Q. **2013 General Rate Application, Cost of Service**

Exhibit 13, Schedule 2.2A - The item listed on line number 37 (Feasibility Studies) is allocated only as Production Demand. Provide a complete description of this cost item, and explain why it should be allocated only on the basis of demand.

A. Traditionally, capital spending for Feasibility Studies is classified in the same manner as the functional asset grouping to which the study relates. For example, a Feasibility Study relating to gas turbines would be classified as 100% Production Demand. In this case, however, there are some Feasibility Studies that have an energy component due to the nature of the expenditure and were incorrectly classified in the Cost of Service Study. A listing of the studies is included in PUB-NLH-129 Attachment 1. There is no change in revenue requirement and Hydro will conduct the necessary analysis to determine whether there is a change in rates, although no material change is anticipated.

**Newfoundland and Labrador Hydro**
**2013 Test Year Cost of Service**
**Island Interconnected Functional Classification of Plant in Service**
**Feasibility Studies**

| Board Order | Class Description | Name | Function Description | Average Net Book Value | Depreciation Expense | Classification |
|---|---|---|---|---|---|---|
| P.U. 31(2005) | Feasibility Studies-Long Term | Island Pond Development Feasibility Study | Hydraulic Generation | $82,741 | $70,921 | Production Demand |
| P.U. 31(2005) | Feasibility Studies-Long Term | Portland Creek Feasibility Study | Hydraulic Generation | $38,347 | $32,869 | Production Demand |
| P.U. 31(2005) | Feasibility Studies-Long Term | Holyrood Regeneration Waste Treatment Study | Thermal Generation | $10,753 | $9,217 | Analysis Required |
| P.U. 35(2006) | Feasibility Studies-Long Term | Bay d'Espoir Stator Winding Design Study | Hydraulic Generation | $6,834 | $5,858 | Analysis Required |
| P.U. 35(2006) | Feasibility Studies-Long Term | Hardwood Gas Turbine 2007 Assessment | Gas Turbine Generation | $13,671 | $11,718 | Production Demand |
| P.U. 35(2006) | Feasibility Studies-Long Term | Stephenville Gas Turbine 2007 Assessment | Gas Turbine Generation | $13,671 | $11,718 | Production Demand |
| P.U. 30(2007) | Feasibility Studies-Long Term | Bay d'Espoir Hydraulic Structure Life Expectancy Study | Hydraulic Generation | $22,778 | $19,524 | Production Demand |
| P.U. 30(2007) | Feasibility Studies-Long Term | Arc Flash Study, Various Sites | Hydraulic Generation | $48,052 | $41,187 | Analysis Required |
| P.U. 30(2007) | Feasibility Studies-Long Term | Holyrood Plant Precipitator and Scrubber Installation Study | Thermal Generation | $45,852 | $39,302 | Analysis Required |
| P.U. 30(2007) | Feasibility Studies-Long Term | Holyrood Stack Breeching Study | Thermal Generation | $7,880 | $6,755 | Analysis Required |
| P.U. 30(2007) | Feasibility Studies-Long Term | Holyrood Gas Turbine Electrical Assessment Study | Thermal Generation | $5,338 | $4,575 | Production Demand |
| P.U. 30(2007) | Feasibility Studies-Long Term | Holyrood Programmable Logic Controller Replacement Study | Thermal Generation | $7,540 | $6,463 | Analysis Required |
| P.U. 30(2007) | Feasibility Studies-Long Term | Holyrood Soot Blowing Controls Study | Thermal Generation | $19,845 | $17,010 | Analysis Required |
| P.U. 30(2007) | Feasibility Studies-Long Term | Holyrood Motor Controls Centres Study | Thermal Generation | $4,324 | $3,706 | Analysis Required |
| P.U. 30(2007) | Feasibility Studies-Long Term | Holyrood Marine Environmental Study of Waste Water | Thermal Generation | $25,493 | $21,851 | Analysis Required |
| P.U. 28(2009) | Feasibility Studies-Long Term | Holyrood Condition Assessment and Life Extension Study | Thermal Generation | $53,531 | $9,733 | Analysis Required |
| P.U. 28(2009) | Feasibility Studies-Long Term | Holyrood Condition Assessment and Life Extension Study | Thermal Generation | $1,028,126 | $186,932 | Analysis Required |
| P.U. 28(2009) | Feasibility Studies-Long Term | Holyrood Condition Assessment and Life Extension Study | Thermal Generation | $40,148 | $7,300 | Analysis Required |
| P.U. 28(2009) | Feasibility Studies-Long Term | Holyrood Condition Assessment and Life Extension Study | Thermal Generation | $40,148 | $7,300 | Analysis Required |
| | | | | $1,515,071 | $513,937 | |