# 2017 General Rate Application Compliance Application

**July 11, 2019**

**An Application to the Board of Commissioners of Public Utilities**

newfoundland labrador
hydro
a nalcor energy company

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July 11, 2019

The Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

**Attention: Ms. Cheryl Blundon**
**Director Corporate Services & Board Secretary**

Dear Ms. Blundon:

**Re: 2017 GRA Compliance Application**

## A. Application Overview

### The Application

In Board Order No. P.U.16(2019) ("2017 GRA Order"), the Board of Commissioners of Public Utilities ("Board") made a number of determinations on proposals contained in, and matters arising from, Newfoundland and Labrador Hydro's ("Hydro") 2017 General Rate Application ("2017 GRA").

Enclosed please find one original and 13 copies of an application made in compliance with the directions of the Board contained in the 2017 GRA Order. The 2017 GRA Compliance Application proposes customer rates to be effective October 1, 2019, including an update to the Rate Stabilization Plan ("RSP") and Conservation and Demand Management ("CDM") Adjustments that apply to the Utility Rate.

### Summary of Customer Rate Impacts

The annualized billing impact of implementing the proposed utility base rate and the updated RSP and CDM adjustments is an 11.5% increase. The end-consumer impact on customers of Newfoundland Power is an estimated 7.6% increase. The annualized billing impact of implementing the proposed Island Industrial Customer rate is an average 11.2% increase. The proposed rate change for the Hydro Rural Island Interconnected Customers and L'Anse au Loup Customers equal the proposed rate increase of 7.6% to the customers of Newfoundland Power. The proposed rate change for Hydro Rural Customers on the Labrador Interconnected System is an overall decrease of 3.1% to be applied equally to each rate class. The proposed rate change for the Labrador Industrial Transmission Rate is a decrease of 7.6%.

## B. Evidence in Support of the Application

### General

The evidence in support of Hydro's 2017 GRA Compliance Application is contained in the exhibits to the application. A brief description of each exhibit follows.

### Exhibit 1: Overview

Exhibit 1 provides a high-level summary of the evidence filed in support of Hydro's 2017 GRA Compliance Application.

**Exhibit 2: Test Year Load Forecasts**

Exhibit 2 provides the proposed load forecasts for the 2018 Test Year and 2019 Test Year reflecting the Board's approval of the Settlement Agreements filed during the 2017 GRA proceeding. The updated Test Year Load Forecasts presented in Exhibit 2 provide an explanation of changes since the filing of Hydro's 2017 GRA.

**Exhibit 3: Test Year Supply Costs**

Exhibit 3 provides the proposed supply costs for the 2018 Test Year and 2019 Test Year reflecting the Board's findings in the 2017 GRA Order. The supply cost forecast provided in Exhibit 3 reflects the updated test year load forecasts provided in Exhibit 2 and the updated forecast of off-island purchases for 2018 and 2019. Exhibit 3 also provides an explanation of the changes in supply costs for the Island Interconnected System since Hydro's last forecast update[1] and for Hydro's Isolated and Labrador Interconnected Systems since the filing of Hydro's 2017 GRA.

**Exhibit 4: Computation of Revenue Requirements**

Exhibit 4 provides Hydro's revised proposals and calculations with respect to its revenue requirements, average rate base, return on rate base, and rate of return on rate base, reflecting: (i) the Board's findings and direction from the 2017 GRA Order for the 2018 Test Year and the 2019 Test Year and (ii) the updated load forecasts and supply cost forecasts provided in Exhibits 2 and 3.

**Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs**

Exhibit 5 provides Hydro's: (i) explanation of the impact of the RSP on the 2018 Test Year and 2019 Test Year Revenue Deficiencies, (ii) revenue deficiency calculation for the 2018 Test Year, the forecast revenue deficiency for the 2019 Test Year, and the proposed allocation of the revenue deficiencies by customer class, and (iii) the proposed recovery approach for the deferred supply costs for 2015–2017. Exhibit 5 also deals with the disposition of the 2018 Cost Deferral Account approved in Board Order No. P.U. 48(2018) and the Specifically Assigned Revenue Deferral Account approved in Board Order No. P.U.7(2018).

**Exhibit 6: Proposed Utility RSP and CDM Adjustments**

Exhibit 6 provides the calculations of the Utility RSP and CDM adjustments proposed to become effective October 1, 2019.

**Exhibit 7: Proposed Customer Rates**

Exhibit 7 provides the proposed customer rates based upon: (i) Hydro's 2019 Test Year Revenue Requirement for rate setting purposes as detailed in Exhibit 4, (ii) the required recovery of revenue deficiencies and deferred supply costs as provided in Exhibit 5, (iii) the proposed Utility RSP and CDM adjustments as provided in Exhibit 6, and (iv) the Board's findings on rate design.

Exhibit 7 also details Hydro's requirements with respect to filing a revised Schedule of Rates, Rules, and Regulations to ensure compliance with the 2017 GRA Order; a comparison of existing and proposed rates and the customer billing impacts of implementing the proposed customer rates; a reconciliation of revenues from proposed customer rates to the revised 2019 Test Year Revenue Requirement for rate-setting; and a summary of the revision to the Schedule of Rates, Rules, and Regulations reflecting the 2017 GRA Order. The proposed Utility Rate to become effective October 1, 2019 reflects a revised blocking structure which was determined in consultation with Newfoundland Power.

[1] Hydro's "2018 Cost Deferral and Interim Rates Application," filed on October 26, 2018.

**Exhibit 8: Account Definitions**

Exhibit 8 provides the account definitions pursuant to the 2017 GRA Order including: the Revised Energy Supply Cost Variance Deferral Account, the Excess Earnings Account, and the Return on Equity Rate Change Deferral Account. The Board has approved the Revised Energy Supply Cost Variance Deferral Account to become effective January 1, 2019.

**Exhibits 9 and 10: RSP Reports for 2018**

Exhibit 9 provides the 2018 RSP Report for the 2015 Test Year and Exhibit 10 provides the 2018 RSP Report for the 2015 Test Year Adjusted for 2018 Test Year Load.

**Exhibits 11 and 12: RSP Reports for March 2019**

Exhibit 11 provides the RSP Report for March 2019 based on the 2015 Test Year and Exhibit 12 provides the March 2019 RSP Report for the 2019 Test Year.

**Exhibits 13 and 14: Cost of Service Studies**

Exhibit 13 provides Hydro's revised 2018 Test Year Cost of Service for the 2018 Revenue Deficiency. Exhibit 14 provides Hydro's revised 2019 Test Year Cost of Service for rate setting purposes.

**Exhibit 15: Schedule of Rates, Rules, and Regulations**

Exhibit 15 provides Hydro's revised Schedule of Rates, Rules, and Regulations reflecting the findings and determinations of the Board in the 2017 GRA Order.

**C. Conclusion**

We trust the foregoing and enclosed are found to be in order. If you have any questions regarding Hydro's application, please contact the undersigned.

Yours truly,

***NEWFOUNDLAND AND LABRADOR HYDRO***

SWalsh

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# Contents

# Application

**IN THE MATTER OF** the *Public Utilities Act*, *RSNL 1990*, Chapter P-47 ("*Act*");

**AND IN THE MATTER OF** a General Rate Application ("GRA") by Newfoundland and Labrador Hydro ("Hydro") to establish customer electricity rates for 2018 and 2019;

**AND IN THE MATTER OF** an application by Hydro for approval of changes to the rates, tolls and charges for the supply of power and energy to customers, approval of the Utility Rate Stabilization Plan ("RSP") and Conservation and Demand Management ("CDM") adjustments, and changes to the rules and regulations applicable to the supply of power and energy to customers, reflecting the determinations set out in Board Order No. P.U. 16(2019) ("2017 GRA Compliance Application").

**TO: The Board of Commissioners of Public Utilities ("Board")**

**THE 2017 GRA COMPLIANCE APPLICATION OF HYDRO STATES THAT:**

**A. Background**

1. Hydro is a corporation continued and existing under the *Hydro Corporation Act*, *2007,* is a public utility within the meaning of the *Act*, and is subject to the provisions of the *Electrical Power Control Act, 1994*.

2. Under the *Act*, the Board has the general supervision of public utilities and requires that a public utility submit for the approval of the Board the rates, tolls, and charges for the service provided by the public utility and the rules and regulations which relate to that service.

3. On July 28, 2017, Hydro filed a GRA together with evidence in support thereof to establish customer electricity rates to take effect in 2019 based upon a 2018 and 2019 Test Year ("2017 GRA"). Throughout the 2017 GRA proceedings, Hydro filed revisions to

the application (on September 15, 2017; October 16, 2017; October 27, 2017; November 27, 2017; and July 4, 2018), additional evidence reflecting settlement agreements, updated off-island purchase forecasts, fuel price forecasts, and customer rate impacts, as well as additional GRA related applications.

4. Hydro entered into three settlement agreements during the course of the 2017 GRA proceedings. The “Settlement Agreement,” April 11, 2018; the “Supplemental Settlement Agreement,” July 16, 2018, and the “Labrador Settlement Agreement,” September 6, 2018 (“Settlement Agreements”).

5. On July 20, 2018, Hydro filed “2017 General Rate Application (GRA) – Supplemental Evidence - Customer Impacts Reflecting 2017 GRA Settlement Agreements” that provided, among other items, revenue requirement estimates reflecting the Settlement Agreements, recovery of the 2015-2017 Deferred Energy Supply Costs for the Island Interconnected System, and the estimated 2018 Revenue Deficiencies (or excess revenues) by class.

6. On August 2, 2018, Hydro filed “2017 General Rate Application (GRA) –Additional information related to Supplemental Evidence filed on July 20, 2018,” including: a revised Part B of its 2017 GRA, updated to reflect the Settlement Agreements and supplemental evidence; a revised Table 5-7 showing 2018 revenue deficiencies/excess revenues by customer class; and a revised Table 5-8 showing 2019 billing impacts by customer class.

7. On November 14, 2018, Hydro filed a revised “2018 Cost Deferral and Interim Rates Application,” (originally filed October 26, 2018) accounting for the issuance of OC2018-213. OC2018-213, which had been issued by the Government of Newfoundland and Labrador on October 25, 2018, directed the Board to, upon application from Hydro, adopt a policy that all costs incurred by Hydro for the use of the Labrador-Island Link and the Labrador Transmission Assets (“LTA”) under the Interim Transmission Funding Agreements be placed into a deferral account with disposition of the deferral account to be addressed following a further application by Hydro.

8. As part of the revised application, Hydro provided an updated "Part B, Hydro Proposals" respecting the 2017 GRA. The update included a proposal regarding revenue requirement reflecting that the costs Hydro is required to pay for the use of the Labrador-Island Link and the Labrador Transmission Assets during the period prior to full commissioning of the Muskrat Falls project in accordance with the Interim Transmission Funding Agreements be excluded from the calculation of Hydro's 2018 and 2019 Test Year Revenue Requirements.

9. Over the course of the 2017 GRA proceedings, Hydro made a number of interim rate applications to enable Hydro to earn a just and reasonable return during the 2018 fiscal year. Interim rates for the Island Industrial Customers became effective April 1, 2018 in accordance with Order No. P.U. 7(2018), with revised Island Industrial Customer rates becoming effective, pursuant to Board Order No. P.U. 48(2018), upon the implementation of the revisions to the RSP adjustments for January 1, 2019. Interim rates for Utility Customers became effective July 1, 2018 in accordance with Board Order No. P.U. 15(2018).

10. The 2017 GRA and associated applications requested approval of, amongst other items, the following:

    (a) Interim rates to become effective January 1, 2018 for all of Hydro's customers;

    (b) Final rates to take effect January 1, 2019 for all of Hydro's customers;

    (c) Approval of interim rates for Island Industrial customers effective April 1, 2018, including a deferral account to track specifically assigned charges;

    (d) Application for recovery of deferred supply costs for 2015, 2016, and 2017 that the Board had determined would be dealt with in the 2017 GRA;

    (e) Approval of interim rates for Newfoundland Power effective July 1, 2018;

(f) Approval of interim Hydro Rural rates as a result of a change in Newfoundland Power retail rates effective July 1, 2018; and

(g) Approval of Hydro's proposed 2018 Cost Deferral Account to defer the impact of the use of the existing depreciation methodology for 2018.

11. On May 7, 2019, the Board issued Order No. P.U. 16(2019) setting out its determinations with respect to Hydro's proposals in the 2017 GRA ("2017 GRA Order"), including the acceptance of the Settlement Agreements, which were filed as part of the 2017 GRA proceeding.

**B. 2017 GRA Order Compliance**

12. In the 2017 GRA Order, the Board ordered, among other things, that Hydro:

(a) File, for approval of the Board, the proposed definition of the Return on Equity Rate Change Deferral Account as accepted in the 2017 GRA Order;

(b) File, for approval of the Board, the proposed definition of the revised Energy Supply Cost Variance Deferral Account as accepted in the 2017 GRA Order;

(c) File, for approval of the Board, a revised rate base for 2017 and a revised forecast average rate base for 2018 and 2019, incorporating the findings of the Board in the 2017 GRA Order;

(d) File, for approval by the Board, a revised excess earnings account definition to reflect a range of rate of return on rate base of +/- 20 basis points;

(e) File, for approval by the Board, a revised revenue requirement for the 2019 Test Year for rate setting purposes, and a revised revenue requirement for the 2018 Test Year for the purpose of determining the 2018 revenue deficiency, incorporating the findings of the Board in the 2017 GRA Order;

(f) File a revised calculation of the 2018 and 2019 revenue deficiencies setting out revised calculations of the revenue requirement, rate base and rate of return on rate base for each year, incorporating the findings of the Board in the 2017 GRA Order;

(g) File a proposal in relation to the disposition of the balance in the account related to specifically assigned charges approved in Order No. P.U. 7(2018), incorporating the findings of the Board in the 2017 GRA Order;

(h) File a proposal in relation to the disposition of the balance in the 2018 Depreciation Cost Deferral Account, incorporating the findings of the Board in the 2017 GRA Order;

(i) File an updated 2018 Test Year Cost of Service Study for determining revenue deficiency and a 2019 Test Year Cost of Service Study for rate setting, incorporating the findings of the Board in the 2017 GRA Order;

(j) File, for the approval of the Board, a revised Schedule of Rates, Rules, and Regulations, and revised Rate Stabilization Plan Rules, incorporating the findings of the Board in the 2017 GRA Order; and

(k) Reflect the proposals set out in the Settlement Agreements in the proposals to be filed in the 2017 GRA Compliance Application.

13. In the 2017 GRA Order, the Board stated it would direct Hydro to withdraw its "Application for July 1, 2019 Utility Rate Stabilization Plan and Conservation and Demand Management Rate Adjustments," April 23, 2019 and address the RSP and CDM rate adjustments in its 2017 GRA Compliance Application.

14. On May 14, 2019, Hydro withdrew its "Application for July 1, 2019 Utility Rate Stabilization Plan and Conservation and Demand Management Rate Adjustments," April 23, 2019, and on June 10, 2019 filed a subsequent application with the Board requesting

a delay of implementation of Utility RSP and CDM adjustments from July 1, 2019 to the effective date of the final rates resulting from the 2017 GRA. The Board approved the delay in Board Order No. P.U. 25(2019), directing that Hydro's existing Utility Customer RSP Fuel Rider, RSP Current Plan Rider, Utility Customer CDM Rider continue, and the July 1, 2019 Utility RSP and CDM rate changes be delayed, pending the implementation of final rates resulting from the 2017 GRA.

15. The exhibits to this 2017 GRA Compliance Application provide the evidence supporting Hydro's proposals pursuant to the Board's directions in the 2017 GRA Order.

16. *Exhibit 1: Overview* provides an overview of the detailed evidence to support Hydro's application for approval of various matters arising out of the 2017 GRA in accordance with the requirements of the 2017 GRA Order.

17. *Exhibit 2: Test Year Load Forecasts* provides the 2018 Test Year and 2019 Test Year Load Forecasts reflecting the Settlement Agreements approved by the Board in the 2017 GRA Order.

18. *Exhibit 3: Test Year Supply Costs* provides the 2018 Test Year and 2019 Test Year Supply Cost Forecasts reflecting the requirements of the 2017 GRA Order.

19. *Exhibit 4: Computation of Revenue Requirements* documents Hydro's calculation of: (i) its 2017 rate base, ii) its revised 2018 Test Year and 2019 Test Year revenue requirements, (iii) its 2018 and 2019 forecast average rate base for the purpose of determining 2018 and 2019 revenue deficiencies, and (iv) its revised 2019 Test Year revenue requirement and 2019 forecast average rate base for rate setting purposes, reflecting the findings of the Board in the 2017 GRA Order. Exhibit 4 also discusses how Hydro's revisions to the depreciation methodology have addressed the concerns expressed by Grant Thornton in "Financial Consultants Report," December 4, 2017.

20. *Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs* discusses how the restatement of the RSP has resulted in the accumulation of large credit balances in

customers' RSP Current Plan accounts. Also referenced are the continuation of the Utility RSP Fuel Rider until the implementation of final rates on October 1, 2019 and the calculation of the 2019 Test Year using a No. 6 fuel price of $105.90 CDN per barrel, and the resulting lack of requirement for an RSP Fuel Rider. In addition, Exhibit 5 references excess revenues from Labrador Industrial Customers and Rural Customers on the Labrador Interconnected System, when compared to the revised 2018 and 2019 Test Year Cost of Service Studies. Exhibit 5 provides Hydro's: (i) explanation of the impact of the Rate Stabilization Plan restatement for the 2019 Test Year on the 2018 Test Year and 2019 Test Year revenue deficiencies, (ii) revenue deficiency calculation for the 2018 Test Year and the forecast revenue deficiency for the 2019 Test Year, (iii) the proposed allocation of the revenue deficiencies by customer class, and (iv) the proposed recovery approach for the 2015–2017 Deferred Supply Costs.

21. *Exhibit 6: Proposed Utility RSP and CDM Adjustments* provides the calculations of the proposed Utility RSP and CDM adjustments to become effective October 1, 2019. In the normal course, these adjustments would have been made on July 1, 2019 in accordance with current RSP rules. However, in the 2017 GRA Order, the Board advised it would require Hydro to delay updating the RSP adjustments for the Utility Rate until the implementation of 2017 GRA final rates to avoid having two rate changes for retail customers within a short timeframe.

22. *Exhibit 7: Proposed Customer Rates* provides the impacts of the 2017 GRA Order and Hydro's proposed customer rates. Exhibit 7 discusses how implementation of final rates reflecting the 2019 Test Year would result in material rate increases for customers on the island Interconnected System, and details Hydro's proposals to mitigate those impacts. Exhibit 7 contains: (i) Hydro's filing requirements for a revised Schedule of Rates, Rules, and Regulations to ensure compliance with the 2017 GRA Order, (ii) a comparison of existing and proposed rates and the customer billing impacts of implementing the proposed customer rates, (iii) a reconciliation of revenues from proposed customer rates to the revised 2019 Test Year Revenue Requirement for rate setting, and (iv) the conclusion of the Industrial Customer RSP Current Plan Rider effective October 1, 2019.

23. *Exhibit 8: Account Definitions* provides account definitions for the revised Energy Supply Cost Variance Deferral Account, the revised Excess Earnings Account and the Return on Equity Rate Change Deferral Account, in accordance with the 2017 GRA Order.

24. *Exhibit 9: 2018 RSP Report 2015 Test Year* provides the RSP Reports for December 2018 based on the 2015 Test Year.

25. *Exhibit 10: 2018 RSP Report 2015 Test Year Adjusted for 2018 Load* provides the RSP Report for the 2015 Test Year adjusted for the 2018 Test Year in the calculation of the load variation component.

26. *Exhibit 11: March 2019 RSP Report 2015 Test Year* provides the RSP Reports for March 2019 based on the 2015 Test Year.

27. *Exhibit 12: March 2019 RSP Report 2019 Test Year* provides the RSP Reports for March 2019 for the 2019 Test Year.

28. *Exhibit 13: 2018 Test Year Cost of Service for Revenue Deficiency* provides Hydro's Revised 2018 Test Year Cost of Service Study for determining revenue deficiency.

29. *Exhibit 14: 2019 Test Year Cost of Service for Rate Setting* provides Hydro's Revised 2019 Test Year Cost of Service Study for rate setting purposes.

30. *Exhibit 15: Schedule of Rates, Rules, and Regulations* provides Hydro's revised Schedule of Rates, Rules, and Regulations reflecting the findings and determinations of the Board in the 2017 GRA Order.

**C. Order Requested**

31. Further to the matters described in the paragraphs 12 through 30 above, Hydro requests that the Board make an Order approving, pursuant to sections 58, 70, 71, 78, and 80 of the *Act*:

*Forecasting Assumptions*

(a) Hydro's revisions to the 2018 and 2019 Test Year Load Forecasts as directed by the Board in the 2017 GRA Order and detailed in Exhibit 2 to this 2017 GRA Compliance Application; and

(b) Hydro's revisions to the 2018 and 2019 Test Year Supply Costs, particularly regarding the 2018 and 2019 Test Year Cost of Fuel and updates to projected 2018 and 2019 Off-Island Purchases (as detailed in Exhibit 3 to this 2017 GRA Compliance Application);

*Revenue Requirement*

(c) Hydro's proposed depreciation rates and methodology, as agreed to in the "Settlement Agreement" and the "Labrador Settlement Agreement" and detailed in Exhibit 4 to this 2017 GRA Compliance Application;

(d) A revised average rate base for 2017 of $2,093,796,000;

(e) (i) A revised test year revenue requirement of $572,214,000 for 2018 for the calculation of 2018 Revenue Deficiency;

(ii) A revised forecast average rate base for 2018 of $2,249,910,000 for the calculation of 2018 Revenue Deficiency; and

(iii) A revised rate of return on average rate base for 2018 of 5.50% in a range of 5.30% to 5.70%, for the purpose of calculating the 2018 Revenue Deficiency.

(f) (i) A revised test year revenue requirement of $643,041,000 for 2019 for rate setting purposes;

(ii) A revised forecast average rate base for 2019 of $2,317,270,000 for rate setting purposes; and

(iii) A revised rate of return on average rate base for 2019 of 5.43% in a range of 5.23% to 5.63%, for rate setting purposes;

(g) Hydro's proposed use of the updated 2019 Test Year supply cost forecast using the Expected Supply Scenario, detailed in Exhibit 3 to this 2017 GRA Compliance Application; and

(h) Hydro's proposal regarding the restatement of its property, plant and equipment based on the new depreciation methodology as agreed to in the Settlement Agreement, effective January 1, 2018, and the conclusion of the 2018 Cost Deferral Account, as proposed in Exhibit 5 to this 2017 GRA Compliance Application;

***Revenue Deficiency***

(i) Hydro's proposal to debit the Utility Customer RSP Current Plan in the amount of $48,401,000, effective March 31, 2019, and to debit the Island Industrial Customer RSP Current Plan in the amount of $4,755,000, effective March 31, 2019, to offset the 2019 Test Year Revenue Deficiencies, as detailed in Exhibit 5 to this 2017 GRA Compliance Application;

(j) Hydro's proposal to debit the Utility Customer RSP Current Plan in the amount of $9,380,000, effective September 30, 2019, representing the forecast Utility RSP Fuel Rider billings for the period April 2019 to September 2019 (inclusive) and to apply this amount to reduce the 2019 Test Year Revenue Deficiency for Newfoundland Power;

(k) The allocation of the 2015–2017 Deferred Supply Costs, calculated as per the process agreed upon in the "Supplemental Settlement Agreement" and detailed in Exhibit 5 to this 2017 GRA Compliance Application;

***Rates***

(l) The elimination of the RSP fuel rider for Newfoundland Power in accordance with Section D of the RSP Rules as set out in Exhibit 6 to this 2017 GRA Compliance Application;

(m) Hydro's proposed RSP Current Plan Adjustment of (0.188) cents per kWh to apply to Newfoundland Power, calculated based on the RSP Current Plan balance for Newfoundland Power at March 31, 2019, as provided in Exhibit 12 to the 2017 GRA Compliance Application;

(n) Hydro's proposal to delay the implementation of the RSP Current Plan Adjustment for Newfoundland Power, from its normally scheduled update until October 1, 2019 and incorporate any RSP Current Plan balance impacts from delayed implementation into a revised RSP Current Plan Adjustment in 2020, as set out in Exhibit 7 to this 2017 GRA Compliance Application;

(o) Hydro's proposed updated CDM Cost Recovery Adjustment for Newfoundland Power, in the amount of 0.026 cents per kWh, to become effective October 1, 2019;

(p) the transfer of a $36,310,729 credit balance from the RSP Hydraulic Variation component effective March 31, 2019 to reduce the deferred supply costs to be recovered from Newfoundland Power through the proposed Newfoundland Power 2017 GRA Cost Recovery Rider; and a transfer of a $2,997,357 credit balance from the RSP Hydraulic Variation component, effective March 31, 2019, to reduce the deferred supply costs to be recovered from Island Industrial Customers through the proposed Island Industrial Customer 2017 GRA Cost Recovery Rider, as proposed in Exhibit 7 to this 2017 GRA Compliance Application;

(q) Hydro’s proposal to utilize the remaining $566,250 of the RSP Hydraulic Variation balance allocated to Island Industrial Customers to dispose of the projected outstanding amount in the Island Industrial Customer RSP Current Plan balance as at September 30, 2019, and then discontinue the Island Industrial Customer Current Plan Adjustment of 0.302 cents per kWh effective October 1, 2019, as set out in Exhibit 7 to this 2017 GRA Compliance Application;

(r) Hydro’s proposed revised Labrador Industrial Transmission Rate of 1.08 per kW of Billing Demand, to be applied on a prospective basis, as set out in Exhibit 7 to this 2017 GRA Compliance Application;

(s) The following amendments to the RSP Rules as described in Exhibit 7 and set out in Exhibit 15 to this 2017 GRA Compliance Application:

(i) Revision to RSP rules to clarify that No. 6 fuel costs in Canadian dollars reflect foreign exchange gains and losses;

(ii) Calculation of the Rural Rate Alteration component to use Test Year data, as agreed to in paragraph 18 of the “Settlement Agreement” be approved effective January 1, 2018; and

(iii) Addition of Section F to the RSP Rules to permit any over or under recovery of the 2017 GRA Cost Recovery Rider for Island industrial Customers to be charged or credited to the Island Industrial Customer RSP Current Plan balance at the conclusion of the 20-month amortization period, in order to ensure that Island Industrial Customers are not over or under charged through the 2017 GRA Cost Recovery Rider as a result of variations in forecast customer load.

(t) The following amendments to the rules and regulations governing Hydro's provision of service to its customers effective October 1, 2019, as set out in Exhibit 15 to this 2017 GRA Compliance Application:

(i) Revision to Section 9(b) to be consistent with Newfoundland Power and remove the requirement of payment in advance for temporary service charges;

(ii) Revision to Section 9(c) to be consistent with Newfoundland Power and remove the requirement of payment in advance for special facilities;

(iii) Revision to Section 16(a) to permit automatic rate changes for the Burgeo School and Library, consistent with rate changes approved from Newfoundland Power's customers;

(u) Hydro's proposal to provide a customer billing credit of $1,558,578, expressed as a percentage of actual customer billings for the period of January 1, 2018 to September 30, 2019, to rural customers on the Labrador Interconnected System in February 2020 as set out in Exhibit 7 to this 2017 GRA Compliance Application;

(v) Hydro's proposal to credit Labrador Industrial Customers their excess revenues through a one-time adjustment of ($295,937) on their October 2019 bills, as set out in Exhibit 7 to this 2017 GRA Compliance Application;

(w) Hydro's proposal to collect the revenue deficiency from Government Diesel Customers over a 20-month period through increased customer rates, as set out in Exhibit 7 to this 2017 GRA Compliance Application;

(x) The recovery of the Deferred Supply Costs and Revenue Deficiency through a 2017 GRA Cost Recovery Rider computed for each of Newfoundland Power and the Island Industrial Customers reflecting a 20-month recovery period beginning with the effective date of the approved 2017 GRA final rates, as agreed to by the Parties in the "Supplemental Settlement Agreement" and detailed in Exhibit 7 to this 2017 GRA Compliance Application;

(y) The rates, tolls, and charges as set out in Exhibit 15 to this 2017 GRA Compliance Application;

(z) Hydro's proposal as set out in Exhibit 7 to this 2017 GRA Compliance Application with respect to the finalization of:

(i) The interim rates for the Island Industrial Customers effective April 1, 2018;

(ii) Revised Island Industrial Customer interim rates effective January 1, 2019; and

(iii) Interim rates for Utility Customer effective July 1, 2018;

***Deferral Accounts***

(aa) The proposed account language for the Revised Energy Supply Cost Variance Deferral Account as set out in Appendix A to Exhibit 8 to this 2017 GRA Compliance Application;

(bb) The proposed account language for the the Excess Earnings Account Definition as set out in Appendix B to Exhibit 8 to this 2017 GRA  Compliance Application;

(cc) The proposed account language for the Return on Equity Rate Change Deferral Account as set out in Appendix C to Exhibit 8 to this 2017 GRA Compliance Application;

(dd) The proposed account language for the Specifically Assigned Revenue Deferral Account as set out in Appendix A to Exhibit 5 to this 2017 GRA Compliance Application; and

(ee) The conclusion of the Specifically Assigned Revenue Deferral Account, effective September 30, 2019, as proposed in Exhibit 5 to this 2017 GRA Compliance Application, including the Island Industrial Customer billing adjustments detailed therein and totaling $602,746, to be applied during October 2019 billing.

**D. Reasons for Approval**

32. Approval by the Board of the proposals in this 2017 GRA Compliance Application will permit recovery of approved costs for the 2018 Test Year and 2019 Test Year, through customer rates as provided for, and intended by, the *Act*, the *Electrical Power Control Act, 1994* and the Orders of the Board set out in the Application.

**E. Process Matters**

33. The Application reflects the requirements of the 2017 GRA Order and Hydro's compliance with the other Orders of the Board set out in the Application. Accordingly, Hydro submits that public notice and hearing into the 2017 GRA Compliance Application is unnecessary and not in the public interest.

**DATED AT** St. John's in the Province of Newfoundland and Labrador this 11th day of July 2019.

**NEWFOUNDLAND AND LABRADOR HYDRO**

SWalsh

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**IN THE MATTER OF** the *Public Utilities Act, RSNL 1990*, Chapter P-47 (*"Act"*);

**AND IN THE MATTER OF** a General Rate Application ("GRA") by Newfoundland and Labrador Hydro ("Hydro") to establish customer electricity rates for 2018 and 2019;

**AND IN THE MATTER OF** an application by Hydro for approval of changes to the rates, tolls and charges for the supply of power and energy to customers, approval of the Utility Rate Stabilization Plan ("RSP") and Conservation and Demand Management ("CDM") adjustments, and changes to the rules and regulations applicable to the supply of power and energy to customers, reflecting the determinations set out in Board Order No. P.U. 16(2019) ("2017 GRA Compliance Application").

**AFFIDAVIT**

I, Kevin J. Fagan, of St. John's in the Province of Newfoundland and Labrador, make oath and say as follows:

1. I am the Director, Regulatory Affairs, of Newfoundland and Labrador Hydro, the Applicant named in the attached Application.
2. I have read and understand the foregoing Application.
3. I have personal knowledge of the facts contained therein, except where otherwise indicated, and they are true to the best of my knowledge, information and belief.

**SWORN** at St. John's in the )
Province of Newfoundland and )
Labrador, this 11 day of )
July 2019, before me: )

B Walsh

Barrister, Newfoundland and Labrador

Kevin J. Fagan

**Exhibit 1:**
**Overview**

# 2017 GRA Compliance Application
# Exhibit 1: Overview

**July 2019**

newfoundland labrador
hydro
a nalcor energy company

# Contents

# 1.0 Introduction

On July 28, 2017, Newfoundland and Labrador Hydro ("Hydro") filed its 2017 General Rate Application ("2017 GRA") based on 2018 and 2019 Test Years.[1] Throughout the course of the 2017 GRA proceeding, Hydro filed additional evidence reflecting settlement agreements, updated off-island purchase forecasts, fuel price forecasts, and customer rate impacts.[2]

On May 7, 2019, the Board of Commissioners of Public Utilities ("Board") issued Board Order No. P.U. 16(2019) outlining its decisions and directions regarding the 2017 GRA ("2017 GRA Order"). In the 2017 GRA Order, the Board directed Hydro to file a subsequent application reflecting the findings and determinations of the Board resulting from the 2017 GRA ("2017 GRA Compliance Application"). This overview provides a synopsis of the detailed evidence used to support Hydro's 2017 GRA Compliance Application for approval of various matters in accordance with the requirements of the 2017 GRA Order.

# 2.0 Test Year Load Forecasts

The 2017 GRA filing reflected Hydro's March 2017 load forecast in the 2018 and 2019 Test Years. *Exhibit 2: Test Year Load Forecasts* provides the updated 2018 and 2019 Test Year load forecasts reflecting the following, in accordance with the Board's decisions in the 2017 GRA Order:

- 2018 Test Year:
  - An increase of approximately 31.5 GWh (4.8%) to the Labrador Interconnected System load forecast to reflect the most recent projections of data centre loads for 2018;[3] and

[1] Revision 5 filed July 4, 2018.
[2] "2017 GRA Additional Cost of Service Information In compliance with Order No. P.U. 2(2018)," March 22, 2018;
"Supplemental Evidence Customer Impacts Reflecting 2017 Settlement Agreements," (Rev. 1) August 3, 2018 (originally filed July 20, 2018);
"2018 Cost Deferral and Interim Rates Application," (Rev. 2) November 14, 2018 (originally filed October 26, 2018), ("October 2018 Filing");
"Settlement Agreement," April 11, 2018 ("Settlement Agreement");
"Supplemental Settlement Agreement," July 16, 2018 ("Supplemental Settlement Agreement"); and
"Labrador Settlement Agreement," September 6, 2018 ("Labrador Settlement Agreement").
[3] "Labrador Settlement Agreement," September 6, 2018, at p. 3, para. 11. Approved by the Board in the 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 15/11–21.

  - No changes to the load forecasts for the Island Interconnected System[4] or Isolated Systems.[5]

- 2019 Test Year:
  - A decrease of approximately 33.0 GWh for the Island Interconnected System to reflect that which was approved in Board Order No. P.U. 2(2019);[6]
  - An increase of approximately 61 GWh (9.2%) to the Labrador Interconnected System load forecast to reflect the most recent projections of data centre loads for 2019;[7]
  - An increase of approximately 14% to the forecast Power on Order to reflect the reopening of Wabush mines by Tacora Resources Inc.;[8] and
  - No changes to the load forecasts for the Isolated Systems.

## 3.0 Test Year Supply Costs

Hydro's most recent test year supply cost forecast reflecting the Expected Supply Cost Scenario was provided as part of its October 2018 Filing. In the 2017 GRA Order, the Board directed Hydro to update its off-island purchases forecast and provide explanations of variances from the most recent forecast.[9] The 2017 GRA Order also requires the test year supply costs to be updated for approved changes in the load forecast and an update to the fuel price forecast.

Table 1 summarizes the supply costs proposed by Hydro in the 2017 GRA, the October 2018 Filing, and the 2017 GRA Compliance Application for the 2018 and 2019 Test Years.

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[4] 2018 Test Year Customer Load Forecasts for the Island Interconnected System were approved by the Board in the 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 15/5–6.
[5] Isolated Systems include L'Anse au Loup, Island Diesel Systems, and Labrador Diesel Systems.
[6] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 15/8–9.
[7] "Labrador Settlement Agreement," September 6, 2018, at p. 3, para. 11. Approved by the Board in the 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 15/11–21.
[8] "Labrador Settlement Agreement," September 6, 2018 at p. 3, para. 11. Approved by the Board in the 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 15/11–21.
[9] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 17/29–30.

**Table 1: Summary of 2018 and 2019 Test Year Supply Costs ($000)**

| Particulars | 2017 GRA | October 2018 Filing | 2017 GRA Compliance Application |
|---|---|---|---|
| 2018 Test Year | | | |
| Island Interconnected | 291,458 | 218,548 | 220,584 |
| Isolated Systems | 22,903 | 20,154 | 20,155 |
| Labrador Interconnected | 1,707 | 1,727 | 1,783 |
| **Total 2018 Test Year** | **316,068** | **240,429** | **242,522** |
| | | | |
| 2019 Test Year | | | |
| Island Interconnected | 295,939 | 214,167 [10] | 277,974 |
| Isolated Systems | 24,290 | 24,893 | 21,713 |
| Labrador Interconnected | 1,731 | 1,953 | 1,832 |
| **Total 2019 Test Year** | **321,960** | **241,013** | **301,519** |

The material reductions in test year supply costs from the 2017 GRA to the October 2018 Filing were primarily a result of the change from the use of the Deferral Account Scenario to the Expected Supply Scenario (which projected test year fuel savings from off-island purchases) and the use of a revised fuel price. [11]

Table 1 also shows an approximate $61 million increase in the 2019 Test Year Supply Costs in the 2017 GRA Compliance Application relative to the October 2018 Filing, primarily for the Island interconnected System. This increase is primarily a result of the following:

- A reduction in forecast off-island purchases of 234 GWh in the 2019 Test Year and a corresponding increase in No. 6 fuel consumption;
- An update to the 2019 Test Year forecast cost of No. 6 fuel of $105.90 per barrel,[12] based on the most current fuel rider forecast; and
- An update to the forecast cost of diesel and gas turbine fuel based on the most current price forecasts for those fuels.[13]

[10] This figure does not match the October 2018 Filing due to an overstatement of approximately $17,000 in that filing. The overstatement has been corrected in this 2017 GRA Compliance Application.
[11] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 61/41–42.
[12] Compared to $92.50 per barrel in the October 2018 Filing.

There is a reduction in the 2019 Test Year No. 2 fuel costs for Isolated Systems compared to the increase in the No. 6 fuel costs due to the timing of purchases of fuel for the diesel systems. Additional details on the change in supply costs for the 2018 and 2019 Test Years are provided in *Exhibit 3: Test Year Supply Costs*.

## 4.0 Test Year Revenue Requirements

The 2017 GRA Order required Hydro to file for approval of the Board:

- A revised rate base for 2017;
- A revised forecast average rate base for 2018 and 2019;
- A revised 2018 Test Year revenue requirement for the purpose of determining the 2018 revenue deficiency/excess; and
- A revised 2019 Test Year revenue requirement for rate setting purposes.[14]

*Exhibit 4: Computation of Revenue Requirements* provides Hydro's proposals and calculations with respect to its revenue requirements, average rate base, return on rate base, and rate of return on rate base, reflecting the Board's findings and direction in the 2017 GRA Order. The impact of the 2017 GRA Order on Hydro's revenue requirements, average rate base, return on rate base, and rate of return on rate base are summarized in Table 2.

[13] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 19/22–24.
[14] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 65.

**Table 2: Summary of the Impact of the 2017 GRA Order**

| **Particulars** | **2017 GRA** (A) | **2017 GRA Compliance Application** (B) | **Adjustments** (B) – (A) |
|---|---|---|---|
| 2017 Average Rate Base | | | |
| 2017 Average Rate Base ($000) | 2,075,503 | 2,093,796 | 18,293 |
| 2018 Test Year for Revenue Deficiency | | | |
| Revenue Requirement ($000) | 673,056 | 572,214 | (100,842) |
| Average Rate Base ($000) | 2,263,109 | 2,249,910 | (13,199) |
| Return on Rate Base ($000) | 129,631 | 123,744 | (5,887) |
| Rate of Return on Rate Base (%) | 5.73 | 5.50 | (0.23) |
| 2019 Test Year for Rate Setting | | | |
| Revenue Requirement ($000) | 692,766 | 643,041 | (49,725) |
| Average Rate Base ($000) | 2,364,465 | 2,317,270 | (47,195) |
| Return on Rate Base ($000) | 134,420 | 125,778 | (8,642) |
| Rate of Return on Rate Base (%) | 5.68 | 5.43 | (0.25) |

For the 2018 Test Year, approximately $74 million of the $100.8 million revenue requirement reduction was related to a reduction in supply costs, primarily related to fuel costs.[15]

The other primary contributors to the reduction in the 2018 Test Year were related to reduced depreciation ($10.5 million), reduced operating costs ($7.9 million),[16] and reduced returns on rate base ($5.9 million). The depreciation reduction was primarily related to revisions to the depreciation methodology as outlined in the Settlement Agreement. The reduction in return on rate base was primarily related to a decrease in interest costs on long-term debt for 2018.

For the 2019 Test Year, approximately $21.0 million of the $49.7 million revenue requirement reduction was related to a reduction in supply costs, reflecting the net effect of savings from off-island purchases and an increase in the No. 6 fuel cost. *Exhibit 3: Test Year Supply Costs* provides the details on the change in forecast test year supply costs.

[15] In the 2017 GRA Compliance Application the average No. 6 fuel price for the 2018 Test Year reflects the 2015 Test Year No. 6 fuel cost of $64.41 per barrel. The 2017 GRA reflected a fuel price of $86.41 per barrel.
[16] Approximately $2.5 million of the reduction in the 2018 Test Year was related to the deferred Business System costs.

The other primary contributors to the reductions for the 2019 Test Year were related to reduced depreciation ($7.8 million), reduced operating costs ($8.4 million),[17] and reduced return on rate base ($8.6 million). The depreciation reduction was primarily related to revisions to the depreciation methodology as outlined in the Settlement Agreement. The reduction in return on rate base was primarily related to a forecast decrease in interest costs on long-term debt for 2018.

# 5.0 Recovery of Revenue Deficiencies and Deferred Supply Costs

The 2017 GRA Order requires Hydro to file a proposal for the recovery of the 2018 and 2019 revenue deficiencies. *Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs* provides the following:

- Proposals with respect to the disposition of the 2018 Depreciation Cost Deferral Account and the Island Industrial Customers' Specifically Assigned Revenue Deferral Account;
- Revenue deficiency/revenue excess results by class for each of the 2018 Test Year and the 2019 Test Year;
- Customer class allocation of the 2015–2017 Deferred Supply Costs;
- The impact of rebasing the Rate Stabilization Plan ("RSP") balances reflecting the 2017 GRA Order and the proposed use of the credit balance in the rebased RSP to reduce the 2019 Test Year revenue deficiency; and
- The proposed use of revenues from the application of the Utility RSP fuel rider for the period April to September 2019 to reduce the 2019 Test Year revenue deficiency.

Table 3 provides a summary of the proposed October 2019 billing adjustments for disposition of the balance in the Island Industrial Customers' Specifically Assigned Revenue Deferral Account which was approved in Order No. P.U. 7(2018).

[17] Approximately $3.0 million of the reduction in the 2019 Test Year was related to the deferred Business System costs.

**Table 3: Specifically Assigned Revenue Deferral Account Disposition**

| Customer | October 2019 Bill Adjustment<br>$ Owing From/(To) Customers |
|---|---|
| Corner Brook Pulp and Paper Ltd. | (264,670) |
| North Atlantic Refining Ltd. | 20,297 |
| Praxair Canada Inc. | 0 |
| Teck Resources Ltd. | (109,621) |
| Vale Newfoundland and Labrador Ltd. | (248,752) |
| **Total Customer Billing Adjustments** | **(602,746)** |

Table 4 provides a summary of the revenue deficiencies/excess revenues for each test year, as well as the RSP Balance Restatement Credit, Utility RSP Fuel Rider Credit, and the proposed allocation of Deferred Supply Costs for 2015–2017.

**Table 4: 2017 GRA Revenue Deficiencies (Excess Revenue) and Deferred Supply Costs[18] ($000)**

| Customer Class | 2018 Deficiency /(Excess) | 2019 Deficiency/ (Excess) | RSP Restatement Credit | RSP Fuel Rider Credit | Deferred Supply Costs | Total |
|---|---|---|---|---|---|---|
| Island Industrial Class | (1,890) | 4,899 | (4,755) | - | 5,273 | **3,527** |
| Island Industrial Specifically Assigned | (609) | 6 | | | | **(603)** |
| **Total Island Industrial** | **(2,499)** | **4,905** | **(4,755)** | **-** | **5,273** | **2,924** |
| Newfoundland Power | 4,136 | 47,744 | (48,401) | (9,380) | 60,066 | **54,165** |
| Labrador Interconnected | (892) | (614) | - | - | - | **(1,506)** |
| Other Hydro Rural[19] | - | 84 | - | - | - | **84** |
| Labrador Industrial | 10 | (306) | - | - | - | **(296)** |
| **Total Deficiency/(Excess)** | **756** | **51,812** | **(53,156)** | **(9,380)** | **65,339** | **55,371** |

*Exhibit 7: Proposed Customer Rates* provides rate and refund proposals to deal with revenue deficiencies/excess revenues for each customer class.

