

1 Q. At page 14, lines 19-23, of Grant Thornton’s Report on the GRA Compliance
2 Application, it is stated that

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4 *Hydro has included \$1.0 million in 2015 Test Year for rate setting purposes as it*
5 *represents other anticipated studies and hearings related to the preparation of the*
6 *2018 General Rate Application which are required to be completed and do not relate*
7 *to the disallowance from the Prudency Application, (e.g. a number of studies are*
8 *required from settlement agreements such as a Cost of Service methodology study*
9 *and a Marginal Cost study.)*

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11 Please confirm that the amount for those expenses were not included in the 2013
12 Amended GRA, and therefore not reviewed by the Board and Intervenors.

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15 A. Hydro does not confirm the above statement.

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17 The amounts referenced at page 14, lines 19-13 of Grant Thornton’s Report were
18 included in Hydro’s 2013 Amended GRA evidence, as noted in Hydro’s response to
19 CA-NLH-108 Revision 1 filed on November 28, 2014.¹

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21 Further, Hydro’s approach to exclude \$1.0 million in consulting from Prudence
22 disallowances was outlined in its Prudence Compliance Application filed on May 25,
23 2016, which was and ultimately accepted by the Board.²

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¹ Page 1 of 2, Lines 23 and 24 state “Consulting costs increased by \$3.4 million primarily due to regulatory studies and filings of \$1.0 million...”.

² Order No. P.U. 49(2016) at page 20 and page 131.

1 Section 3.6.3 of the Prudence Compliance Application states:

2 *Hydro included \$1.0 million in its 2015 Test Year for "regulatory*
3 *studies and filings." For the purposes of 2015, the "regulatory*
4 *studies and filings" represented \$854,000 attributable to the*
5 *January 2014 Outages investigations and \$146,000 attributable to*
6 *Phase Two of the Board's investigation. As per Order No. P.U. 13*
7 *(2016), the costs associated with Phase One and Phase Two should*
8 *be excluded in the calculation of Hydro's 2015 revenue*
9 *deficiency. This is reflected in Table 1. However, for future years,*
10 *e.g., 2016 and 2017, the \$1.0 million budgeted represents other*
11 *anticipated studies and hearings related to the preparation of the*
12 *2018 GRA such as Hydro's Cost of Service Study and studies*
13 *relating to Hydro's Rate Stabilization Plan. As these future*
14 *anticipated studies and hearings are required to be completed and*
15 *do not relate to the disallowance in question, Hydro submits that*
16 *the \$1.0 million for should not be disallowed for rate setting*
17 *purposes in 2016.* [emphasis added]

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19 As noted in Order No. P.U. 49(2016) (the GRA Order), Hydro's Prudence Compliance
20 Application was accepted by the Board as being in accordance with Order No. P.U.
21 13(2016).³

³ Order No. P.U. (49)2016 at page 20 and page 131, lines 18 through 20.