

1 Q. Reference: 2018 Utility Customer Interim Rates Application; LAB-NLH-085, rev. 1
2 (page 2 of 4)

3
4 Citation 1:

5 a) ...

6 The payment of the Network Service rate will provide recovery of the revenue
7 requirement related to the 230 kV common transmission assets to the NLSO.

8 However, as the NLSO does not own the transmission assets, the NLSO is

9 required to distribute transmission tariff revenues to the entities whose

10 transmission costs are the basis for the tariffs. As Hydro is effectively incurring

11 all the transmission costs reflected in the Network Service rate, Hydro will be

12 reimbursed its Network Service rate charges through the disbursement of

13 Network Service rate revenues from the NLSO.

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15 Citation 2 (Pro Forma Service Agreement for Network Integration Transmission
16 Service, Section E, page 11 of 84) (page 121 of pdf of NLSO Interim Rates
17 Application, filed on Feb. 5, 2018)

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19 **“Multi-Party Pooling Agreement” or “MPPA”** means the agreement, first
20 executed on April 13, 2015, which provides for the pooling of certain bulk
21 transmission facilities within NL under the operational control of the NLSO for
22 the purposes of providing open access and non-discriminatory Transmission
23 Service;

24
25 a) Does the “distribut[ion of] transmission tariff revenues to the entities whose
26 transmission costs are the basis for the tariffs” result in a distribution to Hydro?

1 If so, is this distribution identified anywhere in the Utility Customer Interim Rate
2 Application? If not, why not?

3

4 b) Are NLSO's payments to transmission owners governed by the MPPA? If so,
5 please provide a copy of the MPPA in force between Hydro and the NLSO.

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7 c) If not, please explain the mechanism by which the NLSO will distribute
8 transmission tariff revenues to the entities whose transmission costs are the
9 basis for the tariffs, and provide copies of the relevant documents concerning
10 Hydro.

11

12 d) Please indicate the forecast amounts of the payments from the NLSO to Hydro
13 as transmission owner for 2018 and 2019. Please specify how these payments
14 are broken down as between payments arising from revenue from
15 Newfoundland Power as a utility customer versus payments arising from
16 revenue from Hydro's own customers (including Labrador customers).

17

18 e) Please explain in detail how the payments from the NLSO to Hydro as
19 transmission owner are calculated, and provide detailed worksheets.

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21

22 A. a) The 2018 Utility Customer Interim Rates Application reflects the fact that the
23 approval of the Network Service tariff will not increase the revenue requirement
24 to be recovered from Hydro's Native Load customers.

25

26 b) The disbursement of transmission tariff revenues to the transmission owner
27 that incurs the costs of providing network transmission service is consistent

1 with the principles of the Multi-Party Pooling Agreement (MPPA). The MPPA
2 documents are not relevant to the 2018 Utility Customer Interim Rates
3 Application.

4
5 c) As stated above, the disbursement of transmission tariff revenues to the
6 transmission owner that incurs the costs of providing network transmission
7 service is in accordance with the principles of the MPPA. The transmission tariff
8 revenues are apportioned based on the proportionate share of the transmission
9 costs incurred by the transmission owners. As Hydro is effectively incurring all
10 the transmission costs reflected in the Network Service rate, Hydro will be
11 reimbursed all its Network Service charges from the Newfoundland and
12 Labrador System Operator (NLSO). Please refer to Hydro's response to LAB-NLH-
13 085(a).

14
15 d) Hydro's Test Year assumes the credits to Hydro for payments to the NLSO for
16 Network Service will equal the forecast annual charges to Hydro based on the
17 approved Network Service tariffs (i.e. \$69.1 million in 2018 and \$98.7 million in
18 2019). As stated in Hydro's responses to LAB-NLH-084 and LAB-NLH-085, the
19 schedules in Hydro's test year cost of service studies do not provide the
20 allocation of the Network Service tariff costs by customer class. Therefore, the
21 information requested is not available.

22
23 e) Please refer to Hydro's response to LAB-NLH-87(d).