

1 Q. As to the assignment of plant on the Great Northern Peninsula and plant
2 associated with the Doyles - Port-aux-Basques line and terminal station:

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4 a) Has Hydro re-examined the cost assignment decisions as required by
5 the Board at page 33 of its report entitled "Report of the Board of
6 Commissioners of Public Utilities to the Honourable Minister of Mines
7 and Energy, Government of Newfoundland and Labrador on a
8 Referral by the Lieutenant-Governor in Council Concerning Rural
9 Electrical Service' dated July 29, 1996? If not, why not?

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11 b) If the answer to a) is yes, provide a complete description of the
12 process of re-examination, a complete list of all factors considered
13 both for and against the provisional assignment directed by the Board
14 and a full description of the reasoning employed in reaching the
15 conclusion that the provisional assignment should be made
16 permanent.

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19 A. With respect to the assignment of plant on the Great Northern Peninsula and
20 plant associated with the Doyles – Port-aux-Basques line and terminal
21 station:

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23 a) Hydro has accepted the Board's cost assignment decision on page 33
24 of its July 29, 1996 report. Hydro expects that the Board will re-
25 examine its cost assignment decision and Hydro's guidelines for the
26 assignment of plant as outlined on pages 16 and 17 of H. G. Budgell's
27 testimony at this hearing.

1 b) Page 33 of the Board's July 29, 1996 report states:

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3 **“The Board recommends that both the generation assets and the**
4 **138 kV transmission line on the Great Northern Peninsula be**
5 **assigned, on a provisional basis, as being of common benefit to**
6 **all interconnected customers and that sub-transmission costs**
7 **(for lines whose voltage is below 138 kV) be specifically**
8 **assigned. The Board further recommends re-examination of**
9 **these cost assignment decisions, and the rules for cost**
10 **assignment, at a future hearing.”**

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12 Page 33 also provides a listing of common plant on the Great
13 Northern Peninsula. This recommendation by the Board was
14 additional to the Board's previous recommendation on assignment of
15 plant on the Great Northern Peninsula as contained in its report dated
16 February 1993. Recommendation 4 on page 74 of the February 1993
17 report states:

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19 **“That transmission lines dedicated to the service of Hydro Rural**
20 **rate Classes be included in a sub-transmission function, and the**
21 **costs attributed thereto be allocated exclusively to such**
22 **classes.”**

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24 It is Hydro's position that all of its generation connected to the Island
25 Interconnected System, regardless of size or location, is of benefit to
26 all Island customers and therefore is assigned common. Hydro
27 operates all generation with due consideration given to the load to be
28 served, least cost production, reservoir management and plant
29 maintenance. The July 29, 1996 decision by the Board to assign the

1 costs associated with the generating facilities at St. Anthony and
2 Roddickton as common is consistent with Hydro's position and
3 previous Board rulings.

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5 The interconnection of the St. Anthony – Roddickton System has
6 added generation to the Island Interconnected System. In order to
7 apply the Board's July 29, 1996 decision consistently across the
8 Island Interconnected System, Hydro has proposed in its guidelines
9 that in situations where transmission and terminal station equipment
10 connect a single customer and remote generation to the grid that the
11 transmission and terminal station equipment would be assigned
12 common if, under any normal operating scenario, the output of the
13 remote generation can be delivered to the 230 kV grid. A review of
14 the Great Northern Peninsula indicated that under light load conditions
15 the combined generation of Hawke's Bay, St. Anthony and Roddickton
16 exceeded the radial load. Similarly a review of the Doyles – Port-aux-
17 Basques system and the Burin Peninsula system revealed that the
18 combined generation on each of these systems exceeded the radial
19 load under light load conditions. Hydro has applied its guidelines for
20 the assignment of plant and the Board's July 29, 1996 decision on
21 cost assignment to the entire Island Interconnected System for the
22 purpose of this Cost of Service Study in anticipation that the Board will
23 re-examine the July 29, 1996 decision and Hydro's guidelines at this
24 hearing.