

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)

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14 A. Hydro filed a Revised 2019 Cost of Service Study on October 27, 2017. The \$875,000
15 increase in operating and maintenance allocated to common has been revised to
16 \$855,000 and the \$409,000 cost increase to Newfoundland Power and
17 corresponding cost decrease to Island Industrial Customers has been revised to
18 \$403,000.

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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 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 as Filed ¹		2019TY without Indexing		Differences		
	Transmission Common	Specifically Assigned	Transmission Common	Specifically Assigned	Transmission Common	Specifically Assigned	Total Impacts
Direct Operating & Maintenance Expense:							
Transmission Lines	2,413,381	94,801	2,331,481	181,689	81,901	(86,888)	-
Terminal Stations	3,055,892	219,093	2,805,894	467,758	249,998	(248,665)	-
Other	1,661,317	84,958	1,579,926	168,649	81,390	(83,691)	-
Sub-Total	7,130,590	398,852	6,717,301	818,096	413,289	(419,244)	-
Indirect Operating & Maintenance Expense	6,837,260	370,680	6,464,178	751,304	373,081	(380,624)	-
Other Expenses	50,049,961	3,681,188	49,981,784	3,735,867	68,177	(54,679)	-
Total Classified Costs	<u>64,017,811</u>	<u>4,450,720</u>	<u>63,163,264</u>	<u>5,305,267</u>	<u>854,547</u>	<u>(854,547)</u>	-
Allocation of Classified Costs by Customer:							
Newfoundland Power	56,383,978	3,298,093	55,631,332	3,699,805	752,646	(401,712)	350,934
Rural	3,916,646	-	3,864,365	-	52,282	-	52,282
Sub-Total							403,216
Industrial Customers	<u>3,717,187</u>	<u>1,152,627</u>	<u>3,667,568</u>	<u>1,605,462</u>	<u>49,619</u>	<u>(452,835)</u>	(403,216)
Total	<u>64,017,811</u>	<u>4,450,720</u>	<u>63,163,264</u>	<u>5,305,267</u>	854,547	(854,547)	-

¹ Volume III, Exhibit 15, Schedules 2.1A, pg 1 of 2, 2.4A, pg 1 of 2, 3.2A, pg 3 of 4, and 3.3A, pg 1 of 1.