

1 Q. **Re: IN-NLH-113**

2 “For the purposes of the assignment of plant Hydro uses the following definitions  
3 with respect to assignment of plant:

4 **“Common plant** is defined as plant that is of benefit to two or more customers.

5 Costs for common plant is assigned to all customers of the system with the  
6 individual portion of the cost being derived based upon factors such as usage.

7 **“Specifically assigned plant** is defined as plant that is of benefit to only one  
8 customer. Costs for specifically assigned plant are assigned directly to the  
9 benefiting customer.

10 “In the rare case where there are two customers connected to a particular group of  
11 assets where one customer is relatively large (i.e., 70 MW) and the second  
12 customer is relatively small (i.e., 100kW), the question of “little benefit” or “primary  
13 use” comes into play with respect to the assignment of the group of assets. In this  
14 instance, Hydro may make recommendation that the plant in question be  
15 specifically assigned to the larger customer. However, the matter is within the  
16 Board's jurisdiction.”

17 In the event that the service provided by a particular group of assets was limited to  
18 a small group of consumers, would it be within the Board’s jurisdiction to assign the  
19 plant in question collectively to said group? Has the Board ever addressed such a  
20 situation? If so, please provide references.

21

22

23 A. In making decisions about rates, the Board’s jurisdiction is governed by section 4 of  
24 the *Electrical Power Control Act, 1994* which requires it to apply “generally accepted  
25 sound public utility practice”.

1 To Hydro's knowledge, the Board has never specifically assigned assets to a small  
2 group of customers for rate setting purposes. It has either assigned the costs to a  
3 single customer or it has treated them as common costs and collected the costs of  
4 those assets from the whole rate class, or more than one rate class, in that system.  
5 Whether it would be proper for the Board to specifically assign assets to a small  
6 group of customers for rate setting purposes is a hypothetical question which  
7 cannot be determined absent more factual context.