

- 1 **Q. (Reference CA-NP-006) It is stated “Newfoundland Power’s Cost of Service Study**
 2 **filed as part of its 2022/2023 General Rate Application is based on actual costs**
 3 **incurred in 2019 and the functional classification of purchased power costs based on**
 4 **Hydro’s 2019 Test Year Cost of Service Study used to set rates.”**
- 5 a) **Is it common in this jurisdiction to base cost of service studies on a historic**
 6 **test year?**
- 7 b) **Please provide a list of Newfoundland Power GRAs with cost of service**
 8 **studies based on historic test years.**
- 9 c) **Under current legislation is Newfoundland Power allowed to base its cost of**
 10 **service study on a historic test year?**
- 11 d) **Does basing the cost of service study on a historic test year change**
 12 **Newfoundland Power’s risk profile?**
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- 14 A. a) Yes. See part (b).
- 15
- 16 b) Table 1 provides the year on which the cost of service study was based for each
 17 general rate application (“GRA”) since 2007.¹ The table also includes the Board
 18 order associated with each GRA and the Board order approving customer rates
 19 based on the respective GRA.

**Table 1:
Cost of Service Study and Board Orders
2007 to Present**

GRA	Cost of Service Study Year	Board Order No. (GRA)	Board Order No. (Customer Rates)
2008 GRA	2005	P.U. 32 (2007)	P.U. 32 (2007)
2010 GRA	2008	P.U. 43 (2009)	P.U. 46 (2009)
2013/2014 GRA	2011	P.U. 13 (2013)	P.U. 23 (2013)
2016/2017 GRA	2014	P.U. 18 (2016)	P.U. 25 (2016)
2019/2020 GRA	2016	P.U. 2 (2019)	P.U. 2 (2019)
2022/2023 GRA	2019	-	-

- 20 c) Yes. See part (b).

¹ In Order No. P.U. 32 (2007), the Board stated it was satisfied that Newfoundland Power’s cost of service study and methodology were appropriate to be used in establishing 2008 customer rates.

- 1 d) No. Cost of service studies are conducted on a regular basis to evaluate the
2 reasonableness of cost recovery by class of service and as a step in the traditional
3 process for establishing Newfoundland Power’s customer rates. A consistent
4 methodology has been followed for the last 15 years.²

² See the 2022/2023 General Rate Application, Volume 2, Supporting Materials, Tab 4, Cost of Service Study.