

1 Q. **Reference: 2018 Cost of Service Methodology Review Report dated November 15, 2018**

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3 On page 40 (lines 25 - 26) of the CA Energy Consulting Report it is stated with respect to
4 transmission assets *“Another alternative is to conceive of general transport facilities as no*
5 *more than an extension of generation.”* Is this in fact what is done in Nova Scotia? Did
6 Hydro consider using a system load factor or equivalent peaker classification approach for
7 transmission similar to what it proposes to use for Muskrat Falls, other hydro generation
8 and other purchases on the Island system? If not why not? If so, why was it rejected?

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11 A. (i) This response has been provided by Christensen Associates Energy Consulting.

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13 Yes, Nova Scotia has viewed general transport facilities as an extension of generation,
14 and classified and allocated transmission costs in the same manner as generation as a
15 result.¹ Hydro distinguishes between its HVdc lines and other general transport
16 facilities, proposing to functionalize the former as generation and the latter as
17 transmission. Each of these facilities’ costs would then be classified and allocated
18 according to the appropriate method: HVdc and LTA facilities viewed as integral to all
19 aspects of Muskrat Falls—much like Manitoba Hydro—while Hydro’s other IIS common
20 transmission facilities being classified and allocated according to existing methodology
21 (100% demand, 1 CP allocation).

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23 (ii) Hydro believes it is appropriate to continue its current classification approach for assets
24 functionalized as transmission. Please refer to response CA-NL-013.

¹ Nova Scotia Utility and Review Board, *Decision In The Matter of an Application by Nova Scotia Power Incorporated and a Hearing for Approval of the 2013 Cost of Service Study*, 2014 NSUARB 53 MO5473, pp. 18-21.