adequacy Study Review

28 *"The record in that proceeding has substantial analysis and recommendations with*

29 *respect to the purposes for which the Holyrood Thermal Generating Station, and the*

30 *Hardwoods and Stephenville gas turbines continue to be used and useful at this time."*

31 Please reproduce the analysis and recommendations in the Reliability and Resource

32 Adequacy Review that quantify the benefits versus costs and risks for

33

- 34 (a) maintaining operation of the Holyrood TGS and the Hardwoods and Stephenville gas
- 35 turbines in the period up to 2030, and
- 36 (b) retiring those assets in 2030. If not referenced in the Reliability and Resource
- 37 Adequacy Study Review, please provide the quantifications.
- 38
- 39

40 **K. Rate Design**

41

42 **CA-NLH-316**

(Reference CA-NLH-164)

43

44 Using the proposed Newfoundland Power monthly billing determinants, calculate the

45 first-block rate needed to preserve the same annual revenue requirement under two cases:

46 (i) the winter second-block rate is 15 cents per kWh and the non-winter rate is unchanged;

47 and (ii) the second-block rate is 15 cents per kWh in both seasons. Hold the demand

48 charge and all other proposed rate-design inputs constant. Provide a revised CA-NLH-

49 164, Attachment 1 for each case.

50

1	CA-NLH-317	(Reference CA-NLH-166)
2		
3		Does Hydro accept the principle that economic efficiency requires that the price of
4		electricity be equal to the short-run marginal cost of supplying the last unit of electricity?
5		Does Hydro consider the marginal cost of energy only and the short-run marginal cost as
6		the same thing?
7		
8	CA-NLH-318	(Reference CA-NLH-166, Table 1)
9		
10		With reference to the table,
11		
12		(a) Is Table 1 meant to provide reasonable proxies for the 2027 all-in marginal cost of
13		supplying Newfoundland Power?
14		(b) For the monthly estimates based on Newfoundland Power's 2024 load, provide a
15		decomposition of each month's all-in marginal cost into energy, operating reserves,
16		generation capacity and transmission capacity.
17		(c) Other than for the variation in export price at the Salisbury hub, what are the causes
18		of the variation in the monthly values of the all-in marginal costs of supplying
19		Newfoundland Power?
20		
21	CA-NLH-319	(Reference CA-NLH-173)
22		
23		If the winter second-block rate for the Island Industrial Customers were set at 12 cents
24		per kWh, what would be the first-block rate needed to achieve the same revenue
25		requirement, assuming no other changes in the rate structure?
26		
27	CA-NLH-320	(Reference CA-NLH-178)
28		
29		Is the hours-of-use rate design the standard for large electricity customers in the
30		electricity services industry? Which jurisdictions have replaced a rate design with an
31		hours-of-use rate design in the past 20 years?
32		
33	CA-NLH-321	(Reference CA-NLH-187)
34		
35		In CA-NLH-187, Hydro states that its marginal cost of capacity is based on the next least-
36		cost build on the Island Interconnected System, including capital costs, operations and
37		maintenance, and other system costs, and that, as of December 2025, the calculation was
38		based on the Avalon Combustion Turbine.
39		
40		(a) Why is the Avalon CT an appropriate measure of the marginal cost of capacity on
41		the IIS?
42		(b) What is the most recent estimated cost of the Avalon CT, what is its assumed in-
43		service date, and what planning criteria were used to determine the in-service date?
44		(c) Provide the latest estimate of the marginal cost of capacity based on the Avalon
45		Combustion Turbine and illustrate how it was calculated and what components were
46		included in that calculation.
47		
48		

L. Deferral Accounts, Carrying Charges, and Risk Transfer

CA-NLH-322 (Reference: Response to CA-NLH-188)

Further to CA-NLH-188, please explain why the carrying-charge rate for the Long-Term SCVDA should be determined in this proceeding rather than in Hydro's future application for disposition of the account. Would considering the carrying-charge rate and disposition together be more effective and efficient? Explain why or why not.

CA-NLH-323 (Reference: Response to CA-NLH-192)

Further to CA-NLH-192, Attachment 1, and CA-NLH-197(a) and (d), please explain for each of the Power Purchase Expense Recognition and Muskrat Falls Export Revenue Recognition deferral accounts: (i) whether the balance represents a timing difference expected to reverse; (ii) how the balance accumulates; (iii) how and when it is expected to be realized or reversed; and (iv) whether any separate future recovery from ratepayers is proposed or expected, distinguishing that recovery from realization through contractual payments or export monetization proceeds.

