

1 Q. **Reference: Exhibit RDG-1, Pages 89 and 91**

2

3 Please reconcile the gross and net plant investments shown in the cost of
4 service study (Exhibit RDG-1) with the responses to LC-8 and LC-10 (as
5 updated to the 2004 test year).

6

7 **Reference: Exhibit RDG-1, Page 89, Line 4**

8

9 Please explain why portions of transmission lines and Terminal Substations
10 were functionalized to distribution. Please explain the facilities involved and
11 the costs of each.

12

13

14 A. Please refer to the attached reconciliations.

15

16 There are certain low voltage assets recorded in high voltage asset classes
17 on the accounting records. For cost of service purposes, these assets are
18 functionalized to distribution. The facilities involved are:

19

20 Happy Valley Distribution Feeder 15	\$ 246,532
21 Happy Valley Distribution Feeder 17	207,663
22 Happy Valley Department of National Defense Substation	<u>291,644</u>
23 Total	<u>\$ 745,839</u>

24

25 These amounts are summarized on the attached reconciliation, Page 2, Line
26 21.

NEWFOUNDLAND AND LABRADOR HYDRO
Reconciliation of Asset Values from LC41/LC42 to COS
Asset Original Cost

	1	2	3	4	5	6	7	8
	Happy Valley			Wabush / Labrador City			Total	Cross-Reference
	2004	2003	2004 Average	2004	2003	2004 Average	2004 Average	Cost of Service Exhibit RDG-1, p.89
Generation:								
1 Generation (per LC-42)	25,470,620	25,470,620	25,470,620	0	0	0	25,470,620	
2 Plus Generation Assets outside the Happy Valley Area	502,105	502,105	502,105	0	0	0	502,105	
3 Total Generation	<u>25,972,725</u>	<u>25,972,725</u>	<u>25,972,725</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,972,725</u>	L3: C2
Transmission:								
4 Transmission (per LC-42)	0	0	0	0	0	0	0	
5 Plus Transmission Assets outside the Happy Valley Area	20,500,690	20,500,690	20,500,690	0	0	0	20,500,690	L6: C5
6 Plus Transmission Asset incorrectly functionalized to Distr	1,251,600	0	625,800	0	0	0	625,800 ⁽¹⁾	
7 Total Transmission	<u>21,752,290</u>	<u>20,500,690</u>	<u>21,126,490</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>21,126,490</u>	
Distribution:								
8 Distribution, per LC-42 (HV); LC-41(Lab West)	15,133,585			15,290,090				
9 Plus Additional Meters Assigned to HVGB through COS allocation	504,157			0				
10 Plus Distribution Assets outside the Happy Valley / Lab West Areas	1,140,841			2,312				
11 Less General Plant				(1,199,069)				
12 Less Feasibility Studies				(40,189)				
13 Plus Pre-Takeover Assets				457,032				
14 Total Distribution	<u>16,778,583</u>			<u>14,510,176</u>				
COS Data:								
15 Distribution Substations	1,879,503	1,879,503	1,879,503	4,997,184	4,997,184	4,997,184	6,876,687	L7: C2
16 Distribution	13,629,091	13,200,088	13,414,590	9,304,847	9,025,296	9,165,072	22,579,661	L8-14, L16: C2
17 Meters	524,149	524,149	524,149	208,148	208,148	208,148	732,297	L15: C2
18 Subtotal	<u>16,032,743</u>	<u>15,603,740</u>	<u>15,818,242</u>	<u>14,510,179</u>	<u>14,230,628</u>	<u>14,370,404</u>	<u>30,188,645</u>	L17: C2
19 Plus Transmission Assets Funtionalized to Distr	1,997,439	745,839	1,371,639	0	0	0	1,371,639	L6: C6, 7, 17
20 Less Transmission Asset incorrectly functionalized to Distr	(1,251,600)	0	(625,800)	0	0	0	(625,800) ⁽¹⁾	
21 Subtotal	<u>745,839</u>	<u>745,839</u>	<u>745,839</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>745,839</u>	
22 Total Distribution	<u>16,778,582</u>	<u>16,349,579</u>	<u>16,564,081</u>	<u>14,510,179</u>	<u>14,230,628</u>	<u>14,370,404</u>	<u>30,934,484</u>	
General Plant:								
23 General Plant, per LC-42	2,721,071							
24 Plus Gen Plt & Telecontrol Assets outside the Happy Valley Area	903,244							
25 Total General Plant	<u>3,624,315</u>							
COS Data:								
26 General Plant	2,360,958	2,163,952	2,262,455	1,167,681	1,156,261	1,161,971	3,424,426	
27 Telecontrol/Feas Studies	1,263,355	1,164,409	1,213,882	31,388	31,388	31,388	1,245,270	
28 Plus Comp Software/Gen Plt Assigned to Lab Intercnctd through the COS							1,830,353	
29 Total General Plant	<u>3,624,313</u>	<u>3,328,361</u>	<u>3,476,337</u>	<u>1,199,069</u>	<u>1,187,649</u>	<u>1,193,359</u>	<u>6,500,049</u>	L19,22: C2

