

1 Q. **Off Island Purchases**

2 Page 1.11, lines 18-20 – Provide the calculation to verify the statement that the
3 estimated impact on customer rates would be to keep rates flat if savings from off-
4 island purchases are reflected in the 2018 and 2019 revenue requirements.

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7 A. Table 5-1 on page 5.14 of Hydro’s evidence shows a revenue requirement increase
8 of \$70 million for the 2018 Test Year relative to July 1, 2017 customer rates and
9 \$88.6 million for the 2019 Test Year relative to July 1, 2017 customer rates. The
10 total of these amounts is \$158.6 million.

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12 Hydro’s response to NP-NLH-115 indicates a total net savings for the period 2018 to
13 2019 of approximately \$150 million prior to deducting the cost of using LIL and the
14 LTA for those years. However, after the reduction of the savings to reflect the
15 payment of the costs of using LIL and LTA, the projected deferral account balance at
16 the end of 2019 is approximately \$72 million.

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18 The statement “to keep rates flat” was made prior to having the information
19 available on the forecast O&M cost to Hydro for use of Labrador-Island Link and the
20 Labrador Transmission Assets.