

1 Q. (Expert Evidence – JT Browne Consulting, page 9) Reference is made to a Cost of
2 Service Standard documented in a recent Supreme Court of Canada decision. Hydro
3 is proposing a 2019 test year cost of service study that will significantly over-collect
4 the revenue requirement, and result in allocations to Island customer classes that
5 do not reflect Hydro’s best forecast of the costs that the customer classes will
6 impose on the system. Please explain how this is consistent with established
7 regulatory practice, and provide examples where such a cost of service approach
8 has been used elsewhere.

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11 A. This response has been provided by JT Browne Consulting.

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13 Based on information provided by Hydro, it is Mr. Browne’s understanding that the
14 Off-Island Purchases Deferral Account will not affect Hydro’s ability to recover its
15 costs of providing regulated service. How the Off-Island Purchases Deferral Account
16 is consistent with established regulatory principles is set out in Mr. Browne’s
17 evidence (pages 12 to 15).

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19 With regards to examples “where such a cost of service approach has been used
20 elsewhere”, please refer to Hydro’s response to PUB-NLH-146.