

1 Q. Could you please clarify the portion(s) of the \$6.3 million increase in professional  
2 services between 2013 and 2014 Test Year that Vale recommends the Board  
3 examines further. As noted in V-NLH-095, the following were the variances provided  
4 by Hydro:

5 “An increase of \$2.3 million of GRA and Board related costs associated with an  
6 increased volume of application and regulatory activity; and an increase in consulting  
7 costs of \$4.0 million: \$2.0 million mainly due to the outage inquiry, \$1.1 million due  
8 to condition assessments and engineering related activities, \$0.6 million due to  
9 environmental work and safety and health related programs and \$0.3 million due to  
10 environmental remediation at Sunnyside Terminal Station”.

11 A. The response to V-NLH-095 lists five reasons for the increase in professional  
12 services of \$6.3 million between 2013 and 2014. I submit that all five of the  
13 increased costs should be examined further by the Board:

- 14 • The largest is an increase of \$2.3 million of GRA and Board related costs  
15 associated with an increased volume of application and regulatory activity. As  
16 well as the on-going GRA, there were many applications that were directly  
17 related to the January 2014 power outages or followed as a consequence of  
18 the outages. The prudence of the capital expenditures are part of the Liberty  
19 Consulting mandate. An unknown portion of this \$2.3 million cost may be  
20 related to the work which Liberty will be giving an opinion about the prudence.
  - 21 • An increase is consulting costs of \$2.0 million mainly due to the outage  
22 inquiry. This \$2.0 million is directly related to the outage so the same concern  
23 as expressed in the bullet above applies in this case also.
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- 1           • A \$1.1 million increase in consulting due to condition assessments and  
2           engineering related activities. This is an increase in 2014 over 2013 condition  
3           assessment costs. They may be related to the applications that Liberty  
4           Consulting are reviewing, so therefore brings in to consideration the prudence  
5           of this \$1.1 million expenditure.
- 6           • An increase of \$0.6 million due to environmental work and safety and health  
7           related programs. It is not clear if the increase in environment work is as a  
8           result of the 2014 power outages and therefore should be examined further.
- 9           • An increase in consulting services of \$0.3 million due to environmental  
10          remediation at the Sunnyside Terminal Station. If the extra remediation at the  
11          Sunnyside Terminal Station is due to the failures in this substation in January  
12          2014, then the prudence of the expenditure is questionable.