

1 Q. Evidence of William E. Wells

2 Reference: Page 4, Line 24

3 a. Please provide a copy of the Board's 1993 Report on Costs of Service
4 Methodology and the 1996 Report on Rural Electric Service.

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6 A. a. Please see attached 1993 Report on the Cost of Service
7 Methodology. The 1996 Report on Rural Electric Service was filed in
8 response in CA-7.

1 Q. *Evidence of William E. Wells*

2 *Reference: Page 12, Line 7*

3 a. Please provide a copy of the 1993 Report on Hydro's Cost of Service
4 Methodology.

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6 b. What, in the view of Hydro, was the reason that the Board
7 recommended a single cost of service study for the Labrador
8 Interconnected System?

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10 A. a. Report provided in response to LC-1.

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12 b. The Board outlines why a single cost of service is appropriate for the
13 Labrador Interconnected System on page 10 in the 1993 Report. The
14 Report is filed in response to LC-1.

1 Q. Evidence of Derek Osmond

2 Reference: Page 12, Line 30

3 a. What was the basis for the Board's 1993 Report recommendation of a
4 single cost of service study for the Labrador Interconnected system?

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6 b. Please provide a copy of the report and any material regarding
7 Hydro's position regarding that recommendation.

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10 A. a. See response LC-6 part b.

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12 b. Report provided in response to LC-1. Hydro proposed the Labrador
13 Interconnected System as a single system and this was approved by
14 the Board. Therefore, Hydro agrees with the Board's recommendation
15 in this regard.

Q. Evidence of Derek Osmond
Reference: Page 12, Line 30

- a. What was the basis for the original rates in the three separate areas (Happy Valley / Goose Bay, Wabush and Labrador City) ?
 - b. What was the cost of acquisition of the distribution assets for each of Wabush and Labrador City ? Was this in excess of the book value at the time? If so, how was the difference treated?
 - c. What additional investments and costs have been incurred since the time of acquisitions?
 - d. Provide copies of all Board orders regarding these acquisitions and any policies related thereto.
 - e. What commitments, if any, did Hydro make regarding rates to the customers in Wabush and Labrador City? Please provide relevant documents.
- A.
- a. Rates in the Happy Valley/Goose Bay area were frozen in 1981 at the 1981 Island Interconnected rates. Hydro took over the Wabush Electrical Distribution System from Wabush Mines and implemented rates effective January 1986, resulting from the 1985 Wabush Rate Hearing. The transfer of the Labrador City Distribution System occurred May 1992 with no change in rates.
 - b. There were no costs in excess of book value as the distribution assets for Wabush and Labrador City were acquired by Hydro for the nominal amount of \$1.

c. Additional investments and costs are shown in the table below.

	Plant Investment	Contributions	Net Plant Investment
Wabush	\$6,142,548	(\$3,067,353) ¹	\$3,075,195
Labrador City	\$7,947,950	(\$2,511,423) ²	\$5,436,527

¹ Includes contribution from Wabush Mines \$3,000,000

² Includes contribution from I.O.C. \$2,500,000

d. Please see attached report dated October 3, 1985 and Order No. P. U. 4.
(1992).

e. Hydro made no commitments regarding rates to the customers in
Wabush and Labrador City.

1 Q. *Evidence of Kathleen McShane*

2 *Reference: Page 2, Line 26*

3 a. Please provide a copy of the April, 1992, Reports of the Board.

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5 A. a. This Report was filed in response to CA-1.