

1 **Q: Reference: "Embedded and Marginal Cost of Service Review," The Brattle**
2 **Group, May 3, 2019, Exhibit II at pp. 18-19**

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4 **Recommendation 15 of the Board of Commissioners of Public Utilities' 1993**
5 **Cost of Service Methodology Review Report recommends:**

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7 **That transmission lines and substations in the Island**
8 **Interconnected system used solely or dominantly for the**
9 **purpose of connecting remotely-located generation to the main**
10 **transmission system be classified in the same manner as the**
11 **generating stations they serve.^[1]**

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13 **Does The Brattle Group agree that the statement by the Board of**
14 **Commissioners of Public Utilities reasonably reflects cost causality as a basis**
15 **for cost allocation? If not, why not?**

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17 **A.** Please see our response to NP-PUB-001 for a discussion on the classification of the
18 LIL and LTA. We note that the Board's opinion was issued prior to the FERC's
19 issuance of Order 2000 and prior to decisions and policies on open access
20 requirements. The goal of these policies is to ensure non-discriminatory access to
21 transmission facilities that can be used in wholesale transactions and to ensure the
22 functional unbundling of the system.

¹ "Report of the Board of Commissioners of Public Utilities to the Honourable Minister of Mines and Energy Government of Newfoundland and Labrador on a Referral by Newfoundland and Labrador Hydro for the Proposed Cost of Service Methodology and a Proposed Method for Adjusting its Rate Stabilization Plan to Take Into Account the Variation in Hydro's Rural Revenues Resulting From Variations in the Rates Set by the Board to be Charged by Newfoundland Light & Power Co. Limited to its Customers," February 1993 at p. 44.