CA-NLH-324 (Reference: Response to CA-NLH-193, part c)

Further to the response to CA-NLH-193, part c, please explain (i) if Hydro expects the Accounting Standards Board of Canada to adopt IFRS 20, effective January 1, 2029 and (ii) if Hydro expects the Accounting Standards Board of Canada to adopt IFRS 20 in its entirety.

CA-NLH-325 (Reference: Response to CA-NLH-196)

In the response to CA-NLH-196, Hydro states that under the "*existing SCVDA and proposed Long-Term SCVDA framework, any net balance in the account owing from customers is funded annually through the rate mitigation plan...Accordingly, continuity schedules...for each component for the existing and Long-Term SCVDA extending through 2030 would not provide meaningful information regarding the eventual disposition of either account, as customer-funded balances will continue to be extinguished each year through the rate mitigation plan up to and including 2030...future applications will address the timing, disposition methodology, review process, and any resulting customer impacts*". Given these assertions by Hydro, please explain

- (a) why is it appropriate/necessary for Hydro to charge carrying costs to the Long-Term SCVDA at its WACC as proposed by Hydro in the 2026 GRA Application when customer-funded balances are expected to be extinguished each year
- (b) why is it necessary to file future applications/approvals related to the Long-Term SCVDA after rates resulting from the 2026 GRA are implemented and not as part of the current GRA proceeding and
- (c) why it is necessary to address the timing, disposition methodology, review process, and any resulting customer impacts in these future applications.

CA-NLH-326 (References: CA-NLH-191 and CA-NLH-196; PUB-NLH-069 and PUB-NLH-093; NP-NLH-110, Attachments 1, 2 and 4)

- (a) Provide the monthly account continuities supporting CA-NLH-250 from December 31, 2026 through settlement of 2030 costs, updating NP-NLH-110. Where only annual forecasts are available, allocate them to months using disclosed assumptions. If no forecast is available, illustrate a zero opening balance, \$45.8 million accumulated equally at the twelve month-ends in 2027, and settlement on March 31, 2028.
- (b) Using identical principal movements, compare financing at: (i) the proposed weighted-average cost of capital (WACC); (ii) forecast short-term borrowing rates; and (iii) short-term rates for each amount's first twelve months, with WACC applying thereafter. Show annual and cumulative differences. State how receipts are applied to balances and how ageing, settlement, compounding, annual-to-monthly conversion and credit balances are treated.
- (c) Report the weighted-average and maximum age of balances by originating month, separately for debit and credit balances, and state the weighting method. Repeat the forecast with receipts delayed three months, holding total funding and mitigation recognition unchanged. Identify financing within and outside the SCVDA, who pays it and the authority for recovery; reconcile the result with CA-NLH-265.

CA-NLH-327

(Reference: Response to CA-NLH-197, part b)

Further to the response to CA-NLH-197, part b (which is cross referenced to the response to LAB-NLH-020, and then further referenced to NP-NLH-110), please confirm (or explain otherwise) that the forecast balance in the existing SCVDA at December 31, 2026 as filed is approximately \$202.3 million (NP-NLH-110, Attachment 4, page 1).

CA-NLH-328

(Reference: Response to CA-NLH-198, part b)

Further to CA-NLH-198(b), please explain whether the proposed Long-Term SCVDA, effective January 1, 2027, records (i) the full net amount of Muskrat Falls supply costs less associated rate mitigation, (ii) variances between actual and test-year forecast costs and mitigation, or (iii) both. Identify any other supply-cost or revenue variances captured by the account.

CA-NLH-329

(Reference: Response to CA-NLH-200, parts a and b)

Further to the response to CA-NLH-200, parts a and b (Attachments 1 and 2), please explain why the following capital expenditures proposed for inclusion in the Muskrat Falls Sustaining Capital deferral account are necessary:

- (a) the installation of shunt reactors L3101 and L3102 between 2023 and 2026 totalling \$25.2 million
- (b) the forecast installation of downstream public safety boom for \$4.4 million in 2027 and
- (c) the forecast 315 kV right-of-way vegetation clearing and access trail improvements for \$2.2 million in 2027.

