

1 Q. **Volume 1 (1st Revision), Chapter 5: Rates and Regulations**

2 On page 5.11, Hydro states:

3 *“The effect of the proposed change is an increase in the*
4 *Island Interconnected System revenue requirement related*
5 *to common assets of approximately \$875,000 in 2019 and*
6 *an equal decrease in specifically assigned costs. The*
7 *customer impact is an increase to Newfoundland Power of*
8 *\$409,000 (0.1%) and a decrease to the Island Industrial*
9 *class of \$409,000 (1.0%)”*

10 Please provide detailed calculations supporting these figures. (Volume I (1st
11 Revision), Chapter 5: Rates and Regulations, Page 5.11, Lines 1-10)

12

13

14 A. Hydro filed a Revised 2019 Cost of Service Study on November 27, 2017. The
15 \$875,000 increase in operating and maintenance allocated to common has been
16 revised to \$381,301 and the \$409,000 cost increase to Newfoundland Power and
17 corresponding cost decrease to Island Industrial Customers has been revised to
18 \$289,833.

19

20 To provide the requested information, Hydro created a modified version of the
21 2019 Test Year Cost of Service Study using original plant values for use in allocation
22 of operating and maintenance costs to specifically assigned assets. The results of
23 the analysis were compared to the proposed 2019 Test Year Cost of Service Study
24 to determine the impact of the proposed change in methodology. The detailed
25 calculations are provided in the revised NP-NLH-096, Attachment 1.

Newfoundland and Labrador Hydro
Summary of Impacts of Using Indexed Asset Values to Calculate Specifically Assigned Operating & Maintenance Expense (\$)

	2019TY COS as filed November 27, 2017						Total Impacts
	Without Indexing		With Indexing		Resulting Impacts		
	Transmission Common	Specifically Assigned	Transmission Common	Specifically Assigned	Transmission Common	Specifically Assigned	
Direct Operating & Maintenance Expense:							
Transmission Lines ¹	2,331,481	181,689	2,348,570	164,599	17,090	(17,090)	
Terminal Stations ²	2,809,604	464,049	2,939,032	334,620	129,428	(129,428)	
Other ³	1,580,604	167,971	1,610,121	138,455	29,517	(29,517)	
Sub-Total ⁴	6,721,689	813,709	6,897,724	637,674	176,035	(176,035)	
Indirect Operating & Maintenance Expense ⁵	6,467,865	747,618	6,644,151	571,331	176,286	(176,286)	
Other Expenses	49,317,393	3,718,629	49,346,373	3,689,649	28,980	(28,980)	
Total Classified Costs ⁶	62,506,947	5,279,955	62,888,248	4,898,654	381,301	(381,301)	
Allocation of Classified Costs by Customer:							
Newfoundland Power ⁷	55,053,277	3,692,477	55,389,110	3,623,150	335,833	(69,328)	266,505
Rural ⁸	3,824,211		3,847,539		23,328		23,328
Industrial Customers							
Vale ⁹		298,633		170,006		(128,626)	
Corner Brook P&P - CB ¹⁰		993,467		859,054		(134,413)	
Corner Brook P&P - DL ¹¹		1,602		1,709		107	
North Atlantic Refining Ltd. ¹²		188,774		193,238		4,464	
Teck Resources ¹³		105,003		51,497		(53,506)	
Total Industrial ¹⁴	3,629,459	1,587,478	3,651,599	1,275,504	22,140	(311,973)	(289,833)
Total ¹⁵	62,506,947	5,279,955	62,888,248	4,898,654	381,301	(381,301)	0

¹ Schedule 2.4A, Page 1 of 2, Line 8, Columns 5 & 18.

² Schedule 2.4A, Page 1 of 2, Line 9, Columns 5 & 18.

³ Schedule 2.4A, Page 1 of 2, Line 10, Columns 5 & 18.

⁴ Schedule 2.4A, Page 1 of 2, Line 11, Columns 5 & 18.

⁵ Schedule 3.2A, Page 1 of 2, Line 52, Columns 5 & 18.

⁶ Schedule 2.1A, Page 1 of 2, Line 27, Columns 5 & 18.

⁷ Schedule 3.2A, Page 3 of 4, Line 40, Columns 5 & 18.

⁸ Schedule 3.2A, Page 3 of 4, Line 51, Column 5.

⁹ Schedule 3.3A, Page 1 of 1, Line 19, Column 17.

¹⁰ Schedule 3.3A, Page 1 of 1, Line 20, Column 17.

¹¹ Schedule 3.3A, Page 1 of 1, Line 21, Column 17.

¹² Schedule 3.3A, Page 1 of 1, Line 22, Column 17.

¹³ Schedule 3.3A, Page 1 of 1, Line 23, Column 17.

¹⁴ Schedule 3.2A, Page 3 of 4, Line 41, Columns 5 & 18.

¹⁵ Schedule 3.2A, Page 3 of 4, Line 52, Columns 5 & 18.