

1 Q. **Reference: 2018 Cost of Service Methodology Review Report dated November 15, 2018**

2

3 On page 16 (lines 6 to 8) it is stated *“Until a reasonable alternative method is developed,*
4 *Hydro recommends the use of indexed asset costs in operating and maintenance cost*
5 *allocations in the determination of specifically assigned charges.”* Please provide detailed
6 spreadsheets showing the calculation of specifically-assigned O&M charges using the
7 proposed methodology and the methodology previously employed. Please provide in a
8 level of detail that allows the Parties to reconstruct the calculation.

9

10

11 A. In the “2013 General Rate Application”, originally filed with The Board of Commissioners of
12 Public Utilities (the “Board”) on July 30, 2013, the previously employed method was
13 determined by Newfoundland and Labrador Hydro (“Hydro”) to be no longer reasonable for
14 allocation of Operations and Maintenance (“O&M”) costs to specifically assigned charges.
15 Hydro presented a proposal to use an allocation based on determination of test-year
16 transmission asset value via Handy-Whitman indexes. In Board Order No. P.U. 49(2016), the
17 Board did not approve Hydro’s proposed methodology change, stating that the Board was
18 not satisfied there was sufficient evidence to determine that the alternate approach should
19 be approved; however, the Board indicated Hydro should address this issue more fully in its
20 next General Rate Application. Hydro provided additional evidence to support its alternate
21 method in its “2017 General Rate Application”, submitted to the Board on July, 28, 2017,
22 including in its response to NP-NLH-259 which is provided here as CA-NLH-023, Attachment
23 1, and the parties accepted the proposed methodology in the Settlement Agreements.

24

25 In Board Order No. P.U. 48(2018), approving interim rates for Island Industrial Customers as
26 of January 1, 2019, the Board accepted Hydro’s proposal to revise the specifically assigned
27 charges to reflect the methodology accepted in the Settlement Agreements on an interim
28 basis. The previous methodology is no longer an option. To provide spreadsheets providing
29 the detail requested for the previous methodology would be onerous, is not required to
30 review the Cost of Service Methodology proposals, and therefore is not provided.