

1 **Undertaking Request (U-73)**

2

3 *Transcript Reference: July 25, 2018, Pg. 67, line 7 to Pg. 72, line 10*

4 *Re: Supplemental Evidence filed on July 20, 2018, page 3, Footnote 7*

5 Undertake to provide the delivery costs and agency fees included in the total cost of power
6 purchases including how they are calculated and the basis for charging them.

7

8

9 **Undertaking Response**

10 At the time of the testimony referenced above, the forecast included higher deliveries over
11 the Labrador-Island Link (LIL). Since that time Hydro has received lower projections of LIL
12 availability and, therefore, lower deliveries as communicated to the Board in its October 1,
13 2018 LIL In-Service Biweekly Update. The current forecast, which forms the basis of the
14 2018 Cost Deferral and Interim Rates Application filed with the Board on October 26, 2018,
15 specifically does not include “agency fees” for 2019.

16

17 Hydro continues to seek economic opportunities to further displace fuel consumed at the
18 Holyrood Thermal Generating Station or to offset gas turbine usage. Any purchases made
19 in 2019 will be consistent with the least-cost standard, and any associated fees or costs
20 incurred will be included in the least-cost determination. Depending on the specifics of
21 individual transactions, the purchase price paid could include both agency fees associated
22 with transactions in other jurisdictions (administration costs of unrelated counter-parties)
23 or costs associated with transmission tariffs and transmission losses (considered delivery
24 costs). Hydro’s response to request for information CA-NLH-263 includes an illustrative
25 example of the nature and calculation of such fees, and demonstrates how the delivery
26 costs noted above are inherently included in any forecast costs for total GWh delivered in
27 2019.