

1 Q. **Reference: (Reference May 3, 2019 report by Brattle Group, Inc entitled *Embedded and***
2 ***Marginal Cost of Service Review*)**

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4 On Table 1, page 5 (Functionalization) the Brattle Group proposes with respect to Holyrood
5 Unit 3 synchronous condenser capital and O&M costs that current rate base and
6 depreciation be functionalized as generation. Does Hydro agree or disagree with this
7 proposed modification? Please provide justification for your response and provide an
8 indication of the impact of this proposal on average rates for Island customer classes.

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11 A. Newfoundland and Labrador Hydro (“Hydro”) does not agree with The Brattle Group, Inc.’s
12 proposed functionalization of Holyrood Thermal Generating Station Unit 3 synchronous
13 condenser capital and operations and maintenance costs. Please refer to Hydro’s response
14 to PUB-NLH-038 for Hydro’s justification.

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16 As stated in Hydro’s response to NP-NLH-001, Hydro has not computed revenue
17 requirement impacts for The Brattle Group, Inc.’s recommendation for the
18 functionalization changes for Holyrood Thermal Generating Station Unit 3, as Hydro is
19 unclear on how to apply these recommendations.