

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**SUPPLEMENTARY EVIDENCE OF D.W. REEVES**

1 Q. What is the purpose of this supplementary evidence?

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3 A. Hydro has recently determined that there are some inconsistencies in the  
4 cost allocations used in the preparation of the 2002 Cost of Service filed  
5 with Hydro's pre-filed evidence and explained in response to NP-132(a).  
6 These inconsistencies are primarily in the allocation of operations and  
7 maintenance costs of the Central Region of Transmission and Rural  
8 Operations.

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10 Q. What are the primary categories affected by these changes?

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12 A. The primary areas affected by these changes are:

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- 14 • Central transportation equipment
- 15 • Central transportation labour
- 16 • Central transmission
- 17 • Central lineworker labour
- 18 • Some regional common expenses

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20 Q. Why are these changes necessary?

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22 A. The Central region provides transportation (helicopter, transport) and  
23 transmission (vegetation control) services for all three regions, Central,  
24 Northern and Labrador. These services were not properly reflected in the  
25 original allocation.

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27 With respect to the Central lineworker labour allocation, these costs were  
28 originally assigned fully to the transmission function, however it would be

1 more appropriate to split these costs between transmission and  
2 distribution.

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4 Some of the regional common expenses were originally functionalized in  
5 accordance with the "All Plant Related Overhead" allocator. Now, these  
6 common expenses are functionalized with a revised allocator (excluding  
7 hydraulic and Holyrood) which is in line with the functions they support in  
8 the region.

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10 Q. Please provide a summary of the above noted changes?

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12 A. Mr. Brickhill, in Supplementary Evidence, will outline the impact of these  
13 changes in the 2002 Cost of Service Study and Mr. Hamilton, in  
14 Supplementary Evidence, will outline the effect on customers' rates. In  
15 addition, a revised NP-132(a) will be filed to reflect the changes as noted  
16 above.

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18 Q. Does this conclude your Supplementary Evidence?

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20 A. Yes.