

1 Q. (Reference 2017 GRA Volume I, page 1.4) It is stated (lines 14 to 18) *“This includes*  
2 *the construction of a third transmission line (TL267) from Bay d’Espoir to Western*  
3 *Avalon with a total capital expenditure of approximately \$291 million. TL267 will*  
4 *have a positive impact on system reliability and will help alleviate system*  
5 *constraints relating to power flow to the Avalon Peninsula resulting from an*  
6 *increase in customer demand.”* Please confirm that the costs of this line have been  
7 classified as 100% capacity-related similar to other network transmission assets and  
8 quantify the impact of this line on customer classes in terms of revenue allocation  
9 and rates.

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12 A. Hydro confirms that the costs of the TL267 line have been classified as 100%  
13 capacity-related, similar to other network transmission assets on the Island  
14 Interconnected System. The TL267 costs form part of the Transmission Demand  
15 costs in the Island Interconnected System Revenue Requirement.<sup>1</sup> Transmission  
16 Demand costs are allocated amongst the customer groups based upon CP kW.<sup>2</sup> CA-  
17 NLH-089, Attachment 1 shows the approximate impact on the allocated  
18 Transmission Demand Revenue Requirement with and without the inclusion of the  
19 TL267 line.

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<sup>1</sup> See 2019 Test Year Cost of Service Study, Vol III, Exhibit 15, Schedule 2.1A, Page 1 of 2, Col 5 for the costs classified as Transmission Demand, i.e. \$68,899,183 of the Total Revenue Requirement of \$602,639,178.

<sup>2</sup> See 2019 Test Year Cost of Service Study, Vol III, Exhibit 15, Schedule 3.1A, Page 1 of 2, Col 5 for the basis of allocation for Transmission Demand costs.

**2019 TY Island Interconnected Revenue Requirement  
Transmission Demand (\$000s)**

Line No.	Description	As Filed	No TL267	Difference
<b>Expenses</b>				
1	Operating & Maintenance	14,814.8	13,556.8	(1,258.0)
2	Fuels-No. 6 Fuel	-	-	-
3	Fuels-Diesel	-	-	-
4	Fuels-Gas Turbine	-	-	-
5	Fuel Supply Deferral	-	-	-
6	Power Purchases -CF(L)Co	-	-	-
7	Power Purchases-Other	-	-	-
8	Power Purchases-MF	-	-	-
9	Power Purchases-LTA	-	-	-
10	Power Purchases-LIL	-	-	-
11	Depreciation	17,978.1	11,154.6	(6,823.5)
<b>Expense Credits</b>				
12	Sundry	(46.5)	(42.5)	3.9
13	Building Rental Income	(4.3)	(2.9)	1.4
14	Tax Refunds	-	-	-
15	Suppliers' Discounts	(4.0)	(3.7)	0.3
16	Pole Attachments	-	-	-
17	Secondary Energy	-	-	-
18	Wheeling Revenues	-	-	-
19	Application Fees	-	-	-
20	Meter Test Revenues	-	-	-
21	<b>Total Expense Credits</b>	<b>(54.8)</b>	<b>(49.2)</b>	<b>5.7</b>
22	<b>Subtotal Expenses</b>	<b>32,738.1</b>	<b>24,662.2</b>	<b>(8,075.9)</b>
23	Disposal Gain / Loss	-	-	-
24	<b>Subtotal Revenue Requirement Ex. Return</b>	<b>32,738.1</b>	<b>24,662.2</b>	<b>(8,075.9)</b>
25	Return on Debt	25,716.4	13,600.3	(12,116.1)
26	Return on Equity	10,444.7	5,523.8	(4,920.9)
27	<b>Total Revenue Requirement</b>	<b>68,899.2</b>	<b>43,786.3</b>	<b>(25,112.9)</b>
<b>Allocated Share by Customer <sup>1</sup>:</b>				
28	Newfoundland Power	60,754.4	38,610.2	(22,144.2)
29	Island Industrial Customers	3,966.0	2,520.4	(1,445.6)
30	Rural	4,178.8	2,655.7	(1,523.1)
31	<b>Total Revenue Requirement</b>	<b>68,899.2</b>	<b>43,786.3</b>	<b>(25,112.9)</b>

<sup>1</sup> Allocated based on CP kW.