

1 Q. **Finance**

2 Page 4.7, lines 4-5 – Explain the calculation of the reduction in the asset retirement
3 obligation related to the Holyrood Plant.

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6 A. Prior to receiving the updated Holyrood Decommissioning Study (2017 General Rate
7 Application, Volume II, Exhibit 8), Hydro’s Holyrood ARO was \$27.0 million.¹ As a
8 result of revised assumptions surrounding the future use of the Holyrood site, the
9 ARO was reduced by \$13.8 million² in 2016. This resulted in a reduction of ARO
10 depreciation of \$2.2 million and ARO accretion of \$0.4 million for a total of \$2.6
11 million when comparing the 2015 Test Year to the 2018 and 2019 Test Year.

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13 Please refer to Hydro’s Holyrood ARO continuity schedule in PUB-NLH-067,
14 Attachment 1 for further information.

¹ Comprised of the net present value of the estimated cash flow (based upon the 2012 Holyrood study) plus accretion.

² Net Present Value of the updated cash flow of \$15.2 million = \$13.2 million - \$27.0 million (opening balance) = \$13.8 million ARO reduction.

**Holyrood Asset Retirement Obligation
(\$ 000s)**

	Test Year 2015	Actual 2015	Actual 2016	Forecast 2017	Test Year 2018	Test Year 2019	Variance Test Year 2015 vs. 2019
<u>Holyrood Asset Retirement Costs</u>							
Holyrood	12,603	15,490	13,427	(1,665)	(1,249)	(865)	(13,468)
Addition/(Reduction)	-	518	(13,876)	-	-	-	-
Holyrood Depreciation	(1,786)	(2,582)	(1,216)	416	384	384	2,170
Ending	10,817	13,427	(1,665)	(1,249)	(865)	(480)	(11,297)
<u>Holyrood Asset Retirement Obligation</u>							
Opening	23,243	25,790	26,969	13,378	13,537	13,876	(9,367)
Addition/(Reduction)	-	518	(13,876)	-	-	-	-
Holyrood Accretion	704	660	620	159	339	348	(356)
Holyrood disposed	-	-	(334)	-	-	-	-
Ending	23,947	26,969	13,378	13,537	13,876	14,224	(9,723)
<u>Holyrood Revenue Requirement Summary</u>							
Total Depreciation	1,786	2,582	1,216	(416)	(384)	(384)	(2,170)
Total Accretion	704	660	620	159	339	348	(356)
Total Revenue Requirement Impact	2,490	3,242	1,836	(258)	(45)	(36)	(2,526)