

1    **Q:    Re: Brattle Group Report, p. 35.**

2

3

**Citation:**

4

5

6

7

8

9

10

11

12

13

14

15

16

**The proposed policy does protect existing customers compared to the current NAP, where all non-dedicated assets are socialized and fully paid by all customers, including those customers not responsible for the costs. The policy helps achieve rate stability and helps prevent rate shock for existing customers who are not responsible for the network upgrades. The policy may, however, lead to unnecessary one-time charges for customers who are not causing network upgrade costs. Further, the funds paid through the Upstream Capacity Charge may not be spent for a long time. We do not believe these charges are consistent with rate stabilization and prevention of rate shock for those customers.**

17

18

19

20

**a) Has Brattle identified any other regulator that allows a utility to assess contributions to pay for transmission investments that will not take place until many years later, if ever? If so, please identify them.**

21

22

23

24

25

**b) Does Brattle consider a policy that allows a utility to assess contributions to pay for transmission investments that will not take place until many years later, if ever, to be consistent with the basic principles of utility regulation? Please elaborate.**

26

27

28

29

**c) Is Brattle aware of any other system in which new customers that use remaining available capacity in an existing system are assessed a network upgrade charge? If so, please provide details.**

30

31

32

33

34

**d) Does the Brattle Group agree with Hydro's approach of basing network upgrade costs on an Expansion cost/kW, based on its Transmission Expansion Plan? If not, why not? If so, please also indicate Brattle's perspective concerning:**

35

36

37

- **The use of P50 vs. P90 load forecasts, and**
- **The use of advancement costs vs. total upgrade costs.**

38

39

40

**e) Does the Brattle Group consider that Hydro's proposal adequately addresses the uncertainty in its underlying load forecasts? If so, why? If not, why not?**

- 1           **f) In the event that the Board does approve the NAP as proposed by Hydro,**  
2           **does the Brattle Group agree with Mr. Raphals' recommendation that the**  
3           **Transmission Expansion Study require explicit and regular approvals by**  
4           **the Board?**  
5
- 6    A.    a) Please refer to response LAB-PUB-007.  
7
- 8           b) In general, no. A policy that allows a utility to assess contributions today for  
9           transmission investments that would not take place until the more distant future  
10          is inconsistent with the principles of utility regulation. It is standard practice in  
11          utility regulation that the rate base in a rate of return regulatory proceeding  
12          consist of regulatory assets that are used and useful. A transmission investment  
13          that does not take place into the distant future and where there is no work  
14          undertaken in the immediate future would not be permitted into the rate base  
15          and charged and collected from customers. There needs to be an immediacy  
16          between the incurrence of costs and the inclusion of those costs in a revenue  
17          requirement.  
18
- 19          c) No, unless the customer is identified as a cost causer in the “but for” system  
20          integration study.  
21
- 22          d) No, Brattle does not agree with Hydro’s approach of basing network upgrade  
23          costs on a cost per kW and instead supports the use of “but for” analysis.  
24
- 25                 Please refer to response LAB-PUB-007 for description of the “but for” analysis  
26                 and use of advancement costs.  
27
- 28                 The use of a P50 or P90 forecast should reflect the planning standards approved  
29                 by the Board.  
30
- 31          e) Brattle did not analyze the uncertainty within Hydro’s load forecast. However,  
32          as noted on page 30 of the Brattle Report, “Peak load forecast are inherently  
33          challenging and may give rise to significant uncertainty even for relatively short  
34          periods of 5-10 years, let alone 25 years.”  
35
- 36          f) Yes.