

Q. **Labrador T&D costs**

**Re: PUB-NLH-84, PUB-NLH-84 rev. 1**

Preamble:

The following table shows the changes in Labrador Interconnected Plant in Service for the 2013 Test Year (Original Application) and for the 2015 Test Year (Amended Application):

Function	2013 Test Year	2015 Test Year
Production	25.9	27.0
Transmission		
Distribution Level (46 kV)	11.3	11.7
Transmission Level (above 46 kV)		23.5
Muskrat Falls Construction Power	3.1	
Other Transmission Level	23.5	
Total Transmission	37.9	35.2
Distribution	56.3	69.2
General	13.2	16.6
Total Plant in Service	133.3	147.9
Muskrat Falls Construction Power	(3.1)	
Adjusted Total Plant in Service	130.2	

Please explain in detail the differences between the figures presented in PUB-NLH-84 for the 2013 Test Year and those presented in PUB-NLH-84 Rev. 1 for the 2015 Test Year.

In particular, please explain:

- The increase from \$25.9 to \$27.0 million for Production;
- Why Muskrat Falls Construction Power (MFCP) has been excluded from the 2015 Test Year;
- The increase from \$56.3 million to \$69.2 million for Distribution;
- The increase from \$13.2 million to \$16.6 million for "General";
- The increase from \$133.3 million (Total Plant in Service) or from \$130.2 million

(Adjusted Total Plant in Service) in Test Year 2013 to \$147.9 million (Total Plant in Service) in Test Year 2015.

A. The differences in plant in service presented in Hydro's response to PUB-NLH-084 for the 2013 Test Year and those in PUB-NLH-084 (Revision 1, Dec 4-14) for the 2015 Test Year for the particular items noted are as follows:

- (i) The increase from \$25.9 million to \$27.0 million for Production relates to a 2014 proposal for \$1.1 million to upgrade the gas turbine in Happy Valley - Goose Bay.
- (ii) In the 2013 Test Year, the costs for Muskrat Falls Construction Power (MFCP) assets were assumed to be fully funded by LCP and ownership would be transferred to Hydro. The MFCP asset transfer to Hydro has not yet occurred. Therefore, for the 2015 Test Year, the costs for (MFCP) assets have been excluded.
- (iii) The increase from \$56.3 million to \$69.2 million for Distribution is primarily due to the forecast of \$8.5 million in costs for poles, primary conductor, secondary, and distribution services related to service extensions, distribution upgrades and replacements in Happy Valley - Goose Bay as well as transformer upgrades estimated at \$4.4 million for the Labrador City Voltage Conversion project.
- (iv) The increase from \$13.2 million to \$16.6 million for General is due to investment in information systems and other general plant which is allocated to each Hydro system based on operating and maintenance expense.
- (v) The increase from \$133.3 million to \$147.9 million in Total Plant in Service is due to the reasons provided in (i) to (iv) above.