

1 Q. **Re: Additional Cost of Service Information; and NLSO, Methodology for the**
2 **Development of Rates for Transmission Service, pages 14 and 15 (Section F of**
3 **Application by Newfoundland and Labrador Hydro, acting in its capacity as the**
4 **Newfoundland and Labrador System Operator, (the "NLSO") for approval of**
5 **transmission rates, on an interim basis, approved under P.U. 3(2018))**
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7 Citation (NLSO, Section F, pages 14 and 15):

8 Figure 2 below highlights the assets that are included in the NLSO
9 transmission tariff. The highlighted transmission assets (those
10 operated at 230 kV or higher) and the associated terminal station
11 equipment, form the basis for the transmission tariff.¹⁵ High-
12 voltage transmission assets that serve the function of connecting
13 generating units to the shared transmission system or are used
14 specifically for the benefit of a single customer or customer class
15 are functionalized as Specific Function Transmission Assets and
16 hence do not contribute to the revenue requirement included in
17 the transmission rates.

18 ...

19 The total revenue requirement for Hydro's high-voltage
20 transmission assets included in the transmission tariff has been
21 determined to be \$ 46.6 million for the period prior to the LIL and
22 LTA being accepted for commercial operations, (the Pre LIL / LTA
23 period) and includes all costs (asset amortization costs, operating,
24 maintenance and administration costs, purchases of transmission
25 service(s), interest and financing charges) plus Hydro's approved
26 regulated rate of return on equity.¹⁶ The revenue requirement
27 captures costs relating to all transmission and terminal station

1 assets included in the tariff, functionalized in a manner consistent
2 with Hydro's 2018 Cost of Service Study as filed November 2017
3 with the asset adjustment noted above (regarding TL-234 and TL-
4 263). Hydro's total revenue requirement after LIL and LTA are
5 accepted for commercial operations, (the Post LIL / LTA period)
6 increases to \$ 47.0 million.¹⁷

7 ¹⁶ During the Pre LIL / LTA period, only Hydro owned
8 transmission assets on the Island Interconnected System are
9 included in the tariff.

10 ¹⁷ During the Post LIL / LTA period, Hydro's 230 kV assets in
11 Labrador are also included in the tariff.

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13 Preamble:

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15 We have not been able to identify any amounts in the Additional Cost of Service
16 Information that correspond to the revenue requirements for Hydro's high-voltage
17 transmission assets that are now included in the NLSO transmission tariff.

- 18
19 a) Please indicate whether or not, subsequent to the issuance of P.U. 3(2018) —
20 according to which the rates for transmission service set out therein are
21 approved on an interim basis effective February 9, 2018 — the costs related to
22 Hydro's high-voltage transmission assets that are included in the NLSO revenue
23 requirement are also included in the NLH revenue requirement. If so, please
24 explain why.
- 25 b) If Hydro's high-voltage transmission assets that are included in the NLSO
26 revenue requirement are not included in the NLH revenue requirement, please
27 indicate what schedules have been changed in the Cost of Service study, under

1 the Deferral Account Scenario and/or the Expected Supply Scenario, to reflect
2 this fact.

3

4 A.

5 a) Please refer to Hydro's response to LAB-NLH-085(f).

6 b) No schedules have been changed in the 2018 and 2019 Test Years Cost of
7 Service Study to reflect the approval of transmission tariffs in Order No.
8 P.U.(2018). Please refer to Hydro's response to LAB-NLH-085(d) and (f).