Notes:

⁽¹⁾ To be revised in Final COS

NEWFOUNDLAND AND LABRADOR HYDRO
Reconciliation of Asset Values from LC41/LC42 to COS
Net Book Value

	1	2	3	4	5	6	7	8
	Happy Valley			Wabush / Labrador City			Total	Cross-Reference
	2004	2003	2004 Average	2004	2003	2004 Average	2004 Average	Cost of Service
								Exhibit RDG-1, p.91
Generation:								
1 Generation (per LC-42)	11,557,052			0	0	0	0	
2 Plus Generation Assets outside the Happy Valley Area	304,370			0	0	0	0	
3 Total Generation	<u>11,861,422</u>	<u>12,822,265</u>	<u>12,341,844</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,341,844</u>	L3: C2
Transmission:								
4 Transmission (per LC-42)	0	0	0	0	0	0	0	
5 Plus Transmission Assets outside the Happy Valley Area	15,556,039	16,107,862	15,831,951	0	0	0	15,831,951	L6: C5
6 Plus Transmission Asset incorrectly functionalized to Distr	1,251,241	0	625,621	0	0	0	625,621 ⁽¹⁾	
7 Total Transmission	<u>16,807,280</u>	<u>16,107,862</u>	<u>16,457,571</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,457,571</u>	
Distribution:								
8 Distribution, per LC-42 (HV); LC-41(Lab West)	7,673,542			6,731,136				
9 Plus Additional Meters Assigned to HVGB through COS allocation	282,319			0				
10 Plus Distribution Assets outside the Happy Valley / Lab West Areas	835,379			8				
11 Less General Plant				(304,183)				
12 Less Feasibility Studies				0				
13 Plus Pre-Takeover Assets				4,319				
14 Total Distribution	<u>8,791,240</u>			<u>6,431,280</u>				
COS Data:								
15 Distribution Substations	1,013,308	1,068,674	1,040,991	1,553,994	1,630,738	1,592,366	2,633,357	L7: C2
16 Distribution	7,100,571	7,004,117	7,052,344	4,825,456	4,767,185	4,796,321	11,848,665	L8-14, L16: C2
17 Meters	282,319	282,319	282,319	51,830	54,806	53,318	335,637	L15: C2
18 Subtotal	<u>8,396,198</u>	<u>8,355,110</u>	<u>8,375,654</u>	<u>6,431,280</u>	<u>6,452,729</u>	<u>6,442,005</u>	<u>14,817,659</u>	L17: C2
19 Plus Transmission Assets Funtionalized to Distr	1,646,283	412,765	1,029,524	0	0	0	1,029,524	L6: C6, 7, 17
20 Less Transmission Asset incorrectly functionalized to Distr	(1,251,241)	0	(625,621)	0	0	0	(625,621) ⁽¹⁾	
21 Subtotal	<u>395,042</u>	<u>412,765</u>	<u>403,904</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>403,904</u>	
22 Total Distribution	<u>8,791,240</u>	<u>8,767,875</u>	<u>8,779,558</u>	<u>6,431,280</u>	<u>6,452,729</u>	<u>6,442,005</u>	<u>15,221,562</u>	
General Plant:								
23 General Plant, per LC-42	562,250							
24 Plus Gen Plt & Telecontrol Assets outside the Happy Valley Area	176,845							
25 Total General Plant	<u>739,095</u>							
COS Data:								
26 General Plant	554,648	467,439	511,044	301,357	336,028	318,693	829,736	
27 Telecontrol/Feas Studies	184,448	93,547	138,998	2,826	4,458	3,642	142,640	
28 Plus Comp Software/Gen Plt Assigned to Lab Intercnctd through the COS							1,079,031	
29 Total General Plant	<u>739,096</u>	<u>560,986</u>	<u>650,041</u>	<u>304,183</u>	<u>340,486</u>	<u>322,335</u>	<u>2,051,407</u>	L19,22: C2

Notes:

⁽¹⁾ To be revised in Final COS