

1 Q. Is it Hydro's view that the "but for" approach risks having new customers that are in all
2 substantive ways alike, being treated in a different manner simply because of the timing in
3 which they joined the system? Does this result in different treatment for like customers, which
4 is normally viewed as inconsistent with good ratemaking practice?

5

6

7 A.

8

9

10

11

12

13

14

15

Yes. It is Newfoundland and Labrador Hydro's ("Hydro") view that the "but for" approach can result in new customers that are in all substantive ways alike, being treated in a materially different manner simply because of the timing in which they joined the system. Hydro also believes this approach could result in a materially different treatment for like customers which could be viewed as inconsistent with good ratemaking practice.

Hydro is also concerned that the "but for" approach does not consider the benefits provided by new transmission investments to existing customers (for example, reliability benefits and/or asset life extensions as a result of transmission upgrades).