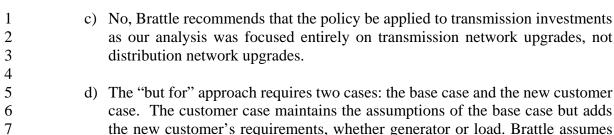
1 Q: Reference: "Review of Existing and Proposed Network Additions Policies for 2 Newfoundland and Labrador Hydro," The Brattle Group, November 19, 2019, 3 Executive Summary, Background, p. 2. 4 5 Typically, it is the immediate or near-term investments 6 prompted by a customer's request that serves as the basis 7 of the costs the requesting customer is responsible for 8 paying—i.e., the investment that "but for" the customer's 9 request would not be required. Following the cost causation 10 principle ensures its corollary holds—the protection of existing customers from costs caused by new customers. A 11 customer that pays for the costs that its actions have caused 12 13 ensures that other customers are protected. 14 15 a) Please explain if Brattle is recommending that the "but for" contribution approach should be applied to transmission customers only for recovery of 16 17 common transmission costs. Note: Hydro only has two customers served at 18 transmission voltage on the Labrador Interconnected System. 19 20 b) Please explain if Brattle is recommending that the "but for" contribution 21 approach should also be applied to distribution customers for recovery of 22 common transmission expansion costs. 23 24 c) Please explain if Brattle is recommending that the "but for" contribution approach should also be applied for recovery of common distribution 25 26 expansion costs incurred to meet peak demand growth. 27 28 d) Please confirm whether the "but for" contribution approach would involve 29 the analysis of the present-day transmission system with existing loads or if the following should be included: 30 31 32 The normal load forecast of retail customer growth; ii) Approved future customer interconnections; and 33 34 iii) Approved future capital upgrades. 35 a) No, Brattle recommends that the policy applies to all customers above the size 36 A. 37 threshold regardless of connection voltage. 38 39 b) Please refer to the response in part a.

Page 2 of 2



8

9

10

case. The customer case maintains the assumptions of the base case but adds the new customer's requirements, whether generator or load. Brattle assumes that Hydro has developed a base case that includes items (i) and (ii), which result in approved capital investments (item iii). We recommend that the input assumptions be reviewed and approved by the Board if they are not already.