# 6.0 Proposed RSP and CDM Adjustments

*Exhibit 6: Proposed Utility RSP and CDM Adjustments* provides the calculation of the proposed RSP and CDM Adjustments to apply to the Utility Rate to become effective October 1, 2019. The implementation of these adjustments has been delayed to coincide with the implementation of 2017 GRA final customer

[18] Totals may not add due to rounding.
[19] Government Diesel Customers have a revenue excess of approximately $10,000 for the 2018 Test Year. To exclude this amount in the calculation of the rural deficit, Hydro has removed this excess from 2018 and will reflect this amount in the total computation of Government Diesel Customers' deficiency for the 2018 and 2019 Test Years.

rates in accordance with the Board's direction in the 2017 GRA Order and its May 23, 2019 correspondence to Hydro.[20] Hydro notes that absent the delay due to the 2017 GRA, island retail customer rates were proposed to increase by 6.4% (10.0% Wholesale) on July 1, 2019 in accordance with current RSP rules.

## 7.0 Proposed Customer Rates

The impacts of the 2017 GRA Order and Hydro's proposals on customer rates are outlined in *Exhibit 7: Proposed Customer Rates*. Exhibit 7 provides:

- Hydro's filing requirements for a revised Schedule of Rates, Rules, and Regulations, to ensure compliance with the 2017 GRA Order;
- A comparison of existing and proposed rates and the customer billing impacts of implementing the proposed customer rates;
- A reconciliation of revenues from proposed customer rates to the revised 2019 Test Year revenue requirement for rate setting; and
- A summary of the revisions to the rules and regulations reflecting the 2017 GRA Order.

Implementing rates which reflect the 2017 GRA Compliance Application, without any rate mitigation efforts, will result in material rate increases for customers on the Island Interconnected System; the projected rate impacts effective October 1, 2019 would be 16.3% for Island Industrial Customers and 10.7% for island retail customers (16.2% Wholesale). To mitigate customer impacts, Hydro is proposing to refund the $40 million credit balance in the RSP Hydraulic Variation component owing to customers as of March 31, 2019. Hydro's proposal seeks to apply the credit amounts to reduce the Deferred Supply Costs to be recovered from Newfoundland Power and Island Industrial Customers through the proposed 2017 GRA Cost Recovery Riders.

Table 5 provides customer rate impacts, with and without Hydro's proposed mitigation.

[20] In order to defer the implementation of the Utility RSP and CDM Adjustments beyond July 1, Hydro filed its "Application to Delay Implementation of the Utility Rate Stabilization Plan and Conservation and Demand Management Adjustments," June 10, 2019. The Board approved Hydro's application on June 25, 2019 in Board Order No. P.U. 25(2019).

**Table 5: Customer Rate impacts October 1, 2019 (%)**

| Customer Class | Rate Impact Unmitigated | Rate Impact Proposed |
|---|---|---|
| Island Industrial Customers | 16.3 | 11.2 |
| Island Industrial Customers with SA Credit | 14.9 | 9.7 |
| Newfoundland Power – Wholesale | 16.2 | 11.5 |
| Newfoundland Power – Retail | 10.7 | 7.6 |
| Hydro Rural Interconnected and L'Anse au Loup | 10.7 | 7.6 |
| Hydro Diesel Systems | 10.7 | 7.6 |
| Government Diesel | 7.7 | 7.7 |
| Labrador Rural Interconnected | (3.1) | (3.1) |
| Labrador Industrial Transmission Customers | (7.6) | (7.6) |

Hydro is proposing a one-time bill adjustment in October 2019 for Island Industrial Customers reflecting the disposition of the balance in the Island Industrial Customer Specifically Assigned Revenues Account. Including this disposition in the calculation of the customer class rate impact will reduce the average rate change from 11.2% to 9.7%.

The rate impacts for Newfoundland Power and Island Industrial Customers provided in Table 5 include the recovery of customers' revenue deficiency or excess and 2015–2017 Deferred Supply Costs over 20 months through a recovery rider.

For Labrador Industrial Customers, Hydro is proposing to credit excess revenues to customers for the period January 1, 2018 to September 30, 2019 on the October 2019 bill. For Labrador Rural Interconnected Customers, Hydro is proposing a billing credit to occur in February 2020; additional time is required due to the administrative effort to credit rural customers' bills.

The proposed Schedule of Rates, Rules, and Regulations presented in *Exhibit 15: Schedule of Rates, Rules, and Regulations* reflects the findings and determinations of the Board in the 2017 GRA Order and other related orders of the Board. While Hydro acknowledges the proposed rate impacts are material, Hydro has presented a rate mitigation proposal to reduce customer rate impacts resulting from the implementation of the 2017 GRA rates and the updated RSP adjustments, taking place concurrently.

# 8.0 Additional Supporting Documents

## 8.1 Account Definitions

*Exhibit 8: Account Definitions* provides Hydro's proposed account definitions for the revised Energy Supply Cost Variance Deferral Account, revised Excess Earnings Account, and the Return on Equity Rate Change Deferral Account, in accordance with the 2017 GRA Order.

## 8.2 RSP Reports

*Exhibit 9* provides the RSP Report for December 2018 based on the 2015 Test Year and *Exhibit 10* provides the RSP Report for the 2015 Test Year adjusted for the 2018 Test Year Load in the calculation of the load variation component. *Exhibit 11: March 2019 RSP Report 2015 Test Year* provides the RSP Report for March 2019 based on the 2015 Test Year and *Exhibit 12: March 2019 RSP Report 2019 Test Year* provides the March 2019 RSP Report for the 2019 Test Year.

## 8.3 Cost of Service Studies

*Exhibit 13: 2018 Test Year Cost of Service for Revenue Deficiency* and *Exhibit 14: 2019 Test Year Cost of Service for Rate Setting* provide Hydro's revised 2018 Test Year Cost of Service for the 2018 revenue deficiency and Hydro's revised 2019 Test Year Cost of Service for rate setting purposes.

## 8.4 Schedule of Rates, Rules and Regulations

*Exhibit 15: Schedule of Rates, Rules, and Regulations* provides Hydro's revised Schedule of Rates, Rules, and Regulations reflecting the findings and determinations of the Board in the 2017 GRA Order.

# 9.0 Summary

Hydro's 2017 GRA Compliance Application provides Hydro's revised proposals incorporating the Board's findings and directions in the 2017 GRA Order. The exhibits to the 2017 GRA Compliance Application detail Hydro's evidence in support of those proposals.

# Exhibit 2: Test Year
# Load Forecasts

# 2017 GRA Compliance Application
# Exhibit 2: Test Year Load Forecasts

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# Contents

# 1.0 Background

Newfoundland and Labrador Hydro ("Hydro") filed its 2017 General Rate Application ("2017 GRA") on July 28, 2017.[1] The 2017 GRA reflected Hydro's March 2017 Load Forecast in the 2018 Test Year and 2019 Test Year. This exhibit provides the updated test year load forecasts for 2018 and 2019 reflecting the Board of Commissioners of Public Utilities' ("Board") decisions outlined in Board Order No. P.U. 16(2019) ("2017 GRA Order").[2]

## 1.1 Island Interconnected System

In the 2017 GRA Order, the Board accepted the 2018 Test Year Customer Load Forecasts for the Island Interconnected System.[3] Table 1 indicates there has been no change in the 2018 Test Year Island Interconnected System Load Forecast since the filing of the 2017 GRA.

**Table 1: 2018 Test Year Island Interconnected System Load Forecast (MWh)**

| Customer/Class | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Newfoundland Power | 5,824,500 | 5,824,500 | 0 |
| Island Industrial Customers | 726,000 | 726,000 | 0 |
| Rural Island Interconnected | 418,250 | 418,250 | 0 |

The 2017 GRA Order directed Hydro to revise the 2019 Test Year Load Forecast for the Island Interconnected System to reflect Newfoundland Power's Load Forecast approved in Board Order No. P.U. 2(2019) as part of Newfoundland Power's 2019/2020 General Rate Application ("GRA").[4]

Table 2 provides a comparison of the 2019 Test Year Load Forecast as filed in the 2017 GRA with the forecast for the 2017 GRA Compliance Application.

[1] Revision 5 filed July 4, 2018.
[2] Including forecast impacts from the "Labrador Settlement Agreement," September 6, 2018 ("Labrador Settlement Agreement").
[3] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 15/5–6.
[4] Newfoundland Power "2019/2020 General Rate Application," June 1, 2018.

**Table 2: 2019 Test Year Island Interconnected System Load Forecast (MWh)**

| Customer/Class | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Newfoundland Power | 5,833,600 | 5,800,700 | (32,900) |
| Island Industrial Customers | 743,300 | 743,300 | 0 |
| Rural Island Interconnected | 413,405 | 413,405 | 0 |

The Island Interconnected System 2019 Test Year Load Forecast for the 2017 GRA Compliance Application is 32.9 GWh less than Hydro's 2017 GRA, a reflection of the revised Newfoundland Power forecast.[5]

## 1.2 Labrador Interconnected System

In the Labrador Settlement Agreement,[6] the Parties agreed that the 2017 GRA Compliance Application would reflect the most recent projections of data centre loads for 2018 and 2019, including both the revenue and supply costs impacts, and 2019 Power on Order requirements for Labrador Industrial Customers.[7]

### 1.2.1 2018 Test Year Load Forecasts

Table 3 provides the Labrador Industrial forecast Power on Order for the 2018 Test Year showing no revision from the 2017 GRA.

[5] When Newfoundland Power filed its 2019/2020 GRA, its load forecast was 39.4 GWh lower than Hydro's 2017 GRA Load Forecast for Newfoundland Power. Newfoundland Power subsequently revised its forecast reflecting an elasticity adjustment which increased the Newfoundland Power GRA Load Forecast by 6.5 GWh, thereby reducing the difference from Hydro's 2017 GRA Load Forecast to 32.9 GWh.
[6] Approved as part of the 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 65/8–10.
[7] "Labrador Settlement Agreement," September 6, 2018, at p. 3. para. 11.

**Table 3: 2018 Test Year Labrador Industrial Forecast Power on Order (MW)**

| Month | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| January | 245.3 | 245.3 | 0 |
| February | 245.3 | 245.3 | 0 |
| March | 245.3 | 245.3 | 0 |
| April | 245.3 | 245.3 | 0 |
| May | 245.3 | 245.3 | 0 |
| June | 245.3 | 245.3 | 0 |
| July | 245.3 | 245.3 | 0 |
| August | 245.3 | 245.3 | 0 |
| September | 245.3 | 245.3 | 0 |
| October | 245.3 | 245.3 | 0 |
| November | 245.3 | 245.3 | 0 |
| December | 245.3 | 245.3 | 0 |
| **Total** | **2,943.6** | **2,943.6** | **0** |

Table 4 provides a 2018 Test Year Load Forecast comparison of the 2017 GRA with the 2017 GRA Compliance Application for the Hydro Rural Customers on the Labrador Interconnected System.

**Table 4: 2018 Test Year Hydro Rural Labrador Interconnected Load Forecast (MWh)**

| Customer Class | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| 1.1 Domestic | 2,153 | 2,153 | 0 |
| 1.1A Domestic All Electric | 313,062 | 313,062 | 0 |
| 2.1 General Service 0-10 kW | 6,545 | 6,545 | 0 |
| 2.2 General Service 10-100 kW | 70,793 | 70,793 | 0 |
| 2.3 General Service 110-1,000 kVA | 128,883 | 137,301 | 8,418 |
| 2.4 General Service Over 1,000 kVA | 132,909 | 155,960 | 23,051 |
| 4.1 Street and Area Lighting | 1,798 | 1,798 | 0 |
| **Total** | **656,143** | **687,612** | **31,469** |

The load forecast reflected in the 2017 GRA Compliance Application is approximately 31.5 GWh higher than the load forecast reflected in the 2017 GRA. The revisions reflect an update to data centre load requirements based on Hydro's review of its 2018 actual results.[8]

### 1.2.2 2019 Test Year Load Forecasts

Table 5 provides the Labrador Industrial forecast Power on Order for the 2019 Test Year.

**Table 5: 2019 Test Year Labrador Industrial Forecast Power on Order (MW)**

| Month | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| January | 245 | 255 | 10 |
| February | 245 | 258 | 13 |
| March | 245 | 262 | 17 |
| April | 245 | 264 | 19 |
| May | 245 | 270 | 25 |
| June | 245 | 288 | 43 |
| July | 245 | 292 | 47 |
| August | 245 | 292 | 47 |
| September | 245 | 292 | 47 |
| October | 245 | 293 | 48 |
| November | 245 | 293 | 48 |
| December | 245 | 293 | 48 |
| **Total** | **2,940** | **3,352** | **412** |

Table 5 shows a material increase in the Power on Order requirements for the Labrador Industrial Customers for 2019 as a result of the ongoing ramp up of Tacora Resources' operations at the Wabush mine site. Hydro has reflected this increased load requirement in its 2017 GRA Compliance Application.[9]

[8] The data centre load forecast for 2018 has been reduced relative to that used in Hydro's "2018 Cost Deferral and Interim Rates Application," (rev. 2) November 14, 2018, (originally filed on October 26, 2018) ("October 2018 Filing")

[9] As per the "Labrador Settlement Agreement," September 6, 2018, at p. 3, para. 10, ". . . IOC [Iron Ore Company of Canada] is eligible for a billing credit from Hydro if monthly Labrador Industrial firm load requirements exceed the approved 2019 Test Year forecast by more than 10 MW as a result of Tacora's operation of Wabush Mines (hereinafter referred to as "Test Year Excess Power on Order"). If Test Year Excess Power on Order occurs in 2019, the billing credit to IOC would be equal to the monthly firm demand charges resulting from Excess Power on Order. The billing credit would not apply to billings associated with interruptible load. Any billing credit will be applied on a quarterly basis."

Table 6 contains a load forecast comparison of the 2019 Test Year Load Forecast for Hydro Rural Customers on the Labrador Interconnected System provided in the 2017 GRA with that included in the 2017 GRA Compliance Application.

**Table 6: 2019 Test Year Hydro Rural Labrador Interconnected Load Forecast (MWh)**

| Customer Class | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| 1.1 Domestic | 2,123 | 2,123 | 0 |
| 1.1A Domestic All Electric | 313,892 | 313,892 | 0 |
| 2.1 General Service 0-10 kW | 6,584 | 6,584 | 0 |
| 2.2 General Service 10-100 kW | 71,241 | 71,241 | 0 |
| 2.3 General Service 110-1,000 kVA | 130,158 | 142,793 | 12,635 |
| 2.4 General Service Over 1,000 kVA | 129,942 | 178,064 | 48,122 |
| 4.1 Street and Area Lighting | 1,811 | 1,811 | 0 |
| **Total** | **655,751** | **716,508** | **60,757** |

The load forecast reflected in the 2017 GRA Compliance Application is approximately 60.8 GWh higher than the load forecast reflected in the 2017 GRA. The revisions reflect an update to forecast data centre load requirements for the 2019 Test Year.[10]

## 1.3 Hydro Rural Other

Hydro also serves customers that are not interconnected to the Island and Labrador Interconnected Systems. These communities are isolated and served by Hydro's diesel systems or power purchases. Historically, both the loads and the customer base of these systems have remained relatively constant. The Parties did not take issue with the load forecasts proposed by Hydro for the 2018 and 2019 Test Years.

Table 7 and Table 8 show that the Hydro Rural Other Load Forecast for the 2018 Test Year and 2019 Test Year have not changed since the 2017 GRA.

[10] The data centre load forecast for 2019 has been reduced by approximately 40 GWh relative to that used in the October 2018 Filing.

**Table 7: 2018 Test Year Hydro Rural Other Load Forecast (MWh)**

| Customer | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Island Diesel | 7,134 | 7,134 | 0 |
| Labrador Diesel | 43,266 | 43,266 | 0 |
| L'Anse au Loup | 24,956 | 24,956 | 0 |
| **Total** | **75,356** | **75,356** | **0** |

**Table 8: 2019 Test Year Hydro Rural Other Load Forecast (MWh)**

| Customer | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Island Diesel | 7,109 | 7,109 | 0 |
| Labrador Diesel | 43,461 | 43,461 | 0 |
| L'Anse au Loup | 25,142 | 25,142 | 0 |
| **Total** | **75,712** | **75,712** | **0** |

## 1.4 Summary

Hydro has incorporated all changes relating to the 2018 and 2019 Test Year Load Forecasts as ordered by the Board in the 2017 GRA Order. The 2017 GRA Compliance Application Load Forecasts are reflected in the determination of supply costs, revenue requirements, cost of service studies, and revenue forecasts for the 2018 and 2019 Test Years provided in the 2017 GRA Compliance Application.

## Exhibit 3: Test Year Supply Costs

# 2017 GRA Compliance Application

# Exhibit 3: Test Year Supply Costs

**July 2019**

newfoundland labrador hydro
a nalcor energy company

# Contents

# 1.0 Introduction

On July 28, 2017, Newfoundland and Labrador Hydro ("Hydro") filed its 2017 General Rate Application ("2017 GRA") with 2018 and 2019 Test Years.[1] Throughout the course of the 2017 GRA proceeding, Hydro has filed additional evidence, including updated supply cost forecasts. Hydro's most recent supply cost update was provided as part of its "2018 Cost Deferral and Interim Rates Application," filed with the Board on October 26, 2018 ("October 2018 Filing").[2]

In Board Order No. P.U. 16(2019) ("2017 GRA Order"), the Board of Commissioners of Public Utilities ("Board") directed Hydro to file a subsequent application reflecting the findings and determinations of the Board resulting from the 2017 GRA proceeding ("2017 GRA Compliance Application"). In accordance with the Board's decisions in the 2017 GRA Order, the supply costs have changed from those provided in the October 2018 Filing. This exhibit details the changes, and reasons for such, to 2018 and 2019 Test Year Supply Costs.

The primary drivers of change in supply costs from the October 2018 Filing are as follows:

- Changes in Load Forecast: Hydro has updated its load forecasts as required by the Board in the 2017 GRA Order.[3] This includes updating the 2019 Test Year Load Forecast for Newfoundland Power to reflect that which was approved in Board Order No. P.U. 2(2019);[4] updating the forecast data centre load on the Labrador Interconnected System for the 2018 and 2019 Test Years; and updating Labrador Industrial Power on Order requirements for the 2019 Test Year. A detailed explanation of the changes to Hydro's load forecasts is provided in *Exhibit 2: Test Year Load Forecasts*.
- Changes in Fuel Prices: In accordance with the 2017 GRA Order, Hydro has updated the 2019 Test Year cost of No. 6 fuel based on the most current fuel rider forecast. It has also updated the 2019 Test Year cost of diesel and gas turbine fuel based on the most current price forecasts for

[1] Revision 5 filed July 4, 2018.
[2] Revision 2 filed November 14, 2018.
[3] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 15/5–21.
[4] In relation to the Newfoundland Power "2019/2020 General Rate Application," June 1, 2018.

those fuels.[5] The 2018 Test Year Fuel Supply Costs are based on the fuel prices approved for the 2015 Test Year.[6]

- Changes in Forecast Off-Island Purchases: As required by the 2017 GRA Order, Hydro has updated its 2018 and 2019 Test Year forecasts for off-island purchases, providing full explanations for changes since the forecast update provided in the October 2018 Filing.[7,8]

# 2.0 2018 Test Year Supply Costs

## 2.1 Island Interconnected System

### 2.1.1 Off-Island Purchases Forecast

Table 1 provides a summary of the change in Hydro's projected 2018 Test Year Off-Island Purchases from the October 2018 Filing to the 2017 GRA Compliance Application.

**Table 1: Comparison of 2018 Test Year Supply from Off-Island Purchases (GWh)[9]**

| | October 2018 Filing | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Recapture Energy[10] | 69 | 53 | (16) |
| Other Off-Island Purchases | 83 | 56 | (27) |
| **Total** | **152** | **109** | **(43)** |

In accordance with the 2017 GRA Order, Hydro has updated its 2018 Test Year Off-Island Purchases to reflect Hydro's actual off-island purchases for 2018,[11] resulting in a reduction of 43 GWh from what was contemplated in the October 2018 Filing.

Table 2 provides a comparison of Hydro's projected costs associated with off-island purchases for 2018 in the October 2018 Filing and the 2017 GRA Compliance Application.

[5] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 19/22–24.
[6] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 19/19–20.
[7] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 17/29–30.
[8] Hydro has compared the Island Interconnected System Supply Costs included in the 2017 GRA Compliance Application to those provided in the October 2018 Filing. Hydro's 2017 GRA did not include any off-island purchases.
[9] Delivery to the Island Interconnected System assumed to be at Bottom Brook for purchases over the Maritime Link and at Soldiers Pond for purchases over the Labrador-Island Link.
[10] Hydro has a contract in place with Churchill Falls (Labrador) Corporation ("CF(L)Co") to purchase Recapture Energy at a cost of 0.2 cents per kWh.
[11] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 17/29–30.

**Table 2: Cost of 2018 Test Year Supply from Off-Island Purchases ($000)**

| | October 2018 Filing | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Recapture Energy | 391[12] | 330 | (61) |
| Other Off-Island Purchases | 7,316 | 5,040 | (2,276) |
| **Total** | **7,707** | **5,370** | **(2,337)** |

1 As a result of the decrease in off-island purchases, the associated supply costs have decreased by
2 approximately $2.3 million.

### 3 2.1.2 No. 6 Fuel Expense

4 Table 3 shows a monthly comparison of forecast 2018 No. 6 fuel expense between the October 2018
5 Filing and the 2017 GRA Compliance Application.

**Table 3: Comparison of 2018 Test Year Forecast of No. 6 Fuel Expense ($000)[13]**

| Month | October 2018 Filing | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| January | 23,690 | 23,690 | - |
| February | 23,359 | 23,359 | - |
| March | 16,485 | 16,485 | - |
| April | 14,498 | 14,498 | - |
| May | 11,588 | 11,588 | - |
| June | 12,796 | 12,796 | - |
| July | - | - | - |
| August | - | - | - |
| September | - | - | - |
| October | 2,644 | 3,341 | 696 |
| November | 16,707 | 18,377 | 1,671 |
| December | 25,916 | 28,594 | 2,678 |
| **Total** | **147,684**[14] | **152,729**[15] | **5,045**[16] |

[12] In the October 2018 Filing, the projected cost of Recapture Energy was shown as $219,000, which was an understatement of $172,000. The understatement was addressed in Hydro's response to NP-NLH-343. For the purposes of providing an accurate comparison between the October 2018 Filing and the 2017 GRA Compliance Application, Hydro has adjusted the value shown in the October 2018 Filing column to reflect the correct number, which is $391,000.
[13] Totals may not add due to rounding.
[14] In addition to direct No. 6 fuel costs, the October 2018 Filing included $354,000 in ignition and additives. Total 2018 Test Year Fuel Expense including direct and indirect No. 6 costs was $148.0 million.
[15] In addition to direct No. 6 fuel costs, the 2017 GRA Compliance Application includes $383,000 in ignition and additives, as well as an offsetting $701,000 RSP adjustment. Total 2018 Test Year Fuel Expense including direct and indirect No. 6 costs and the RSP adjustment is $152.4 million.
[16] In addition to direct No. 6 fuel costs shown in Table 3, Hydro incurred an additional $29,000 in expenses associated with ignition and additives as a result of the increased production at the Holyrood Thermal Generating Station.

The additional $5.0 million in No. 6 fuel expense is the result of increased generation by Hydro due to the reduction in off-island purchases.

### 2.1.3 Gas Turbine and Diesel Fuel Expense

There is no difference in 2018 Test Year gas turbine and diesel fuel expense from that filed in the October 2018 Filing as the forecast gas turbine and diesel fuel expense provided in the October 2018 Filing was based on 2015 Test Year fuel prices. Additionally, there has been no change in forecast consumption at Hydro's gas turbine and diesel units for the 2018 Test Year from what was filed in the October 2018 Filing. Therefore, the gas turbine and diesel fuel expense provided in the October 2018 Filing remains unchanged in the 2017 GRA Compliance Filing and is as outlined in Table 4.

### 2.1.4 Summary of Island Interconnected System 2018 Test Year Supply Costs

Table 4 provides a summary of the changes in Hydro's Island Interconnected System 2018 Test Year Supply Costs.

**Table 4: Comparison of 2018 Test Year Supply Costs for the Island Interconnected System ($000)**[17]

| | October 2018 Filing | 2017 GRA Compliance Filing | Difference |
|---|---|---|---|
| Island Thermal | | | |
| No. 6 Fuel | 147,684 | 152,729 | 5,045 |
| RSP[18] Adjustment | - | (701) | (701) |
| Ignition and Additives | 354 | 383 | 29 |
| **Island Thermal Subtotal** | **148,038** | **152,411** | **4,373** |
| **Gas Turbine and Diesel** | **3,561** | **3,561** | **-** |
| On-Island Purchases | | | |
| Energy Purchases | 55,344 | 55,344 | - |
| Capacity Assistance | 3,130 | 3,130 | - |
| Wheeling Charges | 768 | 768 | - |
| **On-Island Purchases Subtotal** | **59,242** | **59,242** | **-** |
| Off-Island Purchases | | | |
| Labrador-Island Link | 391 | 330 | (61) |
| Maritime Link | 7,316 | 5,040 | (2,276) |
| **Off-Island Purchases Subtotal** | **7,707** | **5,370** | **(2,337)** |
| **Total** | **218,548** | **220,584** | **2,037** |

[17] Totals may not add due to rounding.
[18] Rate Stabilization Plan ("RSP").

The net change in 2018 Test Year Supply Costs for the Island Interconnected System is an increase of approximately $2.0 million. This change is the result of a $2.3 million reduction in off-island power purchases and a corresponding $5.0 million increase in No. 6 fuel consumption, which is partially mitigated by a $0.7 million RSP adjustment. The RSP adjustment is required to adjust for the difference in hydraulic production in the 2015 Test Year of 4,604 GWh,[19] versus the 4,601 GWh approved by the Board for use in the 2018 Test Year.[20]

## 2.2 Isolated Systems

Supply costs on Hydro's Island Diesel, Labrador Diesel, and L'Anse au Loup Systems ("Isolated Systems") are not impacted by changes in off-island purchases; therefore, Hydro compared changes in supply costs on its Isolated Systems between the 2017 GRA and the 2017 GRA Compliance Application. Table 5 shows a summary of 2018 Test Year Supply Costs for Hydro's Isolated Systems.

**Table 5: Comparison of 2018 Test Year Supply Costs for Isolated Systems ($000)**

| | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Island Diesel | | | |
| Diesel Fuel | 2,469 | 2,141 | (328) |
| Wind Purchases | 213 | 177 | (36) |
| **Island Diesel Subtotal** | **2,682** | **2,318** | **(364)** |
| Labrador Diesel | | | |
| **Diesel Fuel** | **16,432** | **14,365** | **(2,067)** |
| L'Anse au Loup | | | |
| Diesel Fuel | 659 | 635 | (24) |
| Hydro-Québec Purchases | 3,130 | 2,837 | (293) |
| **L'Anse au Loup Subtotal** | **3,789** | **3,472** | **(317)** |
| **Total** | **22,903** | **20,155** | **(2,748)** |

There have been no changes to the 2018 Test Year Production Forecast for any of the Island Diesel, Labrador Diesel, or L'Anse au Loup Systems from the 2017 GRA. However, there have been changes to the Isolated Systems' Supply Costs due to the 2017 GRA being based on forecast fuel prices for 2018,

[19] The 2018 Test Year operated on the 2015 Test Year inputs with hydraulic production of 4,604 GWh.
[20] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 18/27–28.

while the 2017 GRA Compliance Application is based on 2015 Test Year Fuel Prices.[21] Power purchase costs are also updated as the contracts in these areas are directly tied to diesel fuel prices.

### 2.3 Labrador Interconnected System

The 2018 Test Year Supply Costs on the Labrador Interconnected System changed as the result of an increase in Hydro's Rural Labrador Interconnected System Load Forecast to reflect Hydro's most recent projections of data centre loads for 2018. [22,23]

Table 6 shows the 2018 Test Year Supply Costs for the Labrador Interconnected System.

**Table 6: Comparison of 2018 Test Year Supply Costs for Labrador Interconnected System[24] ($000)**

| | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| CF(L)Co Power Purchases | 1,428 | 1,508 | 80 |
| Gas Turbine and Diesel | 279 | 275 | (4) |
| **Total** | **1,707** | **1,783** | **76** |

The cost impact of the updated data centre load projections is an $80,000 increase in supply costs for Hydro Rural Labrador, offset by an approximate $4,000 decrease in gas turbine and diesel fuel expense; a reflection of a slight decrease in average gas turbine fuel cost from the 2017 GRA.

## 3.0 2019 Test Year Supply Costs

### 3.1 Island Interconnected System

Differences in Hydro's 2019 Test Year Forecast Production and Supply Costs from that filed in the October 2018 Filing relate to:

- Changes in off-island purchases to reflect Hydro's most current forecast;[25]

[21] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 19/19–20.
[22] Customer load forecast provided in Table 4 of *Exhibit 2: Test Year Load Forecasts*.
[23] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 15/11–12.
[24] There are no capacity assistance costs included in the Labrador Interconnected System 2018 Test Year Supply Costs, which is consistent with the 2017 GRA Order. Hydro had included $55,000 in its October 2018 Filing; however, the load related to the capacity assistance was data centre load that did not materialize. As such, it is not reflected in Hydro's 2018 Test Year Supply Costs or Revenue Requirement.
[25] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 17/29–30.

- Changes in Newfoundland Power's Load Forecast to reflect the forecast approved by the Board in Order No. P.U. 2(2019);[26]
- Changes in No. 6 fuel to reflect the most current fuel rider forecast;[27] and
- Changes in gas turbine and diesel fuels to reflect the most current price forecast for those fuels.[28]

The impacts of these changes are described in the sections following.

### 3.1.1 Off-Island Purchases Forecast

Table 7 provides a summary of the change in Hydro's forecast 2019 Test Year Off-Island Purchases from the October 2018 Filing to the 2017 GRA Compliance Application.

**Table 7: Comparison of 2019 Test Year Supply from Off-Island Purchases (GWh)[29]**

| | October 2018 Filing | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Recapture Energy[30] | 667 | 341 | (326) |
| Other Off-Island Purchases | 49 | 141 | 92 |
| **Total** | **716** | **482** | **(234)** |

The off-island purchases forecast is materially lower (234 GWh) in the 2019 Test Year as compared to the October 2018 Filing due to an extended outage of the Labrador-Island Link forecast to take place during the period of May to October 2019 (inclusive), which results in lower than anticipated Recapture Energy purchases.[31] The duration of this outage was not known at the time of preparation of the supply cost forecast included in the October 2018 Filing. The decrease in Recapture Energy purchases is slightly offset by an increase of 92 GWh in forecast purchases over the Maritime Link.

Table 8 provides a comparison of Hydro's projected costs associated with off-island purchases for 2019 from the October 2018 Filing to the 2017 GRA Compliance Application.

[26] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 15/8–9.
[27] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 19/22–24
[28] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 19/22–24.
[29] Assumed delivery to the Island Interconnected System at Bottom Brook for purchases over the Maritime Link and at Soldiers Pond for purchases over the Labrador-Island Link.
[30] Hydro has a contract in place with CF(L)Co to purchase Recapture Energy at a cost of 0.2 cents per kWh.
[31] Hydro provided correspondence to the Board, "Planned Outage for the Labrador-Island Link," April 12, 2019, advising of the outage and duration.

**Table 8: Comparison of 2019 Test Year Supply from Off-Island Purchase Costs ($000)**

| | October 2018 Filing | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Recapture Energy | 1,791[32] | 797 | (994) |
| Other Off-Island Purchases | 4,582 | 13,493 | 8,911 |
| **Total** | **6,373** | **14,290** | **7,917** |

Since the October 2018 Filing, Hydro's 2019 Test Year Forecast Off-Island Purchase Costs have increased by approximately $7.9 million as a result of the need to offset decreased available Recapture Energy purchases with higher cost non-Recapture Energy, off-island purchases.

### 3.1.2 No. 6 Fuel Expense

Table 9 shows a monthly comparison of forecast 2019 Test Year No. 6 fuel expense between the October 2018 Filing and the 2017 GRA Compliance Application.

**Table 9: Comparison of 2019 Test Year Forecast No. 6 Fuel Expense ($000)[33]**

| Month | October 2018 Filing | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| January | 35,413 | 44,598 | 9,185 |
| February | 27,031 | 38,451 | 11,420 |
| March | 18,252 | 18,920 | 668 |
| April | 7,997 | 11,108 | 3,111 |
| May | 4,620 | 6,757 | 2,137 |
| June | - | 3,103 | 3,103 |
| July | - | - | - |
| August | - | - | - |
| September | - | 6,539 | 6,539 |
| October | 9,596 | 13,515 | 3,919 |
| November | 15,993 | 23,498 | 7,505 |
| December | 18,967 | 27,836 | 8,869 |
| **Total** | **137,870** [34] | **194,324** [35] | **56,454** [36] |

[32] In the October 2018 Filing, the projected cost of Recapture Energy was shown as $1.537 million, which was an understatement of $254,000. The understatement was addressed in Hydro's response to NP-NLH-344. For the purposes of providing an accurate comparison between the October 2018 Filing and the 2017 GRA Compliance Application, Hydro has adjusted the value shown in the October 2018 Filing column to reflect the correct number, which is $1.791 million.
[33] Totals may not add due to rounding.
[34] In addition to direct No. 6 fuel costs, the October 2018 Filing included $335,000 in ignition and additives. Total 2019 Test Year Fuel Expense including direct and indirect No. 6 costs was $138.2 million.
[35] In addition to direct No. 6 fuel costs, the 2017 GRA Compliance Application includes $362,000 in ignition and additives. Total 2019 Test Year Fuel Expense including direct and indirect No. 6 costs is $194.7 million.
[36] In addition to direct No. 6 fuel costs shown in Table 9, Hydro incurred an additional $26,000 in expenses associated with ignition and additives as a result of the increased production at the Holyrood Thermal Generating Station.

An additional $56.5 million in No. 6 fuel expense is forecast in the 2019 Test Year. Table 10 and The $36.5 million in additional fuel expense is related to increased production at the Holyrood Thermal Generating Station as a result of reduced off-island purchases and an adjustment to the Newfoundland Power Load Forecast.

Table 10 and Table 11 show the breakdown of the volume and price components of the $56.5 million change in fuel expense.

**Table 10: Impact of Change in 2019 Test Year Forecast No. 6 Barrels**

| | October 2018 Filing | 2017 GRA Compliance Application | Impact of No. 6 Barrels |
|---|---|---|---|
| 2019 Test Year No. 6 Barrels (bbl) | 1,490,487 | 1,834,980 | 344,493 |
| Forecast No. 6 Fuel Price ($/bbl) | 92.50 | 105.90 | 105.90 |
| **Forecast No. 6 Fuel Expense ($)** | **137,870,048** | **194,324,382** | **36,481,809** |

The $36.5 million in additional fuel expense is related to increased production at the Holyrood Thermal Generating Station as a result of reduced off-island purchases and an adjustment to the Newfoundland Power Load Forecast.[37]

**Table 11: Impact of 2019 Test Year No. 6 Fuel Price Forecast Change**

| | October 2018 Filing | 2017 GRA Compliance Application | No. 6 Fuel Price Impact |
|---|---|---|---|
| 2019 Test Year No. 6 Barrels (bbl) | 1,490,487 | 1,834,980 | 1,490,487 |
| Forecast No. 6 Fuel Price ($/bbl) | 92.50 | 105.90 | 13.40 |
| **Forecast No. 6 Fuel Expense ($)** | **137,870,048** | **194,324,382** | **19,972,526** |

The remaining $20.0 million in additional fuel expense is related to changes in the No. 6 fuel price to reflect the most current fuel rider price.

[37] Newfoundland Power 2019/2020 General Rate Application Board Order No. P.U. 2(2019).

### 3.1.3 Gas Turbine and Diesel Fuel Expense

Gas turbine and diesel fuel expenses have decreased by approximately $0.6 million since the October 2018 Filing. Table 12 summarizes the impacts of changes in volume and fuel price on gas turbine and diesel fuel costs.

**Table 12: Summary of 2019 Test Year Gas Turbine and Diesel Fuel Costs ($000)**

| | Supply Cost Impact |
|---|---|
| Change in Volume | 345 |
| Change in Price | (931) |
| **Total Change** | **(586)** [38] |

The decrease in fuel expense is primarily related to a decrease in gas turbine and diesel fuel prices in the most recent fuel forecast compared to that provided in the October 2018 Filing. This is partially offset by a 1 GWh increase in volume caused by changes in the operation of the production profile to adjust to the monthly changes in load resulting from updated forecasts for Newfoundland Power and off-island purchases.

### 3.1.4 Summary of Island Interconnected System 2019 Test Year Supply Costs

Table 13 provides a summary of the changes in Hydro's Island Interconnected System 2019 Test Year Supply Costs.

[38] This value does not reconcile to Table 13 and Table 16 due to rounding.

**Table 13: Comparison of 2019 Test Year Supply Costs for the Island Interconnected System ($000)[39]**

| | October 2018 Filing | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Island Hydraulic | - | - | - |
| Island Thermal | | | |
| No. 6 Fuel | 137,870 | 194,324 | 56,454 |
| Ignition and Additives | 335 | 362 | 26 |
| **Island Thermal Subtotal** | **138,205** | **194,686** | **56,481** |
| **Gas Turbine and Diesel** | **7,299** | **6,708** | **(591)** |
| On-Island Purchases | | | |
| Energy Purchases | 58,148 [40] | 58,148 | - |
| Capacity Assistance | 3,373 | 3,373 | - |
| Wheeling Charges | 769 | 769 | - |
| **On-Island Purchases Subtotal** | **62,290** | **62,290** | **-** |
| Off-Island Purchases | | | |
| Labrador-Island Link | 1,791 | 797 | (994) |
| Maritime Link | 4,582 | 13,493 | 8,911 |
| **Off-Island Purchases Subtotal** | **6,373** | **14,290** | **7,917** |
| **Total** | **214,167** | **277,974** | **63,807** |

The total change in 2019 Test Year Supply Costs for the Island Interconnected System is an increase of approximately $63.8 million. This increase is due to:

- A $56.5 million increase in No. 6 fuel costs;[41]
- A $0.6 million decrease in gas turbine and diesel fuel costs; and
- A $7.9 million increase in off-island purchase costs.

The 2019 Test Year Island Interconnected System Supply Costs were also impacted by changes to the Island Interconnected System Load Forecast, which was updated to align with that approved in Board Order No. P.U. 2(2019). This resulted in a 33 GWh reduction in load, which mitigated a portion of the increase in No. 6 fuel expense as the additional load would have driven a further increase in No. 6 fuel consumption.

[39] Totals may not add due to rounding.
[40] This figure does not match the October 2018 Filing due to an overstatement of approximately $17,000 in that filing. The overstatement has been corrected in this 2017 GRA Compliance Application.
[41] Including ignition and additives.

## 3.2 Isolated Systems

There are no changes to the 2019 Test Year Production Forecast for any of the Island Diesel, Labrador Diesel, or L'Anse au Loup Systems. However, as a result of a decrease in Hydro's most recent diesel fuel price forecast when compared to that in the 2017 GRA, there is an approximate $3.2 million decrease in 2019 Test Year supply costs for these systems. Table 14 summarizes the 2019 Test Year forecast supply costs by isolated system.

**Table 14: Comparison of 2019 Test Year Supply Costs for Isolated Systems ($000)**

| | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Island Diesel | | | |
| Diesel Fuel | 2,642 | 2,085 | (557) |
| Wind Purchases | 227 | 164 | (63) |
| **Island Diesel Subtotal** | **2,869** | **2,249** | **(620)** |
| Labrador Diesel | | | |
| **Diesel Fuel** | **17,625** | **15,446** | **(2,179)** |
| L'Anse au Loup | | | |
| Diesel Fuel | 709 | 669 | (40) |
| Hydro-Québec Purchases | 3,717 | 3,349 | (368) |
| **L'Anse au Loup Subtotal** | **4,426** | **4,018** | **(408)** |
| **Total** | **24,920** | **21,713** | **(3,207)** |

Diesel fuel prices for isolated systems decreased from those reflected in the 2017 GRA, reducing the cost of diesel fuel consumed in Hydro's Isolated Systems. Additionally, the price of power purchases in Island Diesel Systems and L'Anse au Loup are directly tied to diesel fuel prices; therefore, the cost of power purchases have also decreased as a result of the decrease in diesel fuel prices.

## 3.3 Labrador Interconnected System

Table 15 summarizes the impact of Hydro's updated data centre load forecast on Labrador Interconnected System Supply Costs.[42,43]

[42] Customer load forecast provided in Table 6 of *Exhibit 2: Test Year Load Forecasts*.
[43] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 15/11–21.

**Table 15: Comparison of 2019 Test Year Supply Costs for the Labrador Interconnected System[44,45] ($000)**

| | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| CF(L)Co Purchases | 1,428 | 1,569 | 141 |
| Gas Turbine & Diesel | 303 | 263 | (40) |
| **Total** | **1,731** | **1,832** | **101** |

The impact of the updated data centre loads on 2019 Test Year Supply Costs is a net increase of approximately $0.1 million as compared to the 2017 GRA. The increase in purchases is offset by a decrease in average gas turbine and diesel fuel prices from the 2017 GRA.

# 4.0 Summary

Hydro's 2018 and 2019 Test Year Forecast Supply Costs have changed as a result of Hydro's execution of the Board's direction in its 2017 GRA Order. Table 16 summarizes the changes in 2018 and 2019 Test Year Island Interconnected System Supply Costs from the October 2018 Filing to the 2017 GRA Compliance Application.

**Table 16: Summary of Changes in 2018 and 2019 Test Year Island Interconnected Supply Costs ($000)**

| | 2018 Test Year | 2019 Test Year |
|---|---|---|
| No. 6 Fuel[46] | 4,373 | 56,481 |
| Gas Turbine and Diesel | - | (591) |
| Off-Island Purchases | (2,337) | 7,917 |
| **Total** | **2,037** | **63,807** |

Island Interconnected System Supply Costs increased by approximately $2.0 million in the 2018 Test Year when compared to the October 2018 Filing due to changes to Hydro's off-island purchases. Supply costs increased by approximately $63.8 million in the 2019 Test Year as a result of changes in off-island

[44] 2017 General Rate Application Board Order No. P.U. 16(2019) at p. 15/11–21 required Hydro update its Labrador Industrial Annual Power on Order Forecast. This update is provided in Table 5 of *Exhibit 2: Test Year Load Forecasts*. There is no additional regulated supply cost associated with this update.
[45] There are no capacity assistance costs included in the Labrador Interconnected System 2019 Test Year Supply Costs, which is consistent with the 2017 GRA Order. Hydro had included $165,000 in its October 2018 Filing; however, the load related to the capacity assistance was data centre load that did not materialize. As such, it is not reflected in Hydro's 2019 Test Year Supply Costs or Revenue Requirement.
[46] Includes additives and is net of RSP Adjustment.

purchases; changes in load forecast to reflect that approved in Order No. P.U. 2(2019); and changes in forecast No. 6, gas turbine, and diesel fuel costs.

Table 17 summarizes the changes in Isolated Systems' Supply Costs for the 2018 and 2019 Test Year from the 2017 GRA to the 2017 GRA Compliance Application.

