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November 13, 2026

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

Attention: Mike McNiven
Senior Regulatory Advisor & Board Secretary

Re: 2026 General Rate Application – Requests for Information on Expert Reports

Please find enclosed Newfoundland and Labrador Hydro's ("Hydro") requests for information NLH-CA-001 to NLH-CA-019 in relation to Hydro's 2026 General Rate Application.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/kd

Encl.

ecc:

Board of Commissioners of Public Utilities
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Newfoundland and Labrador Hydro External Counsel
Daniel W. Simmons, KC, McInnes Cooper

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.

Newfoundland and Labrador Hydro

Requests for Information

NLH-CA-001 to NLH-CA-019

November 13, 2026

Intercompany Transactions Costing Guidelines

NLH-CA-001 **Reference: Pre-filed Evidence of Darren Rainkie, sec. 5.5, pp. 62–66.**

a) Please identify all objective criteria relied upon to conclude that the recommended 50% FTE / 50% hybrid IT allocator is more appropriate than Newfoundland and Labrador Hydro's proposed methodology.

b) For each criterion identified in part a), explain how the expert evaluated Newfoundland and Labrador Hydro's methodology against the recommended methodology.

c) Please identify any empirical evidence demonstrating that Newfoundland and Labrador Hydro's proposed methodology produces a material misallocation of the costs associated with the three IT cost pools.

d) If no such empirical evidence exists, explain the basis upon which it would be appropriate for the Board of Commissioners of Public Utilities to substitute Mr. Rainkie’s proposed methodology for Newfoundland and Labrador Hydro's proposed methodology for the 2027 Test Year.

NLH-CA-002 **Reference: Pre-filed Evidence of Darren Rainkie, sec. 5.5, pp. 62–66.**

Please identify the evidence supporting the conclusion that FTEs and the new hybrid allocator better reflect the consumption of IT services than the previous average-user allocator, including any quantitative analysis performed. Please also identify the criteria and process that should be used to select an appropriate allocator and explain how the revised allocators were assessed against those criteria.

NLH-CA-003 **Reference: Pre-filed Evidence of Darren Rainkie, sec. 5.5, pp. 62–66.**

Please explain the basis for concluding that FTEs should account for 50% of the IT cost allocation, rather than a higher or lower percentage, or as a substitution for average users, which factors FTEs into the calculation. Why are FTEs deemed to be a better allocator than average users?

Productivity Allowance

NLH-CA-004 Reference: Pre-filed Evidence of Darren Rainkie, sec. 1.2, p. 7.

Please reconcile the recommendation for a higher productivity allowance with Hydro's forecast that 2027 Test Year operating costs are approximately 10% lower than the 2019 Test Year forecast in real dollars.

NLH-CA-005 Reference: Pre-filed Evidence of Darren Rainkie, sec. 4.2, pp. 39–42.

The evidence recommends increasing Newfoundland and Labrador Hydro's proposed $4 million productivity adjustment to $5 million, including on the basis of the 3% adjustment applied in Hydro's previous general rate application.

a) Please confirm that the Board of Commissioners of Public Utilities' determination regarding the productivity adjustment in Newfoundland and Labrador Hydro's previous general rate application was made based on the evidentiary record before the Board of Commissioners of Public Utilities in that proceeding.

b) Please identify all evidence relied upon by Mr. Rainkie to conclude that the evidentiary concerns underlying the Board of Commissioners of Public Utilities determination in Hydro's previous general rate application are also present in the current proceeding.

c) Please provide all empirical evidence, utility benchmarking, productivity studies or other analysis demonstrating that a 3% productivity adjustment is appropriate for Newfoundland and Labrador Hydro's 2027 Test Year operating costs.

d) Please identify whether Mr. Rainkie undertook any analysis of Newfoundland and Labrador Hydro's operating activities to determine whether an additional $1 million of productivity savings, beyond Newfoundland and Labrador Hydro's proposed $4 million, is reasonably achievable in 2027 without affecting service levels, reliability, safety or other operating requirements.

e) If no such analysis was undertaken, please explain the evidentiary basis for concluding that $5 million represents a more appropriate estimate of achievable productivity savings than Newfoundland and Labrador Hydro's proposed $4 million.

