

1 Q. **Reference: Newfoundland and Labrador Hydro 2018 Cost of Service Methodology Review**
2 **Report, November 15, 2018, Page 4, Lines 7-11.**

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4 “To meet the FERC requirement of reciprocity, Hydro must provide comparable open
5 access to transmission service over the interprovincial transmission system within
6 Newfoundland and Labrador. From a cost of service perspective, FERC requires that Hydro
7 record its transmission costs in a manner that can be used in the determination of open
8 access transmission tariffs.”

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10 In Christensen’s opinion, are the Board’s decisions with respect to the functionalization and
11 classification of LIL and LTA costs practically required to conform to the cost allocation
12 underlying open access transmission tariffs? If so, please explain. If not, why not?

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14 A. This response has been provided by Christensen Associates Energy Consulting.

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16 CA Energy Consulting believes that Hydro’s *transmission* cost recovery schemes associated
17 with open access transmission tariffs will need to conform to OATT rules, and the Board will
18 want to ensure that Hydro can certify that it engages in open trading that accords no
19 preference to any particular transmission user. Those rules are flexible and have been
20 modified on regular occasion to meet the specific needs of various jurisdictions.