

1 Q. **Reference: Network Addition Policy Summary Report, page 3 (p. 6 pdf)**

2 Citation 1:

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4 For customer requests that require the acceleration of the LIS Transmission  
5 Expansion Plan, Hydro will base its contribution requirement on the difference  
6 between the cost of the acceleration of the LIS Transmission Expansion Plan and  
7 the value of the benefits to existing customers as a result of accelerating the  
8 Transmission Expansion Plan.  
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10 Citation 2 (from New York State Public Service Commission, Rider A to New York Municipal  
11 Power Agency tariff<sup>1</sup>):

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13 C. CUSTOMER COST CONTRIBUTION

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15 A Customer requesting service under this Rider will be responsible for:

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17 a. reasonable costs of conducting the feasibility study; and  
18 b. the entire cost of any new facilities necessary to supply the requested  
19 service. The payment of these costs will be required, in cash, before new  
20 facilities will be constructed. At the end of each full year of service, for  
21 the first ten years, the customer will receive a refund equal to the lesser  
22 of the annual non-supply related revenues from the customer, or one-  
23 tenth of the cost contribution paid by the customer under this  
24 paragraph.  
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- 26 a) Please confirm or correct the following statement : The proposed Network Addition  
27 Policy differs from the policy adopted by the New York State Public Service Commission  
28 for the New York Municipal Power Agency in that, under the Network Addition Policy, a  
29 new customer is responsible only for the cost of advancing transmission investments  
30 from the date when they would otherwise be required (minus the value of reliability  
31 benefits to existing consumers), whereas the NYSPSC policy requires the new customer  
32 to pay the entire cost of any new facilities necessary to supply the requested service.

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<sup>1</sup> NYSPSC, Case 18-E-0126, Order Approving Tariff Amendments with Modifications (March 19, 2018), page 7.

1           b) Please explain the significance of the difference between the Network Addition Policy  
2           and the policy adopted by the New York State Public Service Commission in Rider A for  
3           the New York Municipal Power Agency tariff.

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5           c) To illustrate this difference, please compare the customer contributions that would be  
6           required under the Network Addition Policy for the examples mentioned in LAB-NLH-  
7           100 c) and d), with the amounts that would be required under the NYSPSC policy.

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9           d) Please explain why Hydro has chosen to adopt the approach found in the Network  
10          Addition Policy, as opposed to the one adopted by the NYSPSC in Rider A to its NYMPA  
11          tariff.

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14   A.    a) Newfoundland and Labrador Hydro (“Hydro”) has not reviewed the tariffs of the New  
15          York Municipal Power Agency. However, based on the information provided, the New York  
16          Municipal Power Agency Tariff appears to charge the full cost in advance and provide  
17          contribution refunds over a 10-year period.

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19          b) In determining the contribution required from the customer requesting service, Hydro’s  
20          proposed “Network Additions Policy – Labrador Interconnected System” reflects the  
21          benefits of the new facilities to both existing customers and the customer requesting  
22          service. The New York Municipal Power Agency Tariff does not appear to consider the  
23          benefits of the new facilities to existing customers in determining the contribution for the  
24          customer requesting service.

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26          c) There are no examples provided in LAB-NLH-100 Part c) or LAB-NLH-100 Part d) for use  
27          in the calculation of required contributions.

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29          d) As discussed in Part b), Hydro’s policy gives consideration to the beneficiary pays  
30          approach. Hydro believes the use of the Expansion Advancement Cost, which considers

1           both the cost of acceleration of the Labrador Transmission Expansion Plan and the benefits  
2           to existing customers of the acceleration of the plan, is consistent with the beneficiary pays  
3           approach. Hydro's position that the beneficiary pays approach is the appropriate concept  
4           to follow is further explored in Hydro's "Network Additions Policy Review," filed with the  
5           Board on October 1, 2018.