CA-NLH-330

(References: PUB-NLH-095(a)–(d), pp. 1–2; PUB-NLH-100; CA-NLH-199, CA-NLH-200 and CA-NLH-209; Volume III, Revision 1 (September 15, 2026), Exhibit 9, pp. 1–2, and Exhibit 10, Muskrat Falls PPA Sustaining Capital Deferral Account Definition, p. 1)

- (a) For the sustaining-capital projects described in PUB-NLH-095(d), provide monthly 2027 balances, capitalized financing charges, rate-base return, in-service dates and recovery. Identify interest during construction (IDC) recorded by Hydro's regulated operations and any allowance for funds used during construction (AFUDC) top-up; confirm whether project-company invoices contain any separate financing charge. Explain how the concurrent return and capitalized financing described in PUB-NLH-095(d) are consistent with CA-NLH-209.
- (b) Provide the analysis supporting PUB-NLH-095(d)'s statement that the impacts should be immaterial over the life of the account. Compare annual and present-value recovery for the same projects under the proposed treatment and exclusion from rate base until in service, holding contractual payments constant. State the IDC, amortization, rate-base reset, discount-rate and calculation-period assumptions. Show residual balances and separately quantify any claimed offsets involving other projects.
- (c) Calculate amortization using disclosed project service lives and forecast expenditure weights. Compare annual and cumulative recovery under that approach with recovery using the proposed 1.42% Muskrat Falls and 1.71% Labrador Transmission Assets rates, including the effect of amortization start dates.

CA-NLH-331

(Reference: Response to CA-NLH-204)

Further to CA-NLH-204, please explain how a longer amortization period for the Phase Two Hearing Costs and Reliability and Resource Adequacy Study Review deferral accounts moderates near-term customer rate impacts, given the target of 2.25% annual increases in domestic retail rates attributable to Hydro through 2030. Distinguish effects on customer rates, required mitigation funding and amounts remaining for recovery after 2030.

CA-NLH-332

(Reference: Response to CA-NLH-205)

Further to CA-NLH-205, please explain why Hydro forecasts \$1.5 million of external regulatory costs for the 2026 GRA when it was ordered to pay \$1.8 million of Board and intervenor costs for the 2017 GRA. Quantify the allowance for inflation and explain the effect of changes in scope and complexity, including the in-service Muskrat Falls and Labrador-Island Link projects and their contractual arrangements.

CA-NLH-333

(Reference: Proposed Long-Term Supply Cost Variance Deferral Account)

For each component of the proposed LT-SCVDA, please identify and explain whether customer class responsibility for a variance is determined using the functionalization, classification and customer allocation methodology applicable when the underlying variance arises or the methodology and allocation determinants applicable when the accumulated balance is subsequently disposed.

CA-NLH-334

(Reference: Proposed LT-SCVDA; 2027 Cost of Service Study)

For each LT-SCVDA variance component, please identify whether the proposed functionalization, classification and customer allocator are the same as would apply if the corresponding actual cost or credit were directly included in the Cost-of-Service Study in the period in which it arose, and identify and explain any exceptions.

