

- 1 Q. i. Is it Hydro's opinion that the 7% operations and maintenance factor, which is to be \$34,860
2 (\$498,000 x 7%), will be sufficient to cover operations and maintenance costs relating to this
3 capital project for the fifteen year period of the SMRE Amended and Restated Agreement
4 for the Purchase and Sale of Energy ("PPA"). If yes, please provide the basis for this opinion.
- 5 ii. Will ratepayers be responsible for any operations and maintenance costs in excess of the 7%
6 factor should this occur?
- 7 iii. Please identify the assets intended to be covered by the 7% factor.
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- 10 A. i. Please refer to Newfoundland and Labrador Hydro's ("Hydro") response to PUB-NLH-001(i).
- 11 ii. The 7% operations and maintenance factor is used to determine an estimate of future
12 operating and maintenance costs. Hydro does not track operations and maintenance costs on an
13 asset basis; therefore, variances from Hydro's estimate could result in either savings or costs to
14 customers in the future.
- 15 iii. The 7% operations and maintenance factor is applicable to all asset additions/upgrades
16 reflected in the proposed capital expenditure as provided for in Hydro's Application.