1 Q. Hydro cross-referenced the response to IC-NLH-034 to the response to NP-NLH-145.

2   NP-NLH-145 does not appear to be fully responsive to this question.

3   Particularly:

4

5   IC-NLH-034 requested salvage data that is available in the form of a Net Salvage

6   Analysis showing retirements by year, gross salvage by year and cost of removal by

7   year for each account. The response to NP-NLH-145 does not include any data

8   showing retirements by year, gross salvage by year and cost of removal by year for

9   each account. The response suggests this data is available only for costs of removal

10   at a corporate level, but did not provide the data relied upon. Further, the response

11   suggests a "global reduction was selected" but no data is provided in respect of the

12   global reduction.

13

14   Please provide a full response to IC-NLH-034, providing whatever data was relied

15   upon by Hydro or its consultant in preparing the net salvage in its GRA proposals.

16

17

18 A. This response has been provided by Concentric Advisors (Concentric).

19

20   Please refer to IC-NLH-159, Attachment 1. Page 1 of IC-NLH-159, Attachment 1

21   details the corporate removal data that was supplied by Hydro for the years 2012 to

22   2015 for a total of $4,084,000. This four-year total of $4,084,000 was then divided

23   by the historical retirements for all of Hydro's Unit of Property (UOP) accounts of

24     $39,165,364. This produced a four-year corporate removal cost percentage of -10%.

25

26   Pages 2 through 6 of IC-NLH-159, Attachment 1 list the 4-year total retirements

27   (i.e., $39,165,364) by each Unit of Property account. Concentric then used their

1   experience and best judgment to apply Newfoundland Power's Depreciation Study

2   Cost of Removal (COR) percentage to each of Hydro's comparable UOP account.

3   Please refer to Hydro's response to NP-NLH-218 for Newfoundland Power's account

4   COR%. The goal of Concentric was then to apply a global reduction to all of Hydro's

5   UOP accounts with Newfoundland Power's associated COR% to derive a total

6   corporate value that would approximate the historical corporate removal cost of -

7   10%. Through a global reduction of 56% applied to each of Hydro's UOP's

8   associated with Newfoundland Power's COR %, Concentric was able to achieve a

9   total corporate COR% of -10%. The resulting COR% was then deemed to be

10   appropriate for each applicable UOP.

DEVELOPMENT OF NL HYDRO'S RECOMMENDED COST OF REMOVAL (COR) PERCENTAGES

UOP	NL HYDRO HISTORICAL RETIREMENTS	COR %	COR $	10%	COR GLOBAL REDUCTION 56%	NFP's COR %
A01	0	-5.6	0		-6	-10
A04	(108,810)	-2.8	(3,047)		-3	-5
B01	(996,947)	-2.8	(27,915)		-3	-5
B02	(4,320)	-8.4	(363)		-8	-15
B03	0	0	0		0	0
B04	(479)	-11.2	(54)		-11	-20
B05	(908,955)	-2.8	(25,451)		-3	-5
B06	(456,071)	-2.8	(12,770)		-3	-5
B07	0	-2.8	0		-3	-5
B08	(71,502)	-8.4	(6,006)		-8	-15
C01	0	-2.8	0		-3	-5
C02	0	-14	0		-14	-25
C03	(14,040)	-14	(1,966)		-14	-25
C04	(209,255)	-14	(29,296)		-14	-25
C06	(69,680)	-2.8	(1,951)		-3	-5
C07	0	-5.6	0		-6	-10
C09	(1,464,789)	-8.4	(123,042)		-8	-15
C10	0	0	0		0	0
C11	0	0	0		0	0
C12	0	-2.8	0		-3	-5
C13	(12,018)	-19.6	(2,356)		-20	-35
C14	(1,015,062)	-14	(142,109)		-14	-25
C15	0	0	0		0	0
C16	(119,223)	-2.8	(3,338)		-3	-5
C17	0	-5.6	0		-6	-10
C18	0	-2.8	0		-3	-5
D01	(680,662)	-8.4	(57,176)		-8	-15
D02	(2,866,224)	-11.2	(321,017)		-11	-20
D03	(500,493)	-2.8	(14,014)		-3	-5
D04	(40,042)	-8.4	(3,363)		-8	-15
E01	0	-2.8	0		-3	-5
E02	0	0	0		0	0
E03	0	0	0		0	0
F01	0	0	0		0	0
F02	(42,132)	-2.8	(1,180)		-3	-5
F03	0	0	0		0	0
F04	(365,392)	-8.4	(30,693)		-8	-15
F05	0	0	0		0	0
F06	(620,412)	-11.2	(69,486)		-11	-20
G01	(4,861,222)	-1.68	(81,669)		-2	-3
G02	(18,497)	-8.4	(1,554)		-8	-15
G03	(5,306,453)	-8.4	(445,742)		-8	-15
G04	(380,473)	-8.4	(31,960)		-8	-15
G05	(90,050)	-8.4	(7,564)		-8	-15
G06	0	-14	0		-14	-25