**Table 17: Summary of Changes in 2018 and 2019 Test Year Isolated Systems' Supply Costs ($000)**

| | 2018 Test Year | 2019 Test Year |
|---|---|---|
| Diesel Fuel | (2,419) | (2,776) |
| Power Purchases | (329) | (431) |
| **Total** | **(2,748)** | **(3,207)** |

Isolated Systems' Supply Costs decreased by approximately $2.7 million in the 2018 Test Year when compared to the 2017 GRA due to a change in fuel prices to reflect the 2015 Test Year fuel prices in the calculation of 2018 Test Year Supply Costs. Supply costs decreased by approximately $3.2 million in the 2019 Test Year due to changes in forecast diesel costs, which also impact power purchase contracts tied to diesel costs.

Table 18 summarizes the changes in 2018 and 2019 Test Year Supply Costs on the Labrador Interconnected System from the 2017 GRA to the 2017 GRA Compliance Application.

**Table 18: Summary of Changes in 2018 and 2019 Test Year Labrador Interconnected System Supply Costs ($000)**

| | 2018 Test Year | 2019 Test Year |
|---|---|---|
| CF(L)Co Purchases | 80 | 141 |
| Gas Turbine & Diesel | (4) | (40) |
| **Total** | **76** | **101** |

Labrador Interconnected System Supply Costs increased by approximately $76,000 in the 2018 Test Year when compared to the 2017 GRA as a result of additional data centre load projections included in the 2017 Compliance Application. Supply costs increased by $101,000 in the 2019 Test Year as a result of additional data centre load.

The changes to 2018 and 2019 Test Year Supply Costs are reflected in Hydro's computation of its 2018 and 2019 Test Year Revenue Requirements, which are provided in *Exhibit 4: Computation of Revenue Requirements.*

**Exhibit 4: Revenue Requirement**

# 2017 GRA Compliance Application
# Exhibit 4: Computation of Revenue Requirements

July 2019

newfoundland labrador hydro
a nalcor energy company

# Contents

## List of Appendices

# 1.0 Introduction

On May 7, 2019, the Board of Commissioners of Public Utilities ("Board") issued Order No. P.U. 16(2019) ("2017 GRA Order"), outlining its decisions and directions regarding Newfoundland and Labrador Hydro's ("Hydro") 2017 General Rate Application ("2017 GRA").[1] Among other things, the 2017 GRA Order directed that Hydro:

- File a revised rate base for 2017;[2]
- File a revised revenue requirement for the 2018 Test Year for the purpose of determining the 2018 Revenue Deficiency, incorporating the findings of the Board in the 2017 GRA Order;[3]
- Address the issues related to depreciation identified by Grant Thornton;[4]
- File a revised forecast average rate base and rate of return on rate base for 2018, incorporating the findings of the Board in the 2017 GRA Order, including a target return on equity of 8.5%;[5,6]
- File a revised revenue requirement for the 2019 Test Year for rate setting purposes, incorporating the findings of the Board in the 2017 GRA Order;[7] and
- File a revised forecast average rate base and rate of return on rate base for 2019, incorporating the findings of the Board in the 2017 GRA Order, including a target return on equity of 8.5%.[8,9]

This exhibit documents Hydro's calculation of its revised 2018 and 2019 Test Year Revenue Requirements, Average Rate Base, and Rate of Return on Rate Base, based on the proposals in the 2017 GRA and the determinations and instructions of the Board in the 2017 GRA Order.[10]

Table 1 highlights the impact of the 2017 GRA Order on the items the Board ordered Hydro to file.

[1] "2017 General Rate Application," (rev. 5) July 4, 2018 (originally filed July 28, 2017).
[2] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 65/28.
[3] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 65/36–39.
[4] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 40/13–14.
[5] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 65/28–29.
[6] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 65/14–17.
[7] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 65/36–39.
[8] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 65/28–29.
[9] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 65/14–17.
[10] Based on the 2017 GRA Order, Hydro updated the pertinent finance schedules, which are presented in the attached appendices and referenced throughout this exhibit, for inclusion in the 2017 GRA Compliance Application. Hydro has not included all finance schedules which were included in the 2017 GRA in this exhibit as the information is either already presented throughout the 2017 GRA Compliance Application in a different format or does not require adjustments to be compliant with the 2017 GRA Order.

**Table 1: Summary of the Impact of the 2017 GRA Order**

| | 2017 GRA | 2017 GRA Compliance Application | Adjustments |
|---|---|---|---|
| 2017 Average Rate Base | | | |
| 2017 Average Rate Base ($000) | 2,075,503 | 2,093,796 | 18,293 |
| 2018 Test Year for Revenue Deficiency | | | |
| Revenue Requirement ($000) | 673,056 | 572,214 | (100,842) |
| Average Rate Base ($000) | 2,263,109 | 2,249,910 | (13,199) |
| Return on Rate Base ($000) | 129,631 | 123,744 | (5,887) |
| Rate of Return on Rate Base (%) | 5.73 | 5.50 | (0.23) |
| 2019 Test Year for Rate Setting | | | |
| Revenue Requirement ($000) | 692,766 | 643,041 | (49,725) |
| Average Rate Base ($000) | 2,364,465 | 2,317,270 | (47,195) |
| Return on Rate Base ($000) | 134,420 | 125,778 | (8,642) |
| Rate of Return on Rate Base (%) | 5.68 | 5.43 | (0.25) |

# 2.0 2017 Average Rate Base

In its 2017 GRA , Hydro filed a proposed 2017 Average Rate Base of $2,075.5 million. Hydro's revised 2017 Average Rate Base is $2,093.8 million, an increase of $18.3 million. Table 2 shows a comparison of Hydro's proposed 2017 Average Rate Base contained in the 2017 GRA against the 2017 GRA Compliance Application to reflect the Board's decisions in the 2017 GRA Order.

**Table 2: Computation of Average Rate Base for 2017 ($000)**

| | 2017 GRA | 2017 GRA Compliance Application | Adjustments |
|---|---|---|---|
| Property, Plant, and Equipment | 2,113,913 | 2,067,800 | (46,113) |
| Add: Accumulated Depreciation | 308,582 | 308,470 | (112) |
| Less: Work in Progress[11] | (71,760) | (33,557) | 38,203 |
| Capital Assets in Service | 2,350,735 | 2,342,713 | (8,022) |
| Less: Asset Retirement Obligation | 79 | 790 | 711 |
| Add: Contributions in aid of Construction | (33,466) | (32,477) | 989 |
| Less: Accumulated Depreciation | (308,582) | (308,470) | 112 |
| Capital Assets: Current Year | 2,008,765 | 2,002,556 | (6,209) |
| Capital Assets: Previous Year | 1,699,166 | 1,699,166 | - |
| Unadjusted Capital Assets: Average | 1,853,966 | 1,850,861 | (3,105) |
| Less: Average Net Assets Excluded from Rate Base | (16,246) | (21,141) | (4,895) |
| Capital Assets: Average | 1,837,720 | 1,829,720 | (8,000) |
| Working Capital Allowance | 7,582 | 7,582 | - |
| Fuel Inventory | 67,287 | 67,287 | - |
| Materials and Supplies | 33,135 | 33,135 | - |
| Deferred Charges | 129,780 | 156,074 | 26,294 |
| **Average Rate Base** | **2,075,503** | **2,093,796** | **18,293** |

## 2.1 Average Capital Assets

The 2017 GRA Order requires Hydro to update the 2018 Test Year to align with actual 2018 Capital Assets.[12] To do this, Hydro adjusted its 2017 Capital Assets to ensure the 2018 Opening Balance was correct. The revised average capital assets of $1,829.7 million is consistent with the sum of Hydro's opening average capital assets provided in Hydro's "2018 Annual Return," April 1, 2019, Return 3.[13]

## 2.2 Deferred Charges

Deferred charges have been updated to reflect the 2015–2017 Deferred Supply Costs which were approved in the 2017 GRA Order.[14]

[11] Contributions for assets that are work in progress have been included in work in progress.
[12] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 45/21–23.
[13] The revised 2017 Average Capital Assets is also consistent with the sum of Hydro's closing average capital assets provided in Hydro's "2017 Annual Return," March 29, 2018, Return 3.
[14] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 52/23–25.

### 2.3 Average Rate Base

As a result of the changes to average capital assets and deferred charges, Hydro's 2017 Average Rate Base has increased by approximately $18.3 million, from $2,075.5 million to $2,093.8 million.

## 3.0 2018 Test Year Revenue Requirement for Revenue Deficiency

Table 3 shows a summary of the adjustments required to derive Hydro's revised revenue requirement for 2018 Revenue Deficiency. Each adjustment is further discussed in subsequent sections. Schedule 1 of Appendix A to this exhibit illustrates the underlying adjustments which support the content of Table 3.

**Table 3: Summary of Revised 2018 Test Year Revenue Requirement for Revenue Deficiency ($000)**

| | | 2017 GRA | 2017 GRA Compliance Application | Adjustments |
|---|---|---|---|---|
| | | **2018** | **2018** | **2018** |
| Expenses | | | | |
| Operating Expenses | | 142,377 | 134,507 | (7,870) |
| Other Income and Expense | | 2,081 | 651 | (1,430) |
| Fuel Expense | | 250,232 | 173,387 | (76,845) |
| Power Purchases | | 65,838 | 63,763 | (2,075) |
| Power Purchases Off-Island | | - | 5,371 | 5,371 |
| Depreciation | | 87,885 | 77,417 | (10,468) |
| Accretion of Asset Retirement Obligation | | 362 | 362 | - |
| **Expenses Subtotal** | | **548,775** | **455,458** | **(93,317)** |
| Other Adjustments | | | | |
| CIAC Revenue | | (1,618) | (1,723) | (105) |
| Other Revenue | | (2,088) | (2,088) | - |
| Revenue Req. Cost of Service Exclusions | | (1,644) | (3,177) | (1,533) |
| **Other Adjustments Subtotal** | | **(5,350)** | **(6,988)** | **(1,638)** |
| **Net Expenses** | **(A)** | **543,425** | **448,470** | **(94,955)** |
| **Return on Rate Base** | **(B)** | **129,631** | **123,744** | **(5,887)** |
| **2018 Revenue Requirement** | **(C) = (A) + (B)** | **673,056** | **572,214** | **(100,842)** |

## 3.1 Expenses

### 3.1.1 Operating Expenses

Based on the Board's determinations in the 2017 GRA Order, Hydro is required to reduce its 2018 Test Year Operating Expenses by approximately $7.9 million. Table 4 summarizes the adjustments to operating expenses.

**Table 4: Operating Expenses Adjustments**

| | Adjustments ($000) |
|---|---|
| Increase in Vacancy Allowance | (1,328) |
| Deferral of Business System Transformation Program Costs | (2,542) |
| 2017 GRA Order Disallowance | (4,000) |
| **Total Operating Expenses Adjustments** | **(7,870)** |

#### Increase in Vacancy Allowance

This adjustment reflects an increase in Hydro's vacancy allowance from 40 full-time equivalents ("FTE"), as proposed in the 2017 GRA, to 55 FTEs, as per the "Settlement Agreement."[15] The Board approved the increased vacancy allowance in the 2017 GRA Order.[16] The impact of this adjustment is $1.3 million to Hydro's 2018 Test Year Operating Expenses.[17]

#### Deferral of Business System Transformation Program Costs

In the Settlement Agreement, the Parties agreed that costs associated with the Business System Transformation ("BST") Program would be removed from the 2018 and 2019 Test Year Revenue Requirements and set aside in a deferral account.[18] The impact of this adjustment is a $2.5 million reduction in the 2018 Test Year Operating Expenses.

#### 2017 GRA Order Disallowance

In accordance with the 2017 GRA Order, Hydro reduced its 2018 Test Year Operating Expenses by an additional $4.0 million.[19]

[15] "Settlement Agreement," April 11, 2018, ("Settlement Agreement"), at p.2, para.10.
[16] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 37/43–46.
[17] 15 FTEs × $88,500 per FTE = $1,327,500.
[18] "Settlement Agreement," April 11, 2018, at p.3, para. 11.
[19] 2017 General Rate Application Board Order No. P.U. 16(2019), at p.38/1–3.

### 3.1.2 Other Income and Expense

Based on the Board's determinations in the 2017 GRA Order, Hydro is required to reduce its 2018 Test Year Operating Expenses by approximately $1.4 million. Table 5 summarizes the adjustments to other income and expense.

**Table 5: Other Income and Expense Adjustments**

| | Adjustments ($000) |
|---|---|
| Reduction in Holyrood Inventory Allowance | (2,081) |
| Adjustment for 2018 Capital Activity | 651 |
| **Total Other Income and Expense Adjustments** | **(1,430)** |

#### Reduction in Holyrood Inventory Allowance

This adjustment reflects the withdrawal of Hydro's proposal to record an inventory allowance of $2.1 million associated with the Holyrood Thermal Generating Station, as per the Settlement Agreement[20] and the 2017 GRA Order.[21] The impact of this adjustment is an approximate $2.1 million decrease in other income and expense.

#### Actual 2018 Capital Activity

In accordance with the 2017 GRA Order,[22] Hydro has increased other income and expense by $0.7 related to actual 2018 capital activity. In its reply to the "Application for Approval of the sale of the Corner Brook frequency converter to Corner Brook Pulp and Paper Limited ["CBPP"] and of amendments to its Service Agreement," June 18, 2018,[23] Hydro noted that it was required to record a loss on disposal in relation to the CBPP frequency converter because it did not qualify for deferral under the new depreciation methodology. However, there is no revenue requirement impact as a result of this as Hydro has eliminated the loss on disposal in the Cost of Service Exclusions Adjustment, which is addressed in Section 3.1.7.

[20] "Settlement Agreement," April 11, 2018, at p. 4, para. 21.
[21] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 40/10–11.
[22] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 45/21–23.
[23] "Application for Approval of the sale of the Corner Brook frequency converter to Corner Brook Pulp and Paper Limited ("CBPP") and of amendments to its Service Agreement ("Agreement") – Hydro's Reply," December 7, 2018, at p. 5.

### 3.1.3 Fuel Expense

In the 2017 GRA, Hydro proposed to compute revenue requirement on the basis of the Island remaining isolated from the rest of the North American electrical grid, and to defer costs and savings associated with off-island purchases for future disposition by the Board ("Deferral Account Scenario"). This scenario reflected 2018 Test Year No. 6 fuel costs of $217.9 million based on 2,522,118 barrels priced at $86.41 per barrel.

On March 22, 2018, in accordance with Board Order No. P.U. 2(2018), Hydro submitted "Additional Cost of Service Information In compliance with Order No. P.U. 2(2018)," which reflected forecast 2018 and 2019 Revenue Requirements and Cost of Service Studies reflecting off-island purchases ("Expected Supply Scenario"). Hydro's additional cost of service information set out the basis and support for the forecasts and the assumptions used, including the No. 6 fuel price forecast of $63.75 per barrel.

In the "Supplemental Settlement Agreement," the Parties agreed that the Expected Supply Scenario would be used for determination of the 2018 and 2019 Test Year Revenue Requirements. The Board approved the use of the Expected Supply Scenario in its 2017 GRA Order.[24] Table 6 summarizes the impact of the changes from the 2017 GRA to the 2017 GRA Compliance Application.

**Table 6: Fuel Expense Adjustments**

| | **Adjustments ($000)** |
|---|---:|
| Decrease in No. 6 Fuel Expense | 65,219 |
| Decrease in Gas Turbine and Diesel Fuel Expense | 10,925 |
| RSP[25] Adjustments | 701 |
| **Total Fuel Expense Adjustments** | **76,845** |

[24] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 61/41–42.
[25] Rate Stabilization Plan ("RSP").

## No. 6 Fuel

No. 6 fuel costs have decreased from the 2017 GRA by approximately $65.2 million[26] as a result of:

- An approximate $52.8 million reduction related to the change in fuel price to reflect 2015 Test Year prices.[27]
- An approximate $11.8 million reduction related to changes in production at Holyrood Thermal Generating Station to reflect the inclusion of off-island purchases; and
- An approximate $0.7 million reduction related to the change in conversion factor from 616 kWh per barrel proposed in the 2017 GRA to 618 kWh/barrel in the 2017 GRA Compliance Application.

Appendix B provides the computation of the impact of changes in load forecast, conversion factor, and fuel price on the 2018 Test Year No. 6 Fuel change.

## Gas Turbine and Diesel Fuel

Gas turbine and diesel fuel expenses have decreased by approximately $10.9 million[28] since the 2017 GRA. The change is related to:

- A 29.9 GWh decrease in consumption from these units, caused by changes in the 2018 Test Year Island Interconnected System load forecast to reflect Hydro's most recent forecast of off-island purchases.[29] The impact of this change is a reduction in fuel expense of $8.8 million; and
- A decrease in gas turbine and diesel fuel prices in the most recent fuel price forecast.[30] The impact of this change is a reduction in fuel expense of $2.2 million.

## Rate Stabilization Plan Adjustments

An approximate $0.7 million adjustment was required to account for the difference in hydraulic production in the 2015 Test Year of 4,604 GWh, the basis on which the 2018 RSP is operated, versus the 4,601 GWh approved by the Board for use in the 2018 Test Year.[31]

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[26] Amounts in bullets that follow do not sum to $65.2 million as a result of rounding.
[27] In the "Supplemental Settlement Agreement," July 16, 2018, at p. 4, para. 19, the Parties agreed ". . . that the 2019 Test Year cost of No. 6 fuel to be used in Hydro's 2017 GRA Compliance filing shall be set based on the most current fuel rider forecast (either March or September)." The most current fuel rider forecast was submitted to the Board in a letter entitled "Rate Stabilization Plan Fuel Price Projection Update," April 12, 2019.
[28] Amounts in bullets that follow do not sum to $10.9 million due to rounding.
[29] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 17/29–30.
[30] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 19/22–23.
[31] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 18/27–28.

### 3.1.4 Power Purchases

Costs associated with power purchases have decreased from $65.8 million in the 2017 GRA to $63.8 million in the 2017 GRA Compliance Application, a difference of approximately $2.1 million.[32] The decrease in power purchase cost is related to the following:

- A $1.8 million decrease in power purchases on the Island Interconnected System as a result of Hydro's update to reflect actual off-island power purchases and cost of power purchases;[33]
- A $0.3 million reduction in power purchases on Hydro's Isolated Systems as a result of the power purchase contracts being tied to diesel fuel prices. The power purchases have been adjusted from the 2017 GRA as the forecast diesel prices were higher than the 2015 Test Year prices reflected in the 2017 GRA Compliance Application;[34] and
- A $0.1 million increase in power purchases in Labrador due to the cost of serving the additional data centre load reflected in the 2017 GRA Compliance Application.[35]

### 3.1.5 Off-Island Power Purchases

Costs associated with off-island power purchases have increased from $0 in the 2017 GRA (which was filed based on the Deferral Account Scenario) to $5.4 million[36] in the 2017 GRA Compliance Application. This reflects Hydro's actual cost of off-island purchases during 2018.

### 3.1.6 Depreciation

Hydro's 2017 GRA included depreciation expense of $87.9 million, which has been reduced by approximately $10.5 million for a revised depreciation expense of $77.4 million in the 2017 GRA Compliance Application. Table 7 summarizes the adjustments to Hydro's 2018 Test Year Depreciation Expense.

[32] Amounts in bullets that follow do not sum to $2.1 million as a result of rounding.
[33] 2017 General Rate Application Board Order No. P.U. 16(2019), at pp. 17/29–30 and 22/30–31.
[34] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 19/19–20.
[35] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 15/11–21.
[36] Refer to *Exhibit 3: Test Year Supply Costs* for further information on off-island purchase costs.

**Table 7: Depreciation Expense Adjustments**

| | **Adjustments ($000)** |
|---|---|
| Settlement Agreement Adjustments | |
| Grant Thornton Adjustments | (1,291) |
| Depreciation Methodology Adjustments | (8,877) |
| **Settlement Agreement Adjustments Subtotal** | **(10,168)** |
| **Adjustment for 2018 Capital Activity** | **(300)** |
| **Total Depreciation Expense Adjustments** | **(10,468)** |

## Settlement Agreement Adjustments

Hydro reduced 2018 Test Year Depreciation Expense by $10.2 million to reflect adjustments related to issues noted by Grant Thornton in its report "Financial Consultants Report," December 4, 2017 ("Grant Thornton Report") and adjustments related to depreciation methodology.

The adjustments required to correct issues noted in the Grant Thornton Report and to reflect Hydro's internal evaluation[37] reduced Hydro's 2018 Test Year depreciation expense by approximately $1.3 million. The Grant Thornton Report identified the following issues affecting Hydro's calculation of 2018 Test Year depreciation:

- In the 2017 forecast, an error in the useful life used in the depreciation calculation of an asset was noted which impacted the 2018 Test Year depreciation;[38] and
- For the 2018 Test Year, there was a discrepancy related to the truncation date for several Holyrood assets whereby the assets were amortized to December 31, 2020 instead of March 31, 2021.[39]

Hydro has revised its calculation of depreciation expense in this 2017 GRA Compliance Application to correct for the errors noted by Grant Thornton.

[37] Grant Thornton "Financial Consultants Report," December 4, 2017, at p. 38.
[38] In the Grant Thornton Report, it was noted that asset #390138 was depreciated using a useful life of 422 months compared to the 2012 Depreciation Study which indicated a useful life of 620.4 months (page 38). Hydro evaluated the error and has corrected it in this 2017 GRA Compliance Application.
[39] Grant Thornton "Financial Consultants Report," December 4, 2017, at p. 38.

Additionally, Hydro reduced depreciation expense by $8.9 million as a result of the application of the depreciation methodology which was agreed to by the Parties in the Settlement Agreement.[40]

### Adjustment for 2018 Capital Activity

In accordance with the 2017 GRA Order,[41] Hydro has decreased its depreciation expense by $0.3 million related to actual 2018 Capital Activity.

### 3.1.7 Other Adjustments

Based on the Board's determinations in the 2017 GRA Order, Hydro is also required to make other adjustments of $1.6 million. These adjustments relate to Contribution in Aid of Construction ("CIAC") Revenue and Revenue Requirement Cost of Service Exclusions. Appendix A, Schedule 1 provides the impact of to these adjustments on 2018 Test Year Revenue Requirement.

Table 8 summarizes the changes Hydro made to other adjustments.

**Table 8: Other Adjustments**

| | Adjustments ($000) |
|---|---|
| CIAC Revenue | (105) |
| Revenue Requirement Cost of Service Exclusions | (1,533) |
| **Total Other Adjustments** | **(1,638)** |

### CIAC Revenue

CIAC revenue has decreased by approximately $0.1 million as a result of Hydro's update to its depreciation methodology to reflect the methodology approved in the Settlement Agreement,[42] which increased 2018 Test Year CIAC amortization by $0.1 million, and Hydro's adjustment to reflect 2018 capital activity, which decreased CIAC amortization by $0.2 million.

### Revenue Requirement Related Cost of Service Exclusions

The $1.5 million[43] increase in revenue requirement cost of service exclusions relates to:

- The removal of $0.8 million associated with short-term incentive payments;[44]

[40] "Settlement Agreement," April 11, 2018, at p. 2, para. 9.
[41] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 45/21–23.
[42] "Settlement Agreement," April 11, 2018, at p. 2, para. 9.
[43] Amounts in bullets that follow do not sum to $1.5 million due to rounding.
[44] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 38/1–5.

- A $0.7 million reduction to eliminate the loss on disposal Hydro had to record in relation to the sale of CBPP frequency converter to CBPP[45] because it did not qualify to be deferred under the new depreciation methodology; and
- A $0.1 million reduction related to depreciation of assets which are excluded from rate base which has been updated for 2018 activity.[46]

# 4.0 2018 Test Year Capital Structure

Hydro's capital structure and weighted average cost of capital ("WACC") have changed from the 2017 GRA as a result of changes in Hydro's debt issuances and associated interest. Appendix A, Schedule 3 summarizes the changes to Hydro's cost of debt. Appendix A, Schedule 4 summarizes the associated changes in Hydro's capital structure.

## 4.1 Cost of Debt

In its 2017 GRA Order, the Board agreed with Hydro's proposal to update the cost of debt in the 2017 GRA Compliance Application to reflect Hydro's actual long-term debt issuances in 2017 and 2018 and its planned borrowing.[47] As a result of this update, Hydro's 2018 Test Year Embedded Cost of Debt has decreased from 5.34% to 5.03%, a change of 0.31%.

The changes to the 2018 Test Year Total Debt are summarized in Table 9.

**Table 9: 2018 Test Year Total Debt Adjustment**

| | | 2017 GRA | 2017 GRA Compliance Application | Adjustments |
|---|---|---|---|---|
| Average Debt ($000) | (A) | 1,790,618 | 1,715,762 | (74,856) |
| Finance Charges ($000) | (B) | 99,294 | 90,847 | (8,477) |
| Less: Interest COS[48] Exclusions ($000) | (C) | (3,680) | (4,600) | (920) |
| **Net Finance Charges ($000)** | **(D) = (B)+(C)** | **95,615** | **86,247** | **(9,367)** |
| **Embedded Cost of Debt (%)** | **(E) = (D)/(A)** | **5.34** | **5.03** | **(0.31)** |

45 Approved in Board Order No. P.U. 26(2018).
46 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 45/21–23.
47 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 46/1–15.
48 Cost of Service ("COS").

The impact of Hydro's adjustment to update the cost of debt to reflect Hydro's actual long-term debt issuances in 2017 and 2018 and its planned borrowing is a decrease in average debt of approximately $74.9 million and a corresponding $8.5 million reduction in finance charges. Additionally, the finance charges are further reduced as a result of a $0.9 million increase in interest Cost of Service exclusions.

### 4.1.1 Interest Cost of Service Exclusions

The $0.9 million[49] increase in interest Cost of Service exclusions relates to:

- An increase of $0.6 million related to the adjustment on the fee on long-term debt issues, as approved in the Settlement Agreement;[50]
- An increase of $0.9 million to reflect the exclusion of debt guarantee fee on debt issued by Hydro directly to Government;[51] and
- A reduction of $0.5 million to reflect Hydro's actual cost of long-term debt and corresponding impacts on promissory notes.[52]

## 4.2 Weighted Average Cost of Capital

Due to the decrease in Hydro's 2018 Test Year Embedded Cost of Debt and capital structure, the 2018 Test Year WACC has decreased from 5.73% in the 2017 GRA to 5.50% in the 2017 GRA Compliance Application. Hydro's return on equity is 8.5%, in accordance with the 2017 GRA Order.[53] This is the same as Hydro's proposed return on equity in the 2017 GRA. Appendix A, Schedule 4 summarizes the changes to Hydro's capital structure, including the calculation of the revised WACC.

# 5.0 2018 Test Year Average Rate Base

In the 2017 GRA, Hydro proposed a 2018 Test Year Average Rate Base of $2,263.1 million. In the 2017 GRA Compliance Application, Hydro proposes a 2018 Test Year Average Rate Base of $2,249.9 million. Table 10 summarizes the $13.2 million adjustment to 2018 Average Rate Base. Schedule 2 of Appendix A to this exhibit illustrates the underlying adjustments which support the content of Table 10.

[49] Amounts in bullets that follow do not match below as a result of rounding.
[50] "Settlement Agreement," April 11, 2018, at p. 3, para. 12(a)(i); 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 43/1.
[51] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 43/3–5.
[52] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 46/1–15.
[53] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 11/32–33.

**Table 10: 2018 Average Rate Base Adjustments**

| | Adjustments ($000) |
|---|---|
| Average Capital Assets | (37,811) |
| Working Capital Allowance | (528) |
| Fuel Inventory | (23,983) |
| Deferred Charges | 49,123 |
| **Total 2018 Average Rate Base Adjustments** | **(13,199)** |

## 5.1 Capital Assets

As approved by the Board in the 2017 GRA Order, Hydro has updated the 2018 Test Year Capital Assets to align with actual 2018 Capital Assets.[54,55] The impact of this adjustment is an approximately $37.8 million reduction in 2018 Average Rate Base.

## 5.2 Working Capital Allowance

Hydro has reduced its working capital allowance by approximately $0.5 million to reflect changes in Hydro's production,[56] the update of 2018 Test Year Capital,[57] and the corresponding updates to revenue.

## 5.3 Fuel Inventory

A reduction of approximately $24.0 million was made to reflect the change in fuel inventory resulting from changes in forecast No. 6 fuel consumption, the conversion factor, and prices, as well as changes in gas turbine and diesel prices.[58] Table 11 summarizes the changes in the 13-month average fuel inventory for the 2018 Test Year.

[54] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 45/21–23.
[55] The 2018 Test Year Capital Assets proposed in Hydro's 2017 GRA Compliance Application are equal to the net capital assets presented in Hydro's "2018 Annual Return," April 1, 2019, Return 3, line 20, adjusted to reflect the $18.5 million 2018 Cost Deferral shown in Return 11. The proposed treatment of revenue deficiency is addressed in *Exhibit 5: Revenue Deficiency/Excess Revenue and Deferral Supply Costs.*
[56] 2017 General Rate Application Board Order No. P.U. 16(2019), at pp. 17/29–30 and 22/30–31.
[57] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 45/21–23.
[58] 2017 General Rate Application Board Order No. P.U. 16(2019), at pp. 19–21 and *Exhibit 1: Overview*, at p. 3/3–4.

**Table 11: 2018 Test Year 13-Month Average Fuel Inventory**

| | 2017 GRA | 2017 GRA Compliance Application | Adjustments |
|---|---|---|---|
| Holyrood Thermal No. 6 | 68,314,724 | 45,433,597 | (22,881,126) |
| Holyrood Thermal Ignition | 82,823 | 82,824 | 1 |
| **Holyrood Thermal Subtotal** | **68,397,547** | **45,516,421** | **(22,881,126)** |
| Interconnected Gas Turbines | 4,982,556 | 3,805,543 | (1,177,013) |
| Interconnected Diesels | 165,183 | 149,571 | (15,612) |
| Indirect Fuel Costs | 206,582 | 211,472 | 4,890 |
| Isolated Diesels | 2,720,215 | 2,806,279 | 86,064 |
| **Total Fuel Inventory** | **76,472,082** | **52,489,286** | **(23,982,797)** |

## 5.4 Deferred Charges

Hydro added $49.1 million to average rate base, which reflects the net impact of several adjustments to deferred costs, the most material of which are described below. Schedule 5 of Appendix A to this exhibit provides the calculation of revised deferred charges.

- 2015–2017 Supply Cost Deferrals: This adjustment reflects the Board's approval of the deferred supply costs from 2015–2017;[59]
- Holyrood Inventory Allowance: This adjustment reflects the Board's approval of the Settlement Agreement in relation to the withdrawal of Hydro's proposal to record an inventory allowance associated with the Holyrood Thermal Generating Station;[60]
- 2018 Revenue Deficiency: This adjustment reflects the change in Hydro's forecast 2018 Revenue Deficiency from the 2017 GRA to the 2017 GRA Compliance Application. Hydro's calculation and proposed treatment of revenue deficiency is addressed in *Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs.*
- BST Program Deferral: This adjustment reflects the deferral of costs associated with the BST Program for future recovery to be determined by an Order of the Board, in accordance with the

[59] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 52/23–25.
[60] "Settlement Agreement," at p. 4, para. 21; 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 40/10–11.

Settlement Agreement[61] and 2017 GRA Order.[62] This item is also reflected in the excluded charges, thus having no impact on rate base.

## 6.0 2018 Test Year Rate of Return on Rate Base

In the 2017 GRA, Hydro proposed a 5.73% rate of return on rate base. Hydro's revised 2018 rate of return on rate base is 5.50%, reflecting a return on equity of 8.5%, as permitted by the Board in the 2017 GRA Order.[63] As a result of the revised rate of return on rate base, Hydro's revised return on rate base for the 2018 Test Year is $123.7 million.[64] Schedule 2 of Appendix A to this exhibit provides Hydro's calculation of rate of return on rate base.

Table 12 provides a summary of the changes in the 2018 Test Year Rate of Return on Rate Base.

**Table 12: 2018 Test Year Rate of Return on Rate Base Adjustments**

| | | 2017 GRA | 2017 GRA Compliance Application | Adjustment |
|---|---|---|---|---|
| Return on Rate Base ($000) | (A) | 129,631 | 123,744 | (5,887) |
| Average Rate Base ($000) | (B) | 2,263,109 | 2,249,910 | (13,199) |
| **Rate of Return on Rate Base (%)** | **(C) = (A)/(B)** | **5.73** | **5.50** | **(0.23)** |

## 7.0 2019 Test Year Revenue Requirement for Rate Setting

The 2017 GRA Order required Hydro to file a revised 2019 Test Year revenue requirement based on the findings of the Board.

Table 12Table 13 shows a summary of the adjustments required to derive Hydro's revised 2019 Test Year revenue requirement for rate setting purposes. Each adjustment is discussed in detail in subsequent sections. Schedule 1 Appendix C illustrates the underlying adjustments which support the content of Table 13.

[61] "Settlement Agreement," at p. 3, para. 11.
[62] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 37/43–46.
[63] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 11/32–33.
[64] Average Rate Base x Rate of Return on Rate Base
= $2,249,903,000 × 5.50%
= $123,745,184

**Table 13: Summary of Revised 2019 Test Year Revenue Requirement for Rate Setting ($000)**

| | | 2017 GRA | 2017 GRA Compliance Application | Adjustments |
|---|---|---|---|---|
| | | **2019** | **2019** | **2019** |
| Expenses | | | | |
| Operating Expenses | | 145,333 | 136,963 | (8,370) |
| Other Income and Expense | | 2,081 | - | (2,081) |
| Fuel Expense | | 255,157 | 219,857 | (35,300) |
| Power Purchases | | 67,428 | 67,372 | (56) |
| Power Purchases Off-Island | | - | 14,290 | 14,290 |
| Depreciation | | 93,189 | 85,429 | (7,760) |
| Accretion of Asset Retirement Obligation | | 364 | 364 | - |
| **Expenses Subtotal** | | **563,552** | **524,275** | **(39,277)** |
| Other Adjustments | | | | |
| CIAC Revenue | | (1,658) | (1,815) | (157) |
| Other Revenue | | (2,109) | (2,109) | - |
| Revenue Req. Cost of Service Exclusions | | (1,439) | (3,088) | (1,649) |
| **Other Adjustments Subtotal** | | **(5,206)** | **(7,012)** | **(1,806)** |
| **Net Expenses** | **(A)** | **558,346** | **517,263** | **(41,083)** |
| **Return on Rate Base** | **(B)** | **134,420** | **125,778** | **(8,642)** |
| **2018 Revenue Requirement** | **(C) = (A) + (B)** | **692,766** | **643,041** | **(49,725)** |

## 7.1 Expenses

### 7.1.1 Operating Expenses

Based on the Board's determinations in the 2017 GRA Order, Hydro is required to reduce its 2019 Test Year Operating Expenses for rate setting by approximately $8.4 million. The adjustments are summarized in Table 14.

**Table 14: Operating Expense Adjustments**

| | Adjustments ($000) |
|---|---|
| Increase in Vacancy Allowance | (1,328) |
| Deferral of BST Program Costs | (3,042) |
| 2017 GRA Order Disallowance | (4,000) |
| **Total Operating Expense Adjustments** | **(8,370)** |

### Increase in Vacancy Allowance

This adjustment reflects an increase in Hydro's vacancy allowance from 40 FTEs, as proposed in the 2017 GRA, to 55 FTEs, as per the Settlement Agreement.[65] The Board approved the increased vacancy allowance in the 2017 GRA Order.[66] The impact of this adjustment is a $1.3 million adjustment to Hydro's 2019 Test Year Operating Expenses.[67]

### Deferral of BST Program Costs

In the Settlement Agreement, the Parties agreed that costs associated with the BST Program would be removed from the 2018 and 2019 Test Year Revenue Requirements and set aside in a deferral account.[68] The impact of this adjustment is a $3.0 million reduction in the 2019 Test Year operating expenses.

### 2017 GRA Order Disallowance

In accordance with the 2017 GRA Order, Hydro reduced its 2019 Test Year Operating Expenses by an additional $4.0 million.[69]

### 7.1.2 Other Income and Expense

Based on the Board's determinations in the 2017 GRA Order, Hydro is required to reduce its 2019 Test Year other income and expense by approximately $2.1 million. This adjustment reflects the withdrawal of Hydro's proposal to record an inventory allowance of $2.1 million associated with the Holyrood Thermal Generating Station, as per the Settlement Agreement[70] and the 2017 GRA Order.[71]

[65] "Settlement Agreement," April 11, 2018, at p. 2, para. 10.
[66] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 37/43–46.
[67] 15 FTEs x $88,500 per FTE = $1,327,500.
[68] "Settlement Agreement," April 11, 2018 at p. 3/11.
[69] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 38/1–3.
[70] "Settlement Agreement," April 11, 2018, at p. 4, para. 21.
[71] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 40/10–11.

### 7.1.3 Fuel Expense

Hydro's 2017 GRA included $255.2 million for fuel expenses. Hydro has adjusted its fuel expenses by $35.3 million to reflect the 2017 GRA Order. The composition of the $35.3 million adjustment is summarized Table 15. Each item is further discussed below.

**Table 15: Fuel Expense Adjustments**

| | Adjustments ($000) |
|---|---|
| Decrease in No. 6 Fuel Expense | (26,429) |
| Decrease Gas Turbine and Diesel Expense | (8,871) |
| **Total Fuel Expense Adjustments** | **(35,300)** |

## No. 6 Fuel

No. 6 fuel costs have decreased from the 2017 GRA by approximately $26.4 million as a result of:

- A $69.4 million reduction related to changes in production at Holyrood Thermal Generating Station to reflect changes in off-island purchases and the update to the load forecast ;[72]
- A $34.5 million increase as a result of the change in fuel price from $87.11 per barrel in the 2017 GRA to $105.90 per barrel;[73] and
- A $8.6 million increase as a result of the change in the conversion factor from 616 kWh per barrel proposed in the Deferral Account Scenario to 583 kWh/barrel in the Expected Supply Scenario.

Appendix D provides the computation of the impact of changes in load forecast, conversion factor, and fuel price on 2019 Test Year No. 6 Fuel change.

[72] Approved in Board Order No. P.U. 2(2019).
[73] In the "Supplemental Settlement Agreement," July 16, 2018, at p. 4, para. 19, the Parties agreed ". . . that the 2019 Test Year cost of No. 6 fuel to be used in Hydro's 2017 GRA Compliance filing shall be set based on the most current fuel rider forecast (either March or September)." The most current fuel rider forecast was submitted to the Board in a letter entitled "Rate Stabilization Plan Fuel Price Projection Update," April 12, 2019.

### Gas Turbine and Diesel

Gas turbine and diesel fuel expenses have decreased by approximately $8.9 million since the 2017 GRA. The change is related to:

- A 17.8 GWh decrease in consumption from these units, caused by changes in the 2019 Test Year Island Interconnected System Load Forecast to reflect that which was approved in Board Order No. P.U. 2(2019)[74] and Hydro's most recent forecast of off-island purchases.[75] The impact of this change is an approximate $5.5 million reduction in fuel expense; and
- A decrease in gas turbine and diesel fuel prices in the most recent fuel forecast.[76] The impact of this change is an approximate $3.4 million reduction in fuel expense.

### 7.1.4 Power Purchases

Hydro's 2019 Test Year Forecast Costs associated with power purchases have decreased by less than $0.1 million.

### 7.1.5 Off-Island Power Purchases

Costs associated with off-island power purchases have increased from $0 in the 2017 GRA (which was filed based on the Deferral Account Scenario) to $14.3 million[77] in the 2017 GRA Compliance Application. This reflects Hydro's forecast cost of off-island purchases during 2019.

### 7.1.6 Depreciation

Hydro's 2017 GRA included depreciation expense of $93.2 million, which has been reduced by approximately $7.8 million for a revised depreciation expense of $85.4 million in the 2017 GRA Compliance Application. Table 16 provides a summary of Hydro's adjustments to 2019 Test Year Depreciation Expense.

[74] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 15/8–9.
[75] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 17/29–30.
[76] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 19/22–23.
[77] Refer to *Exhibit 3: Test Year Supply Costs* for further information on off-island purchase costs.

**Table 16: Depreciation Expense Adjustments**

| | Adjustments ($000) |
|---|---|
| Settlement Agreement Adjustments | |
| Grant Thornton Adjustments | 1,757 |
| Depreciation Methodology Adjustments | (10,712) |
| **Settlement Agreement Adjustments Subtotal** | **(8,955)** |
| Adjustment for Capital Activity | 1,195 |
| **Total Depreciation Expense Adjustments** | **(7,760)** |

## Settlement Agreement Adjustments

Hydro reduced 2018 Test Year depreciation expense by $9.0 million to reflect adjustments related to issues noted in the Grant Thornton Report and adjustments related to depreciation methodology.

Hydro increased 2019 Test Year depreciation expense by $1.8 million to adjust for issues noted in the Grant Thornton Report.[78] The Grant Thornton Report identified the following issues affecting Hydro's calculation of 2019 Test Year Depreciation:

- An error related to Holyrood accelerated assets incorrectly including a combustor asset with the March 31, 2021 truncation date;[79] and
- For the 2019 Test Year, there was a discrepancy related to the truncation date for several Holyrood assets whereby the assets were amortized to December 31, 2020 instead of March 31, 2021.[80]

Hydro has revised its calculation of depreciation expense in the 2017 GRA Compliance Application to correct for the errors noted by Grant Thornton and the outcome of its internal investigation.

Additionally, Hydro reduced depreciation expense by $10.7 million as a result of the application of the depreciation methodology which was agreed to by the Parties in the Settlement Agreement.[81]

[78] Grant Thornton "Financial Consultants Report," December 4, 2017.
[79] Grant Thornton "Financial Consultants Report," December 4, 2017, at p. 33.
[80] Grant Thornton "Financial Consultants Report," December 4, 2017, at p. 38.
[81] "Settlement Agreement," April 11, 2018, at p. 2, para. 9.

### Adjustment for Capital Activity

In accordance with the 2017 GRA Order,[82] Hydro has adjusted its depreciation expense by $1.2 million related to actual 2018 capital activity and updated 2019 forecast activity.

### 7.1.7 Other Adjustments

Based on the Board's determinations in the 2017 GRA Order, Hydro is also required to make other adjustments of $1.8 million. These adjustments relate to CIAC revenue and revenue requirement Cost of Service exclusions. Appendix C, Schedule 1 provides the impact of these adjustments on 2019 Test Year revenue requirement.

Table 17 summarizes the changes to Hydro's other adjustments.

**Table 17: Other Adjustments**

| | **Adjustments ($000)** |
|---|---|
| CIAC Revenue | (157) |
| Revenue Requirement Cost of Service Exclusions | (1,649) |
| **Total Other Adjustments** | **(1,806)** |

### CIAC Revenue

CIAC revenue has decreased by approximately $0.2 million as a result of Hydro's update to its depreciation methodology to reflect the methodology approved in the Settlement Agreement,[83] which increased 2018 Test Year CIAC amortization by $0.1 million; and Hydro's adjustment to reflect 2018 actual and 2019 Forecast Capital Activity, which decreased CIAC amortization by $0.3 million.

### Revenue Requirement Cost of Service Exclusions

The $1.6 million[84] increase in revenue requirement cost of service exclusions relates to:

- The removal of $0.9 million associated with short-term incentive payments;[85] and
- A $0.8 million reduction related to depreciation of assets which are excluded from rate base.[86]

[82] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 45/21–23.
[83] "Settlement Agreement," April 11, 2018, at p. 2, para. 9.
[84] Does not match the sum of the bullet points below as a result of rounding.
[85] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 38/1–5.
[86] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 45/21–23.

# 8.0 2019 Test Year Capital Structure

Hydro's capital structure and WACC have changed from that presented in the 2017 GRA as a result of changes in Hydro's debt issuances and associated interest. Appendix C, Schedule 3 summarizes the changes to Hydro's debt issuances and interest. Appendix C, Schedule 4 summarizes the associated changes in Hydro's capital structure.

## 8.1 Cost of Debt

In its 2017 GRA Order, the Board agreed with Hydro's proposal to update the cost of debt in the 2017 GRA Compliance Application to reflect Hydro's actual long-term debt issuances in 2017 and 2018 and its planned borrowing.[87] As a result of this update, Hydro's 2019 Test Year embedded cost of debt has decreased from 5.25% to 4.91%, a change of 0.34%.

The changes to the 2019 Test Year total debt are summarized in Table 18.

