

1 **Q. Page 13, line 12 to page 15, line 5. Please clarify Mr. Bowman's position on**  
2 **Hydro's proposed change in methodology with respect to specifically assigned**  
3 **costs, including whether he disagrees with the proposed change in principle**  
4 **or whether he is of the opinion that it should not be considered at this time in**  
5 **advance of the cost of service hearing to be held in 2018.**  
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7 **A.** Mr. Doug Bowman is opposed to the proposed change in the methodology for  
8 allocating specifically-assigned O&M costs in principle, and he believes the issue  
9 should be considered within the broader context of the cost of service hearing in  
10 2018. He is opposed in principle because of the absence of regulatory precedence  
11 for the proposed methodology, and because a better approach might be to base it  
12 on actual O&M costs that Hydro intends to start tracking next year (PUB-NLH-  
13 78). He prefers to delay any changes in the methodology until the cost of service  
14 study in 2018 because a Decision on the cost of service study will reflect a balance  
15 of the cost of service issues proposed by different parties. In Mr. Doug Bowman's  
16 opinion, it does not make sense to consider a single aspect of the cost of service  
17 study by itself, unless of course a new facility has been brought into service that  
18 has not been previously vetted before the Board, or there has been a significant  
19 change in the way demand will be supplied; i.e., off-island purchases to displace  
20 Holyrood generation. He believes that issues such as the methodology for  
21 allocating specifically-assigned O&M costs, and the classification of Island  
22 network transmission costs including the new TL267 transmission line, should be  
23 considered during the cost of service hearing to be held in 2018 when they can be  
24 deliberated within the full range of cost of service issues.