

1 Q. (Reference 2017 GRA Volume II, Exhibit 13, page 16 of 60) It is stated (lines 1 to 11)  
2 *“An alternative might be to track actual expenses associated with each customer’s*  
3 *dedicated transmission assets and bill the customer directly, while in addition*  
4 *charging them for their share of remaining transmission-related expenses on the*  
5 *basis of the standard transmission allocator. Under this system, a customer who is*  
6 *directly assigned high asset costs for new or upgraded transmission assets would*  
7 *also have the lower expenses associated with new equipment. Directly assigned*  
8 *O&M costs under this system would be removed from the COS, although customers*  
9 *would continue to be allocated their share of common transmission-related O&M*  
10 *costs. The outcome of this approach is fairly allocated cost for the share of the*  
11 *transmission system common to all customers plus charges for actual repair costs.*  
12 *Since this system is applied, at least by a few small U.S. utilities, it has a regulatory*  
13 *precedent.”* It is later stated (lines 13 to 15) *“Hydro has reviewed this approach.*  
14 *Unfortunately, the review concluded that it is not currently feasible, since current*  
15 *and past accounting processes do not supply sufficient detail to identify each*  
16 *individual O&M expense with a specific customer.”* Hydro indicates that the current  
17 methodology for allocating specifically-assigned O&M costs is unfair, and it appears  
18 that the fairest approach, and one that has regulatory precedent, is to charge actual  
19 O&M costs. Given the importance of fairness and regulatory precedence, why is  
20 Hydro not considering modification of its accounting system to enable tracking of  
21 actual O&M costs for direct assignment to customers?

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24 A. Please refer to Hydro’s response to PUB-NLH-078.