

1 Q: Re: Brattle Group Report, pages 24-25

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Citation:

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Hydro’s analogous policies for distribution level costs are more nuanced, with consideration of factors such as the primary beneficiary of network upgrades, whether the load is permanent or temporary, and whether the costs of upgrades are supported by anticipated revenues from the customer. As summarized in Figure 5, the distribution policy distinguishes between General Service and Residential Customers. For General Service Customers, load interconnection costs are treated as shared up to the anticipated revenues from a combination of the customer and other potential load growth connected to the upgraded facilities. Interconnection costs above that threshold are directly assigned to the customer and may be refunded if another customer connects within ten years.<sup>60</sup> Concerning upstream effects (i.e., network upgrades), the customer is not required to pay for upgrades previously identified within a five-year plan.

Figure 5: Summary of Hydro’s Current Transmission and Distribution NAPs

	Transmission	Distribution Contribution in Aid of Construction (“CIAC”)
Specifically Assigned Assets	<ul style="list-style-type: none"> <li>Costs related to assets that benefit only one customer and are deemed to be “material” resulting from a facilities study</li> <li>Upgrades with “local” impacts may be allocated between multiple requesting customers</li> </ul>	<ul style="list-style-type: none"> <li>Dependent upon whether the load is temporary or permanent and if primary benefits accrue to requesting customer or other ratepayers; Hydro will not consider paying for an investment if the customer will have electric service for at least three years</li> <li>For permanent customers, assets are not treated as specifically assigned; upgrade costs are calculated according to the description in row labelled “Upgrade Cost Required from Customer.”</li> </ul>

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Preamble:

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Note 60 in The Brattle Group’s Report references Hydro’s CIAC Policies for Domestic and General Service customers.

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a) Please clarify the highlighted passage in the citation from Figure 5, by outlining more precisely The Brattle Group’s understanding of how

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- 1           **upgrade investments would be treated for loads of less than and more than**  
2           **3 years;**  
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4           **b) Please provide copies of the Hydro CIAC Policies for Domestic and**  
5           **General Service customers referred to by The Brattle Group in Note 60, or**  
6           **provide links to these documents on Board or Hydro websites;**  
7  
8           **c) Please explain, to the best of The Brattle Group’s understanding, how the**  
9           **Distribution and Transmission policies shown in Figure 5 would interact**  
10           **in the case of a new customer for which both distribution and transmission**  
11           **investments would be required in order to provide service.**  
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13        A.    a) There is a typographical inaccuracy in the highlighted section. The correct text  
14            should read, “Hydro will not consider paying for an investment if the customer  
15            will have electric service for less than three years.”  
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17            b) The CIAC policy referenced by Brattle is available at:  
18  
19            <https://nlhydro.com/wp-content/uploads/2014/11/CIAC-Website.pdf>  
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21            c) To the best of Brattle’s understanding, the policies would be applied  
22            individually to the relevant set of investments (i.e., the transmission policy  
23            would be applied to transmission investments and the distribution policy would  
24            be applied to distribution investments.)