

1 Q. (Expert Report prepared by Mr. Mel Dean, June 4, 2015, page 8, lines 15 to 29, and
2 page 9, lines 1 to 17) Is Mr. Dean proposing that Hydro undertake these steps to
3 determine the specifically-assigned costs for each of its customers?

4 A. At the time of preparing the evidence, Hydro had stated in V-NLH-083 that redoing
5 the cost of service with the original plant cost in constant year dollars was an
6 onerous task. Both Hydro and Hydro's expert, Mr. Greneman, acknowledged that the
7 method used in in the cost of service was inequitable¹. The method that I proposed in
8 my evidence was offered as a fair and more equitable method to assign specifically
9 allocated cost and I proposed that the Board direct Hydro to use these steps to
10 determine the costs.

11 Since that time, Hydro have revised their response to V-NLH-083 and have indexed
12 the original plant in service costs so that they are now in 2015 dollars. Although, all
13 the calculations and assumptions were not provided in their response, I would view
14 their approach as reasonable.

¹ References: Hydro's Rebuttal Evidence May 30, 2014, appendix A, page A-3, lines 1–11 and the response to V-NLH-110.