



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

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2019-10-16

Ms. Shirley Walsh
Senior Legal Counsel, Regulatory
Newfoundland and Labrador Hydro
P.O. Box 12400
Hydro Place, Columbus Drive
St. John's, NL A1B 4K7

Dear Ms. Walsh:

**Re: Newfoundland and Labrador Hydro - Cost of Service Methodology Review
Settlement Agreement – Further Information**

The Board is in receipt of the settlement agreement executed by the parties and recommended for acceptance by the Board in the Cost of Service Methodology review. To assist in its understanding of the settled issues, the Board requests that Hydro provide the following information:

1. In the same format as the response to NP-NLH-001, please quantify the change in cost allocation to each customer class as a result of the settlement agreement.
2. Completion of the attached chart.

The Board requests this information be filed by Friday, October 25, 2019. Written comments from the parties on the settlement agreement should be filed with the Board by Friday, November 1, 2019.

The Board notes that the hearing scheduled for November 4, 2019 will not be convened at that time. After receipt of the requested information and the comments from the parties, the Board will review the record and determine whether the settlement agreement will be accepted and whether a hearing is required.

If you have any questions, please do not hesitate to contact the Board's Legal Counsel, Ms. Jacqui Glynn, by email, jglynn@pub.nl.ca or telephone (709) 726-6781.

Sincerely,

Cheryl Blundon
Board Secretary

CB/rr

Attachment

ecc **Newfoundland and Labrador Hydro**
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Newfoundland Power Inc.
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Cost of Service Methodology Review – Settlement Agreement – Further Information
Attachment
Page 1 of 2

	Current Cost of Service Methodology	Hydro’s Proposals	Settled Cost of Service Methodology
Systemization:			
LIS and IIS			
Functionalization of:			
Power purchase costs from MF Power Purchase Agreement and Transmission Funding Agreement			
Existing Generation and Transmission Assets functionalized as generator leads (identify those transmission lines that are functionalized as generator leads and any proposed changes accepted by parties in settlement agreement)			
Existing Transmission Assets except those functionalized as generator leads			
TL-234 and TL-263			
HTGS Unit 3 after permanent conversion to synchronous condenser			
Contributions from customers for network additions			
Specifically Assigned Transmission Assets			
Net Export Revenues			
Classification of :			
Embedded cost of service vs. marginal cost			
Existing hydraulic based generation and other power purchases on the island (excluding wind and capacity assistance purchases)			
Capacity assistance purchases			
Classification between demand and energy for power purchase costs from MF Power Purchase Agreement and Transmission Funding Agreement			
HTGS generation costs (excluding fuel)			
LIS and IIS gas turbine and diesel assets and fuel costs			

	Current Cost of Service Methodology	Hydro's Proposals	Settled Cost of Service Methodology
Isolated Diesel Systems (excluding L'Anse-au-Loup) Generation Assets and associated fuel cost			
L'Anse-au-Loup Generation Assets			
Power Purchase costs on diesel systems			
Power Purchase costs for wind on IIS			
Functionalized transmission costs			
Conservation and Demand Management costs			
Net export revenues and Muskrat Falls Project costs			
Allocation of:			
Production/generation demand costs and transmission among customer classes			
Energy costs			
Rural Deficit between Newfoundland Power and the Hydro Rural customers on the LIS			
Operating and Maintenance costs in determination of specifically assigned charges			
Generation credit for Newfoundland Power for hydraulic and thermal generation			
Net Export Revenues			
Existing Corner Brook Pulp and Paper Pilot Agreement			