NLH-CA-006 Reference: Pre-filed Evidence of Darren Rainkie, sec. 4.2, pp. 39–42.

The evidence recommends increasing Newfoundland and Labrador Hydro's proposed productivity allowance from $4 million to $5 million and increasing Newfoundland and Labrador Hydro's proposed vacancy allowance from $6 million to $7 million. Please provide any analysis undertaken by Mr. Rainkie to assess the impact of the recommended $7 million vacancy allowance and $5 million productivity allowance on planned work, FTE requirements, overtime or contractor costs, or other operational impacts for 2027. If no such analysis was undertaken, please explain the basis for concluding that the allowances are reasonably achievable.

Labour Costs – Vacancy Allowance

NLH-CA-007 Reference: Pre-filed Evidence of Darren Rainkie, sec. 4.2 and sec. 4.3, pp. 39–43.

The evidence recommends increasing Newfoundland and Labrador Hydro's proposed productivity allowance from $4 million to $5 million and increasing Newfoundland and Labrador Hydro's proposed vacancy allowance from $6 million to $7 million.

a) Please provide any supporting analysis undertaken by Mr. Rainkie to assess the reasonableness of Newfoundland and Labrador Hydro's 2027 operating costs relative to the differences in operating environment between 2019/early 2020s and the growth that is currently occurring and required into the future. If no such analysis was undertaken, please explain what assumptions were made regarding the operating environment to support the increases in vacancy and productivity allowances.

b) Please explain whether the recommended $7 million vacancy allowance assumes that recent vacancies will remain unfilled during the 2027 Test Year and, if so, identify the basis for that assumption.

c) Please explain whether a historical vacancy rate necessarily represents an achievable ongoing cost saving where Newfoundland and Labrador Hydro continues to require the positions in question to perform its forecast work.

Long-Term Supply Cost Variance Deferral Account

NLH-CA-008 **Reference: Pre-filed Evidence of Darren Rainkie, sec. 6.8, p. 81.**

Please explain how the Government's rate mitigation plan is relevant to determining the appropriate carrying-cost rate applicable to the Long-Term Supply Cost Variance Deferral Account. In the response, please explain whether consideration of rate mitigation affects the determination of Hydro's cost of financing the amounts recorded in the Long-Term Supply Cost Variance Deferral Account.

NLH-CA-009 **Reference: Pre-filed Evidence of Darren Rainkie, sec. 6.8, pp. 77–81.**

In recommending that the Long-Term Supply Cost Variance Deferral Account carrying-cost rate be based on Newfoundland and Labrador Hydro's short-term borrowing cost rather than Newfoundland and Labrador Hydro's Weighted Average Cost of Capital, please explain whether any short-term debt assumed to finance the Long-Term Supply Cost Variance Deferral Account balances should be excluded from the debt balances and financing costs used in the calculation of Newfoundland and Labrador Hydro's Weighted Average Cost of Capital. Please explain how the proposed treatment avoids attributing the same short-term financing both specifically to the Long-Term Supply Cost Variance Deferral Account and more generally to Newfoundland and Labrador Hydro's overall capital financing.

NLH-CA-010 **Reference: Pre-filed Evidence of Darren Rainkie, sec. 6.8, pp. 77–81.**

Please explain the factors that should be considered in determining whether Weighted Average Cost of Capital or another financing rate should apply to a regulatory deferral account, and how those factors apply to the Long-Term Supply Cost Variance Deferral Account.

NLH-CA-011 **Reference: Pre-filed Evidence of Darren Rainkie, sec. 6.8, p. 80.**

"*The lack of a proposal from NLH related to the recovery/disposition methodology of the LTSCVDA in this GRA is problematic. The recovery of the LTSCVDA is low risk for NLH and it is more interested in regulatory certainty on the financing costs to be charged to this RDA. For ratepayers, the lack of understanding of the recovery/disposition methodology is another source of uncertainty for future rates and rate-setting processes.*"

Please comment on how the disposition methodology creates uncertainty for ratepayers when rate increases are known up to and including 2030, and the balance in the account is paid by rate mitigation. In Mr. Rainkie's opinion, how long should ratepayers have certainty on rates given the regulatory challenges described in the report?

