

1 Q. **Reference: Hydro's GRA Rebuttal Evidence, May 2014, appendix A, page A-3 to A-**
2 **4**

3 **Reference: RFI V-NLH-083 Specific Assigned Charge**

4 In his rebuttal evidence, Mr. Robert Greneman of Lummus Consultants proposes, as
5 a starting point, an alternate solution to make the allocation of the operating and
6 maintenance expense more equitable. Please re-state the 2015 cost of service using
7 this approach.
8
9

10 A. Please see V-NLH-111 Attachment 1 for the impact to the 2015 Cost of Service
11 specifically assigned operating and maintenance expense in a format consistent
12 with Appendix A to Mr. Greneman's Rebuttal Evidence, May 2014. Hydro notes
13 that this was a preliminary proposal intended to open dialogue among the parties
14 during negotiations. The 2015 Cost of Service impact of the proposed method is a
15 decrease in the specifically assigned operating and maintenance expense charges of
16 \$0.2 million which would be reallocated amongst customers as a common cost. The
17 revised total specifically assigned charges are summarized below.
18

Specifically Assigned Charges

	Revised	As Filed	Difference
Corner Brook Pulp and Paper Limited	\$ 812,154	\$ 891,043	\$ (78,889)
North Atlantic Refining Limited	81,299	91,729	(10,430)
Teck Resources Limited	212,353	208,600	3,753
Vale Newfoundland and Labrador Limited	434,393	499,522	(65,129)
Sub-Total	\$ 1,540,199	\$ 1,690,894	\$ (150,695)
Newfoundland Power	4,257,285	4,330,885	(73,600)
Total	\$ 5,797,484	\$ 6,021,779	\$ (224,295)

Newfoundland and Labrador Hydro
Proposed Specifically Assigned Operating and Maintenance Expense Allocation
2015 Test Year

	A	B	C	D	E	
	2015 TY	2008-2015	Deflate		2015	
	Gross Plant ¹	Additions	Additions	Difference	Adjusted	Reference
			to 2007 TY Value ²	Col B - Col C	Gross Plant	Col A + Col D
Step 1: Calculate Adjusted Specifically Assigned Transmission Plant						
1 Corner Brook Pulp and Paper Limited	\$ 7,072,164	\$ 3,778,543	\$ 3,400,689	\$ (377,854)	\$ 6,694,310	
2 North Atlantic Refining Limited	1,127,618	26,594	23,935	(2,659)	1,124,959	
3 Teck Resources Limited	5,444,315	-	-	-	5,444,315	
4 Vale Newfoundland and Labrador Limited	11,063,917	11,063,917	9,957,525	(1,106,392)	9,957,525	
5 Sub-Total Industrial Customers	\$ 24,708,015	\$ 14,869,054	\$ 13,382,149	\$ (1,486,905)	\$ 23,221,109	
6 Newfoundland Power	38,309,875	5,873,561	5,286,205	(587,356)	37,722,519	
7 Total	\$ 63,017,890	\$ 20,742,615	\$ 18,668,354	\$ (2,074,262)	\$ 60,943,629	
	F	G	H	I	J	
	Total	Percent	Deflate Plant to	Adjusted Plant	Percent	
		Col A, Line 1 *	2007 TY Value ²	Total	Col C, Line 1 *	
		Col A, Line 2	Col D, Line 7		Col C, Line 2	
Step 2: Calculate Adjusted Specifically Assigned O&M						
8 Total Specifically Assigned Transmission Plant in Service	\$ 63,017,890		(2,074,262)	60,943,629		Col F, Line 8 + Col H, Line 8
9 Total Transmission Plant in Service	\$ 290,456,405 ³		(2,074,262)	288,382,144		Col F, Line 9 + Col H, Line 9
10 Ratio of Specifically Assigned Transmission Plant in Service to Total		21.70%			21.13%	
11 Total Transmission O&M	\$ 10,761,623 ⁴					
12 Adjusted Specifically-Assigned O&M	\$ 2,274,247					Col E, Line 3 * Col A, Line 4
	K	L	M			
	Allocate	2015 TY	Percent			
	Specifically	O&M ⁵	Change			
	Assigned O&M					
	Col E, Lines 1 to 4 &					
	6/Col E, Line 7 * Col					
	F, Line 12					
Step 3: Calculate Adjusted Specifically Assigned O&M by Customer						
13 Corner Brook Pulp and Paper Limited	\$ 249,813	\$ 328,702	-24.0%			
14 North Atlantic Refining Limited	41,980	52,410	-19.9%			
15 Teck Resources Limited	203,167	199,414	1.9%			
16 Vale Newfoundland and Labrador Limited	371,587	436,716	-14.9%			
17 Sub-Total	\$ 866,547	\$ 1,017,242	-14.8%			
18 Newfoundland Power	1,407,700	1,481,300	-5.0%			
19 Total	\$ 2,274,247	\$ 2,498,542	-9.0%			

1) Amended Application, Exhibit 13, Schedule 3.3A, Page 1 of 1, Col 5, Line No. 1 to 7.

2) Plant additions for 2008 to 2015 adjusted to 2007 Test Year value using the Handy Whitman Index of Public Utility Construction Costs. North Atlantic Region Index (1973=100).

Total Transmission Plant		Deflation Percent	
7/1/2007	7/1/2014	Factor	Mid-Point
564	712	-20.8%	-10.4%

3) Amended Application, Exhibit 13, Schedule 2.2A, Page 1 of 2, Col 5, Line No. 40.

4) Amended Application, Exhibit 13, Schedule 2.4A, Page 1 of 2, Col 5, Line No. 30.

5) Amended Application, Exhibit 13, Schedule 3.3A, Page 1 of 1, Col 3-6, Line No. 20 to 26.