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File Reference: SM003789.00039

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November 13, 2026

**Via Electronic Mail**

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

**Attention: Mr. Mike McNiven, Board Secretary**

Dear Mr. McNiven:

**Re: Newfoundland and Labrador Hydro 2026 General Rate Application**
**Requests for Information of the Island Industrial Customer Group**

On behalf of the Island Industrial Customer Group, please find enclosed Requests for Information IIC-CA-001 to IIC-CA-009, dated November 13, 2026, in relation to the above-noted Application.

We trust the above and enclosed to be in order.

Yours truly,

Stewart McKelvey

Dana Constantine

DC/bm

Enclosures
c. Glen G. Seaborn
Denis J. Fleming

Public Utilities Board
Jacqui Glynn
Ryan Oake
Mike McNiven
Colleen Jones
Board Record
Michael Collins

Newfoundland and Labrador Hydro
Shirley Walsh
Daniel Simmons
NLH Regulatory

Newfoundland Power Inc.
Dominic Foley
Douglas Wright
Liam O'Brien
NP Regulatory

Consumer Advocate
Adrienne H. Y. Ding
Justin W. King, O'Dea Earle
Consumer Advocate General

Labrador Interconnected Group
Nicholas E. Kennedy, Olthius Kleer Townshed LLP

Iron Ore Company of Canada
Gregory A. C. Moores, Stewart McKelvey

**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.

**REQUESTS FOR INFORMATION OF THE ISLAND INDUSTRIAL CUSTOMER GROUP**

**IIC-CA-001 – IIC-CA-009**

**ISSUED: November 13, 2026**

**IIC-CA-001** **Reference: Revenue Requirement & Regulatory Accounting Evidence prepared by Darren Rainkie on behalf of the Consumer Advocate dated November 2, 2026, Recommendation 3.8, page 33 pf 81.**

Mr. Rainkie recommends NLH file a GRA in 2028 with test years for 2029 and 2030 plus three additional forecast years to 2033.

(a) Please confirm Mr. Rainkie is recommending the GRA that would be filed in 2028 would set rates only for the 2029 and 2030 test years and not for the 2031 to 2033 period. If not confirmed, please provide a detailed explanation.

(b) Can Mr. Rainkie provide examples from other Canadian jurisdictions of how such forecasts beyond the test years are reviewed and considered as part of a GRA by other regulators in Canada?

**IIC-CA-002** **Reference: Revenue Requirement & Regulatory Accounting Evidence prepared by Darren Rainkie on behalf of the Consumer Advocate dated November 2, 2026, Recommendation 4.3, page 42 pf 81.**

Mr. Rainkie recommends an additional $1 million reduction related to the vacancy allowance and NLH's actual vacancy rate experience.

(a) Can Mr. Rainkie comment on whether in his view the response to IIC-NLH-030 showing the dollar value of variances between actual and forecast or budget vacancies supports his recommendation for an additional $1 million reduction?

**IIC-CA-003** **Reference: Revenue Requirement & Regulatory Accounting Evidence prepared by Darren Rainkie on behalf of the Consumer Advocate dated November 2, 2026, Recommendation 5.2, page 55-56 pf 81.**

Mr. Rainkie recommends a prudency review of NLH's shared services as part of the oral hearing in this proceeding.

(a) Can Mr. Rainkie provide examples from other Canadian jurisdictions or from other sources of information on the type of benchmarking that could be considered in evaluating the prudency of NLH's shared services costs?

(b) Can Mr. Rainkie summarize his views on the core tests or principles that should be considered in evaluating the prudency of a utility's shared services costs?

**IIC-CA-004** **Reference: Revenue Requirement & Regulatory Accounting Evidence prepared by Darren Rainkie on behalf of the Consumer Advocate dated November 2, 2026, Recommendations on Financing Costs for the LTSCVDA, pages 80 and 81 of 81.**

Mr. Rainkie recommends the PUB approve financing costs at NLH's short-term borrowing costs and not the weighted average cost of capital (WACC) and states "Care should be taken not to create a perverse incentive on NLH's part to maintain higher balances in the LTSCVDA in order to earn a ROE that must be paid for by ratepayers".

(a) Can Mr. Rainkie provide examples from other jurisdictions such as Alberta or Ontario on principles and tests used to determine when deferral balances should be considered to be financed through short-term debt as opposed to the company's WACC?

(b) Can Mr. Rainkie provide a quantified illustrative example of the impact of the potential incentive to maintain higher balances in the LTSCVDA caused by including an ROE component as opposed to financing based only on short-term borrowing costs?

**IIC-CA-005** **Reference: Revenue Requirement & Regulatory Accounting Evidence prepared by Darren Rainkie on behalf of the Consumer Advocate dated November 2, 2026, Tables 10 and 11 regarding Holyrood Deferred Depreciation Account.**

Mr. Rainkie recommends the PUB direct that the next GRA be filed sooner than 2030. Mr. Rainkie also recommends that the Holyrood Deferred Depreciation Account be approved as proposed, with no amortization or accrual to the account in the Test Year, as there is uncertainty today, and sufficient time to deal with the account in the next GRA.

Absent Mr. Rainkie's proposal for a GRA sooner than 2030, the Holyrood Deferral Depreciation account is forecast to grow to $28 million owing from

customers by 2030, or require a $10 million per year increase to revenue requirement from 2027-2029 to discharge this balance.

(a) Assuming the PUB does not agree with Mr. Rainkie that the next GRA should occur before 2030, please discuss whether Mr. Rainkie would recommend that the added $10 million per year be built into rates starting in 2027-2029 in order to avoid leaving an unfunded balance as of 2030?

