

WHENEVER. WHEREVER.  
We'll be there.



HAND DELIVERED

March 23, 2017

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

Attention: G. Cheryl Blundon  
Director of Corporate Services  
and Board Secretary

Ladies and Gentlemen:

**Re: Newfoundland and Labrador Hydro –2013 General Rate Application – Compliance Application – Requests for Information**

Please find enclosed the original and 12 copies of Newfoundland Power's Requests for Information NP-NLH-001 to NP-NLH-011 in relation to the above-noted Application.

For convenience, the Requests for Information are provided on three-hole punched paper.

A copy of this letter, together with enclosures, has been forwarded directly to the parties listed below.

If you have any questions regarding the enclosed, please contact the undersigned at your convenience.

Yours very truly,

A handwritten signature in black ink, appearing to read "Gerard Hayes".

Gerard Hayes  
Senior Counsel

Enclosures

c. Tracey Pennell  
Newfoundland and Labrador Hydro

Paul Coxworthy  
Stewart McKelvey Stirling Scales

Dennis Browne, QC  
Browne Fitzgerald Morgan & Avis

Thomas O'Reilly, QC  
Cox & Palmer

Newfoundland Power Inc.

55 Kenmount Road • P.O. Box 8910 • St. John's, NL A1B 3P6

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Yvonne Jones, MP  
Labrador

Genevieve Dawson  
Benson Buffett

Senwung Luk  
Olthuis, Kleer, Townshend LLP

Larry Bartlett  
Teck Resources Ltd.

**IN THE MATTER OF** the Public  
Utilities Act, R.S.N. 1990, Chapter P-47  
(the Act), and

**IN THE MATTER OF** a Compliance Application  
in accordance with Order No. P.U. 49 (2016) by  
Newfoundland and Labrador Hydro for approvals of,  
under Sections 70 and 75 of the Act, changes in the  
rates to be charged for the supply of power and energy  
to Newfoundland Power, Rural Customers and Industrial  
Customers; and under Section 71 of the Act, changes in  
the Rules and Regulations applicable to the supply of  
electricity to Rural Customers.

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**Requests for Information by  
Newfoundland Power Inc.**

**NP-NLH-001 to NP-NLH-011**

**March 23, 2017**

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## Requests for Information

NP-NLH-001

Reference: Exhibit 2, Table 3, page 6:

In PUB-NLH-487 (Rev 1), Hydro estimated a reduction in 2014 average rate base of \$73.7 million due to capital assets not being in service in 2014. The corresponding reduction in 2014 revenue requirement is \$2.1 million. According to Undertaking #150, the \$2.1 million reduction does not include any reduction related to amortization associated with the assets. This implies a rate of return on rate base associated with the reduction of 2.85% ( $\$2.1 \text{ million} / \$73.7 \text{ million}$ ).

Please explain why this implied rate of return on rate base of 2.85% is substantially less than the GRA Compliance rate of return on rate base of 7.18% for the 2014 test year.

NP-NLH-002

Reference: Exhibit 2, page 40, footnote 119:

Hydro shows the average rate base adjustments are calculated for return on rate base purposes using the test year rate of return on rate base. The rates of return on rate base for 2014 and 2015 test years are 7.18% and 6.61%, respectively. Please explain why it is appropriate to use the test year rate of return on rate base for these average rate base adjustments but not for the average rate base adjustments of \$73.7 million related to the capital expenditures.

NP-NLH-003

Reference: Exhibit 2, Appendix A, pages A-1, line 12 and page A-2, line 10:

Please explain why a decrease in capital expenditure for the 2014 test year of \$146,283,000 for GRA adjustments results in no adjustment for amortization (excluding effect on amortization for the asset retirement obligation).

NP-NLH-004

Reference: Exhibit 2, Table 8, page 12 and Exhibit 2, Appendix A, page A-1:

Hydro shows the amount of the 2014 Cost Deferral to be included in 2014 average rate base is \$22,116,000. Please explain why this amount is not adjusted downward for the prudence disallowances ordered by the Board of \$6,119,000 for the 2014 test year.

- NP-NLH-005           Reference: Exhibit 2, Table 28, page 33:
- Hydro shows the amount of the 2014 Cost Deferral to be included in 2015 average rate base is \$44,231,000. Please explain why this amount is not adjusted downward for the prudence disallowances ordered by the Board of \$6,119,000 for the 2014 test year.
- NP-NLH-006           Reference: Exhibit 2, Table 27, page 32:
- Hydro's calculated adjustment to the fuel inventory included in the 2015 test year reflects the actual cost per barrel incurred in 2015. Please explain why a similar adjustment was not made for the 2014 test year.
- NP-NLH-007           Reference: Exhibit 2, Appendix B, page B-4, line 30:
- Please provide a detailed calculation of the regulated average equity of 21.23%. The calculation should include both 2014 and 2015 inputs.
- NP-NLH-008           Reference: Exhibit 2, Appendix B, page B-4, line 30 and Exhibit 13, page 2, line 15:
- Please provide a reconciliation between the regulated average equity of 21.23% shown in Exhibit 2 and the 21.275% regulated average equity shown in Exhibit 13.
- NP-NLH-009           Reference: Exhibit 2, Appendix A, page A-4, line 30 and Exhibit 10, page 2, line 15:
- Please provide a reconciliation between the regulated average equity of 23.62% shown in Exhibit 2 and the 22.845% regulated average equity shown in Exhibit 10.
- NP-NLH-010           Reference: Grant Thornton Report, Table 32, page 41:
- In a similar format as provided in Table 32, please provide the revised calculation of the 2017 revenue deficiency.
- NP-NLH-011           Reference: Exhibit 4, Appendix B, page B-1:
- Exhibit 4, Appendix B shows a calculation of the customer billing impact for Newfoundland Power of a revised Utility rate based on an April 1, 2017 rate implementation date. Please provide a revised calculation based on a July 1, 2017 rate implementation date. The calculation should include Hydro's latest forecast of RSP current plan and fuel rider rates to be effective July 1, 2017.

**RESPECTFULLY SUBMITTED** at St. John's, Newfoundland and Labrador, this 23<sup>rd</sup> day of March, 2017.

A handwritten signature in black ink, appearing to be 'D. [unclear]', written over the company name.

**NEWFOUNDLAND POWER INC.**  
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