**Table 18: 2019 Test Year Total Debt Adjustment**

| | | 2017 GRA | 2017 GRA Compliance Application | Adjustment |
|---|---|---|---|---|
| Average Debt ($000) | (A) | 1,855,412 | 1,835,109 | (20,303) |
| Finance Charges ($000) | (B) | 101,532 | 96,484 | (5,048) |
| Less: Interest COS Exclusions ($000) | (C) | (4,127) | (6,302) | (2,175) |
| **Net Finance Charges ($000)** | **(D) = (B)+(C)** | **97,405** | **90,182** | **(7,223)** |
| **Embedded Cost of Debt (%)** | **(E) = (D)/(A)** | **5.25** | **4.91** | **(0.34)** |

The impact of Hydro's adjustment to update the cost of debt to reflect Hydro's actual long-term debt issuances in 2017 and 2018 and its planned borrowing is a decrease in average debt of approximately $20.3 million and a corresponding $5.0 million reduction in finance charges. Additionally, the finance charges are further reduced as a result of a $2.2 million increase in interest Cost of Service exclusions.

[87] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 46/1–15.

### 8.1.1 Interest of Service Exclusions

The $2.2 million increase in interest Cost of Service exclusions relates to:

- An increase of $0.7 million related to the adjustment on the fee on long-term debt issues, as approved in the Settlement Agreement;[88]
- An increase of $1.4 million to reflect the exclusion of the debt guarantee fee related to the 2017 and 2018 debt issuances to the Government of Newfoundland and Labrador;[89] and
- An increase of $0.1 million to reflect Hydro's actual cost of long-term debt and corresponding impact on promissory notes.[90]

As a result of the changes in long-term debt and the corresponding changes to the embedded cost of debt, Hydro's 2019 Test Year embedded cost of debt decreased from 5.25% in the 2017 GRA to 4.91% in the 2017 GRA Compliance Application.

## 8.2 Weighted Average Cost of Capital

Due to the decrease in Hydro's 2018 Test Year Embedded Cost of Debt, the 2019 Test Year WACC has decreased from 5.68% in the 2017 GRA to 5.43% in the 2017 GRA Compliance Application. Hydro's return on equity is 8.5%, in accordance with the 2017 GRA Order.[91] This is the same as Hydro's proposed return on equity in the 2017 GRA. Appendix C, Schedule 4 summarizes the changes to Hydro's capital structure, including the calculation of the revised WACC.

# 9.0 2019 Test Year Average Rate Base for Rate Setting

In the 2017 GRA, Hydro proposed a 2019 Test Year Average Rate Base for rate setting of $2,364.5 million. In the 2017 GRA Compliance Application, Hydro is proposing a revised 2019 Test Year Average Rate Base for rate setting of $2,317.3 million. The composition of the $47.2 million[92] adjustment is shown in Table 19.

[88] "Settlement Agreement," April 11, 2018, at p. 3, para. 12(a)(i); 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 43/1.
[89] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 43/3–5.
[90] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 46/1–15.
[91] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 11/32–33.
[92] Does not match the sum of Table 19 due to rounding.

**Table 19: 2019 Average Rate Base Adjustments**

| | Adjustments ($000) |
|---|---:|
| Capital Assets | (57,118) |
| Working Capital Allowance | (233) |
| Fuel Inventory | (17,219) |
| Deferred Charges | 27,375 |
| **Total 2018 Average Rate Base Adjustments** | **(47,195)** |

## 9.1 Capital Assets

As approved by the Board in the 2017 GRA Order, Hydro has updated its capital asset expense to reflect 2018 actuals and 2019 forecast capital.[93] The impact of this adjustment is an approximately $57.1 million reduction in 2019 Average Rate Base.

## 9.2 Working Capital Allowance

Hydro has reduced its working capital allowance by approximately $0.2 million to reflect changes in Hydro's production,[94] the update of 2018 Test Year Capital,[95] and the corresponding updates to revenue.

## 9.3 Fuel Inventory

A reduction of $17.2 million was made to fuel inventory from the 2017 GRA filing to the 2017 GRA Compliance Application. Table 20 summarizes the changes in 13-month average fuel inventory for the 2019 Test Year.

**Table 20: 2019 Test Year 13-Month Average Fuel Inventory**

| | 2017 GRA | 2017 GRA Compliance Application | Adjustments |
|---|---:|---:|---:|
| Holyrood Thermal: No. 6 | 66,169,663 | 49,695,926 | (16,473,737) |
| Holyrood Thermal: Ignition | 82,822 | 82,825 | 3 |
| **Holyrood Thermal Subtotal** | **66,252,485** | **49,778,751** | **(16,473,734)** |
| Interconnected Gas Turbines | 5,091,449 | 3,765,461 | (1,325,988) |
| Interconnected Diesels | 165,182 | 133,959 | (31,223) |
| Indirect Fuel Costs | 206,582 | 243,258 | 36,676 |
| Isolated Diesels | 2,653,561 | 3,228,279 | 574,718 |
| **Total Fuel Inventory** | **74,369,260** | **57,149,708** | **(17,219,551)** |

[93] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 45/21–23.
[94] 2017 General Rate Application Board Order No. P.U. 16(2019), at pp. 17/29–30 and 22/30-31.
[95] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 45/21–23.

## 9.4 Deferred Charges

Hydro added $27.4 million to average rate base, which reflects the net impact of several adjustments to deferred costs, the most material of which are described below. Schedule 5 of Appendix C to this exhibit provides the calculation of revised deferred charges.

- 2015–2017 Supply Cost Deferrals: reflects the inclusion of the deferred supply costs from 2015–2017 in Hydro's January 1, 2019 opening balance and the disposition of a portion of those costs between October and December 2019.[96]
- Holyrood Inventory Allowance: reflects the Board's approval of the Settlement Agreement in relation to the withdrawal of Hydro's proposal to record an inventory allowance associated with the Holyrood Thermal Generating Station.[97]
- 2018 and 2019 Revenue Deficiency: reflects the inclusion of 2018 Revenue Deficiency in the January 1, 2019 opening balance and the disposition of a portion of the deficiency between October and December 2019. It also reflects the addition of Hydro's forecast 2019 Revenue Deficiency, as well as the disposition of a portion of the deficiency between October and December 2019. Recovery of the 2018 and 2019 revenue deficiency is addressed in *Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs.*
- RSP Adjustments: Hydro has applied RSP adjustments against the 2018 and 2019 Revenue Deficiencies, as well as the 2015–2017 Deferred Supply Costs. *Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs* and *Exhibit 7: Proposed Customer Rates* address Hydro's proposed use of RSP balances to reduce 2018 and 2019 Revenue Deficiencies.
- BST Program Deferral: this adjustment reflects the deferral of costs associated with the BST Program for future recovery to be determined by an Order of the Board, in accordance with the Settlement Agreement[98] and 2017 GRA Order.[99] This item is also reflected in the excluded charges, thus having no impact on rate base.

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[96] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 52/23–25.
[97] "Settlement Agreement," April 11, 2018, at p. 4, para. 21; 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 40/10–11.
[98] "Settlement Agreement," April 11, 2018, at p. 3, para. 11.
[99] 2017 General Rate Application Board Order No. P.U. 16(2019),at p. 37/43–46.

# 10.0 2019 Test Year Rate of Return on Rate Base for Rate Setting

In the 2017 GRA, Hydro proposed a 5.68% rate of return on rate base. Hydro's revised 2019 Test Year Rate of Return on Rate Base is 5.43%, reflecting a return on equity of 8.5%, as permitted by the Board in the 2017 GRA Order.[100] As a result of the revised rate of return on rate base, Hydro's revised return on rate base for the 2019 Test Year is $125.8 million.[101] Schedule 2 of Appendix A to this provides Hydro's calculation of its revised 2019 Test Year Rate of Return on Rate Base. Table 21 summarizes Hydro's adjustments to 2019 Test Year Rate of Return on Rate Base.

**Table 21: 2019 Test Year Rate of Return on Rate Base Adjustments**

| | | 2017 GRA | 2017 GRA Compliance Application | Adjustment |
|---|---|---|---|---|
| Return on Rate Base ($000) | (A) | 134,420 | 125,778 | (8,642) |
| Average Rate Base ($000) | (B) | 2,364,465 | 2,317,270 | (47,195) |
| **Rate of Return on Rate Base (%)** | **(C) = (A)/(B)** | **5.68** | **5.43** | **(0.25)** |

# 11.0 Financial Reporting of Depreciation Methodology

In its report, Grant Thornton noted an International Financial Reporting Standards ("IFRS") accounting treatment concern with Hydro's original proposed depreciation methodology. The concern related to accounting treatment and would not have had a revenue requirement impact. Grant Thornton commented that, while both the Average Service Life and Equal Life Group depreciation methods are used by regulated utilities and are consistent with the requirements of IFRS, employing the use of both dependent on asset acquisition date does not appear to be in accordance with IFRS.[102] However, in the Settlement Agreement, the Parties agreed to continue to use the Average Service Life method.[103] As a result, Grant Thornton's concern regarding Hydro's use of both the Average Service Life method and the Equal Life Group method are no longer an issue.

[100] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 11/32–33.
[101] Average Rate Base × Rate of Return on Rate Base
= $2,316,229,000 × 5.43%
= $125,771,867
[102] Grant Thornton "Financial Consultants Report," December 4, 2017, at pp. 37–38.
[103] "Settlement Agreement," April 11, 2018, at p. 2, para. 9.

With respect to the depreciation study recommendations, Grant Thornton confirmed that the use of a group method which would result in the inclusion of a loss on asset disposal costs in depreciation expense and of asset removal costs in depreciation rates are both consistent with IFRS.[104] Hydro agrees with Grant Thornton's conclusion; however, to be consistent with IFRS, Hydro notes that it will be required to record a regulatory adjustment relating to the loss on disposal and removal cost method under IFRS 14.

# 12.0 Summary

As a result of the changes made by Hydro in accordance with the 2017 GRA Order, Hydro is requesting that the Board approve the following:

- 2017 Average Rate Base of $2,093,796,000;
- 2018 Test Year Revenue Requirement of $572,214,000;
- 2018 Test Year Average Rate Base of $2,249,910,000;
- 2018 Test Year Return on Rate Base of $123,744,000;
- 2018 Test Year Rate of Return on Rate Base of 5.50%;
- 2019 Test Year Revenue Requirement of $643,041,000;
- 2019 Test Year Average Rate Base of $2,317,270,000;
- 2019 Test Year Return on Rate Base of $125,778,000; and
- 2019 Test Year Rate of Return on Rate Base of 5.43%

[104] Grant Thornton "Financial Consultants Report," December 4, 2017, at p. 38.

# Appendix A

**2018 Test Year Finance Schedules (Revenue Deficiency)**

**Newfoundland and Labrador Hydro**
**Revenue Requirement Analysis**
**($000)**

**Finance**
**Schedule 1**

| | | Test Year 2018 | Adjustments 2018 | | Revised Test Year 2018 |
|---|---|---|---|---|---|
| 1 | **Revenue requirement** | | | | |
| 2 | Energy sales | 671,574 | (101,352) | | 570,222 |
| 3 | Revenue Deficiency | - | 756 | | 756 |
| 4 | Generation Demand Cost Recovery | 1,482 | (246) | | 1,236 |
| 6 | **Total revenue requirement** | **673,056** | **(100,842)** | | **572,214** |
| 7 | | | | | |
| 8 | **Expenses** | | | | |
| 9 | Operating expenses | 142,377 | (7,870) | [1] | 134,507 |
| 10 | Other Income and expense | 2,081 | (1,430) | [1] | 651 |
| 11 | Fuels | 250,232 | (76,845) | [1] | 173,387 |
| 12 | Power Purchases | 65,838 | (2,075) | [1] | 63,763 |
| 13 | Power Purchases Off-Island | - | 5,371 | [1] | 5,371 |
| 14 | Depreciation | 87,885 | (10,468) | [1] | 77,417 |
| 15 | Accretion of asset retirement obligation | 362 | - | | 362 |
| 16 | | 548,775 | (93,317) | | 455,458 |
| 17 | **Other Adjustments:** | | | | |
| 18 | CIAC Revenue | (1,618) | (105) | [1] | (1,723) |
| 19 | Other revenue | (2,088) | - | | (2,088) |
| 21 | Revenue Req. Cost of service exclusions | (1,644) | (1,533) | [1] | (3,177) |
| 22 | | 543,425 | (94,955) | | 448,470 |
| 23 | | | | | |
| 24 | **Return on rate base** | **129,631** | **(5,887)** | [2] | **123,744** |
| 25 | | | | | |
| 26 | **Average rate base** | **2,263,109** | **(13,199)** | [2] | **2,249,910** |
| 27 | | | | | |
| 28 | **Rate of return on rate base** | **5.73%** | **(0.23)%** | [2] | **5.50%** |

[1] Please refer to *Exhibit 4: Computation of Revenue Requirements*

[2] Please refer to Appendix A, Schedule 2

**Newfoundland and Labrador Hydro**
**Financial Results and Forecasts**
**Rate of Return on Rate Base**
**($000)**

**Finance**
**Schedule 2**

| | | Test Year 2018 | Adjustments 2018 | Revised Test Year 2018 |
|---|---|---|---|---|
| 1 | **Property, plant, and equipment** | 2,230,663 | (72,568) | 2,158,095 |
| 2 | add: accumulated depreciation | 389,021 | (21,228) | 367,794 |
| 3 | less: work in progress [1] | (51,306) | 19,651 | (31,655) |
| 4 | **Capital assets in service** | **2,568,379** | **(74,145)** | **2,494,233** |
| 5 | less: asset retirement obligation | (307) | 492 | 185 |
| 6 | add: contributions in aid of construction [1] | (32,593) | (10,478) | (43,070) |
| 7 | less: accumulated depreciation | (389,021) | 21,228 | (367,794) |
| 8 | **Capital assets - current year** | **2,146,457** | **(62,903)** | **2,083,554** |
| 9 | **Capital assets - previous year** | **2,008,765** | **(6,213)** | **2,002,553** |
| 10 | Unadjusted capital assets - average | 2,077,611 | (34,558) | 2,043,054 |
| 11 | less: Average net assets excluded from rate base | (8,820) | (3,253) | (12,073) |
| 12 | **Capital assets - average** | **2,068,791** | **(37,811)** [3] | **2,030,981** |
| 13 | | | | |
| 14 | Working capital allowance | 2,772 | (528) [3] | 2,244 |
| 15 | Fuel | 76,472 | (23,983) [3] | 52,489 |
| 16 | Materials and supplies | 33,034 | - | 33,034 |
| 17 | Deferred charges | 82,041 | 49,123 [2] | 131,163 |
| 18 | | | | |
| 19 | **Average rate base** | **2,263,109** | **(13,199)** | **2,249,910** |
| 20 | | | | |
| 21 | Net Income | 31,013 | (1,073) | 29,940 |
| 22 | add: Cost of service exclusions: | | | |
| 23 | Revenue Req. Cost of Service Exclusions | 1,644 | 1,533 [3] | 3,177 |
| 24 | Interest Cost of Service Exclusions | 3,680 | 920 [3] | 4,600 |
| 25 | Net Interest [3] | 93,295 | (7,268) | 86,027 |
| 26 | **Return on rate base** | **129,631** | **(5,888)** | **123,744** |
| 27 | | | | |
| 28 | **Rate of return on rate base** | **5.73%** | **(0.23)%** | **5.50%** |

[1] Contributions for assets that are still under construction have been included in work in progress and excluded from contributions in aid of construction.

[2] Please refer to Appendix A, Schedule 5.

[3] Please refer to *Exhibit 4: Computation of Revenue Requirements*

**Newfoundland and Labrador Hydro**
**Embedded Cost of Debt**
**($000)**

**Finance**
**Schedule 3**

| | Series | Interest Rate | Year of Issue | Year of Maturity | Test Year 2018 | Adjustments 2018 | Revised Test Year 2018 |
|---|---|---|---|---|---|---|---|
| 1 | Series V | 10.50% | 1989 | 2014 | 200 | - | 200 |
| 2 | Series X | 10.25% | 1992 | 2017 | - | - | |
| 3 | Series Y | 8.40% | 1996 | 2026 | 300,000 | - | 300,000 |
| 4 | Series AB | 6.65% | 2001 | 2031 | 300,000 | - | 300,000 |
| 5 | Series AD | 5.70% | 2003 | 2033 | 125,000 | - | 125,000 |
| 6 | Series AE | 4.30% | 2006 | 2016 | - | - | |
| 7 | Series AF | 3.60% | 2014 | 2045 | 200,000 | - | 200,000 |
| 8 | New Issuance - 2017 | 3.60% | 2017 | 2045 | 300,000 | - | 300,000 |
| 9 | New Issuance - 2017 | 3.40% | 2017 | 2027 | 200,000 | (200,000) | |
| 10 | New Issuance - 2017 | 4.18% | 2017 | 2047 | 300,000 | (300,000) | |
| 11 | New Issuance - 2017 | 3.70% | 2017 | 2027 | - | 300,000 | 300,000 |
| 12 | New Issuance - 2018 | 4.25% | 2018 | 2048 | 250,000 | (250,000) | |
| 13 | New Issuance - 2018 | 3.70% | 2018 | 2048 | - | 300,000 | 300,000 |
| 14 | | | | | | | |
| 15 | Total debentures | | | | 1,975,200 | (150,000) | 1,825,200 |
| 16 | | | | | | | |
| 17 | Promissory notes | | | | 129,361 | 30,400 | 159,761 |
| 18 | Less: | | | | | | |
| 19 | Sinking funds | | | | (219,006) | - | (219,006) |
| 20 | Non-regulated debt pool | | | | (11,067) | - | (11,067) |
| 21 | Unamortized debt discount and financing | | | | (19,847) | 43,178 | 23,331 |
| 22 | | | | | | | |
| 23 | **Total debt** | | | | **1,854,641** | **(76,422)** | **1,778,219** |
| 24 | | | | | | | |
| 25 | **Average debt** | | | | **1,790,618** | **(74,856)** [1] | **1,715,762** |
| 26 | | | | | | | |
| 27 | | | | | | | |
| 28 | **Embedded cost of debt** | | | | | | |
| 29 | Long-term debt | | | | 99,330 | (9,113) | 90,217 |
| 30 | Accretion of long-term debt | | | | 615 | (753) | (138) |
| 31 | Amortization of foreign exchange losses | | | | 2,157 | - | 2,157 |
| 32 | Debt guarantee fee | | | | 7,359 | (672) | 6,687 |
| 33 | Other interest | | | | 890 | 1,766 | 2,656 |
| 34 | Interest on sinking fund | | | | (11,057) | 325 | (10,732) |
| 35 | | | | | 99,294 | (8,447) [1] | 90,847 |
| 36 | Less Interest Cost of Service Exclusions[1] | | | | (3,680) | (920) [1] | (4,600) |
| 37 | Finance Charges | | | | 95,615 | (9,367) | 86,247 |
| 38 | | | | | | | |
| 39 | **Embedded cost of debt** | | | | **5.34%** | **(0.31)%** | **5.03%** |

[1] Please refer to *Exhibit 4: Computation of Revenue Requirements*

**Newfoundland and Labrador Hydro**
**Financial Results and Forecasts**
**Capital Structure**
**($000)**

**Finance**
**Schedule 4**

| | | Test Year 2018 | Adjustments 2018 | Revised Test Year 2018 |
|---|---|---|---|---|
| 1 | **Regulated capital structure** | | | |
| 2 | Long-term debt | 1,912,197 | (117,080) | 1,795,117 |
| 3 | Promissory notes | 129,361 | 30,400 | 159,761 |
| 5 | less: sinking funds | (220,442) | 14,137 | (206,305) |
| 6 | add: mark to market of sinking funds | 43,329 | (2,591) | 40,738 |
| 7 | | 1,864,445 | (75,134) | 1,789,311 |
| 9 | Non-regulated debt pool | (11,067) | - | (11,067) |
| 10 | Net regulated debt | 1,853,378 | (75,134) | 1,778,244 |
| 11 | Funded asset retirement obligation | 14,082 | 466 | 14,548 |
| 12 | Funded employee future benefits balance | 72,778 | - | 72,778 |
| 13 | Contributed capital | 100,000 | - | 100,000 |
| 14 | Retained earnings cost of service exclusions | 21,641 | 2,454 | 24,094 |
| 15 | Retained earnings | 324,090 | (1,073) | 323,017 |
| 16 | **Total** | **2,385,969** | **(73,288)** | **2,312,681** |
| 17 | | | | |
| 18 | **Regulated capital structure (%)** | | | |
| 19 | Debt | 77.68% | (0.79)% | 76.89% |
| 20 | Asset retirement obligation | 0.59% | 0.04% | 0.63% |
| 21 | Employee future benefits | 3.05% | 0.10% | 3.15% |
| 22 | Equity | 18.68% | 0.65% | 19.33% |
| 23 | **Total** | **100.00%** | **0.00%** | **100.00%** |
| 24 | | | | |
| 25 | **Regulated average capital structure (%)** | | | |
| 26 | Debt | 77.72% | (0.76)% | 76.96% |
| 27 | Asset retirement obligation | 0.62% | 0.04% | 0.65% |
| 28 | Employee future benefits | 3.09% | 0.10% | 3.19% |
| 29 | Equity | 18.57% | 0.63% | 19.20% |
| 30 | **Total** | **100.0%** | **0.0%** | **100.0%** |
| 31 | | | | |
| 32 | **Weighted average cost of capital (WACC)** | | | |
| 33 | Embedded cost of debt | 5.34% | (0.31)% [1] | 5.03% |
| 34 | Asset retirement obligation | 0.00% | 0.00% | 0.00% |
| 35 | Employee future benefits | 0.00% | 0.00% | 0.00% |
| 36 | Equity | 8.50% | 0.00% | 8.50% |
| 37 | **WACC** | **5.73%** | **(0.23)%** [1] | **5.50%** |

[1] Please refer to *Exhibit 4: Computation of Revenue Requirements*

**Newfoundland and Labrador Hydro**
**Summary of Deferred Charges**
**($000)**

**Finance**
**Schedule 5**

| | | 2018 Test Year as Filed | | | | | Revised 2018 Test Year | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jan. 1, 2018 Opening Balance | Additions | Dispositions | Amortization | Dec. 31, 2018 Ending Balance | Jan. 1, 2018 Opening Balance | Additions | Dispositions | Amortization | Dec. 31, 2018 Ending Balance |
| 1 | **Deferred Charges:** | | | | | | | | | | |
| 2 | | | | | | | | | | | |
| 3 | **Existing** | | | | | | | | | | |
| 4 | CDM | 9,863.0 | 2,100.0 | (1,200.0) | - | 10,763.0 | 9,863.0 | 2,100.0 | (1,200.0) | - | 10,763.0 |
| 5 | Phase II Hearing Costs | 1,869.0 | - | - | - | 1,869.0 | 1,869.0 | - | - | - | 1,869.0 |
| 6 | Isolated Systems Supply Cost | 838.0 | | (838.0) | - | - | (3,293.0) [1] | - | - | - | (3,293.0) |
| 7 | Energy Supply Costs Deferral | 8,561.0 | - | (8,561.0) | - | - | 58,798.0 [1] | - | - | - | 58,798.0 |
| 8 | Holyrood Conversion | 3,419.0 | | (3,419.0) | - | - | 9,896.0 [1] | - | - | - | 9,896.0 |
| 9 | Holyrood Blackstart Diesel | 3,130.0 | - | - | (1,341.0) | 1,789.0 | 3,130.0 | - | - | (1,341.0) | 1,789.0 |
| 10 | Asset Disposal | 368.0 | | - | (19.0) | 349.0 | 368.0 | | - | (19.0) | 349.0 |
| 11 | Deferred Foreign Exchange - Inventory | (158.0) | | - | | (158.0) | (158.0) | - | - | - | (158.0) |
| 12 | Foreign Exchange | 51,767.0 | - | - | (2,157.0) | 49,610.0 | 51,767.0 | - | - | (2,157.0) | 49,610.0 |
| 13 | Deferred Power Purchase Deferral | (417.0) | - | - | 36.0 | (381.0) | (417.0) | - | - | 36.0 | (381.0) |
| 14 | Labrador RSP Refund | (398.0) | - | 200.0 | - | (198.0) | (398.0) | - | 200.0 | - | (198.0) |
| 15 | | | | | | | | | | | - |
| 16 | **Proposed** | | | | | | | | | | - |
| 17 | GRA Hearing Costs | - | 1,200.0 | - | (400.0) | 800.0 | - | 1,200.0 | - | (400.0) | 800.0 |
| 18 | Cost of Service Hearing Costs | - | 450.0 | - | (150.0) | 300.0 | - | 450.0 | - | (150.0) | 300.0 |
| 19 | Holyrood Inventory Allowance | - | (2,082.0) | - | - | (2,082.0) | - [1] | - | - | - | - |
| 20 | 2018 Revenue Deficiency | - | 22,578.0 | - | - | 22,578.0 | - | 756.0 [2] | - | - | 756.0 |
| 21 | Business System deferral | - | - | - | - | - | - | 2,542.0 [1] | - | - | 2,542.0 |
| 22 | **Total Deferred Charges** | **78,842.0** | **24,246.0** | **(13,818.0)** | **(4,031.0)** | **85,239.0** | **131,425.0** | **7,048.0** | **(1,000.0)** | **(4,031.0)** | **133,442.0** |
| 23 | | | | | | | | | | | |
| 24 | **Excluded Charges** | | | | | | | | | | |
| 25 | Business System deferral | | | | | | - | (2,542.0) [1] | - | - | (2,542.0) |
| 26 | **Total Deferred Charges in Rate Base** | | | | | | **131,425.0** | **4,506.0** | **(1,000.0)** | **(4,031.0)** | **130,900.0** |
| 27 | | | | | | | | | | | |
| 28 | Current Year Opening | | | | | 78,842.0 | | | | | 131,425.0 |
| 29 | **Average Deferred Charges for Rate Base** | | | | | **82,040.5** | | | | | **131,162.5** |

[1] Please refer to *Exhibit 4: Computation of Revenue Requirements*
[2] Please refer to *Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs*

# Appendix B

**2018 Test Year No. 6 Fuel Expense**

## Computation of 2018 Test Year No. 6 Fuel Change

### 2018 Load Forecast Impact

| | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Holyrood Production (GWh) | 1,554,377,000 | 1,469,775,000 | (84,602,000) |
| 2018 Conversion Factor | 616 | 616 | - |
| 2018 TY No. 6 Barrels (bbls) | 2,522,118 | 2,385,998 | (136,120) |
| Forecast No. 6 Fuel Price ($/bbl) | 86.41 | 86.41 | - |
| **Forecast No. 6 Fuel Expense ($)** | **217,936** | **206,174** | **(11,762)** |

### 2018 Conversion Factor Impact

| | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Holyrood Production (GWh) | 1,469,775,000 | 1,469,775,000 | - |
| 2018 Conversion Factor | 616 | 618 | 2 |
| 2018 TY No. 6 Barrels (bbls) | 2,385,998 | 2,378,277 | (7,722) |
| Forecast No. 6 Fuel Price ($/bbl) | 86.41 | 86.41 | - |
| **Forecast No. 6 Fuel Expense ($)** | **206,174** | **205,507** | **(667)** |

### 2018 Fuel Price Impact

| | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Holyrood Production (GWh) | 1,469,775,000 | 1,469,775,000 | - |
| 2018 Conversion Factor | 618 | 618 | - |
| 2018 TY No. 6 Barrels (bbls) | 2,378,277 | 2,378,277 | - |
| Forecast No. 6 Fuel Price ($/bbl) | 86.41 | 64.22 [1] | (22.19) |
| **Forecast No. 6 Fuel Expense ($)** | **205,507** | **152,733** | **(52,774)** |

[1] $64.22/bbl is the weighted average cost of No. 6 fuel based on the 2015 Test Year Fuel Prices.

| | $/bbl | bbls | No. 6 Fuel Expense ($) |
|---|---|---|---|
| January | 57.55 | 411,650 | 23,690,458 |
| February | 59.85 | 390,291 | 23,358,916 |
| March | 61.41 | 268,447 | 16,485,330 |
| April | 61.41 | 236,084 | 14,497,918 |
| May | 62.64 | 185,000 | 11,588,400 |
| June | 62.64 | 204,272 | 12,795,598 |
| July | 62.64 | 0 | - |
| August | 62.64 | 0 | - |
| September | 62.64 | 0 | - |
| October | 66.51 | 50,227 | 3,340,598 |
| November | 71.70 | 256,311 | 18,377,499 |
| December | 76.05 | 375,995 | 28,594,420 |
| **Total** | | **2,378,277** | **152,729,137** |

| | | |
|---|---|---|
| Weighted average No. 6 fuel | Total expense (A) | 152,729,137 |
| | Total barrels (B) | 2,378,277 |
| | **Weighted average cost (C) = (A)/(B)** | **64.22** |

# Appendix C

**2019 Test Year Finance Schedules (Rate Setting)**

newfoundland labrador hydro
a nalcor energy company

**Newfoundland and Labrador Hydro**
**Revenue Requirement Analysis**
**($000)**

**Finance**
**Schedule 1**

| | | Test Year 2019 | Adjustments 2019 | | Revised Test Year 2019 |
|---|---|---|---|---|---|
| 1 | **Revenue requirement** | | | | |
| 2 | Energy sales | 691,324 | (101,495) | | 589,829 |
| 3 | Revenue Deficiency | - | 51,813 | | 51,813 |
| 4 | Generation Demand Cost Recovery | 1,442 | (43) | | 1,399 |
| 5 | **Total revenue requirement** | **692,766** | **(49,725)** | | **643,041** |
| 6 | | | | | |
| 7 | **Expenses** | | | | |
| 8 | Operating expenses | 145,333 | (8,370) | 1 | 136,963 |
| 9 | Other Income and expense | 2,081 | (2,081) | 1 | - |
| 10 | Fuels | 255,157 | (35,300) | 1 | 219,857 |
| 11 | Power Purchases | 67,428 | (56) | 1 | 67,372 |
| 12 | Power Purchases Off-Island | - | 14,290 | 1 | 14,290 |
| 13 | Depreciation | 93,189 | (7,760) | 1 | 85,429 |
| 14 | Accretion of asset retirement obligation | 364 | - | | 364 |
| 15 | | 563,552 | (39,277) | | 524,275 |
| 16 | **Other Adjustments:** | | | | |
| 17 | CIAC Revenue | (1,658) | (157) | 1 | (1,815) |
| 18 | Other revenue | (2,109) | - | | (2,109) |
| 19 | Revenue Requirement cost of service exclusions[1] | (1,439) | (1,649) | 1 | (3,088) |
| 20 | | 558,346 | (41,083) | | 517,263 |
| 21 | | | | | |
| 22 | **Return on rate base** | **134,420** | **(8,642)** | 2 | **125,778** |
| 23 | | | | | |
| 24 | **Average rate base** | **2,364,465** | **(47,195)** | 2 | **2,317,270** |
| 25 | | | | | |
| 26 | **Rate of return on rate base** | **5.68%** | **(0.25)%** | 2 | **5.43%** |

[1] Please refer to *Exhibit 4: Computation of Revenue Requirements*

[2] Please refer to Appendix C, Schedule 2.

**Newfoundland and Labrador Hydro**
**Financial Results and Forecasts**
**Rate of Return on Rate Base**
**($000)**

**Finance**
**Schedule 2**

| | | Test Year 2019 | Adjustments 2019 | Revised Test Year 2019 |
|---|---|---|---|---|
| 1 | **Property, plant, and equipment** | 2,286,878 | (46,031) | 2,240,847 |
| 2 | add: accumulated depreciation | 476,625 | (30,240) | 446,385 |
| 3 | less: work in progress [1] | (30,488) | 17,976 | (12,512) |
| 4 | **Capital assets in service** | **2,733,014** | **(58,294)** | **2,674,720** |
| 5 | less: asset retirement obligation | (693) | 569 | (124) |
| 6 | add: contributions in aid of construction [1] | (31,324) | (13,640) | (44,965) |
| 7 | less: accumulated depreciation | (476,625) | 30,240 | (446,385) |
| 8 | **Capital assets - current year** | **2,224,372** | **(41,126)** | **2,183,246** |
| 9 | **Capital assets - previous year** | **2,146,457** | **(62,903)** | **2,083,554** |
| 10 | Unadjusted capital assets - average | 2,185,414 | (52,014) | 2,133,400 |
| 11 | less: Average net assets excluded from rate base | (6,415) | (5,104) | (11,519) |
| 12 | **Capital assets - average** | **2,178,999** | **(57,118)** [3] | **2,121,881** |
| 13 | | | | |
| 14 | Working capital allowance | 2,255 | (233) [3] | 2,022 |
| 15 | Fuel | 74,369 | (17,219) [3] | 57,150 |
| 16 | Materials and supplies | 32,884 | - | 32,884 |
| 17 | Deferred charges | 75,958 | 27,375 [2] | 103,333 |
| 18 | | | | |
| 19 | **Average rate base** | **2,364,465** | **(47,196)** | **2,317,270** |
| 20 | | | | |
| 21 | Net Income | 33,991 | (6,515) | 27,476 |
| 22 | add: Cost of service exclusions: | | | |
| 23 | Revenue Requirement Cost of Service Exclusions | 1,439 | 1,649 [3] | 3,088 |
| 24 | Interest Cost of Service Exclusions | 4,127 | 2,175 [3] | 6,302 |
| 25 | Net Interest [4] | 94,863 | (5,951) | 88,912 |
| 26 | **Return on rate base** | **134,420** | **(8,642)** | **125,778** |
| 27 | | | | |
| 28 | **Rate of return on rate base** | **5.68%** | **(0.25)%** | **5.43%** |

[1] Contributions for assets that are still under construction have been included in work in progress and excluded from contributions in aid of construction.

[2] Please refer to Appendix C, Schedule 5.

[3] Please refer to *Exhibit 4: Computation of Revenue Requirements*

**Newfoundland and Labrador Hydro**
**Embedded Cost of Debt**
**($000)**

**Finance**
**Schedule 3**

| | Series | Interest Rate | Year of Issue | Year of Maturity | Test Year 2019 | Adjustments 2019 | Revised Test Year 2019 |
|---|---|---|---|---|---|---|---|
| 1 | Series V | 10.50% | 1989 | 2014 | 200 | - | 200 |
| 2 | Series X | 10.25% | 1992 | 2017 | - | - | |
| 3 | Series Y | 8.40% | 1996 | 2026 | 300,000 | - | 300,000 |
| 4 | Series AB | 6.65% | 2001 | 2031 | 300,000 | - | 300,000 |
| 5 | Series AD | 5.70% | 2003 | 2033 | 125,000 | - | 125,000 |
| 6 | Series AE | 4.30% | 2006 | 2016 | - | - | |
| 7 | Series AF | 3.60% | 2014 | 2045 | 200,000 | - | 200,000 |
| 8 | New Issuance - 2017 | 3.60% | 2017 | 2045 | 300,000 | - | 300,000 |
| 9 | New Issuance - 2017 | 3.40% | 2017 | 2027 | 200,000 | (200,000) | |
| 10 | New Issuance - 2017 | 4.18% | 2017 | 2047 | 300,000 | (300,000) | |
| 11 | New Issuance - 2017 | 3.70% | 2017 | 2027 | - | 300,000 | 300,000 |
| 12 | New Issuance - 2018 | 4.25% | 2018 | 2048 | 250,000 | (250,000) | |
| 13 | New Issuance - 2018 | 3.70% | 2018 | 2048 | - | 300,000 | 300,000 |
| 14 | | | | | | - | |
| 15 | Total debentures | | | | 1,975,200 | (150,000) | 1,825,200 |
| 16 | | | | | | | |
| 17 | Promissory notes | | | | 148,219 | 143,462 | 291,681 |
| 18 | Less: | | | | | | |
| 19 | Sinking funds | | | | (236,976) | - | (236,976) |
| 20 | Non-regulated debt pool | | | | (11,067) | - | (11,067) |
| 21 | Unamortized debt discount and financing | | | | (19,194) | 42,355 | 23,161 |
| 22 | | | | | | | |
| 23 | **Total debt** | | | | **1,856,182** | **35,817** | **1,891,999** |
| 24 | | | | | | | |
| 25 | **Average debt** | | | | **1,855,412** | **(20,303)** [1] | **1,835,109** |
| 26 | | | | | | | |
| 27 | | | | | | | |
| 28 | **Embedded cost of debt** | | | | | | |
| 29 | Long-term debt | | | | 100,215 | (7,740) | 92,475 |
| 30 | Accretion of long-term debt | | | | 653 | (823) | (170) |
| 31 | Amortization of foreign exchange losses | | | | 2,157 | - | 2,157 |
| 32 | Debt guarantee fee | | | | 8,254 | 259 | 8,513 |
| 33 | Other interest | | | | 1,584 | 3,409 | 4,993 |
| 34 | Interest on sinking fund | | | | (11,331) | (153) | (11,484) |
| 35 | | | | | 101,532 | (5,048) [1] | 96,484 |
| 36 | Less Interest Cost of Service Exclusions[1] | | | | (4,127) | (2,175) [1] | (6,302) |
| 37 | Finance Charges | | | | 97,405 | (7,223) | 90,182 |
| 38 | | | | | | | |
| 39 | **Embedded cost of debt** | | | | **5.25%** | **(0.34)%** | **4.91%** |

[1] Please refer to *Exhibit 4: Computation of Revenue Requirements*

**Newfoundland and Labrador Hydro**
**Financial Results and Forecasts**
**Capital Structure**
**($000)**

**Finance**
**Schedule 4**

| | | Test Year 2019 | Adjustments 2019 | Revised Test Year 2019 |
|---|---|---|---|---|
| 1 | **Regulated capital structure** | | | |
| 2 | Long-term debt | 1,912,850 | (117,903) | 1,794,947 |
| 3 | Promissory notes | 148,219 | 143,711 | 291,930 |
| 5 | less: sinking funds | (238,113) | 14,137 | (223,976) |
| 6 | add: mark to market of sinking funds | 43,329 | (2,591) | 40,738 |
| 7 | | 1,866,285 | 37,354 | 1,903,639 |
| 9 | Non-regulated debt pool | (11,067) | - | (11,067) |
| 10 | Net regulated debt | 1,855,218 | 37,354 | 1,892,572 |
| 11 | Funded asset retirement obligation | 13,983 | 460 | 14,443 |
| 12 | Funded employee future benefits balance | 76,085 | - | 76,085 |
| 13 | Contributed capital | 100,000 | - | 100,000 |
| 14 | Retained earnings cost of service exclusions | 27,207 | 6,278 | 33,484 |
| 15 | Retained earnings | 358,081 | (7,588) | 350,493 |
| 16 | **Total** | 2,430,573 | 36,503 | 2,467,076 |
| 17 | | | | |
| 18 | **Regulated capital structure (%)** | | | |
| 19 | Debt | 76.33% | 0.38% | 76.71% |
| 20 | Asset retirement obligation | 0.58% | 0.01% | 0.59% |
| 21 | Employee future benefits | 3.13% | (0.05)% | 3.08% |
| 22 | Equity | 19.97% | (0.35)% | 19.62% |
| 23 | **Total** | 100.00% | 0.00% | 100.00% |
| 24 | | | | |
| 25 | **Regulated average capital structure (%)** | | | |
| 26 | Debt | 77.01% | (0.21)% | 76.80% |
| 27 | Asset retirement obligation | 0.58% | 0.03% | 0.61% |
| 28 | Employee future benefits | 3.09% | 0.03% | 3.12% |
| 29 | Equity | 19.32% | 0.16% | 19.48% |
| 30 | **Total** | 100.0% | 0.0% | 100.0% |
| 31 | | | | |
| 32 | **Weighted average cost of capital (WACC)** | | | |
| 33 | Embedded cost of debt | 5.25% | -0.34% [1] | 4.91% |
| 34 | Asset retirement obligation | 0.00% | 0.00% | 0.00% |
| 35 | Employee future benefits | 0.00% | 0.00% | 0.00% |
| 36 | Equity | 8.50% | 0.00% | 8.50% |
| 37 | **WACC** | 5.68% | (0.25)% [1] | 5.43% |

[1] Please refer to *Exhibit 4: Computation of Revenue Requirements*

Newfoundland and Labrador Hydro
Summary of Deferred Charges
($000)

Finance
Schedule 5

| | | 2019 Test Year as Filed | | | | | Revised 2019 Test Year | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Jan. 1, 2019 Opening Balance | Additions | Dispositions | Amortization | Dec. 31, 2019 Ending Balance | Jan. 1, 2019 Opening Balance | Additions | Dispositions | Amortization | Dec. 31, 2019 Ending Balance |
| 1 | **Deferred Charges:** | | | | | | | | | | |
| 2 | | | | | | | | | | | |
| 3 | **Existing** | | | | | | | | | | |
| 4 | CDM | 10,763.0 | 2,100.0 | (1,200.0) | - | 11,663.0 | 10,763.0 | 2,100.0 | (1,410.0) | - | 11,453.0 |
| 5 | Phase II Hearing Costs | 1,869.0 | - | - | - | 1,869.0 | 1,869.0 | - | - | - | 1,869.0 |
| 6 | Isolated Systems Supply Cost | - | | - | - | - | (3,293.0) [1] | | 615.5 | | (2,677.5) |
| 7 | Energy Supply Costs Deferral | - | - | - | - | - | 58,798.0 [1] | - | (8,969.3) | | 49,828.7 |
| 8 | Holyrood Conversion | - | | - | - | - | 9,896.0 [1] | | (1,509.1) | | 8,387.0 |
| 9 | Holyrood Blackstart Diesel | 1,789.0 | - | - | (1,341.0) | 448.0 | 1,789.0 | - | - | (1,341.0) | 448.0 |
| 10 | Asset Disposal | 349.0 | | | (19.0) | 330.0 | 349.0 | | | (19.0) | 330.0 |
| 11 | Deferred Foreign Exchange - Inventory | (158.0) | | - | - | (158.0) | (158.0) | | - | - | (158.0) |
| 12 | Foreign Exchange | 49,610.0 | - | - | (2,157.0) | 47,453.0 | 49,610.0 | - | - | (2,157.0) | 47,453.0 |
| 13 | Deferred Power Purchase Deferral | (381.0) | - | - | 36.0 | (345.0) | (381.0) | - | - | 36.0 | (345.0) |
| 14 | Labrador RSP Refund | (198.0) | - | 198.0 | - | - | (198.0) | - | 198.0 | - | - |
| 15 | | | | | | | | | | | - |
| 16 | **Proposed** | | | | | | | | | | - |
| 17 | GRA Hearing Costs | 800.0 | - | - | (400.0) | 400.0 | 800.0 | - | - | (400.0) | 400.0 |
| 18 | Cost of Service Hearing Costs | 300.0 | - | - | (150.0) | 150.0 | 300.0 | - | - | (150.0) | 150.0 |
| 19 | Holyrood Inventory Allowance | (2,082.0) | (2,082.0) | - | - | (4,164.0) | - [1] | - | | | - |
| 20 | 2018 Revenue Deficiency | 22,578.0 | | (13,547.0) | - | 9,031.0 | 756.0 [2] | | (113.4) | - | 642.6 |
| 21 | 2019 Revenue Deficiency | - | - | - | - | - | | 51,813.0 [1] | (7,772.0) | | 44,041.0 |
| 22 | Business System deferral | | | | | | 2,542.0 [1] | 3,042.0 [1] | - | - | 5,584.0 |
| 23 | **Total Deferred Charges** | **85,239.0** | **18.0** | **(14,549.0)** | **(4,031.0)** | **66,677.0** | **133,442.0** | **56,955.0** | **(18,960.2)** | **(4,031.0)** | **167,405.8** |
| 24 | | | | | | | | | | | |
| 25 | **Adjustments** | | | | | | | | | | |
| 26 | RSP Adjustment - Test Year True-up | | | | | | | (53,156.0) [1] | 7,973.4 | | (45,182.6) |
| 27 | RSP Adjustment - Fuel Rider Adjustment | | | | | | | (9,380.0) [1] | 1,407.0 | | (7,973.0) |
| 28 | RSP Adjustment - Hydrualic Balance | | | | | | | (39,874.0) [1] | 5,981.1 | | (33,892.9) |
| 29 | RSP Adjustment - Conclusion of Current Plan Adjustment | | | | | | | 566.0 [2] | (84.9) | | 481.1 |
| 30 | Specifically Assigned Adjustment | | | | | | | 603.0 [2] | (90.5) | | 512.6 |
| 31 | **Excluded Charges** | | | | | | | | | | - |
| 32 | Business System deferral | | | | | | (2,542.0) [1] | (3,042.0) [1] | - | - | (5,584.0) |
| 33 | **Total Deferred Charges in Rate Base** | | | | | | **130,900.0** | **(47,328.0)** | **(3,774.2)** | **(4,031.0)** | **75,767.0** |
| 34 | | | | | | | | | | | |
| 35 | Current Year Opening | | | | | 85,239.0 | | | | | 130,900.0 |
| 36 | **Average Deferred Charges for Rate Base** | | | | | **75,958.0** | | | | | **103,333.5** |

[1] Please refer to *Exhibit 4: Computation of Revenue Requirements*
[2] Please refer to *Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs*

# Appendix D

**2019 Test Year No. 6 Fuel Expense**

## Computation of 2019 Test Year No. 6 Fuel Change

### 2019 Load Forecast Impact

| | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Holyrood Production (GWh) | 1,560,333,000 | 1,069,793,000 | (490,540,000) |
| 2019 Conversion Factor | 616 | 616 | - |
| 2019 TY No. 6 Barrels (bbls) | 2,533,629 | 1,736,677 | (796,952) |
| Forecast No. 6 Fuel Price ($/bbl) | 87.11 | 87.11 | - |
| **Forecast No. 6 Fuel Expense ($)** | **220,709,460** | **151,281,929** | **(69,427,531)** |

### 2019 Conversion Factor Impact

| | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Holyrood Production (GWh) | 1,069,793,000 | 1,069,793,000 | - |
| 2019 Conversion Factor | 616 | 583 | (33) |
| 2019 TY No. 6 Barrels (bbls) | 1,736,677 | 1,834,979 | 98,302 |
| Forecast No. 6 Fuel Price ($/bbl) | 87.11 | 87.11 | - |
| **Forecast No. 6 Fuel Expense ($)** | **151,281,929** | **159,845,057** | **8,563,128** |

### 2019 Fuel Price Impact

| | 2017 GRA | 2017 GRA Compliance Application | Difference |
|---|---|---|---|
| Holyrood Production (GWh) | 1,069,793,000 | 1,069,793,000 | - |
| 2019 Conversion Factor | 583 | 583 | - |
| 2019 TY No. 6 Barrels (bbls) | 1,834,979 | 1,834,979 | - |
| Forecast No. 6 Fuel Price ($/bbl) | 87.11 | 105.90 | 18.79 |
| **Forecast No. 6 Fuel Expense ($)** | **159,845,057** | **194,324,320** | **34,479,263** |

**Exhibit 5: Recovery of Revenue Deficiencies and Deferred Supply Costs**

# 2017 GRA Compliance Application
# Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs

**July 2019**

newfoundland labrador
hydro
a nalcor energy company

# Contents



## List of Appendices

# 1.0 Introduction

On July 28, 2017, Newfoundland and Labrador Hydro ("Hydro") filed its 2017 General Rate Application ("2017 GRA") with 2018 and 2019 Test Years.[1] In Board Order No. P.U. 16 (2019) ("2017 GRA Order"), the Board of Commissioners of Public Utilities ("Board") directed Hydro to file an update of its projected revenue deficiencies or excesses for the 2018 and 2019 Test Years, setting out the allocations for each customer class and the associated rate impacts.[2]

This exhibit outlines Hydro's proposed approach to: (i) the conclusion and disposition of the 2018 Cost Deferral Account,[3] (ii) the conclusion and disposition of the balance in the Specifically Assigned Revenue Deferral Account,[4] and (iii) the calculation, allocation, and proposed recovery, by customer class, of the 2018 Test Year Revenue Deficiency, 2019 Revenue Deficiency, and the Deferred Supply Costs for 2015–2017[5] consistent with the Settlement Agreements.[6]

Determining the revenue deficiency or revenue excess for each year requires a comparison of Hydro's revenues based on forecast load for each test year with the revised revenue requirements calculated pursuant to the 2017 GRA Order. To determine the revenue deficiency by customer class, Hydro has completed Cost of Service studies reflecting the Board's decisions in the 2017 GRA Order. This permits Hydro to use a cost-based approach, consistent with that approved by the Board,[7] in determining revenue deficiency responsibility by customer class.