(b) If the answer to part (a) is yes, please confirm that such amounts would be funded from rate mitigation, and not lead to a net increase in revenue requirement for 2027.

**IIC-CA-006** **Reference: Cost of Service and Rate Design Matters Evidence prepared by Kelly Derksen on behalf of the Consumer Advocate dated November 2, 2026, Muskrat Falls Classification Methodology, beginning PDF page 14 of 52.**

Ms. Derksen discusses the history of the 2018 NLH COS methodology review and the resulting settlement agreement.

(a) Please confirm whether Ms. Derksen understands that the Consumer Advocate had legal and technical expert representation in the proceedings and negotiations related to the 2018 COS methodology review.

(b) In preparing her evidence, did Ms. Derksen review the materials on the record of the 2018 COS methodology proceeding and, in particular, the RFI responses and the Brattle Group reports?

**IIC-CA-007** **Reference: Cost of Service and Rate Design Matters Evidence prepared by Kelly Derksen on behalf of the Consumer Advocate dated November 2, 2026, Wind Generation Classification, beginning PDF page 24 of 52.**

Ms. Derksen states on PDF page 24 of 52 that “While wind generation contributes to meeting the system's energy requirements and may provide capacity benefits, its contribution to resource adequacy must be distinguished from the provision of dependable, dispatchable capacity.”

(a) Please expand on Ms. Derksen’s understanding of how such a distinction is recognized and implemented in other jurisdictions including references to specific cases and decisions.

Ms. Derksen states at PDF page 27 of 52 that “Two highly comparable utilities to NLH, Manitoba Hydro and BC Hydro, both with significant hydraulic electric infrastructure assume a 100% energy classification and 93% energy/7% demand for purposes of the classification of Wind costs.”

(b) Please provide any and all quantitative and qualitative analyses undertaken by Ms. Derksen to support a conclusion that NLH’s wind

resources, both in terms of total installed capacity and capacity factor, are “highly comparable” to Manitoba Hydro and BC Hydro.

Ms. Derksen states at PDF page 27 of 52 that “the currently approved classification of 22% demand and 78% energy should be retained pending a more comprehensive assessment of the appropriate methodology.”

(c) Please elaborate on Ms. Derksen’s recommendation including the scope of such a review and the specific methods that should be considered.

**IIC-CA-008** **Reference: Cost of Service and Rate Design Matters Evidence prepared by Kelly Derksen on behalf of the Consumer Advocate dated November 2, 2026, Section 6.0 Rate Design, beginning PDF page 41 of 52.**

Ms. Derksen states at PDF page 44 of 52 that “The divergence between embedded demand costs and proposed demand rates is particularly noteworthy given the fundamental changes in Hydro's generation and supply arrangements following the integration of Muskrat Falls.

Hydro's proposals raise an important question in this regard. Given the substantial proportion of demand-classified costs recovered through energy rates, it is reasonable to examine whether the economic considerations underlying Hydro's rate design proposals also have greater relevance to the classification and allocation of generation and supply costs among customer classes.

Recovering embedded demand-related costs through first-block energy rates does not necessarily establish that those costs are caused by energy consumption. Nevertheless, the substantial flexibility reflected in Hydro's proposed rate structures reinforces the importance of examining whether the economic characteristics of its changed generation and supply arrangements have been adequately considered in the demand and energy classification methodology.

While cost allocation and rate design serve different objectives and need not produce directly corresponding results, there should nevertheless be a reasonable degree of coherence between the two. Both should be informed by a consistent understanding of the underlying economic characteristics of Hydro's generation and supply costs and the factors that give rise to those costs. This is particularly important given the significant changes in Hydro's supply arrangements following the integration of Muskrat Falls.” (emphasis added).

(a) With reference to the underlined portion of the quoted text, is it Ms. Derksen’s view that the fact NLH is proposing a rate design where the demand charge does not fully recover demand-related costs mean its demand cost classifications and allocations are unreasonable? Why or why not?

(b) Please provide examples, with citations, where Ms. Derksen understands a utility regulator has directed a change in a cost allocation method as a result of a utility's proposed rate design.

**IIC-CA-009** **Reference: Cost of Service and Rate Design Matters Evidence prepared by Kelly Derksen on behalf of the Consumer Advocate dated November 2, 2026, Section 6.3 Rate Mitigation, beginning PDF page 44 of 52.**

Ms. Derksen recommends the Board impose a 2.25% rate increase on Island Industrial Customers and states at PDF page 50 of 52 that "The recommended alternative would result in approximately $8.5 million in revenues being available to reduce the amounts otherwise recovered from Newfoundland Power and Rural Island Interconnected customers under Hydro's proposal."

(a) Please explain, with specific reference to the Government's rate mitigation plan, including supporting OCs 2024-062 and 2024-063, why Ms. Derksen believes increasing rates for Industrial customers would necessarily lead to a reduction in proposed recoveries from Newfoundland Power and Rural Island Interconnected customers, instead of simply reducing the total amount of rate mitigation funding that is available or necessary without altering NLH's proposed rate increases for NP and rural customers.

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

**POOLE ALTHOUSE**

for Glen G. Seaborn

**COX & PALMER**

for Denis J. Fleming

**STEWART MCKELVEY**

Dana Constantine

TO: The Board of Commissioners of Public Utilities
Jacqui Glynn, Ryan Oake, Mike McNiven, Colleen Jones, Board Record, Michael Collins

TO: Newfoundland & Labrador Hydro
Shirley Walsh and Daniel Simmons, NLH Regulatory

TO: Newfoundland Power Inc.
Dominic Foley, Douglas Wright, and Liam O'Brien, NP Regulatory

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