

1 **Q. 2013 General Rate Application, Exploits Generation**

2 Does Hydro provide any services to any party related to Exploits Generation? If yes,
3 provide details on the services provided and the costs charged for the services for
4 each year since Hydro started providing services.

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7 **A.** Since 2009, Exploits and Star Lake generating facilities were operated by Nalcor
8 Energy with services provided by Hydro. Hydro was engaged by Nalcor, for
9 operations and maintenance services to support the operations in an efficient and
10 effective manner similar to the manner in which Hydro's own assets are operated.

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12 When the 2013 GRA Application was filed, Star Lake responsibility was based in
13 Hydro as a non-regulated activity and all services were the responsibility of Hydro,
14 whereas at that time, the remaining Exploits facilities were based in Nalcor
15 (including the Buchans, Grand Falls and Bishop's Falls generating station) was based
16 in Nalcor. Hydro was providing some services to these assets, but the day-to-day
17 operations of the generating station were conducted by employees whose home
18 business units resided in Nalcor.

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20 As of August 2013, all Exploits staff were transferred to a Hydro non-regulated
21 business unit.

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23 Hydro will be responsible by the end of 2013 for providing all services to Nalcor
24 related to Exploits and Star Lake, including asset planning, safety, operations and
25 maintenance, administrative, supply chain and information systems.

1 Activities conducted by Hydro staff in relation to Exploits facilities are charged in
 2 accordance with the Intercompany Transaction Costing Guidelines as provided in
 3 Exhibit 8 of the GRA evidence. However, there is no impact to Hydro's revenue
 4 requirement as any costs incurred are fully recovered from Nalcor.

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6 The following are the allocated costs charged by Hydro to Exploits and Star Lake for
 7 each year since Hydro started providing the services:

| <i>(millions of dollars)</i> | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Exploits Labour | - | 0.3 | 0.3 | 0.2 | 0.1 |
| Star Lake Labour | - | - | - | 0.5 | 0.3 |
| Exploits Intercompany Admin Fee | - | 0.1 | 0.1 | 0.1 | 0.1 |
| Star Lake Intercompany Admin Fee | - | - | - | - | - |
| | - | 0.4 | 0.4 | 0.8 | 0.5 |
| Recovery | - | (0.4) | (0.4) | (0.8) | (0.5) |
| Net Impact | - | - | - | - | - |