1	CA-NLH-335	(Reference: Proposed LT-SCVDA; 2027 Cost of Service Study)
2		
3		Further to CA-NLH-334, where the functionalization, classification and allocation
4		methodology is the same, please confirm whether recording each LT-SCVDA component
5		in a deferral account produces the same class cost responsibility as including the
6		corresponding cost or credit directly in the 2027 Cost of Service Study. Hold the amounts,
7		loads and timing assumptions constant. If the results differ, provide a table showing the
8		difference by component and customer class and explain its cause.
9		
10	CA-NLH-336	(Reference: Existing SCVDA; proposed LT-SCVDA)
11		
12		At transition from the existing SCVDA to the LT-SCVDA, please identify whether any
13		amount accumulated under the existing SCVDA will be transferred, reclassified or
14		reallocated using the proposed LT-SCVDA methodology or then-current customer
15		allocation determinants, and quantify any resulting change in responsibility by customer
16		class. If no such reallocation is proposed, please confirm.
17		
18	CA-NLH-337	(Reference: LT-SCVDA; export revenue treatment; CA-NLH-051 to CA-NLH-055)
19		
20		Confirm whether the same customer class that receives the benefit through the LT-
21		SCVDA when lower-than-forecast load results in increased net export revenue also bears
22		the corresponding cost through the LT-SCVDA when higher-than-forecast load reduces
23		net export revenue and identify any circumstance in which the upside and downside are
24		allocated differently among customer classes.
25		
26	CA-NLH-338	(Reference: LT-SCVDA; export revenue treatment; 2027 Cost of Service Study)
27		
28		Please provide a table that identifies each material category of forecast export revenue,
29		including revenues associated with monetized NLH Deferred Energy, reflected in the
30		2027 Test Year Cost of Service Study and provide the amount associated with each
31		category along with each class's allocation.
32		
33	CA-NLH-339	(Reference: CA-NLH-338; Cost of Service Study)
34		
35		For each category of forecast export revenue identified in CA-NLH-338, please explain
36		the functionalization, classification and customer allocation treatment applied in the 2027
37		Cost of Service Study.
38		
39	CA-NLH-340	(Reference: CA-NLH-338 and CA-NLH-339; Cost of Service Study)
40		
41		For each category of forecast export revenue identified in CA-NLH-338, please explain
42		whether and how the Cost-of-Service treatment recognizes the generation, transmission
43		or other utility resources that give rise to the export revenue.
44		
45	CA-NLH-341	(Reference: Proposed July 1, 2027 rates; \$60.1 million NP revenue deficiency)
46		
47		Please provide the calculation of the approximately \$60.1 million Newfoundland Power
48		revenue deficiency associated with the proposed July 1, 2027 rate implementation and
49		identify the corresponding amount of revenue previously collected through the Project
50		Cost Recovery Rider that offsets the deficiency in the SCVDA. Please reconcile any
51		difference between those amounts.
52		

1 **CA-NLH-342** (Reference: Frequency Converter Depreciation Deferral Account)

2
3 Please compare the customer-class credits that would result from disposing of the
4 approximately \$1.6 million Frequency Converter Depreciation Deferral Account
5 regulatory liability directly as a one-time credit with those resulting from its proposed
6 transfer to the SCVDA or applicable Revenue Deficiency deferral accounts. Use a
7 common assumed disposition date, state the allocation method for each case and hold all
8 other proposed rates constant.
9

10 11 **M. Intercompany Transactions and Shared Services Costing**

12
13 **CA-NLH-343** (Reference: Response to CA-NLH-212, part c)

14
15 Further to the response to CA-NLH-212, part c, please elaborate further on the differences
16 between cost recovery business units (Type 3 costs) which are charged directly to the
17 benefiting line of business without the use of allocators and Type 2 costs (Corporate
18 Services) that are directly assigned based on employee time recorded through timesheets,
19 without the use of allocators.
20

21 **CA-NLH-344** (Reference: Response to CA-NLH-213, part a)

22
23 Further to CA-NLH-213(a) and (b), please explain how the Board can assess the prudence
24 of shared-service expenditures initially recorded in non-regulated operations but
25 subsequently charged or allocated to regulated operations. Identify the evidence filed in
26 this GRA supporting the underlying expenditures, distinct from the allocation
27 methodology, and explain whether any material cost pool lacks that supporting evidence.
28

29 **CA-NLH-345** (Reference: Response to CA-NLH-214, part b)

30
31 Further to CA-NLH-214(b), please identify comparable utilities with regulated and non-
32 regulated operations that use revenue as a component of a three-factor shared-cost
33 allocator. Explain whether and how their treatment of intercompany revenues, non-
34 market contract prices and other revenue distortions addresses Hydro's concerns, and
35 why comparable adjustments would or would not be appropriate for Hydro.
36

37 **CA-NLH-346** (Reference: Response to CA-NLH-214, part c)

38
39 Further to the response to CA-NLH-214, part c, please provide an updated Table 1 from
40 this response and the impact to shared service costs allocations to Hydro regulated
41 operations for the 2027 Test Year using 2025 actual results as opposed to 2024 actual
42 results.
43

44 **CA-NLH-347** (Reference: Response to CA-NLH-214, part d)