Newfoundland and Labrador Hydro's Next General Rate Application and Test Year

NLH-CA-012 Reference: Pre-filed Evidence of Darren Rainkie.

Newfoundland and Labrador Hydro's recommendation is that the next general rate application reflect a 2031 Test Year for rate-setting, which could also include a 2030 Test Year. The recommendation is primarily based on reflecting any changes to the current rate mitigation plan in the test year for rate-setting, which will provide rate certainty for the period until the next test year.

In Mr. Rainkie's view, what weight should be given to the availability of complete and current cost information when establishing the timing of a comprehensive general rate application? Where there is a trade-off between filing earlier and having more complete information regarding future costs, which consideration should be given greater weight, and why?

NLH-CA-013 Reference: Pre-filed Evidence of Kelly Derksen, sec. 7.3, pp. 50–52.

Please comment on the advantages and disadvantages of a 2031 Test Year for rate-setting versus the proposed 2030 Test Year for rate-setting.

Rates

NLH-CA-014 Reference: Pre-filed Evidence of Kelly Derksen, sec. 5.4, p. 40.

It is recommended, in the report, that revenue-to-cost coverage ratios should not necessarily be set at precisely 1.00 and that other considerations may justify departures from unity. Please explain the principles and objective criteria that should be used to determine the appropriate revenue-to-cost ratio for each customer class. In particular, identify which customer classes should pay more than their allocated cost of service, which classes should pay less, and why the resulting interclass subsidization would be fair and equitable.

NLH-CA-015 **Reference: Pre-filed Evidence of Kelly Derksen, sec. 7.2, p. 49.**

Why is the proposed rate increase for Island Industrial customers 2.25% when Newfoundland and Labrador Hydro's increase to Newfoundland Power Inc. would be approximately 3.3% to achieve the 2.25% increase to their Domestic customers?

NLH-CA-016 **Reference: Pre-filed Evidence of Kelly Derksen, sec. 7.2, p. 49.**

"*It is recommended that the Board consider an alternative under which Island Industrial customers receive an overall rate increase of 2.25% for 2027, rather than Hydro's proposed 14.3% decrease.*"

Please provide a calculation of the revenue-to-cost coverage ratio for Island Industrial customers reflecting the proposed increase of 2.25%.

Cost of Service Methodology

NLH-CA-017 **Reference: Pre-filed Evidence of Kelly Derksen, sec. 4.0, pp. 13–23.**

Newfoundland and Labrador Hydro's response to CA-NLH-124 provides the allocation of material test year generation costs by customer, which shows each customer class is allocated the same percentage of Muskrat Falls Project costs and rate mitigation. The customer group that is allocated the cost receives the same benefit of rate mitigation. Does this result in fair treatment between customer classes for the related costs?

NLH-CA-018 **Reference: Pre-filed Evidence of Kelly Derksen, sec.5.4, p. 36.**

The report states: "*A ZOR provides a means of recognizing that COS allocations are not necessarily precise measures of the appropriate revenue responsibility of individual customer classes. In my experience, in addition to uncertainty in class cost of service, factors such as regulatory policy, risk, rate shock, gradualism, historical relationships, and public policy considerations are also considered in a Range of Reasonableness in the setting of rates.*"

Does the rate mitigation plan, which targets annual increases to domestic customers of 2.25%, already address many of the factors that would be considered in applying a ZOR to the customer groups? Please comment on the various factors listed.

NLH-CA-019 Reference: Pre-filed Evidence of Kelly Derksen, sec. 7.2, p.50, Figure 18.

Is it Ms. Derksen's opinion that Island Industrial customers should be required to pay approximately $8.5 million more than their allocated share of the cost of service? If so, please explain why this would be fair and equitable.

DATED at St. John's, in the province of Newfoundland and Labrador, this 13th day of November 2026.



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