# 2.0 Approved Deferrals

## 2.1 2018 Cost Deferral

The 2018 Cost Deferral Account provided for the deferral of the 2018 Depreciation Expense Differential between Hydro's existing depreciation methodology and the depreciation methodology as provided for

[1] Revision 5 filed July 4, 2018.
[2] Board Order No. P.U. 16(2019), at p. 55/5–7.
[3] Board Order No. P.U. 48(2018) approved the 2018 Depreciation Cost Deferral Account ("2018 Cost Deferral Account").
[4] Board Order No. P.U. 7(2018) directed Hydro to establish a deferral account to track specifically assigned revenues for each Island Industrial Customer beginning April 1, 2018.
[5] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 53/27–30.
[6] "Settlement Agreement," April 11, 2018; "Supplemental Settlement Agreement," July 16, 2018; and "Labrador Settlement Agreement," September 6, 2018.
[7] The basis of the cost of service methodology currently utilized by Hydro was set forth in a report from the Board entitled "A Referral By Newfoundland and Labrador Hydro for the Proposed Cost of Service Methodology and a Proposed Method of Adjusting its Rate Stabilization Plan to Take Into Account the Variation in Hydro's Rural Revenues Resulting from Variations in the Rates Set by the Board to be Charged by Newfoundland Light & Power Co. Limited to its Customers," February 1993.

in the Settlement Agreement.[8] This permitted Hydro to prepare its financial results for 2018 in a manner that reflected the reduction in Hydro's costs consistent with the cost reduction provided by approval of the depreciation methodology agreed to in the Settlement Agreement. The balance in the 2018 Cost Deferral Account at the end of 2018 was $18.5 million.

In the 2017 GRA Order, the Board directed Hydro to address the disposition of the balance in the 2018 Cost Deferral Account.[9] In the 2017 GRA Compliance Application, Hydro is proposing to restate its property, plant, and equipment based upon the new depreciation methodology effective January 1, 2018. The reduction in depreciation expense under the new methodology will result in an increase in Hydro's property, plant, and equipment of $18.5 million. As a result of this increase of $18.5 million in property, plant, and equipment (and reduction in depreciation expense), Hydro proposes to make a corresponding $18.5 million reduction to the 2018 Cost Deferral Account balance.

If the Board approves Hydro's approach, the adjustment will effectively dispose of the balance in the 2018 Cost Deferral Account. There is no impact on Hydro's customers or customer rates as a result of Hydro's proposed disposition approach. Additionally, as Hydro's proposal eliminates the balance in the 2018 Cost Deferral Account, Hydro is requesting the Board approve the conclusion of this account effective September 30, 2019.

## 2.2 Specifically Assigned Revenue Deferral Account

The balance in the Specifically Assigned Revenue Deferral Account includes the monthly variations between the Island Industrial Customers' actual specifically assigned charges and those derived from Hydro's proposed 2018 and 2019 Test Year Cost of Service Studies provided in the 2017 GRA Compliance Filing[10] for the period beginning April 1, 2018 until the projected conclusion of interim rates on September 30, 2019.

Table 1 provides the results of this deferral account tracking for the 2018 Test Year and Table 2 provides the same for 2019 Test Year.[11]

[8] "Settlement Agreement," April 11, 2018, at p. 2, para. 9.
[9] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 40/13–14.
[10] Found in *Exhibit 13: 2018 Test Year Cost of Service for Revenue Deficiency* and *Exhibit 14: 2019 Test Year Cost of Service for Rate Setting*, respectively.
[11] 2019 actual results to June 2019.

**Table 1: 2018 Specifically Assigned Revenue Deferral Account[12]**

| Customer | Balance<br>$ Owing From/(To) Customers |
|---|---|
| Corner Brook Pulp and Paper Ltd. | (266,060) |
| North Atlantic Refining Ltd. | 17,577 |
| Praxair Canada Inc. | - |
| Teck Resources Ltd. | (110,941) |
| Vale Newfoundland and Labrador Ltd. | (249,483) |
| **Total Balance (Apr. to Dec.)** | **(608,906)** |

**Table 2: 2019 Specifically Assigned Revenue Deferral Account Balance**

| Customer | Balance<br>$ Owing From/(To) Customers |
|---|---|
| Corner Brook Pulp and Paper Ltd. | 1,390 |
| North Atlantic Refining Ltd. | 2,720 |
| Praxair Canada Inc. | - |
| Teck Resources Ltd. | 1,319 |
| Vale Newfoundland and Labrador Ltd. | 731 |
| **Total Balance (Jan. to Sep.)** | **6,160** |

Detailed calculations supporting Table 1 and Table 2 are provided in Appendix A, as well as a proposed account definition as required by the 2017 GRA Order. Hydro is proposing the Board approve the conclusion of the Specifically Assigned Revenue Deferral Account effective September 30, 2019 in addition to approval of the Island Industrial Customer billing adjustments included in Table 3 to be applied during billing in October 2019.

**Table 3: Proposed October 2019 Bill Adjustments**

| Customer | Bill Adjustment<br>$ Owing From/(To) Customers |
|---|---|
| Corner Brook Pulp and Paper Ltd. | (264,670) |
| North Atlantic Refining Ltd. | 20,297 |
| Praxair Canada Inc. | - |
| Teck Resources Ltd. | (109,621) |
| Vale Newfoundland and Labrador Ltd. | (248,752) |
| **Total Customer Billing Adjustments** | **(602,746)** |

[12] Totals may not add due to rounding.

Refunding or charging the amounts listed in Table 3 to each specific customer's bill in October 2019 will ensure that each Island Industrial Customer will pay its 2017 GRA Compliance Specifically Assigned Charge for the period that the deferral account is in effect assuming 2017 GRA final rates become effective October 1, 2019.

Hydro has treated variations between actual billings and the proposed 2018 Test Year Specifically Assigned Costs for Island Industrial Customers for the period January to March 2018 as a class revenue excess for the 2018 Test Year. This approach provides $306,758 class revenue excess from specifically assigned revenues for the 2018 Test Year as outlined in Appendix A.

# 3.0 2018 Test Year Revenue Deficiency

## 3.1 Computation of 2018 Revenue Deficiency

Determining the revenue deficiency or revenue excess requires a comparison of Hydro's forecast revenues under rates in effect for 2018 applied to the 2018 Test Year Forecast Load with the revised 2018 Test Year Revenue Requirement calculated pursuant to the 2017 GRA Order. Hydro's revised 2018 Test Year Revenue Requirement for use in the calculation of the 2018 Revenue Deficiency in accordance with the 2017 GRA Order is provided in *Exhibit 4: Computation of Revenue Requirements* of the 2017 GRA Compliance Application.

To determine the revenue deficiency by customer class, Hydro has completed a 2018 Test Year Cost of Service Study reflecting the Board's decisions in the 2017 GRA Order. This permits Hydro to use a cost-based approach, consistent with that approved by the Board,[13] in determining revenue deficiency responsibility by customer class. The approach used by Hydro is consistent with the approach to determining Test Year revenues deficiencies in the 2013 General Rate Application.

Table 4 provides the 2018 Test Year Revenues resulting from rates in effect for 2018 compared to the allocated 2018 Test Year Costs by customer group (before allocation of the rural deficit). To appropriately deal with the disposition of the balance in the Specifically Assigned Revenue Deferral

[13] The basis of the cost of service methodology currently utilized by Hydro was set forth in a report from the Board entitled "A Referral By Newfoundland and Labrador Hydro for the Proposed Cost of Service Methodology and a Proposed Method of Adjusting its Rate Stabilization Plan to Take Into Account the Variation in Hydro's Rural Revenues Resulting from Variations in the Rates Set by the Board to be Charged by Newfoundland Light & Power Co. Limited to its Customers," February 1993.

Account, Hydro has separated Island Industrial Customers Specifically Assigned Class Revenue and costs from specifically assigned deferred revenues and costs.

**Table 4: 2018 Test Year Revenues vs. 2018 Test Year Costs ($000)[14]**

| Customer Group | 2018 Test Year Revenues (A) | 2018 Test Year Costs (B) | Deficiency/ (Excess) (C)=(B) - (A) | Revenue to Cost Ratio (D) |
|---|---|---|---|---|
| Island Industrial | | | | |
| Demand and Energy | 39,898 | 38,314 | (1,584) | |
| Specifically Assigned: Class | 410 | 103 | (307) | |
| Specifically Assigned: Deferral | 918 | 310 | (608) | |
| **Island Industrial Subtotal** | **41,226** | **38,727** | **(2,499)** | **1.06** |
| Newfoundland Power | 441,522 | 389,996 | (51,526) | 1.13 |
| Labrador Interconnected | 20,841 | 17,457 | (3,383) | 1.19 |
| Other Hydro Rural | 63,130 | 121,285 | 58,154 | 0.52 |
| Labrador Industrial | 4,739 | 4,750 | 10 | 1.00 |
| **Total** | **571,459** | **572,215** | **756** | **1.00** |

The 2018 Test Year revenues have been computed using actual rates and 2018 Test Year loads. To determine the 2018 revenue deficiency for Newfoundland Power and Labrador Interconnected customers the Rural Deficit must be allocated in accordance with the approved methodology.

Table 5 provides the 2018 Test Year rural deficit allocation.

**Table 5: 2018 Rural Deficit Allocations ($000)**

| Customer Group | 2018 Test Year Costs Excluding Deficit (A) | Rural Deficit Allocation (B) | 2018 Test Year Costs Including Deficit (C)=(A) + (B) | Revenue to Cost Ratio (D) |
|---|---|---|---|---|
| Newfoundland Power | 389,996 | 55,663 | 445,659 | 1.14 |
| Hydro Rural Labrador Interconnected | 17,457 | 2,492 | 19,949 | 1.14 |
| **Total** | **407,453** | **58,155** | **465,608** | |

Table 6 provides a calculation of the 2018 Test Year Revenue Deficiency/Excess Revenues by customer class.

[14] Totals may not add due to rounding.

**Table 6: 2018 Test Year Revenue Deficiency/Excess Revenues ($000)[15]**

| Customer Group | 2018 Test Year Revenues | 2018 Test Year Costs | Deficiency/ (Excess) | Revenue to Cost Ratio |
|---|---|---|---|---|
| | (A) | (B) | (C)=(B) - (A) | (D) |
| Island Industrial | | | | |
| Demand and Energy | 39,898 | 38,314 | (1,584) | |
| Specifically Assigned: Class | 410 | 103 | (307) | |
| Specifically Assigned: Deferral | 918 | 310 | (608) | |
| **Island Industrial Customer Subtotal** | **41,226** | **38,727** | **(2,499)** | **1.06** |
| Newfoundland Power | 441,522 | 445,659 | 4,136 | **1.13** |
| Labrador Interconnected | 20,841 | 19,949 | (892) | **1.19** |
| Other Hydro Rural[16] | 63,130 | 63,130 | - | **0.52** |
| Labrador Industrial | 4,739 | 4,750 | 10 | **1.00** |
| **Total** | **571,459** | **572,215** | **756** | **1.00** |

## 3.2 Restatement of 2018 Test Year RSP

In the 2017 GRA Order, the Board approved that the RSP operate in 2018 based on the 2015 Test Year RSP fuel cost inputs (i.e., with No. 6 fuel costs equal to an average of $64.41 per barrel and a Holyrood conversion factor of 618 kWh per barrel) and 2018 Test Year Load. *Exhibit 9: 2018 RSP Report 2015 Test Year* provides the RSP report for 2018 based on the 2015 Test Year. The updated 2018 RSP report reflecting 2018 Test Year Loads is provided in E*xhibit 10: 2018 RSP Report 2015 Test Year Adjusted for 2018 Load*.

Table 7 provides a comparison of the RSP Current Plan balances for Newfoundland Power and Island Industrial customers based on the 2015 Test Year and the restated RSP reflecting 2018 Test Year Loads.

**Table 7: Revised 2018 RSP Current Plan Balances ($)**

| Customer Class | 2018 RSP (2015 Test Year) Load | 2018 RSP (2018 Test Year Load) | Change |
|---|---|---|---|
| Newfoundland Power | (26,673) | (32,782) | (6,109) |
| Island Industrial | 1,816 | 1,212 | (604) |

[15] Totals may not add due to rounding.
[16] Government diesel customers have a revenue excess of approximately $10,000 for the 2018 Test Year. To avoid including this amount in the calculation of the rural deficit, Hydro has removed this excess from 2018 and will reflect this amount in the total computation of government diesel customers 2018 and 2019 Test Years deficiency.

The revised balances have been reflected in the opening balances of the restated 2019 RSP based on the 2019 Test Year inputs.

# 4.0 2019 Test Year Revenue Deficiency

## 4.1 Computation of 2019 Revenue Deficiency

The revenue deficiency for the 2019 Test Year results from delayed implementation of rates until October 2019 to recover 2019 approved costs for the full year. Hydro's revised 2019 Test Year Revenue Requirement for use in the calculation of the 2019 Revenue Deficiency in accordance with the 2017 GRA Order is provided in *Exhibit 4: Computation of Revenue Requirements* of the 2017 GRA Compliance Application.

Table 8 provides a summary by customer group of the 2019 Test Year Revenues under existing rates in effect for January 1, 2019 to September 30, 2019 and proposed base rates for October 1, 2019 to December 31, 2019 compared to the revised 2019 Test Year Cost of Service provided in *Exhibit 14: 2019 Test Year Cost of Service for Rate Setting*. The revenues provided in Table 8 are based on the 2019 Test Year Load Forecast provided in *Exhibit 2: Test Year Load Forecasts*.

**Table 8: 2019 Test Year Forecast Revenues vs. Costs ($000)**

| Customer Group | Jan. to Sep. 2019 Revenue | Oct. to Dec. 2019 Revenue | Total 2019 Test Year Revenue[17] | 2019 Test Year Costs | Deficiency/ (Excess) |
|---|---|---|---|---|---|
| | (A) | (B) | (C) = (A) + (B) | (D) | (E) = (D) - (C) |
| Island Industrial | | | | | |
| Demand and Energy | 29,036 | 11,409 | 40,445 | 45,344 | 4,899 |
| Specifically Assigned: Deferral | 232 | 80 | 312 | 318 | 6 |
| **Island Industrial Subtotal** | **29,268** | **11,489** | **40,757** | **45,662** | **4,905** |
| Newfoundland Power | 322,702 | 136,531 | 459,233 | 506,977 | 47,744 |
| Labrador Interconnected | 15,381 | 5,869 | 21,250 | 20,636 | (614) |
| Other Hydro Rural[18] | 47,603 | 17,094 | 64,697 | 64,781 | 84 |
| Labrador Industrial | 3,982 | 1,310 | 5,291 | 4,985 | (306) |
| **Total** | **418,936** | **172,293** | **591,228** | **643,041** | **51,803** |

[17] 2019 Forecast Revenues reflect existing rates to September 30, 2019, with forecast 2019 Test Year rates effective October 1, 2019.
[18] 2019 Deficiency for Government Customers of approximately $84,000 is offset by an excess of approximately $10,000 (as noted on page, footnote 16 on page 6) for a total deficiency of approximately $74,000.

A material portion of the 2019 Test Year revenue deficiency is a result of the use of the 2019 Test Year fuel cost of $105.90 per barrel for No. 6 fuel for the full year, as explained in *Exhibit 3: Test Year Supply Costs.*

## 4.2 2019 Test Year RSP Restatement

In the 2017 GRA Order, the Board approved that the RSP operate in 2019 based on the 2019 Test Year RSP fuel cost inputs. The restated RSP report for the 2019 Test Year as of March 31, 2019 is provided in *Exhibit 12: March 2019 RSP Report 2019 Test Year.* The differences in the RSP balances as a result of using the 2015 Test Year inputs compared to the 2019 Test Year inputs relate to the variances in the Test Year forecasts of No. 6 fuel price, customer load, hydraulic production, the interest rate applied to RSP balances, and the Rural Rate Adjustments that would be discontinued with the implementation of interim rates for Hydro's rural customers in 2018.

*Exhibit 11: March 2019 RSP Report 2015 Test Year* and *Exhibit 12: March 2019 RSP Report 2019 Test Year* provide the RSP Reports as of March 31, 2019 based on the 2015 Test Year and the 2019 Test Year, respectively. Table 9 provides a comparison of the March 31, 2019 RSP Current Plan balances using both the 2015 Test Year and the 2019 Test Year.

**Table 9: RSP Balance Restatement Due to Change in Test Years ($000)**

| Current Plan Summary | 2015 Test Year | 2019 Test Year | Difference |
|---|---|---|---|
| Due (to)/from Utility Customer | (14,605) | (63,006) | (48,401) |
| Due (to)/from Industrial Customers | 3,811 | (944) | (4,755) |
| **Total RSP Restatement** | | | **53,156** |

Table 9 shows a credit balance change in the 2019 RSP Current Plan balances of $48.4 million for Newfoundland Power and approximately $4.8 million for Island Industrial Customers. Hydro is proposing to use the change in the balance from restating the RSP to offset the revenue deficiency to be recovered from Newfoundland Power and Island Industrial Customers. This approach provides a 2019 fuel savings to materially offset the fuel cost increase as a result of the increased No. 6 fuel cost per barrel of $105.90 included in determining the 2019 Test Year revenue requirement for the Island Interconnected System.

The cumulative impact of the revenue deficiency of $52.6 million and the balance of $53.2 million owing to customers in the RSP is a total net amount of $0.6 million owed to customers. Similar to its approach in the Amended 2013 GRA Compliance Application, Hydro is proposing to utilize the RSP restatement credit to offset the 2019 Test Year revenue deficiency.[19]

As noted in Hydro's Amended 2013 GRA Compliance Application evidence:[20]

> In the Amended GRA, Hydro proposed to utilize a portion of the credit balance in the RSP to provide recovery of the revenue deficiencies. Hydro continues to propose this approach as it has the advantage of recovering revenue deficiencies by using amounts already collected from customers and avoids higher rates in the future in order to recover the amounts owing. This approach provides a better matching of 2015 proposed rates with 2015 Test Year costs.

This approach was accepted by the Board in Order No. P.U. 22(2017) which stated:[21]

> Hydro's proposal to credit $6,577,000 to increase the balance in the Newfoundland Power RSP Current Plan balance effective January 1, 2017, and to debit $804,000 from the Newfoundland Power RSP Current Plan balance effective June 30, 2017, to eliminate the cumulative excess earnings for the period 2014 to 2017 from Newfoundland Power, is approved.

Hydro's proposed approach provides improved intergenerational equity for customers and avoids an accumulation of a large RSP credit for future disposition.

In addition, there is currently an RSP fuel rider that will remain in effect for Newfoundland Power until September 30, 2019. As the billings from the application of the fuel rider are not reflected in the 2019 Test Year Forecast Revenues, Hydro considers it appropriate to apply the forecast billings from the fuel rider for the period April 1, 2019 to September 30, 2019 to further reduce the revenue deficiency from Newfoundland Power for the 2019 Test Year. The forecast amount of the 2019 RSP Fuel Rider is approximately $9.4 million

[19] In Board Order No. P.U. 22(2017), the Board approved Hydro's proposal to settle Newfoundland Power's cumulative 2014 to 2017 revenue deficiency through a one-time charge to the Rate Stabilization Plan ("RSP") Current Plan reflecting a material RSP credit as a result of updating the RSP balances based the newly approved 2015 Test Year (at p. 4, para. 8).
[20] "2013 General Rate Application – Order No. P.U. 49(2016) Compliance Application," January 27, 2017, Exhibit 1 at p. 6/14–18.
[21] Board Order No. P.U. 22(2017), at pp. 4/45 to 5/2.

# 5.0 Deferred Supply Costs

In the 2017 GRA Order, the Board approved the recovery of $65.4 million of Hydro's 2015, 2016, and 2017 Supply Costs arising from the Isolated Systems Cost Variance Deferral Account, the Energy Supply Cost Variance Deferral Account, and the Holyrood Conversion Rate Deferral Account ("Deferred Supply Costs").[22]

The Supplemental Settlement Agreement provides that the approved Deferred Supply Costs will be allocated between customer classes in a manner consistent with the fuel cost allocation methodology used in the RSP. The Parties also agreed that the approved Deferred Supply Costs allocated to each of Newfoundland Power and the Island Industrial Customers will be recovered through rate riders determined separately for each customer class and computed reflecting a 20-month recovery period beginning with the effective date of the 2017 GRA final rates approved by the Board.

Table 10 provides the allocation of the proposed costs to be recovered through the rates of Newfoundland Power and Island Industrial Customers, as noted in Hydro's "Supplemental Evidence Customer Impacts Reflecting 2017 GRA Settlement Agreements," filed with the Board on July 20, 2018.[23]

**Table 10: Allocation of 2015 to 2017 Deferred Supply Costs ($000)**

| Account | Balance | Newfoundland Power | Island Industrial Customers | Labrador Allocation |
|---|---|---|---|---|
| Isolated Systems Cost Variance Deferral | (3,293) | (3,150) | - | (143) |
| Energy Supply Cost Variance Deferral | 58,798 | 54,112 | 4,510 | 176 |
| Holyrood Conversion Rate Deferral | 9,897 | 9,104 | 763 | 29 |
| **Total** | **65,402** | **60,066** | **5,273** | **62** |

# 6.0 Summary of Revenue Deficiencies and Deferred Supply Costs

Table 11 provides a summary by customer class of the respective 2018 and 2019 revenue deficiency or excess, impact of the RSP restatement, excess revenue provided by the continuation of the RSP fuel rider for April to October 2019 and portion of Deferred Supply Costs, if applicable.

[22] 2017 General Rate Application Board Order No. P.U. 16(2019), at pp. 52/23–25 and 53/27–30.
[23] Revision 1 filed August 3, 2018.

**Table 11: Summary of Revenue Deficiencies (Excess Revenue) and Deferred Supply Costs ($000)[24]**

| Customer Class | 2018 Deficiency /(Excess) | 2019 Deficiency/ (Excess) | RSP Restatement Credit | RSP Fuel Rider Credit | Deferred Supply Costs | Total |
|---|---|---|---|---|---|---|
| Island Industrial Class | (1,890) | 4,899 | (4,755) | - | 5,273 | **3,527** |
| Island Industrial Specifically Assigned | (609) | 6 | | | | **(603)** |
| **Total Island Industrial** | **(2,499)** | **4,905** | **(4,755)** | **-** | **5,273** | **2,924** |
| Newfoundland Power | 4,136 | 47,744 | (48,401) | (9,380) | 60,066 | **54,165** |
| Labrador Interconnected | (892) | (614) | - | - | - | **(1,506)** |
| Other Hydro Rural[25] | - | 84 | - | - | - | **84** |
| Labrador Industrial | 10 | (306) | - | - | - | **(296)** |
| **Total Deficiency/(Excess)** | **756** | **51,812** | **(53,156)** | **(9,380)** | **65,339** | **55,371** |

Hydro's proposals for the recovery of the amounts identified in Table 11 and the resulting customer rate impacts are provided in *Exhibit 7: Proposed Customer Rates* to the 2017 GRA Compliance Application.

# 7.0 Conclusion

Hydro has calculated and allocated its specifically assigned costs deferral, revenue requirements, revenue deficiencies/excess, revised RSP balances, and deferred supply costs consistent with the 2017 GRA Order and the Settlement Agreements. Hydro's rate proposals for recovering these costs are included in *Exhibit 7: Proposed Customer Rates.*

[24] Totals may not add due to rounding.
[25] Government Diesel Customers have a revenue excess of approximately $10,000 for the 2018 Test Year. To exclude this amount in the calculation of the rural deficit, Hydro has removed this excess from 2018 and will reflect this amount in the total computation of Government Diesel Customers' deficiency for the 2018 and 2019 Test Years.

# Appendix A

**Newfoundland and Labrador Hydro’s Specifically Assigned Revenue Deferral Account Definition and Calculations**

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## Newfoundland and Labrador Hydro’s Specifically Assigned Revenue Deferral Account

This account shall be charged or credited with the monthly variations between the Island Industrial Customer’s actual specifically assigned charges and those from Hydro’s 2018 or 2019 Test Year Cost of Service Studies, effective April 1, 2018.

Variations shall be tracked by customer. Variations from 2018 actuals shall be calculated compared to the 2018 Test Year Cost of Service. Variations from actual results for 2019 and subsequent years shall be calculated when compared to the 2019 Test Year Cost of Service.

### *Disposition*

This account shall be disposed upon approval of the Board.

## Derivation of Specifically Assigned Revenue Deferral Account Balance by Customer for 2018

| Line No. | Actual | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CBPP | 72,574.83 | 72,574.83 | 72,574.83 | 72,574.83 | 72,574.83 | 72,574.83 | 72,574.83 | 51,505.00 | - | - | - | - | **559,528.81** |
| 2 | NARL | 7,441.08 | 7,441.08 | 7,441.08 | 7,441.08 | 7,441.08 | 7,441.08 | 7,441.08 | 7,441.08 | 7,441.08 | 7,441.08 | 7,441.08 | 7,441.08 | **89,292.96** |
| 3 | Praxair | - | - | - | - | - | - | - | - | - | - | - | - | **-** |
| 4 | Teck | 16,616.58 | 16,616.58 | 16,616.58 | 16,616.58 | 16,616.58 | 16,616.58 | 16,616.58 | 16,616.58 | 16,616.58 | 16,616.58 | 16,616.58 | 16,616.58 | **199,398.96** |
| 5 | Vale | 40,020.25 | 40,020.25 | 40,020.25 | 40,020.25 | 40,020.25 | 40,020.25 | 40,020.25 | 40,020.25 | 40,020.25 | 40,020.25 | 40,020.25 | 40,020.25 | **480,243.00** |
| 6 | **Total** | **136,652.74** | **136,652.74** | **136,652.74** | **136,652.74** | **136,652.74** | **136,652.74** | **136,652.74** | **115,582.91** | **64,077.91** | **64,077.91** | **64,077.91** | **64,077.91** | **1,328,463.73** |

| Line No. | 2018TY COS | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CBPP | 8,416.05 | 8,416.05 | 8,416.05 | 8,416.05 | 8,416.05 | 8,416.05 | 8,416.05 | 8,416.05 | 8,416.05 | 8,416.05 | 8,416.05 | 8,416.05 | **100,992.60** |
| 2 | NARL | 9,394.11 | 9,394.11 | 9,394.11 | 9,394.11 | 9,394.11 | 9,394.11 | 9,394.11 | 9,394.11 | 9,394.11 | 9,394.11 | 9,394.11 | 9,394.11 | **112,729.32** |
| 3 | Praxair | - | - | - | - | - | - | - | - | - | - | - | - | **-** |
| 4 | Teck | 4,289.87 | 4,289.87 | 4,289.87 | 4,289.87 | 4,289.87 | 4,289.87 | 4,289.87 | 4,289.87 | 4,289.87 | 4,289.87 | 4,289.87 | 4,289.87 | **51,478.44** |
| 5 | Vale | 12,299.96 | 12,299.96 | 12,299.96 | 12,299.96 | 12,299.96 | 12,299.96 | 12,299.96 | 12,299.96 | 12,299.96 | 12,299.96 | 12,299.96 | 12,299.96 | **147,599.52** |
| 6 | **Total** | **34,399.99** | **34,399.99** | **34,399.99** | **34,399.99** | **34,399.99** | **34,399.99** | **34,399.99** | **34,399.99** | **34,399.99** | **34,399.99** | **34,399.99** | **34,399.99** | **412,799.88** |

| Line No. | Owed From/(To) | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CBPP | (64,158.78) | (64,158.78) | (64,158.78) | (64,158.78) | (64,158.78) | (64,158.78) | (64,158.78) | (43,088.95) | 8,416.05 | 8,416.05 | 8,416.05 | 8,416.05 | **(266,059.87)** |
| 2 | NARL | 1,953.03 | 1,953.03 | 1,953.03 | 1,953.03 | 1,953.03 | 1,953.03 | 1,953.03 | 1,953.03 | 1,953.03 | 1,953.03 | 1,953.03 | 1,953.03 | **17,577.27** |
| 3 | Praxair | - | - | - | - | - | - | - | - | - | - | - | - | **-** |
| 4 | Teck | (12,326.71) | (12,326.71) | (12,326.71) | (12,326.71) | (12,326.71) | (12,326.71) | (12,326.71) | (12,326.71) | (12,326.71) | (12,326.71) | (12,326.71) | (12,326.71) | **(110,940.39)** |
| 5 | Vale | (27,720.29) | (27,720.29) | (27,720.29) | (27,720.29) | (27,720.29) | (27,720.29) | (27,720.29) | (27,720.29) | (27,720.29) | (27,720.29) | (27,720.29) | (27,720.29) | **(249,482.61)** |
| 6 | **Total Customer Revenue Excess** | **-** | **-** | **-** | **(102,252.75)** | **(102,252.75)** | **(102,252.75)** | **(102,252.75)** | **(81,182.92)** | **(29,677.92)** | **(29,677.92)** | **(29,677.92)** | **(29,677.92)** | **(608,905.60)** |

## Class Revenue Excess January to March 2018

| Line No. | Owed From/(To) | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | **Class Revenue Excess** | (102,252.75) | (102,252.75) | (102,252.75) | - | - | - | - | - | - | - | - | - | **(306,758.25)** |

**Derivation of Specifically Assigned Revenue Deferral Account Balance by Customer for 2019**

| Line No. | Actual | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CBPP | 954.83 | 954.83 | 954.83 | 954.83 | 954.83 | 954.83 | 954.83 | 954.83 | 954.83 | - | - | - | **8,593.50** |
| 2 | NARL | 8,670.92 | 8,670.92 | 8,670.92 | 8,670.92 | 8,670.92 | 8,670.92 | 8,670.92 | 8,670.92 | 8,670.92 | - | - | - | **78,038.25** |
| 3 | Praxair | - | - | - | - | - | - | - | - | - | - | - | - | **-** |
| 4 | Teck | 4,169.17 | 4,169.17 | 4,169.17 | 4,169.17 | 4,169.17 | 4,169.17 | 4,169.17 | 4,169.17 | 4,169.17 | - | - | - | **37,522.50** |
| 5 | Vale | 12,031.50 | 12,031.50 | 12,031.50 | 12,031.50 | 12,031.50 | 12,031.50 | 12,031.50 | 12,031.50 | 12,031.50 | - | - | - | **108,283.50** |
| 6 | **Total** | **25,826.42** | **25,826.42** | **25,826.42** | **25,826.42** | **25,826.42** | **25,826.42** | **25,826.42** | **25,826.42** | **25,826.42** | **-** | **-** | **-** | **232,437.75** |

| Line No. | 2019TY COS | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CBPP | 1,109.26 | 1,109.26 | 1,109.26 | 1,109.26 | 1,109.26 | 1,109.26 | 1,109.26 | 1,109.26 | 1,109.26 | - | - | - | **9,983.34** |
| 2 | NARL | 8,973.13 | 8,973.13 | 8,973.13 | 8,973.13 | 8,973.13 | 8,973.13 | 8,973.13 | 8,973.13 | 8,973.13 | - | - | - | **80,758.17** |
| 3 | Praxair | - | - | - | - | - | - | - | - | - | - | - | - | **-** |
| 4 | Teck | 4,315.72 | 4,315.72 | 4,315.72 | 4,315.72 | 4,315.72 | 4,315.72 | 4,315.72 | 4,315.72 | 4,315.72 | - | - | - | **38,841.48** |
| 5 | Vale | 12,112.71 | 12,112.71 | 12,112.71 | 12,112.71 | 12,112.71 | 12,112.71 | 12,112.71 | 12,112.71 | 12,112.71 | - | - | - | **109,014.39** |
| 6 | **Total** | **26,510.82** | **26,510.82** | **26,510.82** | **26,510.82** | **26,510.82** | **26,510.82** | **26,510.82** | **26,510.82** | **26,510.82** | **-** | **-** | **-** | **238,597.38** |

| Line No. | Owed From/(To) | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CBPP | 154.43 | 154.43 | 154.43 | 154.43 | 154.43 | 154.43 | 154.43 | 154.43 | 154.43 | - | - | - | **1,389.84** |
| 2 | NARL | 302.21 | 302.21 | 302.21 | 302.21 | 302.21 | 302.21 | 302.21 | 302.21 | 302.21 | - | - | - | **2,719.92** |
| 3 | Praxair | - | - | - | - | - | - | - | - | - | - | - | - | **-** |
| 4 | Teck | 146.55 | 146.55 | 146.55 | 146.55 | 146.55 | 146.55 | 146.55 | 146.55 | 146.55 | - | - | - | **1,318.98** |
| 5 | Vale | 81.21 | 81.21 | 81.21 | 81.21 | 81.21 | 81.21 | 81.21 | 81.21 | 81.21 | - | - | - | **730.89** |
| 6 | **Total Customer Revenue Deficit** | **684.40** | **684.40** | **684.40** | **684.40** | **684.40** | **684.40** | **684.40** | **684.40** | **684.40** | - | - | - | **6,159.63** |

**Exhibit 6: Proposed RSP and CDM Adjustments**

# 2017 GRA Compliance Application
# Exhibit 6: Proposed Utility RSP and CDM Adjustments

**July 2019**

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# Contents



## List of Appendices

# 1.0 Introduction

On July 28, 2017, Newfoundland and Labrador Hydro ("Hydro") filed its 2017 General Rate Application ("2017 GRA") with 2018 and 2019 Test Years.[1] On May 7, 2019, the Board of Commissioners of Public Utilities ("Board") issued Board Order No. P.U. 16(2019) (the "2017 GRA Order"), which required Hydro to address the Rate Stabilization Plan ("RSP") and Conservation and Demand Management ("CDM") Rate Adjustments in its 2017 GRA Compliance Application.[2,3]

This Exhibit summarizes Hydro's proposals to update the Utility RSP and CDM Cost Recovery Adjustments to become effective October 1, 2019. Customer rate impacts resulting from the proposed Utility RSP and CDM Cost Recovery Adjustments, in addition to the implementation of revised customer base rates, are addressed in Exhibit 7.

# 2.0 Rate Stabilization Plan Adjustments

## 2.1 Utility Current Plan Adjustment

Appendix A provides the calculation of the Utility Current Plan Adjustment. The Utility Current Plan Adjustment of (0.188) cents per kWh is computed in accordance with the RSP Rules. Hydro notes that in accordance with Board Order No. P.U. 36(2016), Hydro transferred the approximately $10.0 million balance remaining from the disposition of the Utility RSP Surplus refund to Newfoundland Power's RSP Current Plan effective March 31, 2019. As a result, disposition of these funds will be provided to customers through the Utility RSP Current Plan Adjustment proposed to become effective at the same time as implementation of final rates resulting from the 2017 GRA.

As a result of the delayed implementation of the RSP adjustments, the Utility Current Plan Adjustment will in effect for nine months as opposed to its normal 12 month period provided for in the RSP Rules. As such, the proposed rider will not provide full disposition of the March 31, 2019, balance. However, the normal operation of the RSP is such that the remaining balance will be used in the computation of the

[1] Revision 5, filed on July 4, 2018.
[2] Board Order No. P.U. 16(2019), p. 60/45-49.
[3] In accordance with the RSP and CDM Rules, Hydro filed an application on April 23, 2019, for July 1, 2019 Utility RSP and CDM Rate Adjustments. Hydro withdrew its application on May 14, 2019, in accordance with the 2017 GRA Order. As such Hydro was required to file an application to defer the implementation of the Utility RSP and CDM Adjustments beyond July 1, 2019. Hydro filed this on June 10, 2019 and received approval from the Board on June 25, 2019 in Board Order No. P.U. 25(2019).

July 1, 2020, Utility RSP Current Plan Adjustment, and will therefore get disbursed to or recovered from customers as part of the July 1, 2020 Utility RSP Current Plan Adjustment.

### 2.2 Utility Rate Stabilization Plan Fuel Rider

There is no Utility RSP Fuel Rider proposed to become effective October 1, 2019, as the revised customer base rates reflect the most recent fuel price projection of $105.90 per barrel.[4] Therefore, Hydro is proposing to discontinue the current Utility RSP Fuel Rider of 0.423 cents per kWh.

## 3.0 Conservation and Demand Management Cost Recovery Adjustment

Appendix B provides the proposed Utility CDM Cost Recovery Adjustment, which has been computed in accordance with the CDM Rules. The portion of the Utility CDM Cost Recovery Adjustment related to recovery of deferred 2018 CDM Program Costs is 0.004 cents per kWh, which has been added to the existing Utility CDM Cost Recovery Adjustment of 0.022 cents per kWh for a total proposed Utility CDM Cost Recovery Adjustment of 0.026 cents per kWh.

As a result of the delayed implementation of the Utility CDM Cost Recovery Adjustment, it will be in effect for nine months as opposed to the normal 12 month period provided for in the CDM rules. However, the impact of rounding rates to three decimal places is such that there is no difference to the proposed Utility CDM Cost Recovery Adjustment if calculated over 12 months (from July 1 to June 30) or nine months (from October 1 to June 30). Therefore, Hydro proposes to calculate the Utility CDM Cost Recovery Adjustment in accordance with existing rules rather than change the rules to permit recovery over nine months.

## 4.0 Summary

Hydro is proposing implementation of the Utility RSP and CDM Cost Recovery Adjustments concurrently with the implementation of final rates resulting from its 2017 GRA in accordance with the 2017 GRA Order.[5] Hydro has computed the Utility RSP and CDM Cost Recovery Adjustments in accordance with existing RSP and CDM Rules.

[4] Board Order No. P.U. 16(2019), p. 19/22-24.
[5] Board Order No. P.U. 16(2019), p. 60/45-49.

In summary, Hydro is requesting, effective October 1, 2019, approval of:

- the elimination of the existing fuel rider of 0.423 cents per kWh;
- a Utility Current Plan Adjustment of (0.188) cents per kWh to replace the existing Utility Current Plan Adjustment of (0.296) cents per kWh; and
- a Utility CDM Cost Recovery Adjustment of 0.026 cents per kWh to replace the existing Utility CDM Cost Recovery Adjustment of 0.022 cents per kWh.

The customer rate impacts of the proposed Utility RSP and CDM Cost Recovery Adjustments are provided in Exhibit 7.

