

- 1 Q. **Reference: NL Hydro’s specifically-assigned assets:**
- 2 a) Does Hydro identify specifically-assigned assets for Newfoundland Power? If so, how does
3 Hydro define such assets?
- 4 b) Does Hydro continue to own, operate and maintain assets that have been specifically
5 assigned to Newfoundland Power?
- 6 c) How are capital, operating and maintenance costs associated with assets that are
7 specifically-assigned to Newfoundland Power accounted for in Hydro’s cost of service study?
- 8 d) What Hydro policies govern the identification and cost assignment of specifically-assigned
9 assets?
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- 12 A. a) Yes, Newfoundland and Labrador Hydro (“Hydro”) identifies and has assets that are
13 specifically assigned to Newfoundland Power Inc. (“Newfoundland Power”). Transmission
14 assets that serve only Newfoundland Power customers, that do not serve to interconnect
15 generation with the Island Interconnected System, are specifically assigned to
16 Newfoundland Power.
- 17 b) Yes, specifically assigned assets are owned, operated, and maintained by Hydro.
- 18 c) Capital,¹ and operating and maintenance costs associated with assets that are specifically
19 assigned to Newfoundland Power are segregated in the cost of service and recovered
20 directly from Newfoundland Power.
- 21 d) Specifically assigned assets are defined as those that are of transmission voltage and serve
22 only one customer. Hydro completed a review of its specifically assigned assets for its Island
23 Industrial Customers during the 2017 General Rate Application (“2017 GRA”) proceeding,
24 the latest revision of which was filed with the Board of Commissioners of Public Utilities

¹ The capital cost of assets that are not fully contributed is recovered in the cost of service.

1 (“Board”) in 2018,² at which time Hydro completed a review of assets specifically assigned
2 to Newfoundland Power as well. Asset assignment for new assets is determined at the time
3 that the asset is placed in service.

4 In its 2017 GRA proceeding, Hydro proposed an alternate method for the allocation of
5 operating and maintenance expenses to specifically assigned assets, based on a review and
6 recommendations by Christensen Associates Energy Consulting, LLC. The proposed
7 methodology allocates these costs based on the determination of test year transmission
8 asset value through the Handy-Whitman indexes.³ Hydro implemented its proposed
9 methodology on January 1, 2019; however, in its Order, the Board required Hydro “to
10 provide an update on the results of its tracking of actual operating and maintenance costs
11 related to specifically assigned assets as part of its next general rate application.”⁴

² “Review of Industrial Customer Specifically Assigned Assets,” Newfoundland and Labrador Hydro, rev. March 5, 2018 (originally filed December 21, 2017).

³ Further information on Hydro’s proposed methodology was included in “2017 General Rate Application,” Newfoundland and Labrador Hydro, rev. July 4, 2018 (originally filed September 15, 2017), vol. I, ch. 5, and vol. II, exh. 13.

⁴ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 16(2019), Board of Commissioners of Public Utilities, May 7, 2019, p. 59.