

1 Q. **Volume III (3<sup>rd</sup> Revision), Exhibit 14: 2018 Test Year Cost of Service Study**

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3 Please explain why, in the Excel model provided, the sheet “IndexPlt” contains  
4 original plant in-service costs for Specifically Assigned Customer (Lines 16-17,  
5 Column 18), rather than indexed costs. If corrections are required, please update  
6 the evidence and responses to Requests for Information, as appropriate. (Volume  
7 III (3rd Revision), Exhibit 14: 2018 Test Year Cost of Service Study)

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10 A. The “IndexPlt” tab in the 2018 Test Year model should have included indexed costs  
11 for Lines 16-17, Column 18). Please refer to NP-NLH-257, Attachment 1, Table 1 for  
12 a summary of the impacts of the cost of service revisions in conjunction with the  
13 following items:

- 14 a. indexed plant adjustment revisions resulting from a correction of the error  
15 noted in the request for information (Attachment 1, Table 1, Column 3);
- 16 b. asset coding changes from specifically assigned to common for disconnects  
17 associated with five ring bus breaker upgrades (Attachment 1, Table 1, Column  
18 5);
- 19 c. coding changes associated with contributions in aid of construction associated  
20 with the integration of Muskrat Falls assets being incorrectly credited to Hydro  
21 Rural assets (Attachment 1, Table 1, Column 7)<sup>1</sup>; and
- 22 d. a correction in interconnected system energy losses to be consistent with the  
23 losses forecast in the Island Interconnected electricity requirements provided in  
24 Schedule 3-I, Page 1 of 1 (Attachment 1, Table 1, Column 9).

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<sup>1</sup> The error occurred as a result of the new transmission assets being coded as transmission common and the CIAC being credited against Hydro Rural assets.

1            NP-NLH-257, Attachment 1, Table 2 provides an overall summary of the revenue  
2            requirement impacts by customer class.

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4            These revisions are reflected in the revised 2018 Test Year Cost of Service Study  
5            filed as Exhibit 14 to Hydro's 2017 General Rate Application (Revision 4, November  
6            27, 2017).

**Table 1**  
**Newfoundland and Labrador Hydro**  
**Summary of Modifications to the 2018 Test Year Cost of Service Study**

	1	2	3	4	5	6	7	8	9	10
		<b>Cost of Service Before Deficit and Revenue Credit Allocation</b>								
Line No.	Rate Class	As Filed 27-Oct-17 (\$)	Handy Whitman Adjustment (\$)	Adjusted (\$)	Specifically Assigned Changes (\$)	Adjusted (\$)	CIAC Changes (\$)	Adjusted (\$)	Island System Losses (\$)	As Filed 23-Nov-17 (\$)
	<b>Total System</b>									
1	Newfoundland Power	465,865	(85)	465,780	19	465,799	(616)	465,184	44	465,228
1	Island Industrial	48,115	116	48,231	(21)	48,210	(41)	48,169	(43)	48,126
2	Labrador Industrial	5,672	0	5,672	-	5,672	-	5,672	-	5,672
3	Rural Labrador Interconnected	18,783	(2)	18,781	-	18,781	3	18,784	-	18,784
4	Rural Island Interconnected	75,952	(35)	75,917	2	75,919	653	76,572	(2)	76,570
5	Rural Isolated	58,649	5	58,654	-	58,654	1	58,655	-	58,655
6	<b>Total</b>	<b>673,036</b>	<b>(0)</b>	<b>673,036</b>	<b>-</b>	<b>673,036</b>	<b>-</b>	<b>673,036</b>	<b>-</b>	<b>673,036</b>

**Table 2**  
**Newfoundland and Labrador Hydro**  
**Summary of Modifications to the 2018 Test Year Cost of Service Study**

	1	2	3	4	5	6	7	8
		<b>As Filed Oct 27, 2017</b>			<b>As Filed Nov 23, 2017</b>			
Line No.	Rate Class	Cost of Service Before Deficit and Revenue Credit Allocation	Deficit	Revenue Requirement After Deficit and Revenue Credit Allocation	Cost of Service Before Deficit and Revenue Credit Allocation	Deficit	Revenue Requirement After Deficit and Revenue Credit Allocation	Difference
	<b>Total System</b>							
1	Newfoundland Power	465,865	64,850	530,715	465,228	65,446	530,674	(40)
1	Island Industrial	48,115	-	48,115	48,126	-	48,126	11
2	Labrador Industrial	5,672	-	5,672	5,672	-	5,672	0
3	Rural Labrador Interconnected	18,783	2,615	21,398	18,784	2,643	21,427	29
4	Rural Island Interconnected	75,952	(22,965)	52,987	76,570	(23,584)	52,987	-
5	Rural Isolated	58,649	(44,499)	14,149	58,655	(44,505)	14,149	-
6	<b>Total</b>	<b>673,036</b>	<b>-</b>	<b>673,036</b>	<b>673,036</b>	<b>-</b>	<b>673,036</b>	<b>(0)</b>