# Appendix A

**Utility Current Plan Adjustment**

## Newfoundland and Labrador Hydro
## Proposed 2019 RSP Current Plan Adjustment
## Utility Customer

| Line No | Calculation of RSP Current Plan Adjustment | | Amount | Comments |
|---|---|---|---|---|
| | **Current Plan** | | | |
| 1 | March Balance 2019 Test Year | $ | (14,607,761) | March RSP 2019 Test Year |
| 2 | Forecast Financing Costs to June 30, 2020 | $ | (510,052) | Line 23 |
| 3 | Forecast Recovery to June 30, 2019 | $ | 3,933,209 | Sum of Lines 8 to 10 |
| 4 | **Total** | **$** | **(11,184,605)** | |
| | | | | |
| 5 | Forecast Newfoundland Power sales | | 5,962,635,275 | Lines 11 - 22 |
| 6 | **RSP Current Plan Adjustment (₵ per kWh)** | | **(0.188)** | Line 4/Line 5*1000 |

## Newfoundland Power Forecast Financing Charges
## 2019–2020

| | Month | Sales (kWh) | Financing Costs ($) | Adjustment ($) | Total-to-Date Balance ($) |
|---|---|---|---|---|---|
| 7 | | | | | (14,607,761) |
| 8 | April 2019 | 517,703,249 | (64,510) | 1,532,402 | (13,139,869) |
| 9 | May 2019 | 435,872,855 | (58,028) | 1,290,184 | (11,907,713) |
| 10 | June 2019 | 375,210,617 | (52,586) | 1,110,623 | (10,849,676) |
| 11 | July 2019 | 294,942,659 | (47,914) | 554,492 | (10,343,097) |
| 12 | August 2019 | 296,481,077 | (45,677) | 557,384 | (9,831,390) |
| 13 | September 2019 | 332,491,161 | (43,417) | 625,083 | (9,249,723) |
| 14 | October 2019 | 432,265,381 | (40,848) | 812,659 | (8,477,912) |
| 15 | November 2019 | 540,519,642 | (37,440) | 1,016,177 | (7,499,175) |
| 16 | December 2019 | 670,150,801 | (33,117) | 1,259,884 | (6,272,409) |
| 17 | January 2020 | 692,682,098 | (27,700) | 1,302,242 | (4,997,866) |
| 18 | February 2020 | 701,721,898 | (22,071) | 1,319,237 | (3,700,701) |
| 19 | March 2020 | 672,593,837 | (16,343) | 1,264,476 | (2,452,567) |
| 20 | April 2020 | 517,703,249 | (10,831) | 973,282 | (1,490,116) |
| 21 | May 2020 | 435,872,855 | (6,581) | 819,441 | (677,255) |
| 22 | June 2020 | 375,210,617 | (2,991) | 705,396 | 25,150 |
| 23 | **Total** | **7,291,421,996** | **(510,052)** | **15,142,963** | |

| | |
|---|---|
| 2019 Test Year Weighted Average Cost of Capital per annum | 5.430% |
| Nominal Financing Rate | 5.299% |

# Appendix B

**Utility Conservation and Demand Management Cost Recovery Adjustment**

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## Newfoundland and Labrador Hydro
## Conservation and Demand Management Cost Recovery Adjustment
## Island Interconnected Recoverable Allocation

| Line No. | | 2018 Energy Sales (kWh) | Percent of Total kWh | Allocation of Recoverable Amount ($000)[1] | |
|---|---|---|---|---|---|
| 1 | Newfoundland Power | 5,839,135,854 | 84.1% | 373 | |
| 2 | Island Industrial Firm | 622,246,643 | 9.0% | 40 | |
| 3 | Rural Island Interconnected | 478,558,798 | 6.9% | 31 | |
| 4 | **Total** | **6,939,941,295** | **100.0%** | **443** | From Page 3, Line 7 |

[1] Note: Totals may not add due to rounding.

**Newfoundland and Labrador Hydro**
**Conservation and Demand Management Cost Recovery Adjustment**
**Newfoundland Power**

| Line No. | Newfoundland Power's Allocation of CDM Cost Deferral Account Balance | | | |
|---|---|---|---|---|
| | **Calculation of Newfoundland Power's Allocation of Rural CDM Balance** | | | |
| 1 | 2018 Rural Island Interconnected's Allocation ($000) | | 31 | From Page 1, Line 3 |
| 2 | 2018 Rural Isolated System's Recoverable Amount ($000) | | 1,085 | From Page 3, Line 8 |
| 3 | **Total 2018 Rural CDM ($000)** | | **1,116** | Line 1 + Line 2 |
| 4 | 2018 Newfoundland Power's Allocation of Rural CDM Balance[1] | x | 95.6% | |
| 5 | 2018 Newfoundland Power's Allocation of Rural CDM Balance | | 1,066 | Line 3 x Line 4 |
| 6 | Newfoundland Power's Direct Allocation of Island Interconnected's CDM Balance ($000) | | 373 | From Page 1, Line 1 |
| 7 | **Total Newfoundland Power Allocation of CDM Account Balance ($000)** | | **1,439** | Line 5 + Line 6 |
| | **Calculation of Newfoundland Power's 2018 CDM Recovery Adjustment** | | | |
| 8 | Newfoundland Power's Current Year Allocation ($000) | | 206 | Line 7 / 7 years |
| 9 | 2018 Enery Sales - Newfoundland Power (kWh) | | 5,839,135,854 | From Page 1, Line 1 |
| 10 | 2019–2025 CDM Cost Recovery Adjustment (¢ per kWh) | | 0.004 | (Line 8 x 1000) / Line 9 |
| 11 | 2018–2024 CDM Cost Recovery Adjustment (¢ per kWh) | | 0.003 | |
| 12 | 2017–2023 CDM Cost Recovery Adjustment (¢ per kWh) | | 0.019 | |
| 13 | **Total CDM Cost Recovery Adjustment (¢ per kWh)** | | **0.026** | Line 10 + Line 11 + Line 12 |

[1] Based on Rural Deficit Allocation between Newfoundland Power and Rural Labrador Interconnected Customers in the 2015 Test Year Cost of Service Study.

**Newfoundland and Labrador Hydro**
**Conservation and Demand Management Account Amortization**

| Line No. | Year | System Balance | | Amortization ($000) 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | | Island Interconnected | 4,524 | 646 | 646 | 646 | 646 | 646 | 646 | 646 | | |
| 2 | 2016 | Hydro Rural Isolated | 3,846 | 549 | 549 | 549 | 549 | 549 | 549 | 549 | | |
| 3 | | **2016 Total[1]** | **8,370** | **1,196** | **1,196** | **1,196** | **1,196** | **1,196** | **1,196** | **1,196** | | |
| 4 | | Island Interconnected | 479 | | 68 | 68 | 68 | 68 | 68 | 68 | 68 | |
| 5 | 2017 | Hydro Rural Isolated | 994 | | 142 | 142 | 142 | 142 | 142 | 142 | 142 | |
| 6 | | **2017 Total[1]** | **1,474** | | **211** | **211** | **211** | **211** | **211** | **211** | **211** | |
| 7 | | Island Interconnected | 443 | | | 63 | 63 | 63 | 63 | 63 | 63 | 63 |
| 8 | 2018 | Hydro Rural Isolated | 1,085 | | | 155 | 155 | 155 | 155 | 155 | 155 | 155 |
| 9 | | **2018 Total[1]** | **1,528** | | | **218** | **218** | **218** | **218** | **218** | **218** | **218** |
| 10 | | Island Interconnected | 5,447 | 646 | 715 | 778 | 778 | 778 | 778 | 778 | 132 | 63 |
| 11 | **Total** | Hydro Rural Isolated | 5,925 | 549 | 691 | 846 | 846 | 846 | 846 | 846 | 297 | 155 |
| 12 | | **Grand Total** | **11,372** | **1,196** | **1,406** | **1,625** | **1,625** | **1,625** | **1,625** | **1,625** | **429** | **218** |

Note: Totals may not add due to rounding.

[1]Consistent with Hydro's "2018 Conservation and Demand Management Report," at p. 11, Table 5.

# Exhibit 7:
# Proposed Customer Rates

# 2017 GRA Compliance Application
# Exhibit 7: Proposed Customer Rates

**July 2019**

newfoundland labrador hydro
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# Contents



## List of Appendices

# 1.0 Introduction

The proposed customer rate impacts outlined in this exhibit reflect the directions of the Board of Commissioners of Public Utilities ("Board") as outlined in Order No. P.U. 16(2019) ("2017 GRA Order"). Newfoundland and Labrador Hydro's ("Hydro") revised 2019 Test Year revenue requirement for rate setting is provided in *Exhibit 4: Computation of Revenue Requirements*.

This exhibit provides:

- Hydro's filing requirements for a revised Schedule of Rates, Rules, and Regulations to ensure compliance with the 2017 GRA Order;
- Hydro's proposed customer rates, including a comparison of existing and proposed rates and the customer billing impacts of implementation the proposed customer rates;
- A calculation of deficiencies/excess revenues to be reflected in the 2017 GRA Cost Recovery Riders and Customer Class Billing Credits; and
- A summary of the revisions to the rules and regulations reflecting the 2017 GRA Order.

As per the 2017 GRA Order, Hydro's 2017 GRA Compliance Application is to include the proposed update to the 2019 Rate Stabilization Plan ("RSP") adjustments applicable to the Utility Rate[1] to avoid multiple retail rate changes in a short time frame.

# 2.0 Compliance Requirements

## 2.1 Cost of Service Study

Based on the 2017 GRA Order, Hydro updated its 2019 Test Year Cost of Service Study for rate setting purposes to reflect the 2019 Test Year revenue requirement provided in *Exhibit 4: Computation of Revenue Requirements.* The 2019 Test Year Cost of Service Study reflects the cost of service matters addressed in the approved Settlement Agreements[2] including:

- The use of the updated 2019 Test Year supply cost forecast using the Expected Supply Scenario (*Exhibit 3: Test Year Supply Costs*);

[1] The delay in implementation of the RSP Adjustments was subsequently approved in Board Order No. P.U. 25(2019).
[2] "Settlement Agreement," April 11, 2018 ("Settlement Agreement");
"Supplemental Settlement Agreement," July 16, 2018 ("Supplemental Settlement Agreement"); and
"Labrador Settlement Agreement," September 6, 2018 ("Labrador Settlement Agreement").

- The use of $105.90 per barrel for No. 6 fuel (i.e., based on the current fuel rider forecast);
- The approved 2019 Test Year Holyrood No. 6 fuel conversion rate of 583 kWh per barrel;
- The classification of wind energy purchases as 100% energy-related;
- The methodology proposed in the 2017 GRA for determining the test year operating and maintenance costs to be recovered through specifically assigned charges to Island Industrial Customers; and
- The functionalization of transmission assets TL 267 as 100% demand-related.

The revised 2019 Test Year Cost of Service Study for rate-setting purposes is provided in *Exhibit 14: 2019 Test Year Cost of Service for Rate Setting*.

## 2.2 Rate Design

The proposed rates reflect the 2017 GRA Order and the Settlement Agreements with respect to the rate design, specifically:[3]

- The demand charge to Newfoundland Power will equal $5.00 per kW of billing demand;
- The sizing of Newfoundland Power's first block of energy at 250 GWh per month for May to October and 410 GWh per month for November to April;
- Newfoundland Power's approved 2019 Test Year Revenue Requirement not recovered through the demand charge and the end block energy charge will be used to compute the first block energy charge;
- Newfoundland Power's end block firm energy rate for use in Hydro's 2017 GRA Compliance Application has been determined based on the most current fuel rider forecast (March 2019) divided by the approved 2019 Test Year Holyrood No. 6 fuel conversion rate of 583 kWh per barrel;
- The wholesale rate continues to include the Generation Credit and Curtailable Credit in computation of the billing demand of Newfoundland Power;
- The Generation Credit will equal 118,054 kW;
- The continuation of the existing Island Industrial Customer rate design;

[3] 2017 General Rate Application Board Order No. P.U. 16(2019), at pp. 105 to 106.

- The continuation of the existing rate design for the Labrador Industrial Customers; and
- The reflection in final rates of the sale of the frequency converter to Corner Brook Pulp and Paper Limited.

Hydro is also proposing to finalize customer rates that have been in effect on an interim basis for the period April 1, 2018 to September 30, 2019.

With respect to other rate changes for Hydro Rural Customers, Hydro has developed cost-based rates for Government Diesel Customers in accordance with past practice and will apply the Policies for Automatic Rate Changes[4] to design customer rates for Hydro Rural Customers whose rates change as a result of rate changes to Newfoundland Power's customers.

## 2.3 Rate Stabilization Plan Fuel Rider

On April 12, 2019, Hydro filed correspondence with the Board providing a forecast price of No. 6 fuel of $105.90 per barrel (CDN). For the 2017 GRA Compliance filing, Hydro has used this most current fuel rider forecast in determining No. 6 fuel costs in the 2019 Test Year revenue requirement.[5] Therefore, Hydro is proposing to discontinue the existing fuel rider for Newfoundland Power upon implementation of new base rates. There is no fuel rider currently in effect for Island Industrial Customers.

## 2.4 Rate Stabilization Plan Current Plan Adjustment

The RSP Current Plan balance reflects all applicable adjustments arising from the operation of Hydro's RSP which provides recovery of fuel cost variations on the Island Interconnected System as a result of variations in hydraulic production, fuel price, and customer load requirements.

Hydro proposes to update the Utility RSP Current Plan Adjustment effective October 1, 2019 with the rate adjustments calculated in accordance with existing RSP Rules. The RSP Current Plan Adjustment provides for the disposition of the Utility Current Plan balance annually at March 31 plus any associated forecast financing charges to the end of the 12-month recovery period (i.e., June in the following calendar year). Hydro's proposed approach effectively delays implementation of the RSP Current Plan Adjustment from its normally scheduled update July 1, 2019 until October 1, 2019. Any RSP Current Plan

[4] Newfoundland and Labrador Hydro "Schedule of Rules, Rates and Regulations," sec. Rules & Regulations, para. 16.
[5] The derivation of 2019 Test Year Supply Costs are provided in *Exhibit 3: Test Year Supply Costs*.

balance impacts from delayed implementation will be reflected in the revised RSP Current Plan Adjustment for the following year.[6]

As the RSP Surplus refund process has concluded, and in accordance with Board Order No. P.U. 36(2016), Hydro has transferred the approximately $10.0 million balance from the Utility RSP Surplus to the Utility RSP Current Plan balance effective March 31, 2019.[7]

*Exhibit 6: Proposed Utility RSP and CDM Adjustments* provides the calculation of the proposed RSP Current Plan Adjustment of (0.188)₵/kWh to apply to Newfoundland Power. The proposed RSP Current Plan Adjustment will replace the existing RSP Current Plan Adjustment of (0.296)₵/kWh. The proposed RSP Current Plan Adjustment has been calculated based on the RSP Current Plan balance for Newfoundland Power at March 31, 2019 provided in *Exhibit 12: March 2019 RSP Report 2019 Test Year.*

## 2.5 Conservation and Demand Management Cost Recovery Adjustment

Hydro proposes to implement an updated Conservation and Demand Management ("CDM") Cost Recovery Adjustment for Newfoundland Power effective October 1, 2019. The CDM Cost Recovery Adjustment is required to be updated annually to provide recovery, over a seven-year period, of costs charged annually to the CDM Cost Deferral Account.[8]

*Exhibit 6: Proposed Utility RSP and CDM Adjustments* also provides the calculation of the updated CDM Cost Recovery Adjustment for Newfoundland Power to become effective October 1, 2019. The CDM Cost Recovery Adjustment is proposed to increase from 0.022₵/kWh to 0.026₵/kWh.

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[6] Hydro's proposed approach is consistent with the approach approved for use by Newfoundland Power in updating its Rate Stabilization Account Adjustment.

[7] While some activity remains with respect to the Utility RSP Surplus balance, primarily issued cheques which have not yet been cashed, Hydro does not anticipate any further activity. Should the aforementioned cheques become stale dated, Hydro will transfer the remaining funds to Newfoundland Power's RSP Current Plan balance in accordance with the Customer Refund Plan as approved in Board Order No. P.U. 36(2016). Given the low amount of remaining activity, Hydro believes it is appropriate to credit the current Utility RSP Surplus balance to the Newfoundland Power RSP Current Plan balance when determining customer rates to become effective October 1, 2019.

[8] The CDM Cost Recovery Adjustment is calculated to recover the sum of individual amounts representing 1/7th of the transfer to the CDM Deferral Account for the previous year and the amortizations carried forward from prior years.

## 2.6 Requirement for Rate Mitigation

The projected Island Industrial Customers rate impact would be 16.3% and the wholesale rate impact would be 16.2%, effective October 1, 2019, if no rate mitigation is applied.[9] The estimated retail rate impact with no rate mitigation is 10.7%. There is currently an approximate $40 million credit balance in the RSP Hydraulic Variation component owing to customers as of March 31, 2019.[10] Hydro is proposing to allocate this credit balance based on 12-month energy usage as of the end of March 2019 and apply the credit amounts to reduce the deferred supply costs to be recovered from Newfoundland Power and Island Industrial Customers through the proposed 2017 GRA Cost Recovery Rider. Appendix A provides the proposed allocation of the March 31, 2019 balance in the RSP Hydraulic Variation component.

Table 1 provides the allocated amounts for each of Newfoundland Power and Island Industrial Customers.[11]

**Table 1: Proposed RSP Hydraulic Variation Balance Allocation (March 31, 2019)**

| Customer | Allocated Amount ($) |
|---|---:|
| Newfoundland Power | 36,310,729 |
| Island Industrial Customer | 3,563,607 |

Hydro is proposing a two-step approach to provide rate mitigation to the Island Industrial Customers. Hydro proposes to initially apply $566,250 of the RSP Hydraulic Variation balance allocated to Island Industrial Customers to dispose of the projected outstanding amount in the Industrial Customer RSP Current Plan balance at September 30, 2019. This approach would permit the discontinuance of the Industrial Customer Current Plan Adjustment of 0.302₵/kWh effective October 1, 2019. The remaining $2,997,357 would be applied to reduce the deferred 2015–2017 supply costs to be recovered from Island Industrial Customers through the 2017 GRA Cost Recovery Rider.

Table 2 provides a comparison of the required rate increases from Newfoundland Power and the Island Industrial Customers with and without the proposed rate mitigation.

[9] This excludes the proposed billing adjustment by customer as a result of the approval of the revised specifically assigned charge methodology.
[10] The March 31, 2019 RSP Report based on the 2019 Test Year is provided in *Exhibit 14: 2019 Test Year Cost of Service for Rate Setting.*
[11] In accordance with the RSP rules, the portion of the balance allocated to Labrador Rural Interconnected Customers is written off to Hydro's net income.

**Table 2: Projected Customer Rate Increases October 1, 2019**

| Customer | No Mitigation (%) | Net of Rate Mitigation (%) |
|---|---|---|
| Newfoundland Power | 16.2 (10.7 Retail)[12] | 11.5 (7.6 Retail) |
| Island Industrial Customer | 16.3 | 11.2 |

As explained in *Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs*, Hydro is proposing the disposition of the balance in the Specifically Assigned Revenue Deferral Account. In accordance with P.U. 7(2018), Hydro has computed the variations between actual specifically assigned charge billings for April 1, 2018 to September 30, 2019 and the corresponding 2018/2019 Test Year specifically assigned revenue requirements and is proposing disposition of these amounts to customers through a one-time bill adjustment in October 2019. Including this disposition in the calculation of the Island Industrial Customer rate impact would reduce the average increase to 9.7%.

Hydro considers the use of the balance in the RSP Hydraulic Variation component to be reasonable as the proposed approach is effectively using deferred fuel savings from previous years (in the RSP) to provide recovery of deferred supply costs from previous years (primarily in the Energy Supply Cost Variance Deferral Account). The proposed approach is consistent with intergenerational equity.

## 2.7 2017 GRA Cost Recovery Riders

*Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs* provides the calculation of revenue deficiencies for the 2018 and 2019 Test Years and the allocation of deferred supply costs by customer class for the period 2015–2017. The Supplemental Settlement Agreement provides that the 2018 revenue deficiency/revenue excess for Newfoundland Power and Island Industrial Customers be disposed of through rate riders over a 20-month period. The same approach was agreed upon for recovery of deferred supply costs.

Hydro has also applied the same approach for the projected 2019 revenue deficiency/revenue excess. A 2017 GRA Cost Recovery Rider is computed for each of Newfoundland Power and the Island Industrial Customers to provide recovery of the total of the deferred supply costs and the 2018 and 2019 Revenue Deficiency/Revenue Excess. The calculation of the 2017 GRA Cost Recovery Riders also reflect the

[12] The retail increase is estimated to be 66% of the Wholesale Rate increase based on Newfoundland Power's purchases power cost as a percentage of its total revenue requirement.

proposed use of the balance in the RSP Hydraulic Variation component to mitigate the customer rate impacts from implementation of the 2017 GRA final rates.

As Hydro is proposing to provide customer rate decreases and customer refunds for Labrador Industrial Customers, there is no 2017 GRA Cost Recovery Rider proposed for these customers.

Table 3 provides the calculation of the 2017 GRA Cost Recovery Rider to apply to Newfoundland Power for the period October 1, 2019 to May 31, 2021.

**Table 3: 2017 GRA Cost Recovery Rider for Newfoundland Power**

| **Deferred Cost/Credit** | **Dollars** |
|---|---|
| 2018 Revenue Deficiency/(Excess) | 4,136,432 |
| 2019 Revenue Deficiency/(Excess) | 47,733,982 [13] |
| RSP Balance Restatement | (48,401,120) |
| Excess RSP Fuel Rider Recovery for 2019 | (9,380,025) |
| 2015–2017 Deferred Supply Costs | 60,065,830 |
| Hydraulic Credit Allocation | (36,310,729) |
| **Total Deficiency** | **17,844,370** |
| | |
| **Annual Recovery (12/20 × Total Deficiency)** | **10,706,622** |
| | |
| **2017 GRA Cost Recovery Rider (Monthly Charge)** | **892,219** |

Table 4 provides the calculation of the 2017 GRA Cost Recovery Rider to apply to Island Industrial Customers for the period October 1, 2019 to May 31, 2021.

[13] 2019 Revenue Deficiency differs from Table 8 of *Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs* by $9,973 due to rate rounding.

**Table 4: 2017 GRA Cost Recovery Rider for Island Industrial Customers**

| Deferred Cost/Credit | Dollars |
|---|---|
| 2018 Revenue Deficiency/(Excess) | (1,890,450) |
| 2019 Revenue Deficiency/(Excess) | 4,893,461[14] |
| RSP Balance Restatement | (4,754,971) |
| 2015–2017 Deferred Supply Costs | 5,273,486 |
| RSP Hydraulic Credit Allocation | (3,563,607) |
| Conclusion of RSP Current Plan Adjustment | 566,250 |
| **Total Deficiency** | **524,169** |
| | |
| **Annual Recovery (12/20) × Total Deficiency)** | **314,501** |
| | |
| **2017 GRA Cost Recovery Rider (¢/kWh)** | **0.042**[15] |

Hydro is proposing to track the Island Industrial Customer 2017 GRA Cost Recovery Rider by month such that any over or under recovery of the total deficiency provided in Table 4 is charged or credited to the Island Industrial Customer RSP Current Plan balance at the conclusion of the 20-month amortization period. Hydro is proposing to revise the RSP Rules to permit the proposed true-up.

Hydro has proposed the revenue excess for each Island Industrial Customer resulting from the use of the existing specifically assigned charges under interim rates for the period April 1, 2018 to September 30, 2019. be credited or debited to each customer in the form of a bill credit/charge provided through the October 2019 billing process. As discussed in *Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs*, the proposed customer refunds will result in the disposition of the balance in the Specifically Assigned Revenue Deferral Account.

Table 5 provides the proposed billing adjustments by customer.

[14] 2019 Revenue Deficiency differs from Table 8 of *Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs* by $4,977 due to rate rounding.

[15]

| | | |
|---|---|---|
| Annual 2019 Test Year Energy | (A) | = 743,300,000 kWh |
| Total Amount Owing | (B) | = $314,501 |
| 2017 GRA Cost Recovery Rider | (C) = (B)/(A)*100 | = 0.042¢/kWh |

Actual amount collected will vary due to rounding of the Recovery Rider to three decimal places.

**Table 5: Disposition of the Specifically Assigned Revenue Deferral Account Proposed Billing Adjustment**

| Customer | Debit/(Credit) ($) |
|---|---|
| Corner Brook Pulp and Paper Limited | (264,670) |
| North Atlantic Refining Limited | 20,297 |
| Teck Resources Limited | (109,621) |
| Vale Newfoundland and Labrador Limited | (248,752) |
| **Total** | **(602,746)** |

Hydro is also proposing to recover $74,243 in revenue deficiency[16] through Government Diesel Customer rates over a 20-month period. This class is proposed to receive a 7.7% rate increase. As noted in *Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs*, this is 1.8% above the 2019 Test Year cost to facilitate the collection of the revenue deficiency over a 20-month period.

## 2.8 Changes to Schedule of Rules and Regulations

### 2.8.1 RSP Rule Changes

The 2017 GRA Order and the Settlement Agreement require the following amendments to the RSP rules:[17]

- The proposed change to the calculation of the Rural Rate Alteration component to use test year data instead of actual billing data in the monthly calculations to be approved with effect from January 1, 2018; and
- Revision to the RSP rules to clarify that No. 6 fuel costs in Canadian dollars reflect foreign exchange gains and losses.

Hydro has proposed to add a Section F to the RSP Rules to permit any over or under recovery of the 2017 GRA Cost Recovery Rider for Island industrial Customers to be charged or credited to the Island Industrial Customer RSP Current Plan balance at the conclusion of the 20-month amortization period.

Exhibit 15 to the 2017 GRA Compliance Application provides Hydro's proposed revised RSP Rules.

[16] Total for 2018 and 2019 Test Years.
[17] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 49.

### 2.8.2 Regulation Changes

In the 2017 GRA Order, the Board approved the following changes to Hydro's Rules and Regulations:[18]

- Section 9(b): Revised to be consistent with Newfoundland Power and remove the requirement of payment in advance for temporary service charges;
- Section 9(c): Revised to be consistent with Newfoundland Power and remove the requirement of payment in advance for special facilities;
- Section 16: Revised to include the approved rate setting approach to apply to the Burgeo School and Library; and
- The rate schedules for the Isolated Diesel Systems and the Labrador Interconnected System are revised to provide the same 1.5% early payment discount as is available to Hydro Rural Customers on the Island Interconnected System and the same early payment discount as provided to customers of Newfoundland Power.

*Exhibit 15: Schedule of Rates, Rules, and Regulations* to the 2017 GRA Compliance Application also includes Hydro's revised regulations proposed to comply with the 2017 GRA Order.

# 3.0 Proposed Customer Rates

*Exhibit 15: Schedule of Rates, Rules, and Regulations* provides the revised Schedule of Rates, Rules, and Regulations reflecting the Board's decisions. The following sections provide descriptions of the revisions to the Schedule of Rates, Rules, and Regulations, as well as a summary of Hydro's proposed rates for customers.

## 3.1 Utility Rate

Table 6 provides a comparison of the existing and proposed Utility Rate.

[18] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 49.

**Table 6: Utility Rate Comparison**

| Rate Component | Existing Rate | Proposed Rate | Change |
|---|---|---|---|
| Monthly Demand Charge ($/kW) | 4.75 | 5.00 | 0.25 |
| | | | |
| Monthly Energy Charges (¢/kWh) | | | |
| 1st, 410 GWh Nov. to Apr. | 2.782 | 2.444 | (0.338) |
| 1st, 250 GWh May to Oct. | 2.782 | 2.444 | (0.338) |
| Excess | 10.422 | 18.165 | 7.743 |
| Firming Up Charge | 2.822 | 2.882 | - |
| RSP Adjustments (¢/kWh) | | | |
| RSP Current Plan | (0.296) | (0.188) | 0.108 |
| RSP Fuel Rider | 0.423 | - | (0.423) |
| **Total RSP Adjustment** | **0.127** | **(0.188)** | **(0.315)** |
| CDM Cost Recovery Adjustment | 0.022 | 0.026 | 0.004 |
| GRA Cost Recovery Rider ($/month) | 0 | 892,219 | 892,219 |
| | | | |
| Generation Credit (kW) | 119,329 | 118,054 | (1,275) |
| Minimum Billing Demand (kW) | 1,247,569 | 1,263,689 | 16,120 |

The proposed Utility Rate has been revised to comply with the 2017 GRA Order. In accordance with the Supplemental Settlement Agreement, the billing demand charge is set at $5.00 per kW and the end block energy charge is set at the test year approved fuel price divided by the approved Holyrood fuel conversion rate for the 2019 Test Year (i.e., $105.90 divided by 583 kWh per barrel). The first block price is then computed based on the remaining annual revenue requirement divided by the annual first block kWh.[19]

The annualized billing impact of implementing the proposed Utility Rate, including the updated base rates, RSP adjustments, CDM Cost Recovery Adjustment and the 2017 GRA Cost Recovery Rider, is an 11.5% increase. The end-consumer impact is estimated at an approximate 7.6% increase. The supporting calculations for the Newfoundland Power billing impacts are provided in Appendix B to this Exhibit.

## 3.2 Island Industrial Customers

Table 7 provides a comparison of the existing and proposed Island Industrial Customer rates.

[19] The block sizes were determined through consultation with Newfoundland Power prior to filing the 2017 GRA Compliance Application.

**Table 7: Island Industrial Customer Rate Comparison**

| Rate Component | Existing | Proposed | Change |
|---|---|---|---|
| Monthly Demand Charge ($/kW) | 10.90 | 10.73 | (0.17) |
| | | | |
| Monthly Energy Charge (₵/kWh) | 3.521 | 4.428 | 0.907 |
| RSP Current Plan Adjustment (₵/kWh) | 0.302 | 0.00 | (0.302) |
| RSP Fuel Rider | 0.00 | 0.00 | 0.00 |
| 2017 GRA Cost Recovery Rider | 0 | 0.042 | 0.042 |
| CDM Cost Recovery Adjustment | 0.010 | 0.011 | 0.001 |
| **Net Energy Rate (₵/kWh)** | **3.833** | **4.481** | **0.648** |
| | | | |
| Annual Specifically Assigned Charges ($) | | | |
| Corner Brook Pulp and Paper Limited | 11,458 | 13,311 | 1,853 |
| North Atlantic Refining Limited | 104,051 | 107,678 | 3,627 |
| Teck Resources Limited | 50,030 | 51,789 | 1,759 |
| Vale Newfoundland and Labrador Limited | 144,378 | 145,352 | 974 |
| Praxair Canada Inc. | - | - | - |
| | | | |
| Wheeling Rate (₵/kWh) | 0.423 | 0.831 | 0.408 |

The annualized billing impact is an average 11.2% increase (excluding the billing adjustment for the specifically assigned charge revision) resulting from the implementation of the proposed Island Industrial Customer rate provided in Table 7. The proposed rate includes: a change in base rates; the implementation of the 2017 GRA Cost Recovery Rider; an updated CDM Cost Recovery Adjustment, an updated RSP Current Plan Adjustment; and revised specifically assigned charges.

The supporting calculations for the Island Industrial Customer billing impacts are provided in Appendix C.

The 2017 GRA Order also approved Hydro’s proposal to update the loss factor from 3.47% to 3.34% in calculating the non-firm energy charge to Island Industrial Customers.

## 3.3 Hydro Rural Customers

The proposed rate change for the Hydro Rural Island Interconnected Customers and L’Anse au Loup Customers equals the proposed rate increase of 7.6% to the customers of Newfoundland Power.

Hydro has also proposed full cost recovery rates for Government customers on Isolated Diesel Systems consistent with past practice and as approved in the 2017 GRA Order. Table 8 provides the estimated customer rate impacts by class for Hydro Rural Customers.

To address the revenue excess of approximately $1.5 million for Hydro Rural Customers on the Labrador Interconnected System (as detailed in *Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs*) and the remaining balance owed to customers in accordance with Board Order P.U. 22(2017),[20] Hydro is proposing to provide a customer refund in February 2020.[21] Hydro plans to base the refund on the percentage of actual billings for the period of January 1, 2018 to September 30, 2019. Hydro estimates the refund percentage will be approximately 4.3% of the billings for the 21-month period.

Table 8 provides a summary of the projected rate changes for Hydro Rural Customers.

**Table 8: Proposed Rate Change for Hydro Rural Customers – October 1, 2019**

| | Increase (%) |
|---|---|
| Rural Island Interconnected, L'Anse au Loup and Diesel Systems | 7.6[22] |
| Government Diesel | 7.7 |
| Rural Labrador Interconnected | |
| Domestic and General Service | (3.1) |
| Street and Area Lighting | (3.1) |

Hydro has not filed the proposed rates for its Hydro Rural Customers whose rates change based on the rates proposed for implementation for Newfoundland Power Customers. Those rates will be filed for approval subsequent to Newfoundland Power's filing of the application to flow-through Hydro's rate change to its customers. As part of its 2017 GRA Compliance Application, Hydro is filing proposed rates for customers on the Labrador Interconnected System and Government Customers on Isolated Systems.

[20] Approximately $53,000 remains from previous refund.
[21] If the Board approves the 2017 GRA Compliance Application, Hydro will require additional time to define the refund methodology, prepare customer communications and make system changes to process the refund.
[22] Hydro has estimated the Hydro Rural Rate change based on 66% of the proposed Utility Rate change. The actual proposed rate change will not be known until Newfoundland Power files its flow-through application subsequent to Board approval of Hydro's 2017 GRA Compliance Application.

Appendix D provides a comparison of existing and proposed customer rates for the Hydro Rural Customers on the Labrador Interconnected System and for Hydro Rural Government Customers on Isolated Diesel Systems.

### 3.4 Labrador Industrial Transmission Rate

To address the revenue excess of approximately $0.3 million for Labrador Industrial Transmission Customers provided in *Exhibit 5: Revenue Deficiency/Excess Revenue and Deferred Supply Costs*, Hydro proposes to provide a credit to customer billing in October 2019. Hydro proposes the credit be allocated by customer based on firm demand billings for the period January 1, 2018 to September 30, 2019.

Based on the 2019 Test Year Cost of Service Study, Hydro derived a revised transmission demand rate of $1.08 per kW of Billing Demand, to become effective October 1, 2019. This provides a 7.6% decrease relative to the existing transmission demand rate. The rate sheet provided in *Exhibit 15: Schedule of Rates, Rules, and Regulations* for the Labrador Industrial Transmission Rate states that the approved rate is available to existing customers only, as required by the 2017 GRA Order, and reflects the Billing Demand definition approved in Order No. P.U. 15(2016).

Appendix E provides a calculation of customer rate impacts for customers on the Labrador Industrial, Hydro Rural Labrador Industrial, Hydro Rural Diesel, and Hydro Rural Other Customers.

### 3.5 Implementation Date

Hydro proposed that the Rates, Rules, and Regulations contained in *Exhibit 15: Schedule of Rates, Rules, and Regulations* become effective October 1, 2019. Hydro believes the October 1, 2019 implementation date is required to enable the completion of the regulatory process to review the application and to provide time to enable both Newfoundland Power and Hydro to test and implement new customer rates.

## 4.0 Summary

The proposed Schedule of Rates, Rules, and Regulations presented in *Exhibit 15: Schedule of Rates, Rules, and Regulations* reflect the findings and determinations of the Board in the 2017 GRA Order and other related orders of the Board.

Table 9 provides the proposed rate change by class reflecting Hydro's 2017 GRA Compliance Application.

**Table 9: Summary of Proposed Customer Rate Changes**

| Customer | Rate Impact (%) |
|---|---|
| Newfoundland Power Wholesale | 11.5 |
| Newfoundland Power Retail | 7.6 |
| Island Industrial Customers | 11.2 |
| Island Industrial Customers with Specifically Assigned Credit | 9.7 |
| Hydro Rural Interconnected and L'Anse au Loup | 7.6 |
| Government Diesel | 7.7 |
| Hydro Diesel Systems | 7.6 |
| Labrador Rural Interconnected | (3.1) |
| Labrador Industrial Transmission Customers | (7.6) |

To address the revenue excess for Hydro Rural Customers on the Labrador Interconnected System, Hydro is proposing to provide a customer refund in February 2020. To address the revenue excess for Labrador Industrial Customers, Hydro proposes to provide a credit to customer billing in October 2019. Hydro is also proposing disposition, through a one-time bill adjustment in October 2019 of the balance in the Specifically Assigned Revenue Deferral Account.

Appendix F provides a derivation of the costs to be recovered through the 2017 GRA Cost Recovery Riders and the Customer Class Billing Credits.

# Appendix A

**Proposed Allocation of RSP Hydraulic Variation Balance at March 31, 2019**

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## Proposed Allocation of RSP Hydraulic Variation Balance at March 31, 2019

| | | | | | |
|---|---|---|---|---|---|
| 1 | **Hydraulic Balance to Allocate** | **$ (39,995,586)** | | | |
| | **Calculation of Customer Allocation** | **kWh** | **Percent of Total** | **Allocation of Rural** | **Total** |
| 2 | 12 Months-to-Date Sales to Utility | 5,962,635,275 | 84.20% | 6.59% | 90.79% |
| 3 | 12 Months-to-Date Industrial Customer Sales | 631,066,094 | 8.91% | 0.00% | 8.91% |
| 4 | 12 Months-to-Date Bulk Rural Energy Sales | 487,546,970 | 6.89% | (6.89)% | 0.00% |
| 5 | **Total** | **7,081,248,339** | | | |

| | | | |
|---|---|---|---|
| | **Calculation of Customer Allocation** | **Dollars** | |
| 6 | Utility | (36,310,729) | Line 1 × Total Line 2 |
| 7 | Industrial Customers | (3,563,607) | Line 1 × Total Line 2 |
| 8 | Labrador Interconnected Rural | (121,251) | Remaining from Lines 6 and 7 |
| 9 | **Total** | **(39,995,586)** | |

Note: In accordance with the RSP Rules, allocated RSP balances to the customers on the Hydro Rural Labrador Interconnected System flow through to Newfoundland and Labrador Hydro as either expenses or revenues.

# Appendix B

**Customer Rate Impacts – Newfoundland Power**

**Customer Rate Impacts - Proposed October 1, 2019 Final Rates**
**Newfoundland Power**

| | 2019 Billing Units (Existing First Block) | 2019 Test Year Billing Units (New first block) | Unit | 2018 Rates Interim | 2019 Billings (Interim Rates) ($) | Proposed 2019 Final Rates | 2019 Final Billings ($) | Change ($) | Change Utility (%) | Estimated Change End Consumer (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| Demand (kWs) | 15,164,268 | 15,164,268 | $/kW/mo | 4.75 | 72,030,273 | 5.00 | 75,821,340 | | | |
| Energy (MWhs) | 3,000,000 | 3,960,000 | ¢/kWh | 2.782 | 83,460,000 | 2.444 | 96,782,400 | | | |
| Energy (MWhs) | 2,800,700 | 1,840,700 | ¢/kWh | 10.422 | 291,888,954 | 18.165 | 334,363,155 | | | |
| **Total Base Rate** | | | | | **447,379,227** | | **506,966,895** | | | |
| | | | | | | | | | | |
| **2017 GRA Cost Recovery Rider** | | | $ | | | **10,706,622** | **10,706,622** | | | |
| | | | | | | | | | | |
| RSP Recovery Adjustment-Normal | | 5,800,700 | ¢/kWh | (0.296) | (17,170,072) | (0.188) | (10,905,316) | | | |
| RSP Mitigation impact | | 5,800,700 | ¢/kWh | 0.000 | - | 0.000 | - | | | |
| RSP Fuel Rider | | 5,800,700 | ¢/kWh | 0.423 | 24,536,961 | 0.000 | - | | | |
| CDM Recovery Adjustment | | 5,800,700 | ¢/kWh | 0.022 | 1,276,154 | 0.026 | 1,508,182 | | | |
| | | | | | | | | | | |
| **Total** | | | | | **456,022,270** | | **508,276,383** | **52,254,113** | **11.5** | **7.6** |

# Appendix C

**Customer Rate Impacts – Island Industrial Customer**

**Customer Rate Impacts - Proposed October 1, 2019 Final Rates**
**Island Industrial Customers**

| | 2019 Test Year Billing Units | Unit | 2019 Interim Rates | Interim Billings ($) | Proposed Final Rate | 2019 Final Billings ($) | Change ($) | Change Without Billing Adjustment (%) | Change With Billing Adjustment (%) |
|---|---|---|---|---|---|---|---|---|---|
| Demand (kWs) | 1,158,000 | $/kW/mo | 10.90 | 12,622,200 | 10.73 | 12,425,340 | | | |
| Energy: Firm (MWhs) | 743,300 | ₵/kWh | 3.521 | 26,171,593 | 4.428 | 32,913,324 | | | |
| Specifically Assigned | | $ | 309,917 | 309,917 | 318,130 | 318,130 | | | |
| **Total Base Rate** | | | | **39,103,710** | | **45,656,794** | | | |
| **2017 GRA Cost Recovery Rider** | 743,300 | ₵/kWh | | | 0.042 | 312,186 | | | |
| RSP: Current Plan | 743,300 | ₵/kWh | 0.302 | 2,244,766 | - | - | | | |
| RSP: Hydraulic Credit | 743,300 | ₵/kWh | - | - | - | - | | | |
| RSP: Fuel Rider | 743,300 | ₵/kWh | - | - | - | - | | | |
| CDM Recovery Adjustment | 743,300 | ₵/kWh | 0.010 | 74,330 | 0.011 | 81,763 | | | |
| Specifically Assigned Billing Adjustment | | $ | | | | (602,746) | | | |
| **Total** | | | | **41,422,806** | | **45,447,997** | **4,025,191** | **11.2** | **9.7** |

**Customer Rate Impacts - Proposed October 1, 2019 Final Rates**
**Praxair**

| | 2019 Test Year Billing Units | Unit | 2019 Interim Rates | Interim Billings ($) | Proposed Final Rate | 2019 Final Billings ($) | Change ($) | Change Without Billing Adjustment (%) | Change With Billing Adjustment (%) |
|---|---|---|---|---|---|---|---|---|---|
| Demand (kWs) | 72,000 | $/kW/mo | 10.90 | 784,800 | 10.73 | 772,560 | | | |
| Energy: Firm (MWhs) | 50,800 | ¢/kWh | 3.521 | 1,788,668 | 4.428 | 2,249,424 | | | |
| Specifically Assigned | | $ | - | - | - | - | | | |
| **Total Base Rate** | | | | **2,573,468** | | **3,021,984** | | | |
| | | | | | | | | | |
| **2017 GRA Cost Recovery Rider** | 50,800 | ¢/kWh | | | 0.042 | 21,336 | | | |
| | | | | | | | | | |
| RSP: Current Plan | 50,800 | ¢/kWh | 0.302 | 153,416 | - | - | | | |
| RSP: Hydraulic Credit | 50,800 | ¢/kWh | - | - | - | - | | | |
| RSP: Fuel Rider | 50,800 | ¢/kWh | - | - | - | - | | | |
| CDM Recovery Adjustment | 50,800 | ¢/kWh | 0.010 | 5,080 | 0.011 | 5,588 | | | |
| Specifically Assigned Billing Adjustment | | $ | | | | | | | |
| | | | | | | | | | |
| **Total** | | | | **2,731,964** | | **3,048,908** | **316,944** | **11.6** | **11.6** |

### Customer Rate Impacts - Proposed October 1, 2019 Final Rates
### Vale Newfoundland and Labrador

| | 2019 Test Year Billing Units | Unit | 2019 Interim Rates | Interim Billings ($) | Proposed Final Rate | 2019 Final Billings ($) | Change ($) | Change Without Billing Adjustment (%) | Change With Billing Adjustment (%) |
|---|---|---|---|---|---|---|---|---|---|
| Demand (kWs) | 624,000 | $/kW/mo | 10.90 | 6,801,600 | 10.73 | 6,695,520 | | | |
| Energy: Firm (MWhs) | 393,800 | ¢/kWh | 3.521 | 13,865,698 | 4.428 | 17,437,464 | | | |
| Specifically Assigned | 393,800 | $ | 144,378 | 144,378 | 145,352 | 145,352 | | | |
| **Total Base Rate** | | | | **20,811,676** | | **24,278,336** | | | |
| **2017 GRA Cost Recovery Rider** | 393,800 | ¢/kWh | | | 0.042 | 165,396 | | | |
| RSP: Current Plan | 393,800 | ¢/kWh | 0.302 | 1,189,276 | - | - | | | |
| RSP: Hydraulic Credit | 393,800 | ¢/kWh | - | - | - | - | | | |
| RSP: Fuel Rider | 393,800 | ¢/kWh | - | - | - | - | | | |
| CDM Recovery Adjustment | 393,800 | ¢/kWh | 0.010 | 39,380 | 0.011 | 43,318 | | | |
| Specifically Assigned Billing Adjustment | | $ | | | | (248,752) | | | |
| **Total** | | | | **22,040,332** | | **24,238,299** | **2,197,967** | **11.1** | **10.0** |

**Customer Rate Impacts - Proposed October 1, 2019 Final Rates**
**Corner Brook Pulp and Paper Ltd.**

| | 2019 Test Year Billing Units | Unit | 2019 Interim Rates | Interim Billings ($) | Proposed Final Rate | 2019 Final Billings ($) | Change ($) | Change Without Billing Adjustment (%) | Change With Billing Adjustment (%) |
|---|---|---|---|---|---|---|---|---|---|
| Demand (kWs) | 72,000 | $/kW/mo | 10.90 | 784,800 | 10.73 | 772,560 | | | |
| Energy: Firm (MWhs) | 34,100 | ¢/kWh | 3.521 | 1,200,661 | 4.428 | 1,509,948 | | | |
| Specifically Assigned | | $ | 11,458 | 11,458 | 13,311 | 13,311 | | | |
| **Total Base Rate** | | | | **1,996,919** | | **2,295,819** | | | |
| | | | | | | | | | |
| **2017 GRA Cost Recovery Rider** | 34,100 | ¢/kWh | | | 0.042 | 14,322 | | | |
| | | | | | | | | | |
| RSP: Current Plan | 34,100 | ¢/kWh | 0.302 | 102,982 | - | - | | | |
| RSP: Hydraulic Credit | 34,100 | ¢/kWh | - | - | - | - | | | |
| RSP: Fuel Rider | 34,100 | ¢/kWh | - | - | - | - | | | |
| CDM Recovery Adjustment | 34,100 | ¢/kWh | 0.010 | 3,410 | 0.011 | 3,751 | | | |
| Specifically Assigned Billing Adjustment | | $ | | | | (264,670) | | | |
| | | | | | | | | | |
| **Total** | | | | **2,103,311** | | **2,049,222** | **(54,089)** | **10.0** | **(2.6)** |

