

1 Q. Re: “Newfoundland and Labrador Hydro Cost of Service Methodology Review
2 Application,” Pre-Filed Testimony of Andrew McLaren, August 5, 2019. p. 17/2.

3 The InterGroup Consultants Ltd. observations are in favour of functionalizing
4 the Labrador-Island Link and Labrador Transmission Assets as transmission
5 rather than generation, based on adverse impact to the Island Industrial
6 Customer. Is the concept of adverse impact justifiable in Cost of Service
7 Methodology?

8 A. Mr. McLaren’s evidence at page 16 is that in many circumstances the
9 refunctionalization and subfunctionalization approaches for generation integration
10 transmission can yield very similar results such that the distinction between the
11 two approaches is not material for rate-setting purposes. That is not the case in
12 the current context, in part due to the NP generation credit, and therefore Mr.
13 McLaren recommends the Board separately consider the functionalization and
14 classification approaches for the LIL and LTA.