

1 Q. **Volume 1 (1st Revision), Chapter 4: Finance**

2 Please provide a breakdown of “Depreciation on Assets Excluded from Rate Base”
3 for the approved 2015 test year, 2015 and 2016 actuals, 2017 forecast and 2018
4 and 2019 test years. (Volume I (1st Revision),
5 Chapter 4: Finance, Schedule 4-II, Page 5 of 9)

6

7

8 A. Please refer to NP-NLH-085, Attachment 1.

Newfoundland & Labrador Hydro
Depreciation & Average Assets Excluded from Rate Base

Depreciation on Assets Excluded from Rate Base:

PUB Order	Name	Test	Actual	Actual	Forecast	Test Year	Test Year
		2015	2015	2016	2017	2018	2019
Note 1	HRD Unit 1	732	793	793	793	1,168	981
Note 2	Holyrood Fuel Oil Heat Trace	267	267	267	267	267	252
Note 3, 3a	Charlottetown Diesel Plant	43	39	27	39	24	36
Note 4	Sunnyside Transformer T8	123	123	171	171	129	129
Note 5	Holyrood Breaker, B1L17, Overhaul		10	10	10	9	9
Note 6	Lab City Voltage Conversion		5	5	5	8	8
Note 7	WAV Transformer T5 - Perform Upgrades		-	25	-	-	-
Note 7	Re-heat Boiler - Holyrood unit # 2		-	339	-	-	-
Note 7	Re-heat Boiler - Holyrood unit # 1		-	189	-	-	-
Note 7	Transmission Line Reroutes - Sally's Cove		-	31	-	-	-
Note 8	WAV Tap Changer T5		34	-	-	-	-
Note 9	Penstock # 1 Refurbishment - Bay d'Espoir		-	22	-	-	-
Note 9	Access Roads Refurbishment - Bay d'Espoir		-	7	82	25	-
Note 9	Allowance for Unforeseen		-	-	(80)	(10)	-
	Other	12	33	33	29	24	24
	Total Depreciation on Assets Excluded from Rate Base	1,177	1,303	1,919	1,315	1,644	1,439

Average Assets Excluded from Rate Base:

PUB Order	Name	Test	Actual	Actual	Forecast	Test Year	Test Year
		2015	2015	2016	2017	2018	2019
Note 1	HRD Unit 1	4,233	4,310	3,502	2,709	1,729	655
Note 2	Holyrood Fuel Oil Heat Trace	1,502	1,502	1,235	968	701	442
Note 3, 3a	Charlottetown Diesel Plant	689	648	399	340	315	291
Note 4	Sunnyside Transformer T8	2,961	2,764	4,623	4,480	4,330	4,201
Note 5	Holyrood Breaker, B1L17, Overhaul	332	353	343	333	323	314
Note 6	Lab City Voltage Conversion		201	196	191	185	177
Note 7	WAV Transformer T5 - Perform Upgrades		-	659	659	-	-
Note 7	Re-heat Boiler - Holyrood unit # 2		-	613	613	-	-
Note 7	Re-heat Boiler - Holyrood unit # 1		-	370	370	-	-
Note 7	Transmission Line Reroutes - Sally's Cove		-	678	678	-	-
Note 8	WAV Tap Changer T5	503	503	-	-	-	-
Note 9	Penstock # 1 Refurbishment - Bay d'Espoir		-	3,284	3,284	-	-
Note 9	Access Roads Refurbishment - Bay d'Espoir		-	1,358	2,379	1,021	-
Note 9	Allowance for Unforeseen		-	(1,000)	(1,145)	(145)	-
	Other	414	451	417	386	360	336
	Total Average Assets Excluded from Rate Base	10,634	10,732	16,676	16,246	8,820	6,415

Notes

- P. U. 14 (2013) disallowed costs in rate base until further order from board. Prudence review order P.U. 13 (2016) indicates Hydro accepts full responsibility for cost consequences.
- P. U. 5 (2012) disallowed costs in rate base unless otherwise ordered by the board.
- 2014 & Test Year 2014 should be 670 vs 1,067 & 733 re GT-92 (error on GT-26); Test Year 2015 should be 640 vs 689
- 3a. P. U. 27 (2014) allows for \$600K which was approx 60% of original cost. In 2016 asset 350859 was disposed and there was a partial disposal of asset 350860. The disposal created a larger proportion allowable than the original amount, therefore the remaining amount was allocated based on a 60/40 split.
- P. U. 29 (2014) disallowed costs in rate base pending subsequent order by the board. Prudence review order P.U. 13 (2016) disallows costs.
- P. U. 23 (2014) disallowed costs in rate base pending subsequent order by the board. Prudence review order P.U. 13 (2016) disallows costs.
- P. U. 45 (2014) disallowed \$199,700K in cost over budget for years 2010-2013 in rate base.
- P. U. 8 Allowance for Unforeseen Items. Variance to be addressed in subsequent order of the Board following further application by Hydro.
- P. U. 32 (2014) disallowed costs in rate base pending subsequent order by the board. Asset disposed in 2015.
- P. U. 48 (2016) Allowance for Unforeseen Items. Variance to be addressed in subsequent order of the Board following further application by Hydro. Hydro has assumed that the Penstock #1 Refurbishment will be approved for recovery in 2017 and the Access Roads will be approved for recovery in 2017 and 2018. As per P.U. 33 (2015) & P.U.8 (2106) the Board has approved an Allowance for Unforeseen Items for \$1M each. Hydro has applied the allowances noted in P.U. 48 (2016) against P.U. 8 (2016) & P.U. 48 (2016) for the calculation of the average assets not in service.