**Customer Rate Impacts - Proposed October 1, 2019 Final Rates**
**NARL Refining Limited Partnership**

| | 2019 Test Year Billing Units | Unit | 2019 Interim Rates | Interim Billings ($) | Proposed Final Rate | 2019 Final Billings ($) | Change ($) | Change Without Billing Adjustment (%) | Change With Billing Adjustment (%) |
|---|---|---|---|---|---|---|---|---|---|
| Demand (kWs) | 384,000 | $/kW/mo | 10.90 | 4,185,600 | 10.73 | 4,120,320 | | | |
| Energy: Firm (MWhs) | 263,400 | ¢/kWh | 3.521 | 9,274,314 | 4.428 | 11,663,352 | | | |
| Specifically Assigned | | $ | 104,051 | 104,051 | 107,678 | 107,678 | | | |
| **Total Base Rate** | | | | **13,563,965** | | **15,891,350** | | | |
| **2017 GRA Cost Recovery Rider** | 263,400 | ¢/kWh | | | 0.042 | 110,628 | | | |
| RSP: Current Plan | 263,400 | ¢/kWh | 0.302 | 795,468 | - | - | | | |
| RSP: Hydraulic Credit | 263,400 | ¢/kWh | - | - | - | - | | | |
| RSP: Fuel Rider | 263,400 | ¢/kWh | - | - | - | - | | | |
| CDM Recovery Adjustment | 263,400 | ¢/kWh | 0.010 | 26,340 | 0.011 | 28,974 | | | |
| Specifically Assigned Billing Adjustment | | $ | | | | 20,297 | | | |
| **Total** | | | | **14,385,773** | | **16,051,249** | **1,665,476** | **11.4** | **11.6** |

**Customer Rate Impacts - Proposed October 1, 2019 Final Rates**
**Teck Resources Ltd.**

| | 2019 Test Year Billing Units | Unit | 2019 Interim Rates | Interim Billings ($) | Proposed Final Rate | 2019 Final Billings ($) | Change ($) | Change Without Billing Adjustment (%) | Change With Billing Adjustment (%) |
|---|---|---|---|---|---|---|---|---|---|
| Demand (kWs) | 6,000 | $/kW/mo | 10.90 | 65,400 | 10.73 | 64,380 | | | |
| Energy: Firm (MWhs) | 1,200 | ₵/kWh | 3.521 | 42,252 | 4.428 | 53,136 | | | |
| Specifically Assigned | | $ | 50,030 | 50,030 | 51,789 | 51,789 | | | |
| **Total Base Rate** | | | | **157,682** | | **169,305** | | | |
| | | | | | | | | | |
| **2017 GRA Cost Recovery Rider** | 1,200 | ₵/kWh | | | 0.042 | 504 | | | |
| | | | | | | | | | |
| RSP: Current Plan | 1,200 | ₵/kWh | 0.302 | 3,624 | - | - | | | |
| RSP: Hydraulic Credit | 1,200 | ₵/kWh | - | - | - | - | | | |
| RSP: Fuel Rider | 1,200 | ₵/kWh | - | - | - | - | | | |
| CDM Recovery Adjustment | 1,200 | ₵/kWh | 0.010 | 120 | 0.011 | 132 | | | |
| Specifically Assigned Billing Adjustment | | $ | | | | (109,621) | | | |
| | | | | | | | | | |
| **Total** | | | | **161,426** | | **60,319** | **(101,107)** | **5.3** | **(62.6)** |

# Appendix D

**Comparison of Existing and Proposed Rates**

**Newfoundland and Labrador Hydro**
**Comparison of Existing and Proposed Rates**
**Labrador Interconnected System and Government Diesel**

| | Current Rate | Proposed Rate |
|---|---|---|
| **Rate 1.1L Domestic** | | |
| Basic Customer Charge ($/month) | 7.09 | 6.87 |
| Energy (₵/kWh) | 3.255 | 3.154 |
| Minumum Monthly Charge (per month) | 7.09 | 6.87 |
| | | |
| **Rate 2.1L General Service (0–10 kW)** | | |
| Basic Customer Charge ($/month) | | |
| Unmetered ($/month) | 6.41 | 6.27 |
| Single Phase ($/month) | 10.37 | 10.27 |
| Three Phase ($/month) | 16.32 | 16.27 |
| Energy (₵/kWh) | 5.092 | 4.911 |
| Minimum | | |
| Unmetered ($/month) | 6.41 | 6.27 |
| Single Phase ($/month) | 10.37 | 10.27 |
| Three Phase ($/month) | 20.00 | 20.00 |
| | | |
| **Rate 2.2L General Service (10–100 kW)** | | |
| Basic Customer Charge ($/month) | | |
| Unmetered ($/month) | 6.41 | 6.27 |
| Single Phase ($/month) | 10.37 | 10.27 |
| Three Phase ($/month) | 16.32 | 16.27 |
| Demand ($/kW) | 1.76 | 1.71 |
| Energy (₵/kWh) | 2.417 | 2.338 |
| | | |
| **Rate 2.3L General Service (110–1000 kVA)** | | |
| Demand ($/kW) | 1.97 | 1.91 |
| Energy (₵/kWh) | 2.090 | 2.026 |
| | | |
| **Rate 2.4L General Service (1000 kVA and Over)** | | |
| Demand ($/kW) | 1.71 | 1.66 |
| Energy (₵/kWh) | 1.725 | 1.675 |
| | | |
| **Rate 4.1L Street and Area Lighting** | | |
| 250 W Mercury Vapour ($/month) | 15.42 | 14.94 |
| 100 W High Pressure Sodium ($/month) | 11.43 | 11.08 |
| 150 W High Pressure Sodium ($/month) | 15.42 | 14.94 |
| 250 W High Pressure Sodium ($/month) | 20.34 | 19.71 |
| 400 W High Pressure Sodium ($/month) | 26.28 | 25.47 |
| Wood Poles ($/month) | 3.88 | 3.76 |
| 100 W High Pressure Sodium Closed ($/month) | 7.71 | 7.68 |
| 100 W High Pressure Sodium ($/month) | 4.68 | 4.53 |
| Wood Poles Closed ($/month) | 3.71 | 3.68 |

**Newfoundland and Labrador Hydro**
**Comparison of Existing and Proposed Rates**
**Labrador Interconnected System and Government Diesel**

| | Current Rate | Proposed Rate |
|---|---|---|
| **Rate 1.2G Domestic Diesel** | | |
| Basic Customer Charge ($/month) | 55.69 | 58.95 |
| Energy (₵/kWh) | 89.164 | 100.145 |
| | | |
| **Rate 2.1G General Service Diesel (0–10 kW)** | | |
| Basic Customer Charge ($/month) | 59.76 | 59.82 |
| Energy (₵/kWh) | 81.370 | 85.567 |
| | | |
| **Rate 2.2G General Service Diesel (Over 10 kW)** | | |
| Basic Customer Charge ($/month) | 73.76 | 71.78 |
| Demand ($/kW) | 59.83 | 65.23 |
| Energy (₵/kWh) | 60.030 | 63.394 |
| | | |
| **Rate 4.1G Street and Area Lighting Diesel** | | |
| Mercury Vapour | | |
| 250 W (9,400 lumens) ($/month) | $85.29 | $86.83 |
| High Pressure Sodium | | |
| 100 W (8,600 lumens) ($/month) | $57.28 | $58.31 |
| 150 W (14,400 lumens) ($/month) | $85.29 | $86.83 |
| | | |
| **Labrador Industrial Rate** | | |
| Transmission Demand ($/kW) | 1.19 | 1.08 |

# Appendix E

**Customer Rate Impacts – Remaining Classes**

## Estimated Customer Rate Impacts - Remaining Classes (Proposed October 1, 2019)

| | 2019 Test Year Billing Units | Unit | Existing Average Unit Cost[1] | Existing Billings ($) | Projected Average Unit Cost[2] | Revenue Requirement 2019 Cost of Service ($) | 2018 Revenue Deficiency (12/20) ($) | 2019 Revenue Deficiency ($) | Change ($) | Change (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| Rural Labrador Interconnected | 716,507,524 | ¢/kWh | 2.972 | 21,292,451 | 2.880 | 20,636,417 | | | (656,034) | **(3.1)** |
| Hydro Rural Government | 2,396,960 | ¢/kWh | 86.581 | 2,075,306 | 93.246 | 2,190,520 | (5,644) | 50,190 | 159,759 | **7.7** |
| Hydro Rural Other[3] | 486,719,690 | ¢/kWh | 12.860 | 62,590,622 | 13.832 | 67,322,473 | | | 4,731,851 [4] | **7.6** |
| | | | | | | | | | - | |
| Labrador Industrial[5] | 3,352,000 | $/kW | 1.61 | 5,396,720 | 1.49 | 4,984,962 | | | (411,758) | **(7.6)** |

[1] Average unit revenues expressed in dollars per kWh based on July 1, 2018 rates for Hydro Rural Other and July 1, 2017 for all other classes.

[2] Average unit revenues expressed in dollars per kWh based on 2019 Proposed Final Rates including deficiencies if applicable.

[3] Percentage increase is 66% of Newfoundland Power's Wholesale increase.

[4] The $4.7 million additional Hydro Rural billings will be credited to the Newfoundland Power RSP Current Plan balance through the Rural Rate Adjustment.

[5] Includes both Transmission and Generation Cost Recovery. The unit cost per kW is calculated based on Power on Order.

# Appendix F

**Calculation of Deficiencies/Excess Revenues to be Reflected in GRA Cost Recovery Riders and Customer Class Billing Credits**

newfoundland labrador hydro
a nalcor energy company

## Calculation of Deficiencies/Excess Revenues to be reflected in GRA Cost Recovery Riders and Customer Class Billing Credits

| | | Newfoundland Power | Government Diesel Customers | Industrial Demand and Energy | Industrial Specifically Assigned | Total Industrial | Labrador Rural Interconnected | Labrador Interconnected Industrial |
|---|---|---|---|---|---|---|---|---|
| | 2018 Revenue Requirement per COS | 445,658,774 | 2,066,119 | 38,313,968 | 412,800 | 38,726,768 | 19,948,889 | 4,749,540 |
| | 2019 Revenue Requirementper COS | 506,976,868 | 2,190,520 | 45,343,641 | 318,130 | 45,661,771 | 20,636,417 | 4,984,962 |
| | Deferred Supply Cost | 60,065,830 | - | 5,273,486 | | 5,273,486 | - | - |
| | | **1,012,701,472** | **4,256,639** | **88,931,095** | **730,930** | **89,662,025** | **40,585,306** | **9,734,503** |
| | 2018 Revenue from Existing Rates | 441,522,340 | 2,075,526 | 39,897,660 | 1,328,464 | 41,226,124 | 20,840,744 | 4,739,200 |
| | 2019 Revenue from Existing Rates | 447,379,227 | 2,075,306 | 38,793,793 | 309,917 | 39,103,710 | 21,493,815 | 5,396,720 |
| | | **888,901,567** | **4,150,832** | **78,691,453** | **1,638,381** | **80,329,834** | **42,334,559** | **10,135,920** |
| **(A)** | **Costs Not Yet Reflected in Rates Prior to October 1, 2019** | **123,799,905** | **105,807** | **10,239,642** | **(907,451)** | **9,332,191** | **(1,749,253)** | **(401,417)** |
| | RSP Balance Restatement | 48,401,120 | - | 4,754,971 | | 4,754,971 | - | - |
| | Excess 2019 Fuel Rider Recovery | 9,380,025 | - | (566,250) | | (566,250) | - | - |
| | Hydraulic Credit Allocation | 36,310,729 | - | 3,563,607 | | 3,563,607 | - | - |
| | Rural Deficit Credit for Government Diesel Recovery | - | - | | | | - | - |
| | Island Industrial Specifically Assigned Refund | - | - | | (602,746) | (602,746) | - | - |
| **(B)** | **Total Revenue Requirement Adjustments** | **94,091,874** | **-** | **7,752,328** | **(602,746)** | **7,149,582** | **-** | **-** |
| **(C)** | **Customer Revenue Change October to December** | **11,853,686** | **31,565** | **1,651,410** | **2,053** | **1,653,463** | **(243,844)** | **(105,480)** |
| **(D)** | **Deficiencies or Refund (D=A-B-C)** | **17,854,345** | **74,242** | **835,904** | **(306,758)** | **529,146** | **(1,505,409)** | **(295,937)** |
| | Rate Rounding | (9,973) | | | | (4,977) | 10 | 9,518 |

## Exhibit 8:
## Account Definitions

# 2017 GRA Compliance Application
# Exhibit 8: Account Definitions

**July 2019**

newfoundland labrador hydro
a nalcor energy company

# Contents



## List of Appendices

# 1.0 Account Definitions

In Board Order No. P.U. 16(2019) (the "2017 GRA Order"), the Board of Commissioners of Public Utilities ("Board") accepted Newfoundland and Labrador Hydro's ("Hydro") proposed revised Energy Supply Cost Variance Deferral Account definition, Excess Earnings Account definition, and Return on Equity (ROE) Rate Change Deferral Account definition and directed Hydro to file the definitions for approval as part of the Compliance Application for the 2017 General Rate Application ("2017 GRA"). This Exhibit provides the aforementioned account definitions.

## 1.1 Revised Energy Supply Cost Variance Deferral Account Definition

Hydro initially provided its proposed Revised Energy Supply Cost Variance Deferral Account definition as Appendix L to its "Additional Cost of Service Information",[1] with a revised definition provided in Revision 2 of Hydro's "2018 Cost Deferral and Interim Rates Application".[2] This revision reflected that the account will not include any expenditure related to the use of the Labrador-Island Link or Labrador Transmission Assets under the Interim Transmission Funding Agreements as per Order in Council OC2018-213. In accordance with the 2017 GRA Order,[3] Appendix A to this Exhibit provides Hydro's Revised Energy Supply Cost Variance Deferral Account definition accepted by the Board in the 2017 GRA Order with an effective date of January 1, 2019.

## 1.2 Excess Earnings Account Definition

In its 2017 GRA, Hydro filed a revised Excess Earnings Account definition reflecting a range of return on rate base of ± 20 basis points, consistent with that approved in Board Order No. P.U. 49(2016). In the Settlement Agreement,[4] the Parties agreed that the proposed definition should be approved. The Board accepted the Settlement Agreement in the 2017 GRA Order.[5] Hydro has included the Excess Earnings Account definition as Appendix B.

## 1.3 Return on Equity (ROE) Rate Change Deferral Account Definition

In its 2017 GRA, Hydro proposed a methodology for determining revenue requirement adjustments to

[1] Newfoundland and Labrador Hydro, "2017 GRA Additional Cost of Service Information In compliance with Order No. P.U. 2(2018)," March 22, 2018.
[2] Newfoundland and Labrador Hydro "2018 Cost Deferral and Interim Rates Application," November 14, 2018 (originally filed October 26, 2018).
[3] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 66/7–9.
[4] "Settlement Agreement," April 11, 2018, at p.4, para. 23.
[5] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 65/31–33.

flow-through by customer class as a result of changes in the return on equity between test years for Hydro that result from changes in Newfoundland Power's return on equity.[6] In the Settlement Agreement, the Parties addressed the proposed methodology and agreed that Hydro would file details of a proposed deferral account which would hold the revenue adjustments to flow through to customer classes on the Island Interconnected System until disposition.[7] Hydro filed the definition of the Return on Equity (ROE) Rate Change Deferral Account on May 15, 2018. In the 2017 GRA Order, the Board accepted Hydro's proposed definition and ordered Hydro to file it with the 2017 GRA Compliance Application for Board approval.[8] The Return on Equity (ROE) Rate Change Deferral Account definition is provided in Appendix C.

[6] Newfoundland and Labrador Hydro "2017 General Rate Application," (originally filed July 28, 2017) Exhibit 12.
[7] "Settlement Agreement," April 11, 2018, p.5, para. 24(iv).
[8] 2017 General Rate Application Board Order No. P.U. 16(2019), at p. 65/23–24.

# Appendix A

**Revised Energy Supply Cost Variance Deferral Definition**

## Newfoundland and Labrador Hydro
## Revised Energy Supply Cost Variance Deferral Account

This account shall be charged or credited with the Energy Supply cost variance incurred by Hydro on the Island Interconnected System that is in excess of the Cost Variance Threshold in the calendar year.

Variations resulting from both the price and volume of the following thermal generation sources shall be charged or credited to this account:

- Holyrood Combustion Turbine;
- Hardwoods Gas Turbine;
- Stephenville Gas Turbine;
- St. Anthony Diesel Plant; and
- Hawkes Bay Diesel Plant.

Variations resulting from both the price and volume of off-island power purchases, including delivery costs, shall be charged or credited to this account.

Variations resulting from the volume of the following power purchases shall be charged or credited to this account:

- Nalcor Exploits;
- Star Lake;
- Rattle Brook;
- CBPP Cogeneration;
- St. Lawrence wind; and
- Fermeuse wind.

***Energy Supply costs*** will be determined by the following formula:

A + B + C + D

A = Test Year Thermal Generation Variances resulting from both price and volume;

Where:

A = (Actual Thermal Generation Cost – Test Year Thermal Generation Cost)

B = Test Year Off-Island Power Purchase Variances resulting from both price and volume;

Where:

B = (Actual Off-Island Power Purchase Cost – Test Year Off-Island Power Purchase Cost)

"Actual Off-Island Power Purchase Cost" shall not include any expenditure related to use of the Labrador-Island Link or use of the Labrador Transmission Assets under the Interim Transmission Funding Agreements.

C = Test Year Power Purchase Variances resulting from volume;

Where:

C = (Actual kWh Purchases – Test Year kWh Purchases) x (Test Year Purchase Cost in $/kWh)

D = Fuel costs or savings resulting from the variance in generation at the Holyrood Thermal Generating Facility (Holyrood TGS);

Where:

D = E/F x G

E = Holyrood TGS Test Year average annual fuel cost per barrel;

F = Test Year fuel conversion factor (kWh/bbl); and

G = [(Test Year kWh Thermal Generation + Test Year kWh Power Purchases) - (Actual kWh Thermal Generation + Actual kWh Power Purchases)] for all defined sources.

Actual Off-Island Power Purchases shall be based upon delivered kWh, net of transmission losses.

The ***Cost Variance Threshold*** equals ±$500,000 in a calendar year.

***Disposition of any Balance in this Account***
Hydro shall file an Application for the disposition of any balance in this account with the Board no later than the 31st day of March each year.

# Appendix B

**Excess Earnings Account Definition - July 2017**

## Newfoundland and Labrador Hydro
## Excess Earnings Account

**Definition of Excess Earnings Account**

This account shall be credited with excess earnings in the event the result of the following formula is greater than zero:

$$A - (B \times C)$$

Where:

A = Actual return on rate base, calculated as net interest expense, plus net income, plus cost of service exclusions

B = Actual average rate base, December 31

C = Upper limit of return on rate base, defined as Test Year Return on Rate Base + 20 basis points

The disposition of any balance in the account is to be determined by the Board.

The upper limit return on rate base for 2018 and 2019 are presented in the following table.

| | 2018 | 2019 |
|---|---|---|
| **Approved Return on Rate Base** | 5.50% | 5.43% |
| **Upper Limit Range** | 0.20% | 0.20% |
| **Upper Limit Return on Rate Base** | 5.70% | 5.63% |

# Appendix C

**Return on Equity (ROE) Rate Change Deferral Account Definition - May 15, 2018**

**Newfoundland and Labrador Hydro**
**Return on Equity (ROE) Rate Change Deferral Account**

**Purpose**
As per Board Order No. P.U. 49(2016), Newfoundland and Labrador Hydro's (Hydro's) target Return on Equity (ROE) percentage must be adjusted as required to equal the ROE approved for Newfoundland Power. The purpose of the ROE Rate Change Deferral Account is to defer recovery of the change in test year revenue requirement that will occur due to the customer rate implementation date differing from the effective date of the approved ROE percentage.

**Methodology**
As a result of changes in the ROE percentage between test years, the methodology originally filed as Sections 1 to 5 of Exhibit 12 to the 2017 GRA filing and included as Attachment 1 will be used in determining the change in revenue requirement by rate class and rate design.

**Rate Implementation Process**
The implementation process for changing customer rates that result from ROE revenue requirement adjustments shall include:

a) an application by Hydro to change rates for Hydro Rural Labrador Interconnected and Labrador Interconnected Industrial Customers reflecting the allocated revised test year revenue requirement based on the effective date of revised test year ROE;
b) proposals by Hydro to change rates for Newfoundland Power and Island Industrial Customers reflecting the revised test year ROE revenue requirements to accompany Hydro's applications to update the RSP adjustments.

**Balance Accumulation**
The annual ROE revenue requirement adjustments for Newfoundland Power and Island Industrial Customers reflecting the revised test year ROE percentage will be converted to monthly revenue requirement adjustments to be recorded in the ROE Rate Change Deferral Account for each month of delayed rate implementation.

If the effective date of revised customer rates on the Labrador Interconnected System is subsequent to the effective date of the approved revised test year ROE, Hydro will record the test year revenue requirement impacts of delayed rate implementation in the ROE Rate Change Deferral Account.

**Disposition**
On June 30 of each year, the balance attributable to Newfoundland Power will be transferred to the Newfoundland Power RSP Current Plan balance for disposition through the RSP recovery adjustment for the subsequent 12 month period.

On December 31 of each year, the balance attributable to Island Industrial Customers will be transferred to the Island Industrial Customers RSP Current Plan balance for disposition through the Industrial Customer RSP recovery adjustment for the subsequent 12 month period.

Any balances related to Labrador Interconnected customers will be proposed for disposition at Hydro's next General Rate Application.

# Automatic Return on Equity Adjustment

Newfoundland and Labrador Hydro

June 2017

*A Report to the Board of Commissioners of Public Utilities*

newfoundland labrador hydro
a nalcor energy company

## Table of Contents

## 1.0 Overview

In Board Order No. P.U. 49(2016), the Board of Commissioners of Public Utilities (the Board) determined that Newfoundland and Labrador Hydro's (Hydro) target return on equity should be subject to an adjustment process in the years between General Rate Applications (GRAs) so that it continues to be the same as Newfoundland Power's return on equity. As such, it directed Hydro to file a proposal in relation to an adjustment mechanism for its target return on equity.

This report provides an overview of the calculation of the adjustment to return on equity, the allocation of the adjustment to various customers, the required adjustment to customer rates to reflect the change in revenue requirement, and any process related matters to implement the rate adjustment.

## 2.0 Flow-through of Adjustment to Return on Equity

### 2.1 Adjustment to Return on Equity and Weighted Average Cost of Capital

Upon the delivery of an order to change Newfoundland Power's rate of return on equity, Hydro would be required to update its return on equity to be equal to that of Newfoundland Power. This change would, in turn, cause a change in Hydro's weighted average cost of capital and return on rate base. For illustrative purposes, Hydro's 2015 Test Year weighted average cost of capital (WACC) for rate setting would reduce from 6.61% to 6.56% if the approved Test Year return on equity was revised from 8.50% to 8.25%.

Appendix A to this report provides the calculation showing the impact on WACC and return on rate base of 25 basis point reduction in the Test Year return on equity based on the illustrative change in return on equity noted above.

### 2.2 Adjustment to Revenue Requirement for Rate Setting

To reflect a revised return on rate base in customer rates and ensure that Hydro's rates reflect the same return on equity as Newfoundland Power would require Hydro to calculate a revised

Test Year revenue requirement for rate setting. Using the illustrative change in return on equity noted in section 2.1, a reduction of 5 basis points in return on rate base would reduce Hydro's revenue requirement to be recovered through customer rates by $964,000, or approximately 0.17% of the approved 2015 Test Year revenue requirement from customer rates.

The calculation of the revised Test Year revenue requirement was derived by updating the Test Year rate of return on rate base (as provided in Appendix A) in the calculation of the revised Test Year return on rate base. Finance schedules showing the derivation of the revised 2015 Test Year revenue requirement for rate setting reflecting the illustrative change from 8.50% return on equity to 8.25% return on equity is provided in Appendix B.

## 3.0 Allocation of Revised Revenue Requirement

In order to allocate the return on equity adjustment amongst customer groups, Hydro would be required to revise its approved Test Year cost of service for rate setting to reflect the revised Test Year return on rate base. Doing so would provide revised Test Year revenue requirements by class consistent with the approved cost of service methodology for the most recently approved Test Year. As Hydro would be revising the approved Test Year cost of service study, Hydro would submit a revised Test Year cost of service study for Board approval reflecting the revised return on equity approved for Newfoundland Power.

Table 1 provides the impact of 25 basis point return on equity decrease on 2015 Test Year revenue requirement by rate class.

**Table 1**

**Allocation of Revised Revenue Requirement**

| **Customer Group** | **Approved 2015 Test Year Revenue Requirement ($000)** | **Revised 2015 Test Year Revenue Requirement ($000)** | **Change ($000)** | **Change (%)** |
|---|---|---|---|---|
| Newfoundland Power – Incl. Rural Deficit | 443,366 | 442,515 | (851) | (0.19) |
| Island Industrial | 34,829 | 34,776 | (53) | (0.15) |
| Labrador Industrial | 5,218 | 5,210 | (8) | (0.15) |
| CFB Goose Bay Secondary | 932 | 932 | 0 | 0.00 |
| Hydro Rural Labrador Int. – Incl. Rural Deficit | 20,169 | 20,117 | (52) | (0.26) |
| Rural Revenues from Deficit Areas | 60,851 | 60,851 | 0 | 0.00 |
| **Total** | **565,365** | **564,401** | **(964)** | **(0.17)** |

Table 1 allocates the reduced Rural Deficit of $203,000 resulting from the reduction in the Test Year return on rate base to Newfoundland Power and the Hydro Rural Labrador Interconnected customers.

## 4.0 Revisions to Customer Rates

Hydro would follow the Board's most recently approved rate design approach in computing proposed rates to recover the revised Test Year revenue requirement.

For Newfoundland Power, the second block energy rate is currently set based on the Test Year price of Holyrood fuel and the demand charge is negotiated. Therefore, Hydro would propose that changes to the Test Year revenue requirement allocated to Newfoundland Power would be applied through a change in the first block rate.

The Island Industrial Customers' rates for demand, energy, and specifically assigned charges currently are an output from the approved Test Year cost of service study. Hydro proposes to use this same approach, using the Revised Test Year cost of service study, for Island Industrial

Customer rate design. For Hydro Rural Labrador Interconnected and Labrador Industrial Transmissions customers, Hydro proposes to adjust customer rates by applying the percentage change in Test Year revenue requirement for each class of service.

Hydro Rural rates would be required to change when Newfoundland Power's return changes to ensure its customers receive the same rates as Newfoundland Power regardless of whether Hydro changed its return on equity, so there would be no change in existing process for these customers.

With an automatic update to Hydro's Test Year revenue requirement due to a change in the return on equity from Newfoundland Power, the process for implementation of compliance rates reflecting a Newfoundland Power GRA would be required to change. The compliance application for Newfoundland Power would also need to reflect the revised supply cost from Hydro as a result of any required change in the approved return on equity for Hydro. Therefore, Hydro's compliance application in response to the establishment of a revised return on equity would need to be filed prior to Newfoundland Power filing its application to establish customer rates.

## 5.0 Revisions to Excess Earnings Account Definition

As Hydro's rate of return on rate base would be impacted by a change of return on equity, Hydro would be required to revise its Excess Earnings Account definition to reflect the revised rate of return on rate base.

## 6.0 Implementation Process

Hydro proposes that it would file an automatic adjustment application with the Board within 10 business days following the publication of a Board Order approving Newfoundland Power's return on equity. Hydro's application would include the following:

- Revised Test Year weighted average cost of capital and rate of return on rate base to reflect return on equity equal to that approved for Newfoundland Power;

- Finance schedules providing revised requirement from customer rates;
- Revised test year cost of service study identifying change in revenue requirement by customer class;
- Derivation of revised customer rates;
- Revised Excess Earnings Account Definition; and
- Proposed revised schedule of rates, toll and charges.

## 7.0 Conclusion

Board Order No. P.U. 49(2016) directed Hydro to file a proposal in relation to an adjustment mechanism for its target return on equity to reflect any future changes to Newfoundland Power's approved target return on equity for rate setting.[1] Hydro submits that the proposal outlined in this document addresses the Board's order and provides a reasonable approach by which Hydro can ensure its Test Year return on equity reflected in customer rates remains the same as that of Newfoundland Power.

[1] Page 24 of Order No. P.U. 49(2016).

## Sample Calculation of Revised Weighted Average Cost of Capital

| Regulated Average Capital Structure | Test Year (%) |
|---|---|
| Debt | 74.2 |
| Asset retirement obligation | 0.6 |
| Employee future benefits | 3.9 |
| Equity | 21.2 |
| **Total** | **100.0** |

| Weighted Average Cost of Capital[1] | Test Year (%) | Revised (%) |
|---|---|---|
| Embedded cost of debt | 6.47 | 6.47 |
| Asset retirement obligation | 0.00 | 0.00 |
| Employee future benefits | 0.00 | 0.00 |
| Equity | 8.50 | 8.25 |
| **Weighted Average Cost of Capital** | **6.61** | **6.56** |

[1] Hydro's rate of return on rate base is equal to its approved weighted average cost of capital.

**Sample Finance Schedules**
**Newfoundland and Labrador Hydro**
**Financial Results and Forecasts**
**Statement of Income and Retained Earnings**
**($000s)**

| | | Rate Setting Test Year | Automatic ROE Adjustment (Year) | Revised Rate Setting Test Year |
|---|---|---|---|---|
| 1 | **Revenue** | | | |
| 2 | Energy sales | 564,002 | (964) | 563,038 |
| 3 | Revenue deficiency | - | - | - |
| 4 | Other revenue | 2,508 | - | 2,508 |
| 5 | **Total revenue** | 566,510 | (964) | 565,546 |
| 6 | | | | |
| 7 | **Expenses** | | | |
| 8 | Operating expenses | 131,350 | - | 131,350 |
| 9 | Other Income and expense | 4,074 | - | 4,074 |
| 10 | Fuels | 187,464 | - | 187,464 |
| 11 | Power purchases | 62,827 | - | 62,827 |
| 12 | Amortization | 63,230 | - | 63,230 |
| 13 | Accretion of asset retirement obligation | 748 | - | 748 |
| 14 | Interest | 89,453 | - | 89,453 |
| 15 | **Total expenses** | 539,145 | - | 539,145 |
| 16 | | | | |
| 17 | **Net income** | 27,364 | (964) | 26,400 |
| 18 | | | | |
| 19 | **Retained earnings** | | | |
| 20 | Balance at beginning of year | 259,556 | - | 259,556 |
| 21 | Opening adjustment - retained earnings | - | - | - |
| 22 | Dividends | - | - | - |
| 23 | **Balance at end of year** | 286,920 | (964) | 285,956 |

**Sample Finance Schedules**
**Newfoundland and Labrador Hydro**
**Financial Results and Forecasts**
**Rate of Return on Rate Base**
**($000s)**

| | | Rate Setting Test Year | Automatic ROE Adjustment (Year) | Revised Rate Setting Test Year |
|---|---|---|---|---|
| 1 | **Property, plant, and equipment** | 1,882,883 | - | 1,882,883 |
| 2 | add: accumulated depreciation | 204,001 | - | 204,001 |
| 3 | add: contributions in aid of construction | 17,936 | - | 17,936 |
| 5 | less: work in progress | (240,977) | - | (240,977) |
| 6 | **Capital assets in service** | 1,863,843 | - | 1,863,843 |
| 7 | less: asset retirement obligation | (12,169) | - | (12,169) |
| 8 | less: contributions in aid of construction | (17,936) | - | (17,936) |
| 9 | less: accumulated depreciation | (203,834) | - | (203,834) |
| 10 | **Capital assets - current year** | 1,629,904 | - | 1,629,904 |
| 11 | **Capital assets - previous year** | 1,610,437 | - | 1,610,437 |
| 12 | Unadjusted capital assets - average | 1,620,170 | - | 1,620,170 |
| 13 | less: Average net assets not in use | (7,318) | - | (7,318) |
| 14 | **Capital assets - average** | 1,612,852 | - | 1,612,852 |
| 15 | | | | |
| 16 | Cash working capital allowance | 7,037 | - | 7,037 |
| 17 | Fuel | 47,398 | - | 47,398 |
| 18 | Materials and supplies | 27,402 | - | 27,402 |
| 19 | Deferred charges | 95,132 | - | 95,132 |
| 20 | less: Deferred Charges not in use | (4,467) | - | (4,467) |
| 21 | | | | - |
| 22 | **Average rate base** | 1,785,353 | - | 1,785,353 |
| 23 | | | | |
| 24 | Unadjusted return on regulated equity | 27,364 | (964) | 26,400 |
| 25 | add: Cost of service exclusions | 1,177 | - | 1,177 |
| 26 | Interest | 89,453 | - | 89,453 |
| 27 | **Return on rate base** | 117,994 | (964) | 117,030 |
| 28 | | | | |
| 29 | **Rate of return on rate base** | 6.61% | -0.05% | 6.56% |

**Sample Finance Schedules**
**Newfoundland and Labrador Hydro**
**Financial Results and Forecasts**
**Capital Structure**
**($000s)**

| | | Rate Setting Test Year | Automatic ROE Adjustment (Year) | Revised Rate Setting Test Year |
|---|---|---|---|---|
| 1 | **Regulated capital structure** | | | |
| 2 | Long-term debt | 1,649,544 | - | 1,649,544 |
| 3 | Promissory notes | - | - | - |
| 4 | Promissory notes - related party | - | - | - |
| 5 | less: sinking funds | (238,850) | - | (238,850) |
| 6 | add: mark to market of sinking funds | 31,071 | - | 31,071 |
| 7 | | 1,441,765 | - | 1,441,765 |
| 8 | Cost of service exclusions | - | | - |
| 9 | Non-regulated debt pool | (8,187) | - | (8,187) |
| 10 | Net regulated debt | 1,433,578 | - | 1,433,578 |
| 11 | Asset retirement obligation | 20,740 | - | 20,740 |
| 12 | less: unfunded asset retirement obligation | (8,493) | - | (8,493) |
| 13 | Employee future benefits | 72,454 | - | 72,454 |
| 14 | Contributed capital | 100,000 | - | 100,000 |
| 15 | Retained earnings cost of service exclusions | 2,154 | - | 2,154 |
| 16 | Retained earnings | 286,920 | (964) | 285,956 |
| 17 | **Total** | 1,907,353 | (964) | 1,906,389 |
| 18 | | | | |
| 19 | **Regulated capital structure (%)** | | | |
| 20 | Debt | 75.2% | - | 75.2% |
| 21 | Asset retirement obligation | 0.6% | - | 0.6% |
| 22 | Employee future benefits | 3.8% | - | 3.8% |
| 23 | Equity | 20.4% | - | 20.4% |
| 24 | **Total** | 100.0% | - | 100.0% |
| 25 | | | | |
| 26 | **Regulated average capital structure (%)** | | | |
| 27 | Debt | 74.2% | - | 74.2% |
| 28 | Asset retirement obligation | 0.6% | - | 0.6% |
| 29 | Employee future benefits | 3.9% | - | 3.9% |
| 30 | Equity | 21.2% | - | 21.2% |
| 31 | **Total** | 100.0% | - | 100.0% |
| 32 | | | | |
| 33 | **Weighted average cost of capital (WACC)** | | | |
| 34 | Embedded cost of debt | 6.47% | - | 6.47% |
| 35 | Asset retirement obligation | 0.00% | - | 0.00% |
| 36 | Employee future benefits | 0.00% | - | 0.00% |
| 37 | Equity | 8.50% | -0.25% | 8.25% |
| 38 | **WACC** | 6.61% | | 6.56% |

Exhibit 9:
2018 RSP Report
2015 TY

# 2017 GRA Compliance Application
# Exhibit 9: 2018 RSP Report 2015 Test Year

**July 2019**

# Newfoundland and Labrador Hydro
# Rate Stabilization Plan Report
# December 31, 2018

***Summary of Key Facts***

The Rate Stabilization Plan of Newfoundland and Labrador Hydro ("Hydro"), as amended by Board Order No. P.U. 40(2003), Order No. P.U. 8(2007) and Order No. P.U. 49(2016), is established for Hydro's utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year cost of Service estimates for:

- Hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- Customer load (Utility and Island Industrial); and
- Rural rates.

The Test Year Cost of Service Study is based on projections of events and costs that are forecast to happen during a test year. Finance charges are calculated on the balances using the test year Weighted Average Cost of Capital which is currently 6.61% per annum. Holyrood's operating efficiency is set, for RSP purposes, at 618 kWh/barrel regardless of the actual conversion rate experienced.

Hydro has proposed to calculate the Rural Rate Alteration based upon test year units, not actual units. This change is consistent with the 2017 General Rate Application ("GRA") Settlement Agreements and has been reflected in the attached RSP calculation.

The calculation of the 2018 RSP has been completed based upon the 2015 Test Year cost of service inputs. Through the 2017 GRA, Hydro has proposed to use the 2018 Test Year load in conjunction with other inputs from the 2015 Test Year (i.e., fuel price and conversion rate). If this change is approved by the Board, Hydro will propose to record this adjustment in the 2019 RSP.

| | 2015 Test Year Cost of Service | | | |
|---|---|---|---|---|
| | Net Hydraulic Production | No. 6 Fuel Cost | Utility Load | Industrial Load |
| | (kWh) | ($Can/bbl.) | (kWh) | (kWh) |
| January | 503,640,000 | 57.55 | 729,300,000 | 49,000,000 |
| February | 457,830,000 | 59.85 | 662,500,000 | 45,900,000 |
| March | 438,830,000 | 61.41 | 657,400,000 | 51,200,000 |
| April | 370,790,000 | 61.41 | 514,600,000 | 50,500,000 |
| May | 312,990,000 | 62.64 | 423,000,000 | 53,500,000 |
| June | 323,000,000 | 62.64 | 348,100,000 | 51,700,000 |
| July | 330,220,000 | 62.64 | 314,700,000 | 51,900,000 |
| August | 330,170,000 | 62.64 | 314,500,000 | 53,100,000 |
| September | 326,980,000 | 62.64 | 337,300,000 | 38,300,000 |
| October | 348,360,000 | 66.51 | 416,700,000 | 58,800,000 |
| November | 400,160,000 | 71.70 | 526,000,000 | 57,800,000 |
| December | 460,598,000 | 76.05 | 680,000,000 | 59,700,000 |
| Total | 4,603,568,000 | | 5,924,100,000 | 621,400,000 |

# Rate Stabilization Plan
## Plan Highlights
## December 31, 2018

| | Actual | Cost of Service | Variance | Year-to-Date Due (To) From customers | Reference |
|---|---|---|---|---|---|
| **Hydraulic production year-to-date** | 4,944.2 GWh | 4,603.6 GWh | 340.6 GWh | $ (35,416,640) | Page 3 |
| **No 6 fuel cost - Current month** | $ 93.53 | $ 76.05 | $ 17.48 | $ 32,686,866 | Page 4 |
| **Year-to-date customer load - Utility** | 5,839.1 GWh | 5,924.1 GWh | (85.0) GWh | $ 417,069 | Page 9 |
| **Year-to-date customer load - Industrial** | 622.2 GWh | 621.4 GWh | .8 GWh | $ (49,664) | Page 10 |
| | | | | $ (2,362,369) | |

| | | |
|---|---|---|
| **Rural rates** | | |
| Rural Rate Alteration (RRA) | $ (4,014) | |
| Less : RRA to utility customer | $ (3,839) | Page 7 |
| RRA to Labrador interconnected | (175) | |
| Fuel variance to Labrador interconnected | $ 98,076 | Page 5 |
| Net Labrador interconnected | $ 97,901 | |

| | | |
|---|---|---|
| **Current plan summary** | | |
| **One year recovery** | | |
| Due (to) from utility customer | $ (26,672,848) | Page 7 |
| Due (to) from Industrial customers | $ 1,815,617 | Page 8 |
| Sub total | (24,857,231) | |
| **Four year recovery** | | |
| Hydraulic balance | $ (32,230,511) | Page 3 |
| **Utility RSP Surplus** | (9,940,383) | Page 13 |
| Total plan balance | $ (67,028,125) | Page 14 |

**Rate Stabilization Plan**
**Net Hydraulic Production Variation**
**December 31, 2018**

| | A<br>Cost of Service Net Hydraulic Production (kWh) | B<br>Actual Net Hydraulic Production (kWh) | C<br>Monthly Net Hydraulic Production Variance (kWh)<br>**(A - B)** | D<br>Cost of Service No. 6 Fuel Cost ($Can/bbl.) | E<br>Net Hydraulic Production Variation ($)<br>**(C / O[1] X D)** | F<br>Financing Charges ($) | G<br>Cumulative Variation and Financing Charges ($)<br>**(E + F)**<br>**(to page 14)** |
|---|---|---|---|---|---|---|---|
| Opening balance | | | | | | | (7,557,375) |
| January | 503,640,000 | 508,345,612 | (4,705,612) | 57.55 | (438,167) | (40,419) | (8,035,961) |
| February | 457,830,000 | 492,257,091 | (34,427,091) | 59.85 | (3,334,325) | (42,979) | (11,413,265) |
| March | 438,830,000 | 518,943,985 | (80,113,985) | 61.41 | (7,960,349) | (61,042) | (19,434,656) |
| April | 370,790,000 | 455,542,704 | (84,752,704) | 61.41 | (8,421,265) | (103,943) | (27,959,864) |
| May | 312,990,000 | 380,952,550 | (67,962,550) | 62.64 | (6,888,807) | (149,539) | (34,998,210) |
| June | 323,000,000 | 340,207,617 | (17,207,617) | 62.64 | (1,744,195) | (187,182) | (36,929,587) |
| July | 330,220,000 | 287,319,170 | 42,900,830 | 62.64 | 4,348,506 | (197,512) | (32,778,593) |
| August | 330,170,000 | 312,138,519 | 18,031,481 | 62.64 | 1,827,704 | (175,311) | (31,126,200) |
| September | 326,980,000 | 336,169,303 | (9,189,303) | 62.64 | (931,444) | (166,473) | (32,224,117) |
| October | 348,360,000 | 373,930,601 | (25,570,601) | 66.51 | (2,752,108) | (172,345) | (35,148,570) |
| November | 400,160,000 | 461,652,022 | (61,492,022) | 71.70 | (7,134,189) | (187,986) | (42,470,745) |
| December | 460,598,000 | 476,752,219 | (16,154,219) | 76.05 | (1,988,001) | (227,148) | (44,685,894) |
| | 4,603,568,000 | 4,944,211,393 | (340,643,393) | | (35,416,640) | (1,711,879) | (44,685,894) |
| Hydraulic Allocation[2] | | | | | 10,743,504 | 1,711,879 | 12,455,383 |
| Hydraulic variation at year end | | | | | (24,673,136) | - | (32,230,511) |

[1] O is the Holyrood Operating Efficiency of 618 kWh/barrel (ref. Board Order No. P.U.49(2016) p.32).
[2] At year end 25% of the hydraulic variation balance and 100% of the annual financing charges are allocated to customers as follows.

| | **(from page 5)**<br>12 month kWh | % of kWh to total | Allocation | Reallocate Rural | **(to pages 7 & 8)**<br>Net |
|---|---|---|---|---|---|
| Utility | 5,839,135,854 | 84.1% | 10,479,725 | 821,516 | 11,301,241 |
| Industrial | 622,246,643 | 9.0% | 1,116,770 | - | 1,116,770 |
| Rural | 478,558,798 | 6.9% | 858,888 | (858,888) | - |
| Total | 6,939,941,295 | 100.0% | 12,455,383 | (37,372) | 12,418,011 |
| Labrador Inteconnected (write-off to income) | | | | 37,372 | 37,372 |
| | | | | - | 12,455,383 |

**Rate Stabilization Plan**
**No. 6 Fuel Variation**
**December 31, 2018**

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| | Actual Quantity No. 6 Fuel (bbl.) | Actual Quantity No. 6 Fuel for Non-Firm Sales (bbl.) | Net Quantity No. 6 Fuel (bbl.) **(A - B)** | Cost of Service No. 6 Fuel Cost ($Can/bbl.) | Actual Average No. 6 Fuel Cost ($Can/bbl.) | Cost Variance ($Can/bbl.) **(E - D)** | No.6 Fuel Variation ($) **(C X F)** **(to page 5)** |
| January | 386,020 | - | 386,020 | 57.55 | 77.83 | 20.28 | 7,830,191 |
| February | 226,331 | - | 226,331 | 59.85 | 79.70 | 19.85 | 4,491,681 |
| March | 208,849 | - | 208,849 | 61.41 | 79.97 | 18.56 | 3,877,025 |
| April | 151,597 | - | 151,597 | 61.41 | 80.32 | 18.91 | 2,867,279 |
| May | 91,319 | - | 91,319 | 62.64 | 81.27 | 18.63 | 1,701,123 |
| June | 71,433 | - | 71,433 | 62.64 | 81.27 | 18.63 | 1,330,691 |
| July | 11,418 | - | 11,418 | 62.64 | 81.27 | 18.63 | 212,699 |
| August | (2,207) | - | (2,207) | 62.64 | 81.27 | 18.63 | (41,113) |
| September | 31,017 | - | 31,017 | 62.64 | 81.27 | 18.63 | 577,789 |
| October | 126,992 | - | 126,992 | 66.51 | 83.53 | 17.02 | 2,160,900 |
| November | 185,300 | - | 185,300 | 71.70 | 82.49 | 10.79 | 1,999,532 |
| December | 324,955 | - | 324,955 | 76.05 | 93.53 | 17.48 | 5,679,069 |
| | 1,813,024 | - | 1,813,024 | | | | 32,686,866 |

**Rate Stabilization Plan**
**Allocation of Fuel Variance - Year-to-Date**
**December 31, 2018**

| | A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|---|
| | Twelve Months-to-Date | | | | Year-to-Date Fuel Variance | | | | Reallocate Rural Island Customers [1] | |
| | Utility | Industrial Customers | Rural Island Customers | Total | Utility | Industrial Customers | Rural Island Interconnected | Total | Utility | Labrador Interconnected |
| | (kWh) | (kWh) | (kWh) | (kWh) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | **(A+B+C)** | **(A/D X H)** | **(B/D X H)** | **(C/D X H)** | | **(G X 95.65%)** | **(G X 4.35%)** |
| | | | | | **(to page 6)** | **(to page 6)** | | **(from page 4)** | **(to page 6)** | |
| January | 5,873,836,344 | 603,719,888 | 475,037,542 | 6,952,593,774 | 6,615,266 | 679,925 | 535,000 | 7,830,191 | 511,721 | 23,279 |
| February | 5,838,623,404 | 613,634,168 | 475,115,774 | 6,927,373,346 | 10,385,288 | 1,091,485 | 845,099 | 12,321,872 | 808,327 | 36,772 |
| March | 5,777,715,658 | 617,169,994 | 469,815,878 | 6,864,701,530 | 13,633,895 | 1,456,359 | 1,108,643 | 16,198,897 | 1,060,404 | 48,239 |
| April | 5,752,892,524 | 621,147,511 | 470,074,021 | 6,844,114,056 | 16,026,276 | 1,730,378 | 1,309,522 | 19,066,176 | 1,252,542 | 56,980 |
| May | 5,726,758,523 | 602,685,107 | 471,919,469 | 6,801,363,099 | 17,486,099 | 1,840,240 | 1,440,960 | 20,767,299 | 1,378,261 | 62,699 |
| June | 5,768,661,886 | 608,156,227 | 475,101,867 | 6,851,919,980 | 18,604,396 | 1,961,352 | 1,532,242 | 22,097,990 | 1,465,571 | 66,671 |
| July | 5,769,279,937 | 607,175,157 | 474,472,887 | 6,850,927,981 | 18,788,201 | 1,977,323 | 1,545,165 | 22,310,689 | 1,477,932 | 67,233 |
| August | 5,766,256,956 | 599,525,192 | 473,681,007 | 6,839,463,155 | 18,775,172 | 1,952,079 | 1,542,325 | 22,269,576 | 1,475,215 | 67,110 |
| September | 5,795,989,247 | 607,047,010 | 472,969,024 | 6,876,005,281 | 19,258,723 | 2,017,076 | 1,571,566 | 22,847,365 | 1,503,184 | 68,382 |
| October | 5,821,965,489 | 616,965,428 | 475,051,083 | 6,913,982,000 | 21,058,379 | 2,231,599 | 1,718,287 | 25,008,265 | 1,643,521 | 74,766 |
| November | 5,840,640,737 | 615,777,052 | 478,103,935 | 6,934,521,724 | 22,747,472 | 2,398,259 | 1,862,066 | 27,007,797 | 1,781,044 | 81,022 |
| December | 5,839,135,854 | 622,246,643 | 478,558,798 | 6,939,941,295 | 27,502,113 | 2,930,759 | 2,253,994 | 32,686,866 | 2,155,918 | 98,076 |

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the 2015 Cost of Service Study, which is 95.65% and 4.35% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss), (ref. Board Order No. P.U.49(2016) p.105).

