

- 1 Q. **Reference: 2018 Cost of Service Methodology Review Report dated November 15, 2018**
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3 On page 16 (lines 6 to 8) it is stated *“Until a reasonable alternative method is developed,*
4 *Hydro recommends the use of indexed asset costs in operating and maintenance cost*
5 *allocations in the determination of specifically assigned charges.”* The CA Energy Consulting
6 Report (page 68, lines 17 – 19) states *“We also support Hydro’s plan to adopt the process of*
7 *separate accounting of actual O&M expenses for each customer, and to develop a history of*
8 *cost tracking to guide subsequent policy. We note also that the charges for services would*
9 *include a markup for A&G services.”* Please confirm that this is indeed Hydro’s plan.
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- 12 A. In the “Cost of Service Methodology Review” Report, Newfoundland and Labrador Hydro
13 (“Hydro”) indicated its plan to report to the Board of Commissioners of Public Utilities (the
14 “Board”) in its next General Rate Application on whether the tracking of actual operations
15 and maintenance (“O&M”) costs by asset provides a reasonable basis for determining the
16 O&M costs to be used in determining the test year O&M cost allocation for specifically
17 assigned assets. Hydro confirms Christensen Associates Energy Consulting’s summary of
18 Hydro’s plan. Hydro currently continues to utilize indexed costs in O&M cost allocations,
19 which is the methodology proposed in the “2017 General Rate Application”, submitted to
20 the Board on July 28, 2017, and approved by the Parties in the Settlement Agreements and
21 by the Board in Board Order No. P.U.16(2019).