

1 **Volume 2: Cost of Service Study**  
23 **Q. NL Hydro's specifically-assigned assets:**

- 4 **a) Does Hydro identify specifically-assigned assets for Newfoundland Power? If so,**  
5 **how does Hydro define such assets?**  
6 **b) Does Hydro continue to own, operate and maintain assets that have been**  
7 **specifically assigned to Newfoundland Power?**  
8 **c) How are capital, operating and maintenance costs associated with assets that are**  
9 **specifically-assigned to Newfoundland Power accounted for in Hydro's cost of**  
10 **service study?**  
11 **d) How are costs associated with assets that are specifically-assigned to**  
12 **Newfoundland Power accounted for in Newfoundland Power's cost of service**  
13 **study?**

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15 **A.** a) Yes, Hydro's cost of service study includes specifically assigned assets for  
16 Newfoundland Power. Hydro's definition of specifically assigned plant is "*that*  
17 *equipment and those facilities which are owned by Hydro and used to serve the*  
18 *customer only.*"<sup>1</sup>  
19  
20 b) Yes, Hydro continues to own, operate and maintain assets that have been specifically  
21 assigned to Newfoundland Power in Hydro's cost of service study.  
22  
23 c) All costs associated with Hydro's assets that are specifically assigned to  
24 Newfoundland Power, including operating and maintenance costs, return on equity,  
25 return on debt, and depreciation are allocated to Newfoundland Power in Hydro's  
26 cost of service study. Such costs, in addition to those that are not specifically assigned  
27 to Newfoundland Power but are allocated to Newfoundland Power in Hydro's cost of  
28 service study, are included in Hydro's total revenue requirement for Newfoundland  
29 Power. These costs are recovered by Hydro through the Utility Rate charged by  
30 Hydro to Newfoundland Power.  
31  
32 d) Hydro charges Newfoundland Power the Utility Rate included in Hydro's *Schedule of*  
33 *Rates, Rules, and Regulations.*<sup>2</sup> These costs are included in Newfoundland Power's  
34 cost of service study as *Purchase Power* and are classified as demand related and  
35 energy related in accordance with the Company's approved cost of service  
36 methodology.

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<sup>1</sup> See Hydro's *2017 General Rate Application, Volume II, Revised, July 4, 2018, Exhibit 13 – Cost of Service Expert Evidence*, page 11 of 60, footnote 3.

<sup>2</sup> See Hydro's *Schedule of Rates, Rules and Regulations*, Updated January 1, 2024, pages UT-1 to UT-5.