

1 Q. How will Hydro account for Upstream Capacity Charges collected from customers in the
2 determination of revenue requirements and customer rates?

3

4

5 A. In Newfoundland and Labrador Hydro's application for revisions to its Cost of Service
6 Methodology, filed with the Board of Commissioners of Public Utilities on November 15,
7 2018, Newfoundland and Labrador Hydro recommended that any contributions from
8 customers as a result of implementation of a new Network Additions Policy be deducted
9 from rate base consistent with the current approach used¹ in treating customer
10 contributions in determining rate base for use in the cost of service study.

¹ Contributions that are not related to any asset in service would be net with work in progress. Upon completion of the asset and the inclusion in rate base the corresponding contribution would be net against rate base and depreciated at the same rate.