

1 Q. **Reference: RFI V-NLH-083 Specific Assigned Charge**

2 In the response to V-NLH-083 (revision 0), Hydro states that the information
3 requested “ is onerous and cannot be completed within the time frame for the
4 proceeding”. In a status report, Hydro stated this RFI does not need to be updated.
5 What alternate procedures does Hydro propose in order to achieve a more
6 equitable allocation of operating and maintenance expenses between customers?
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9 A. In its 2013 GRA Rebuttal Evidence, Hydro acknowledged the recommendations of
10 Vale’s expert, Mel Dean, with regard to his suggested alternative procedures
11 surrounding O&M allocation methodology. Hydro’s cost of service study allocates
12 O&M expenses within each system based on original cost of plant. Although this is
13 the most widely-used methodology to allocate O&M expenses among North
14 American utilities, it is acknowledged that an inequitable allocation of O&M can
15 result due to varying ages of plant in service. Hydro’s expert, Mr. Robert
16 Greneman, of Lummus Consultants, also outlined a possible indexing method
17 where specifically assigned plant additions subsequent to the 2007 GRA are
18 deescalated back to a date in the 2007 Test Year. This approach was characterized
19 as an attempt at recognizing the impact of inflation in the O&M allocation
20 methodology, but could open the way to discussion among the parties relative to
21 refinements and steps that could be taken towards a more comprehensive analysis.
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23 Hydro does not currently propose any particular alternate O&M allocation
24 procedure. However, Hydro is willing to discuss the matter during the GRA
25 negotiation process.