45
46 Further to the response to CA-NLH-214, part d, please provide an illustrative calculation
47 of the impact to shared service costs allocations to Hydro regulated operations for the
48 2027 Test Year of using a three-factor hybrid allocator (1/3 weight to revenues, 1/3
49 weight to gross PPE and 1/3 weight to O&M costs) – using gross revenue as a measure
50 of revenue.
51

1 **CA-NLH-348** (Reference: Response to CA-NLH-217)

2
3 Further to CA-NLH-217, please break down the Information Systems cost pool allocated
4 between regulated and non-regulated operations in the 2027 Test Year by underlying
5 function, including IT help desk, PC/device deployment, IT project management,
6 enterprise architecture, system management, application development, cyber security,
7 information management and standards/policy management.
8

9 **CA-NLH-349** (Reference: Response to CA-NLH-217)

10
11 CA-NLH-214(c) reports a 2024 O&M cost split of approximately 40% regulated and
12 60% non-regulated, while CA-NLH-217 cites 2026 allocations of approximately 57%–
13 58% regulated and 42%–43% non-regulated for three IT cost pools. Provide the
14 corresponding 2027 Test Year percentages by pool and explain why user-based allocation
15 remains appropriate. Address the potential for cross-subsidization where automated,
16 asset-driven or system-to-system activities consume IT resources independently of user
17 numbers.
18

19 **CA-NLH-350** (Reference: Response to CA-NLH-217)

20
21 Further to the response to CA-NLH-217, please provide an illustrative calculation of the
22 impact to shared service costs allocations to Hydro regulated operations for the 2027 Test
23 Year of allocating the three information technology shared cost pools using (i) the
24 proposed hybrid allocator (30% to regulated and 70% to non-regulated) and (ii) the
25 relative split of O&M costs (40% to regulated and 60% to non-regulated).
26

27 **CA-NLH-351** (Reference: Response to CA-NLH-219, part a)

28
29 Further to the response to CA-NLH-219, part a (which is cross referenced to the response
30 to PUB-NLH-026), please explain
31

- 32 (a) the reasons why Hydro’s regulated administration fee recoveries from non-regulated
33 operations increase from \$2.306 million in the 2019 Test Year to \$5.517 million in
34 the 2027 Test Year (an increase of approximately \$3.2 million); and
35 (b) the reasons why non-regulated administration fees charged to Hydro’s regulated
36 operations increase from \$5.093 million in the 2019 Test Year to \$10.222 million in
37 the 2027 Test Year (an increase of approximately \$5.1 million).
38
39

40 **N. Regulatory Authority and GRA Process**

41
42 **CA-NLH-352** (Reference: Response to CA-NLH-224, part a)

43
44 Further to CA-NLH-224(a), please identify the exact wording in Order in Council
45 OC2024-062 that Hydro relies on as directing the use of “*annual rate adjustment*
46 *applications*” for rates effective July 1, 2028, July 1, 2029 and July 1, 2030. Explain
47 whether the Order prescribes that mechanism or leaves the choice of rate-setting process
48 to the Board of Commissioners of Public Utilities.
49

1 **CA-NLH-353**

(References: CA-NLH-037 through CA-NLH-039; NP-NLH-075; PUB-NLH-100;
OC2013-343 as amended by OC2022-120; NLR 120/13)

- 2
3
4 (a) For Muskrat Falls working capital, sustaining capital, SCVDA financing, export
5 losses and mitigation shortfalls, identify each claimed entitlement to recovery or
6 exemption from Board review, the precise authority, amount and approval sought. In
7 particular, state whether Hydro claims the working-capital allowance is exempt under
8 paragraph 4(1)(b) of NLR 120/13 and explain the basis for its position. Distinguish
9 the underlying payments, eligibility, calculation, rate-base inclusion, financing,
10 allocation and recovery.
11 (b) Complete CA-NLH-037(a)'s \$780.4 million mapping by contractual payment
12 category, counterparty and ledger subtotal, including credits and corrections. Use
13 CA-NLH-314's exclusion reconciliation.
14 (c) State which issues Hydro considers the approvals sought in this GRA would
15 determine and which would remain for a later proceeding, including responsibility
16 for mitigation shortfalls and the eligibility or potential duplication of recovered costs.
17 Provide the supporting authority and proposed order wording, and identify any issues
18 requiring an early determination.

DATED at St. John's, Newfoundland and Labrador, this 21st day of September, 2026.



Per:

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