

1 Q. (Reference 2017 GRA Volume I, page 5.7) It is stated (lines 1 to 2) “*there are certain*
2 *cost of service issues not related to the completion of the Muskrat Falls Project that*
3 *are required to be dealt with in the current GRA.*” Please explain why it is necessary
4 to address each of these issues prior to the cost of service study that Hydro
5 proposes to file in 2018, and why other issues have not been addressed in this GRA;
6 i.e., the classification of a portion of network transmission costs to energy.
7
8

9 A. The cost of service issues proposed in this GRA relate to issues that were also
10 before the Board at the 2013 GRA. Three of the matters were resolved in the 2013
11 GRA though a settlement agreement. These include: (i) the continuation of the
12 CBPP Generation Credit Pilot Project; (ii) the assignment of the frequency converter
13 to CBPP as a specifically assigned asset; and (iii) the demand and energy
14 classification of wind purchases. The settlement agreement from the 2013 GRA
15 does not set a precedent for cost of service assignments in the 2017 GRA.
16

17 In Order No. P.U. 49 (2016) (the GRA Order), the Board directed Hydro to address
18 the rural deficit allocation in the cost of service methodology report. While the cost
19 of service methodology hearing is delayed, this matter is of relevance to the current
20 hearing.
21

22 In the Board’s correspondence to Hydro dated September 9, 2016,¹ (please refer to
23 Hydro’s response to LAB-NLH-017, Attachment 2) the Board indicated that certain
24 cost of service issues, such as issues related to the methodology for calculating

¹ The Board approved the delay in the cost of service methodology hearing in the correspondence provided September 9, 2016.

1 specifically assigned charges, be addressed in the usual course in the current GRA.

2 Hydro's 2017 GRA filing complies with the Board's direction on this matter.

3

4 The classification of network transmission costs was applied consistent with the
5 approved cost of service methodology. Hydro plans to revisit this issue in the Cost
6 of Service Methodology review planned for the latter part of 2018.