DEVELOPMENT OF NL HYDRO'S RECOMMENDED COST OF REMOVAL (COR) PERCENTAGES

UOP	NL HYDRO HISTORICAL RETIREMENTS	COR %	COR $	10%	COR GLOBAL REDUCTION 56%	NFP's COR %
G07	(112,206)	-5.6	(6,284)		-6	-10
I02	0	0	0		0	0
I03	0	0	0		0	0
I04	0	-8.4	0		-8	-15
I05	0	-8.4	0		-8	-15
L03	0	0	0		0	0
L04	0	0	0		0	0
L05	0	0	0		0	0
L06	0	0	0		0	0
M01	(8,959)	-8.4	(753)		-8	-15
M02	0	-5.6	0		-6	-10
M03	0	-5.6	0		-6	-10
M04	0	0	0		0	0
M05	0	0	0		0	0
M06	0	0	0		0	0
M07	0	0	0		0	0
M08	0	0	0		0	0
M10	0	0	0		0	0
M11	0	20	0		20	20
M12	0	20	0		20	20
M13	0	20	0		20	20
M14	0	20	0		20	20
M16	0	0	0		0	0
O01	0	0	0		0	0
O02	0	0	0		0	0
P01	0	0	0		0	0
P02	0	0	0		0	0
P03	0	-8.4	0		-8	-15
P04	(3,234,419)	-19.6	(633,946)		-20	-35
P05	(1,191,565)	-19.6	(233,547)		-20	-35
P06	0	-19.6	0		-20	-35
P07	(6,096,920)	-19.6	(1,194,996)		-20	-35
P08	(194,539)	-5.6	(10,894)		-6	-10
P09	(10,230)	-5.6	(573)		-6	-10
P10	(14,138)	-8.4	(1,188)		-8	-15
P11	0	0	0		0	0
P12	0	0	0		0	0
R01	(164,463)	-14	(23,025)		-14	-25
R02	0	0	0		0	0
R03	0	0	0		0	0
R04	0	0	0		0	0
R05	0	0	0		0	0
R06	0	0	0		0	0
R07	0	0	0		0	0
R08	(158,916)	-8.4	(13,349)		-8	-15
R09	(341,049)	-8.4	(28,648)		-8	-15

DEVELOPMENT OF NL HYDRO'S RECOMMENDED COST OF REMOVAL (COR) PERCENTAGES

UOP	NL HYDRO HISTORICAL RETIREMENTS	COR %	COR $		10%	COR GLOBAL REDUCTION 56%	NFP's COR %
R11	0	0	0			0	0
R12	0	0	0			0	0
R13	(300,732)	-8.4	(25,261)			-8	-15
R14	0	0	0			0	0
R15	0	0	0			0	0
S01	0	0	0			0	0
S02	0	0	0			0	0
S03	0	0	0			0	0
S04	(1,523)	-5.6	(85)			-6	-10
S05	0	0	0			0	0
S06	0	-8.4	0			-8	-15
S07	(301,718)	-8.4	(25,344)			-8	-15
S08	(969,939)	-5.6	(54,317)			-6	-10
S09	(150,535)	-5.6	(8,430)			-6	-10
S10	(10,824)	-5.6	(606)			-6	-10
S11	0	0	0			0	0
S12	0	0	0			0	0
S13	0	0	0			0	0
S14	0	-5.6	0			-6	-10
S15	(123,463)	-5.6	(6,914)			-6	-10
S17	0	0	0			0	0
S18	0	0	0			0	0
S19	0	0	0			0	0
S20	0	0	0			0	0
T01	0	0	0			0	0
T02	0	0	0			0	0
T03	0	0	0			0	0
T04	(23,904)	-19.6	(4,685)			-20	-35
T05	(2,156,673)	-5.6	(120,774)			-6	-10
T06	(1,186,672)	-8.4	(99,680)			-8	-15
T07	(719,463)	-8.4	(60,435)			-8	-15
T09	(69,594)	-14	(9,743)			-14	-25
V01	0	0	0			0	0
V02	(8,672)	-8.4	(728)			-8	-15
V03	0	15	0			15	15
V04	0	15	0			15	15
V05	0	15	0			15	15
V06	0	15	0			15	15
V07	0	15	0			15	15
W01	0	-8.4	0			-8	-15
W02	(1,101)	-8.4	(93)			-8	-15
W03	0	-8.4	0			-8	-15
W04	(389,948)	-5.6	(21,837)			-6	-10
TOTAL	(39,165,364)		(4,031,213)			10%	