**Rate Stabilization Plan**
**Allocation of Fuel Variance - Monthly**
**December 31, 2018**

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| | **Utility** | | | | | **Industrial** | |
| | Fuel Variance | | Rural Allocation | | Total Fuel Variance | Fuel Variance | |
| | Year-to-Date Activity | Current Month Activity (1) | Year-to-Date Activity | Current Month Activity (1) | Activity for the month | Year-to-Date Activity | Current Month Activity (1) |
| | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | | **(B + D)** | | |
| | **(from page 5)** | | **(from page 5)** | | **(to page 7)** | **(from page 5)** | **(to page 8)** |
| January | 6,615,266 | 6,615,266 | 511,721 | 511,721 | 7,126,987 | 679,925 | 679,925 |
| February | 10,385,288 | 3,770,022 | 808,327 | 296,606 | 4,066,628 | 1,091,485 | 411,560 |
| March | 13,633,895 | 3,248,607 | 1,060,404 | 252,077 | 3,500,684 | 1,456,359 | 364,874 |
| April | 16,026,276 | 2,392,381 | 1,252,542 | 192,138 | 2,584,519 | 1,730,378 | 274,019 |
| May | 17,486,099 | 1,459,823 | 1,378,261 | 125,719 | 1,585,542 | 1,840,240 | 109,862 |
| June | 18,604,396 | 1,118,297 | 1,465,571 | 87,310 | 1,205,607 | 1,961,352 | 121,112 |
| July | 18,788,201 | 183,805 | 1,477,932 | 12,361 | 196,166 | 1,977,323 | 15,971 |
| August | 18,775,172 | (13,029) | 1,475,215 | (2,717) | (15,746) | 1,952,079 | (25,244) |
| September | 19,258,723 | 483,551 | 1,503,184 | 27,969 | 511,520 | 2,017,076 | 64,997 |
| October | 21,058,379 | 1,799,656 | 1,643,521 | 140,337 | 1,939,993 | 2,231,599 | 214,523 |
| November | 22,747,472 | 1,689,093 | 1,781,044 | 137,523 | 1,826,616 | 2,398,259 | 166,660 |
| December | 27,502,113 | 4,754,641 | 2,155,918 | 374,874 | 5,129,515 | 2,930,759 | 532,500 |
| | | 27,502,113 | | 2,155,918 | 29,658,031 | | 2,930,759 |

(1) The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**Rate Stabilization Plan**
**Summary of Utility Customer**
**December 31, 2018**

| | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| | Load Variation | Allocation Fuel Variance | Allocation Rural Rate Alteration (1) | Subtotal Monthly Variances | Financing Charges | Adjustment (2) | Transfers | Cumulative Net Balance |
| | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | **(A + B + C)** | | | | |
| | **(from page 12)** | **(from page 6)** | | | | | | **(to page 14)** |
| Opening Balance | | | | | | | | (52,440,260) |
| January | 515,561 | 7,126,987 | (5,906) | 7,636,642 | (280,468) | 2,607,970 | | (42,476,116) |
| February | 405,271 | 4,066,628 | (7,027) | 4,464,872 | (227,176) | 2,323,456 | | (35,914,964) |
| March | 295,237 | 3,500,684 | (5,378) | 3,790,543 | (192,085) | 2,278,953 | | (30,037,553) |
| April | 195,805 | 2,584,519 | 1,794 | 2,782,118 | (160,651) | 1,920,679 | | (25,495,407) |
| May | (934,451) | 1,585,542 | 6,336 | 657,427 | (136,358) | 1,617,088 | | (23,357,250) |
| June | (446,446) | 1,205,607 | 6,342 | 765,503 | (124,922) | 1,392,031 | | (21,324,638) |
| July | 7,808 | 196,166 | 0 | 203,974 | (114,051) | (374,577) | | (21,609,292) |
| August | (434,390) | (15,746) | 0 | (450,136) | (115,574) | (376,531) | | (22,551,533) |
| September | 953,119 | 511,520 | 0 | 1,464,639 | (120,613) | (422,264) | | (21,629,771) |
| October | 105,690 | 1,939,993 | 0 | 2,045,683 | (115,683) | (548,977) | | (20,248,748) |
| November | (97,115) | 1,826,616 | 0 | 1,729,501 | (108,297) | (686,460) | | (19,314,004) |
| December | (232,728) | 5,129,515 | 0 | 4,896,787 | (103,298) | (851,092) | | (15,371,607) |
| Year to date | 333,361 | 29,658,031 | (3,839) | 29,987,553 | (1,799,176) | 8,880,276 | | 37,068,653 |
| Hydraulic allocation **(from page 3)** | | | | | | | | (11,301,241) |
| Total | 333,361 | 29,658,031 | (3,839) | 29,987,553 | (1,799,176) | 8,880,276 | | (26,672,848) |

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved 2015 Cost of Service Study, which is 95.65% and 4.35% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate of 0.371 cents per kWh effective July 1, 2017 was approved in Board Order No. P.U. 22(2017). The RSP adjustment rate of (0.127) cents per kWh effective July 1, 2018 was approved in Board Order No. 15(2018).

**Rate Stabilization Plan**
**Summary of Industrial Customers**
**December 31, 2018**

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| | Load Variation | Allocation Fuel Variance | Subtotal Monthly Variances | Financing Charges | Adjustment [1] | Transfers | Cumulative Net Balance |
| | ($) | ($) | ($) | ($) | ($) | | ($) |
| | | | **(A + B)** | | | | |
| | **(from page 12)** | **(from page 6)** | | | | | **(to page 14)** |
| Opening Balance | | | | | | | (1,608,676) |
| January | 49,185 | 679,925 | 729,110 | (8,604) | 33,227 | | (854,943) |
| February | 40,605 | 411,560 | 452,165 | (4,573) | 30,135 | | (377,216) |
| March | 30,735 | 364,874 | 395,609 | (2,017) | 32,683 | | 49,059 |
| April | 20,866 | 274,019 | 294,885 | 262 | 169,527 | | 513,733 |
| May | (94,818) | 109,862 | 15,044 | 2,748 | 116,563 | | 648,088 |
| June | (43,546) | 121,112 | 77,566 | 3,466 | 147,437 | | 876,557 |
| July | 757 | 15,971 | 16,728 | 4,688 | 159,025 | | 1,056,998 |
| August | (41,919) | (25,244) | (67,163) | 5,653 | 138,565 | | 1,134,053 |
| September | 92,299 | 64,997 | 157,296 | 6,065 | 171,316 | | 1,468,730 |
| October | 11,029 | 214,523 | 225,552 | 7,855 | 185,185 | | 1,887,322 |
| November | (9,844) | 166,660 | 156,816 | 10,094 | 172,441 | | 2,226,673 |
| December | (22,407) | 532,500 | 510,093 | 11,909 | 183,712 | | 2,932,387 |
| Year to date | 32,942 | 2,930,759 | 2,963,701 | 37,546 | 1,539,816 | | 4,541,063 |
| Hydraulic allocation | | | | | | | (1,116,770) |
| **(from page 3)** | | | | | | | |
| Total | 32,942 | 2,930,759 | 2,963,701 | 37,546 | 1,539,816 | | 1,815,617 |

(1) The RSP adjustment rate for Industrial is 0.061 cents per kWh from January to March as approved in Board Order No. P.U. 26(2017). The RSP adjustment rate effective April 1, 2018 is 0.309 cents per kWh per Board Order No. P.U. 7(2018).

**Rate Stabilization Plan**
**Load Variation - Utility**
**December 31, 2018**

| | A | B | C | D | E | F | G | H | I | J | K |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Firm Energy | | | | | | Secondary Energy | | | | |
| | Cost of Service Sales | Actual Sales | Sales Variance | Cost of Service No. 6 Fuel Cost | Firm Energy Rate [1] | Load Variation | Cost of Service Sales | Actual Sales | Firming Up Charge [1] | Load Variation | Total Load Variation |
| | (kWh) | (kWh) | (kWh) | ($Can/bbl.) | ($/kWh) | ($) | (kWh) | (kWh) | ($/kWh) | ($) | ($) |
| | | | **(B - A)** | | | **C x {(D/O[2]) - E}** | | | | **(G - H) x I** | **(F + J)** |
| | | | | | | | | | | | **(to page 11)** |
| January | 729,300,000 | 701,927,961 | (27,372,039) | 57.55 | 0.10422 | 303,943 | - | 1,028,951 | 0.02882 | (29,654) | 274,289 |
| February | 662,500,000 | 625,341,808 | (37,158,192) | 59.85 | 0.10422 | 273,790 | - | 926,761 | 0.02882 | (26,709) | 247,081 |
| March | 657,400,000 | 613,254,800 | (44,145,200) | 61.41 | 0.10422 | 214,423 | - | 1,018,131 | 0.02882 | (29,343) | 185,080 |
| April | 514,600,000 | 516,540,730 | 1,940,730 | 61.41 | 0.10422 | (9,427) | - | 1,162,519 | 0.02882 | (33,504) | (42,931) |
| May | 423,000,000 | 434,992,687 | 11,992,687 | 62.64 | 0.10422 | (34,277) | - | 880,168 | 0.02882 | (25,366) | (59,643) |
| June | 348,100,000 | 374,533,926 | 26,433,926 | 62.64 | 0.10422 | (75,553) | - | 676,691 | 0.02882 | (19,502) | (95,055) |
| July | 314,700,000 | 294,132,896 | (20,567,104) | 62.64 | 0.10422 | 58,785 | - | 809,763 | 0.02882 | (23,337) | 35,448 |
| August | 314,500,000 | 295,703,009 | (18,796,991) | 62.64 | 0.10422 | 53,725 | - | 778,068 | 0.02882 | (22,424) | 31,301 |
| September | 337,300,000 | 331,643,024 | (5,656,976) | 62.64 | 0.10422 | 16,169 | - | 848,137 | 0.02882 | (24,443) | (8,274) |
| October | 416,700,000 | 431,869,660 | 15,169,660 | 66.51 | 0.10422 | 51,696 | - | 395,721 | 0.02882 | (11,405) | 40,291 |
| November | 526,000,000 | 537,406,749 | 11,406,749 | 71.70 | 0.10422 | 134,578 | - | 3,112,893 | 0.02882 | (89,714) | 44,864 |
| December | 680,000,000 | 669,106,319 | (10,893,681) | 76.05 | 0.10422 | (205,280) | - | 1,044,482 | 0.02882 | (30,102) | (235,382) |
| | 5,924,100,000 | 5,826,453,569 | (97,646,431) | | | 782,572 | - | 12,682,285 | | (365,503) | 417,069 |

(1) For purposes of calculating the RSP, 2015 Test Year firm energy rate for Utility is assumed to be 10.422 cents per kWh effective January 1, 2017 and a firming up charge of 2.882 cents per kWh is assumed to be effective January 1, 2017.

(2) O is the Holyrood Operating Efficiency of 618 kWh/barrel. (ref. Board Order No. P.U.49 (2016) p.32)

**Rate Stabilization Plan**
**Load Variation - Industrial**
**December 31, 2018**

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| | Cost of Service Sales | Actual Sales | Sales Variance | Cost of Service No. 6 Fuel Cost | Firm Energy Rate | Load Variation |
| | (kWh) | (kWh) | (kWh) **(B - A)** | ($) | ($/kWh) | ($) **C x {(D/O[1]) - E}** **(to page 11)** |
| January | 49,000,000 | 54,470,202 | 5,470,202 | 57.55 | 0.03971 | 292,141 |
| February | 45,900,000 | 49,402,452 | 3,502,452 | 59.85 | 0.03971 | 200,136 |
| March | 51,200,000 | 53,578,084 | 2,378,084 | 61.41 | 0.03971 | 141,859 |
| April | 50,500,000 | 54,863,007 | 4,363,007 | 61.41 | 0.03971 | 260,266 |
| May | 53,500,000 | 37,722,774 | (15,777,226) | 62.64 | 0.03971 | (972,695) |
| June | 51,700,000 | 45,270,006 | (6,429,995) | 62.64 | 0.03971 | (396,421) |
| July | 51,900,000 | 51,464,384 | (435,616) | 62.64 | 0.03971 | (26,857) |
| August | 53,100,000 | 44,843,150 | (8,256,850) | 62.64 | 0.03971 | (509,050) |
| September | 38,300,000 | 55,442,065 | 17,142,065 | 62.64 | 0.03971 | 1,056,839 |
| October | 58,800,000 | 59,930,424 | 1,130,424 | 66.51 | 0.03971 | 76,776 |
| November | 57,800,000 | 55,806,284 | (1,993,716) | 71.70 | 0.03971 | (152,137) |
| December | 59,700,000 | 59,453,811 | (246,189) | 76.05 | 0.03971 | (20,521) |
| | 621,400,000 | 622,246,643 | 846,643 | | | (49,664) |

[1] O is the Holyrood Operating Efficiency of 618 kWh/barrel, (ref. Board Order No. P.U.49 (2016) p.32).

**Rate Stabilization Plan**
**Allocation of Load Variance - Year-to-Date**
**December 31, 2018**

| | A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|---|
| | Twelve Months-to-Date | | | | Year-to-Date Load Variance | | | | Reallocate Rural Island Customers [1] | |
| | Utility | Industrial Customers | Rural Island Customers | Total | Utility | Industrial Customers | Rural Island Interconnected | Total [2] | Utility | Labrador Interconnected |
| | (kWh) | (kWh) | (kWh) | (kWh) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | **(A+B+C)** | **(A/D X H)** | **(B/D X H)** | **(C/D X H)** | | | |
| | | | | | | | | **(from pages 9 & 10)** | | |
| January | 5,873,836,344 | 603,719,888 | 475,037,542 | 6,952,593,774 | 478,543 | 49,185 | 38,702 | 566,430 | 37,018 | 1,684 |
| February | 5,838,623,404 | 613,634,168 | 475,115,774 | 6,927,373,346 | 854,336 | 89,790 | 69,521 | 1,013,647 | 66,496 | 3,025 |
| March | 5,777,715,658 | 617,169,994 | 469,815,878 | 6,864,701,530 | 1,128,312 | 120,525 | 91,749 | 1,340,586 | 87,757 | 3,992 |
| April | 5,752,892,524 | 621,147,511 | 470,074,021 | 6,844,114,056 | 1,309,527 | 141,391 | 107,003 | 1,557,921 | 102,347 | 4,656 |
| May | 5,726,758,523 | 602,685,107 | 471,919,469 | 6,801,363,099 | 442,542 | 46,573 | 36,468 | 525,583 | 34,881 | 1,587 |
| June | 5,768,661,886 | 608,156,227 | 475,101,867 | 6,851,919,980 | 28,715 | 3,027 | 2,365 | 34,107 | 2,262 | 103 |
| July | 5,769,279,937 | 607,175,157 | 474,472,887 | 6,850,927,981 | 35,957 | 3,784 | 2,957 | 42,698 | 2,828 | 129 |
| August | 5,766,256,956 | 599,525,192 | 473,681,007 | 6,839,463,155 | (366,785) | (38,135) | (30,131) | (435,051) | (28,820) | (1,311) |
| September | 5,795,989,247 | 607,047,010 | 472,969,024 | 6,876,005,281 | 517,149 | 54,164 | 42,201 | 613,514 | 40,365 | 1,836 |
| October | 5,821,965,489 | 616,965,428 | 475,051,083 | 6,913,982,000 | 615,191 | 65,193 | 50,197 | 730,581 | 48,013 | 2,184 |
| November | 5,840,640,737 | 615,777,052 | 478,103,935 | 6,934,521,724 | 524,985 | 55,349 | 42,974 | 623,308 | 41,104 | 1,870 |
| December | 5,839,135,854 | 622,246,643 | 478,558,798 | 6,939,941,295 | 309,128 | 32,942 | 25,335 | 367,405 | 24,233 | 1,102 |

(1) The Load Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the 2015 Cost of Service Study, which is 95.65% and 4.35% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss). (ref. Board Order No. P.U.49(2016) p.105)

(2) Total load re-allocated based on energy ratios. The total is the sum of the Load Variation - Utility (page 9) and Load Variation - Industrial (page 10).

**Rate Stabilization Plan**
**Allocation of Load Variance - Year-to-Date**
**December 31, 2018**

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| | **Utility** | | | | | **Industrial** | |
| | | | | | Total load | | |
| | Load Variance | | Rural Allocation | | | Load Variance | |
| | Year-to-Date Activity | Current Month Activity [1] | Year-to-Date Activity | Current Month Activity [1] | Activity for the month | Year-to-Date Activity | Current Month Activity [1] |
| | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | | **(B + D)** | | |
| | | | | | **(to page 7)** | | **(to page 8)** |
| January | 478,543 | 478,543 | 37,018 | 37,018 | 515,561 | 49,185 | 49,185 |
| February | 854,336 | 375,793 | 66,496 | 29,478 | 405,271 | 89,790 | 40,605 |
| March | 1,128,312 | 273,976 | 87,757 | 21,261 | 295,237 | 120,525 | 30,735 |
| April | 1,309,527 | 181,215 | 102,347 | 14,590 | 195,805 | 141,391 | 20,866 |
| May | 442,542 | (866,985) | 34,881 | (67,466) | (934,451) | 46,573 | (94,818) |
| June | 28,715 | (413,827) | 2,262 | (32,619) | (446,446) | 3,027 | (43,546) |
| July | 35,957 | 7,242 | 2,828 | 566 | 7,808 | 3,784 | 757 |
| August | (366,785) | (402,742) | (28,820) | (31,648) | (434,390) | (38,135) | (41,919) |
| September | 517,149 | 883,934 | 40,365 | 69,185 | 953,119 | 54,164 | 92,299 |
| October | 615,191 | 98,042 | 48,013 | 7,648 | 105,690 | 65,193 | 11,029 |
| November | 524,985 | (90,206) | 41,104 | (6,909) | (97,115) | 55,349 | (9,844) |
| December | 309,128 | (215,857) | 24,233 | (16,871) | (232,728) | 32,942 | (22,407) |
| | | 309,128 | | 24,233 | 333,361 | | 32,942 |

[1] The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**Rate Stabilization Plan**
**Utility RSP Surplus**
**December 31, 2018**

| | A | B | C | D |
|---|---|---|---|---|
| | Industrial Customer Adjustment | Utility Payout[1] | Financing Charges | Cumulative Balance |
| | ($) | ($) | ($) | ($) |
| | | | | **(to page 14)** |
| Opening Balance | | | | (12,638,065) |
| January | | 1,489,103 | (67,593) | (11,216,555) |
| February | | - | (59,990) | (11,276,545) |
| March | | 39,414 | (60,311) | (11,297,442) |
| April | | 615,950 | (60,422) | (10,741,914) |
| May | | 74,108 | (57,451) | (10,725,257) |
| June | | - | (57,362) | (10,782,619) |
| July | | 84,808 | (57,669) | (10,755,480) |
| August | | 12,848 | (57,524) | (10,800,156) |
| September | | 92 | (57,763) | (10,857,827) |
| October | | 235,951 | (58,071) | (10,679,947) |
| November | | 635,683 | (57,120) | (10,101,384) |
| December | | 215,027 | (54,026) | (9,940,383) |
| Year to date | - | 3,402,984 | (705,302) | 2,697,682 |
| Total | - | 3,402,984 | (705,302) | (9,940,383) |

(1) Consists of a payout to Newfoundland Power for customer refunds of $2.235 million, Hydro customer refunds of $0.952 million, Hydro admin costs of $0.048 million, and Newfoundland Power admin costs of $0.168 million.

**Rate Stabilization Plan**
**Overall Summary**
**December 31, 2018**

| | A | B | C | D | E |
|---|---|---|---|---|---|
| | Hydraulic Balance | Utility Balance | Industrial Balance | Utility RSP Surplus | Total To Date |
| | ($) | ($) | ($) | ($) | ($) |
| | | | | | **(A + B + C + D)** |
| | **(from page 3)** | **(from page 7)** | **(from page 8)** | **(from page 13)** | |
| Opening Balance | (7,557,375) | (52,440,260) | (1,608,676) | (12,638,065) | (74,244,376) |
| January | (8,035,961) | (42,476,116) | (854,943) | (11,216,555) | (62,583,575) |
| February | (11,413,265) | (35,914,964) | (377,216) | (11,276,545) | (58,981,990) |
| March | (19,434,656) | (30,037,553) | 49,059 | (11,297,442) | (60,720,592) |
| April | (27,959,864) | (25,495,407) | 513,733 | (10,741,914) | (63,683,452) |
| May | (34,998,210) | (23,357,250) | 648,088 | (10,725,257) | (68,432,629) |
| June | (36,929,587) | (21,324,638) | 876,557 | (10,782,619) | (68,160,286) |
| July | (32,778,593) | (21,609,292) | 1,056,998 | (10,755,480) | (64,086,366) |
| August | (31,126,200) | (22,551,533) | 1,134,053 | (10,800,156) | (63,343,835) |
| September | (32,224,117) | (21,629,771) | 1,468,730 | (10,857,827) | (63,242,985) |
| October | (35,148,570) | (20,248,748) | 1,887,322 | (10,679,947) | (64,189,943) |
| November | (42,470,745) | (19,314,004) | 2,226,673 | (10,101,384) | (69,659,460) |
| December | (32,230,511) | (26,672,848) | 1,815,617 | (9,940,383) | (67,028,125) |

**Exhibit 10: 2018 RSP Report 2015 TY Adjusted for 2018 Load**

# 2017 GRA Compliance Application
# Exhibit 10: 2018 RSP Report 2015 Test Year Adjusted for 2018 Load

**July 2019**

# Newfoundland and Labrador Hydro
# Rate Stabilization Plan Report
# December 31, 2018

***Summary of Key Facts***

The Rate Stabilization Plan of Newfoundland and Labrador Hydro ("Hydro"), as amended by Board Order No. P.U. 40(2003), Order No. P.U. 8(2007) and Order No. P.U. 49(2016), is established for Hydro's utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year cost of Service estimates for:

- Hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- Customer load (Utility and Island Industrial); and
- Rural rates.

The Test Year Cost of Service Study is based on projections of events and costs that are forecast to happen during a test year. Finance charges are calculated on the balances using the test year Weighted Average Cost of Capital which is currently 5.50% per annum. Holyrood's operating efficiency is set, for RSP purposes, at 618 kWh/barrel regardless of the actual conversion rate experienced.

Hydro has proposed to calculate the Rural Rate Alteration based upon test year units, not actual units. This change is consistent with the 2017 General Rate Application ("GRA") Settlement Agreements and has been reflected in the attached RSP calculation.

The calculation of the 2018 RSP has been completed based upon the 2018 Test Year Adjusted cost of service inputs.

| | 2015 Test Year Adjusted Cost of Service | | | |
|---|---|---|---|---|
| | Net Hydraulic Production (kWh) | No. 6 Fuel Cost ($Can/bbl.) | Utility Load (kWh) | Industrial Load (kWh) |
| January | 503,640,000 | 57.55 | 715,600,000 | 60,600,000 |
| February | 457,830,000 | 59.85 | 644,800,000 | 58,200,000 |
| March | 438,830,000 | 61.41 | 650,600,000 | 62,000,000 |
| April | 370,790,000 | 61.41 | 510,400,000 | 54,600,000 |
| May | 312,990,000 | 62.64 | 421,200,000 | 62,000,000 |
| June | 323,000,000 | 62.64 | 347,000,000 | 60,900,000 |
| July | 330,220,000 | 62.64 | 314,200,000 | 57,800,000 |
| August | 330,170,000 | 62.64 | 303,600,000 | 61,900,000 |
| September | 326,980,000 | 62.64 | 316,300,000 | 61,100,000 |
| October | 348,360,000 | 66.51 | 416,300,000 | 61,500,000 |
| November | 400,160,000 | 71.70 | 518,100,000 | 62,100,000 |
| December | 460,598,000 | 76.05 | 666,400,000 | 63,300,000 |
| Total | 4,603,568,000 | | 5,824,500,000 | 726,000,000 |

# Rate Stabilization Plan
## Plan Highlights
## December 31, 2018

| | Actual | Cost of Service | Variance | Year-to-Date Due (To) From customers | Reference |
|---|---|---|---|---|---|
| **Hydraulic production year-to-date** | 4,944.2 GWh | 4,603.6 GWh | 340.6 GWh | $ (35,417,181) | Page 3 |
| **No 6 fuel cost - Current month** | $ 93.53 | $ 76.05 | $ 17.48 | $ 32,686,616 | Page 4 |
| **Year-to-date customer load - Utility** | 5,839.1 GWh | 5,824.5 GWh | 14.6 GWh | $ 330,731 | Page 9 |
| **Year-to-date customer load - Industrial** | 622.2 GWh | 726. GWh | (103.8) GWh | $ (6,475,427) | Page 10 |
| | | | | $ (8,875,261) | |

| | | |
|---|---|---|
| **Rural rates** | | |
| Rural Rate Alteration (RRA) | $ - | |
| Less : RRA to utility customer | $ - | Page 7 |
| RRA to Labrador interconnected | - | |
| Fuel variance to Labrador interconnected | $ 98,075 | Page 5 |
| Net Labrador interconnected | $ 98,075 | |

| | | |
|---|---|---|
| **Current plan summary** | | |
| **One year recovery** | | |
| Due (to) from utility customer | $ (32,781,953) | Page 7 |
| Due (to) from Industrial customers | $ 1,211,719 | Page 8 |
| Sub total | (31,570,234) | |
| **Four year recovery** | | |
| Hydraulic balance | $ (32,230,917) | Page 3 |
| **Utility RSP Surplus** | (9,940,383) | Page 13 |
| Total plan balance | $ (73,741,534) | Page 14 |

**Rate Stabilization Plan**
**Net Hydraulic Production Variation**
**December 31, 2018**

| | A<br>Cost of Service Net Hydraulic Production (kWh) | B<br>Actual Net Hydraulic Production (kWh) | C<br>Monthly Net Hydraulic Production Variance (kWh)<br>**(A - B)** | D<br>Cost of Service No. 6 Fuel Cost ($Can/bbl.) | E<br>Net Hydraulic Production Variation ($)<br>**(C / O(1) X D)** | F<br>Financing Charges ($) | G<br>Cumulative Variation and Financing Charges ($)<br>**(E + F)**<br>**(to page 14)** |
|---|---|---|---|---|---|---|---|
| Opening balance | | | | | | | (7,557,375) |
| January | 503,640,000 | 508,345,612 | (4,705,612) | 57.55 | (438,201) | (40,419) | (8,035,995) |
| February | 457,830,000 | 492,257,091 | (34,427,091) | 59.85 | (3,334,080) | (42,979) | (11,413,054) |
| March | 438,830,000 | 518,943,985 | (80,113,985) | 61.41 | (7,960,841) | (61,041) | (19,434,936) |
| April | 370,790,000 | 455,542,704 | (84,752,704) | 61.41 | (8,421,786) | (103,945) | (27,960,667) |
| May | 312,990,000 | 380,952,550 | (67,962,550) | 62.64 | (6,888,631) | (149,543) | (34,998,841) |
| June | 323,000,000 | 340,207,617 | (17,207,617) | 62.64 | (1,744,151) | (187,185) | (36,930,177) |
| July | 330,220,000 | 287,319,170 | 42,900,830 | 62.64 | 4,348,395 | (197,515) | (32,779,297) |
| August | 330,170,000 | 312,138,519 | 18,031,481 | 62.64 | 1,827,657 | (175,315) | (31,126,955) |
| September | 326,980,000 | 336,169,303 | (9,189,303) | 62.64 | (931,421) | (166,477) | (32,224,853) |
| October | 348,360,000 | 373,930,601 | (25,570,601) | 66.51 | (2,751,943) | (172,349) | (35,149,145) |
| November | 400,160,000 | 461,652,022 | (61,492,022) | 71.70 | (7,134,269) | (187,989) | (42,471,403) |
| December | 460,598,000 | 476,752,219 | (16,154,219) | 76.05 | (1,987,910) | (227,151) | (44,686,464) |
| | 4,603,568,000 | 4,944,211,393 | (340,643,393) | | (35,417,181) | (1,711,908) | (44,686,464) |
| Hydraulic Allocation[2] | | | | | 10,743,639 | 1,711,908 | 12,455,547 |
| Hydraulic variation at year end | | | | | (24,673,542) | - | (32,230,917) |

[1] O is the Holyrood Operating Efficiency of 618 kWh/barrel (ref. Board Order No. P.U.49 (2016) p.32).

[2] At year end 25% of the hydraulic variation balance and 100% of the annual financing charges are allocated to customers as follows.

| | **(from page 5)**<br>12 month kWh | % of kWh to total | Allocation | Reallocate Rural | **(to pages 7 & 8)**<br>Net |
|---|---|---|---|---|---|
| Utility | 5,839,135,854 | 84.1% | 10,479,863 | 821,527 | 11,301,390 |
| Industrial | 622,246,643 | 9.0% | 1,116,785 | - | 1,116,785 |
| Rural | 478,558,798 | 6.9% | 858,899 | (858,899) | - |
| Total | 6,939,941,295 | 100.0% | 12,455,547 | (37,372) | 12,418,175 |
| Labrador Inteconnected (write-off to income) | | | | 37,372 | 37,372 |
| | | | | - | 12,455,547 |

**Rate Stabilization Plan**
**No. 6 Fuel Variation**
**December 31, 2018**

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| | Actual Quantity No. 6 Fuel (bbl.) | Actual Quantity No. 6 Fuel for Non-Firm Sales (bbl.) | Net Quantity No. 6 Fuel (bbl.) **(A - B)** | Cost of Service No. 6 Fuel Cost ($Can/bbl.) | Actual Average No. 6 Fuel Cost ($Can/bbl.) | Cost Variance ($Can/bbl.) **(E - D)** | No.6 Fuel Variation ($) **(C X F)** **(to page 5)** |
| January | 386,020 | - | 386,020 | 57.55 | 77.83 | 20.28 | 7,828,493 |
| February | 226,331 | - | 226,331 | 59.85 | 79.70 | 19.85 | 4,492,677 |
| March | 208,849 | - | 208,849 | 61.41 | 79.97 | 18.56 | 3,876,232 |
| April | 151,597 | - | 151,597 | 61.41 | 80.32 | 18.91 | 2,866,703 |
| May | 91,319 | - | 91,319 | 62.64 | 81.27 | 18.63 | 1,701,269 |
| June | 71,433 | - | 71,433 | 62.64 | 81.27 | 18.63 | 1,330,805 |
| July | 11,418 | - | 11,418 | 62.64 | 81.27 | 18.63 | 212,717 |
| August | (2,207) | - | (2,207) | 62.64 | 81.27 | 18.63 | (41,117) |
| September | 31,017 | - | 31,017 | 62.64 | 81.27 | 18.63 | 577,839 |
| October | 126,992 | - | 126,992 | 66.51 | 83.53 | 17.02 | 2,161,408 |
| November | 185,300 | - | 185,300 | 71.70 | 82.49 | 10.79 | 1,999,384 |
| December | 324,955 | - | 324,955 | 76.05 | 93.53 | 17.48 | 5,680,206 |
| | 1,813,024 | - | 1,813,024 | | | | 32,686,616 |

**Rate Stabilization Plan**
**Allocation of Fuel Variance - Year-to-Date**
**December 31, 2018**

| | A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|---|
| | Twelve Months-to-Date | | | | Year-to-Date Fuel Variance | | | | Reallocate Rural Island Customers [1] | |
| | Utility | Industrial Customers | Rural Island Customers | Total | Utility | Industrial Customers | Rural Island Interconnected | Total | Utility | Labrador Interconnected |
| | (kWh) | (kWh) | (kWh) | (kWh) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | **(A+B+C)** | **(A/D X H)** | **(B/D X H)** | **(C/D X H)** | | **(G X 95.65%)** | **(G X 4.35%)** |
| | | | | | **(to page 6)** | **(to page 6)** | | **(from page 4)** | **(to page 6)** | |
| January | 5,873,836,344 | 603,719,888 | 475,037,542 | 6,952,593,774 | 6,613,832 | 679,778 | 534,883 | 7,828,493 | 511,609 | 23,274 |
| February | 5,838,623,404 | 613,634,168 | 475,115,774 | 6,927,373,346 | 10,384,697 | 1,091,422 | 845,051 | 12,321,170 | 808,281 | 36,770 |
| March | 5,777,715,658 | 617,169,994 | 469,815,878 | 6,864,701,530 | 13,632,637 | 1,456,225 | 1,108,540 | 16,197,402 | 1,060,305 | 48,235 |
| April | 5,752,892,524 | 621,147,511 | 470,074,021 | 6,844,114,056 | 16,024,535 | 1,730,191 | 1,309,379 | 19,064,105 | 1,252,405 | 56,974 |
| May | 5,726,758,523 | 602,685,107 | 471,919,469 | 6,801,363,099 | 17,484,478 | 1,840,070 | 1,440,826 | 20,765,374 | 1,378,133 | 62,693 |
| June | 5,768,661,886 | 608,156,227 | 475,101,867 | 6,851,919,980 | 18,602,871 | 1,961,192 | 1,532,116 | 22,096,179 | 1,465,451 | 66,665 |
| July | 5,769,279,937 | 607,175,157 | 474,472,887 | 6,850,927,981 | 18,786,691 | 1,977,164 | 1,545,041 | 22,308,896 | 1,477,813 | 67,228 |
| August | 5,766,256,956 | 599,525,192 | 473,681,007 | 6,839,463,155 | 18,773,657 | 1,951,921 | 1,542,201 | 22,267,779 | 1,475,097 | 67,104 |
| September | 5,795,989,247 | 607,047,010 | 472,969,024 | 6,876,005,281 | 19,257,251 | 2,016,922 | 1,571,445 | 22,845,618 | 1,503,068 | 68,377 |
| October | 5,821,965,489 | 616,965,428 | 475,051,083 | 6,913,982,000 | 21,057,336 | 2,231,488 | 1,718,202 | 25,007,026 | 1,643,440 | 74,762 |
| November | 5,840,640,737 | 615,777,052 | 478,103,935 | 6,934,521,724 | 22,746,304 | 2,398,136 | 1,861,970 | 27,006,410 | 1,780,952 | 81,018 |
| December | 5,839,135,854 | 622,246,643 | 478,558,798 | 6,939,941,295 | 27,501,903 | 2,930,736 | 2,253,977 | 32,686,616 | 2,155,902 | 98,075 |

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the 2015 Cost of Service Study, which is 95.65% and 4.35% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss), (ref. Board Order No. P.U.49(2016) p.105).

**Rate Stabilization Plan**
**Allocation of Fuel Variance - Monthly**
**December 31, 2018**

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| | **Utility** | | | | | **Industrial** | |
| | Fuel Variance | | Rural Allocation | | Total Fuel Variance Activity for the month | Fuel Variance | |
| | Year-to-Date Activity | Current Month Activity [1] | Year-to-Date Activity | Current Month Activity [1] | | Year-to-Date Activity | Current Month Activity [1] |
| | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | | **(B + D)** | | |
| | **(from page 5)** | | **(from page 5)** | | **(to page 7)** | **(from page 5)** | **(to page 8)** |
| January | 6,613,832 | 6,613,832 | 511,609 | 511,609 | 7,125,441 | 679,778 | 679,778 |
| February | 10,384,697 | 3,770,865 | 808,281 | 296,672 | 4,067,537 | 1,091,422 | 411,644 |
| March | 13,632,637 | 3,247,940 | 1,060,305 | 252,024 | 3,499,964 | 1,456,225 | 364,803 |
| April | 16,024,535 | 2,391,898 | 1,252,405 | 192,100 | 2,583,998 | 1,730,191 | 273,966 |
| May | 17,484,478 | 1,459,943 | 1,378,133 | 125,728 | 1,585,671 | 1,840,070 | 109,879 |
| June | 18,602,871 | 1,118,393 | 1,465,451 | 87,318 | 1,205,711 | 1,961,192 | 121,122 |
| July | 18,786,691 | 183,820 | 1,477,813 | 12,362 | 196,182 | 1,977,164 | 15,972 |
| August | 18,773,657 | (13,034) | 1,475,097 | (2,716) | (15,750) | 1,951,921 | (25,243) |
| September | 19,257,251 | 483,594 | 1,503,068 | 27,971 | 511,565 | 2,016,922 | 65,001 |
| October | 21,057,336 | 1,800,085 | 1,643,440 | 140,372 | 1,940,457 | 2,231,488 | 214,566 |
| November | 22,746,304 | 1,688,968 | 1,780,952 | 137,512 | 1,826,480 | 2,398,136 | 166,648 |
| December | 27,501,903 | 4,755,599 | 2,155,902 | 374,950 | 5,130,549 | 2,930,736 | 532,600 |
| | | 27,501,903 | | 2,155,902 | 29,657,805 | | 2,930,736 |

[1] The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**Rate Stabilization Plan**
**Summary of Utility Customer**
**December 31, 2018**

| | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| | Load Variation | Allocation Fuel Variance | Allocation Rural Rate Alteration [1] | Subtotal Monthly Variances | Financing Charges | Adjustment [2] | Transfers | Cumulative Net Balance |
| | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | **(A + B + C)** | | | | |
| | **(from page 12)** | **(from page 6)** | | | | | | **(to page 14)** |
| Opening Balance | | | | | | | | (52,440,260) |
| January | (186,905) | 7,125,441 | 0 | 6,938,536 | (280,468) | 2,607,970 | | (43,174,222) |
| February | (350,152) | 4,067,537 | 0 | 3,717,385 | (230,910) | 2,323,456 | | (37,364,291) |
| March | (317,277) | 3,499,964 | 0 | 3,182,687 | (199,837) | 2,278,953 | | (32,102,487) |
| April | (42,327) | 2,583,998 | 0 | 2,541,671 | (171,695) | 1,920,679 | | (27,811,832) |
| May | (1,420,505) | 1,585,671 | 0 | 165,166 | (148,747) | 1,617,088 | | (26,178,325) |
| June | (964,033) | 1,205,711 | 0 | 241,678 | (140,010) | 1,392,031 | | (24,684,626) |
| July | (324,328) | 196,182 | 0 | (128,146) | (132,022) | (374,577) | | (25,319,372) |
| August | (959,896) | (15,750) | 0 | (975,646) | (135,416) | (376,531) | | (26,806,964) |
| September | (376,017) | 511,565 | 0 | 135,548 | (143,373) | (422,264) | | (27,237,053) |
| October | (53,895) | 1,940,457 | 0 | 1,886,562 | (145,673) | (548,977) | | (26,045,141) |
| November | (313,106) | 1,826,480 | 0 | 1,513,374 | (139,298) | (686,460) | | (25,357,524) |
| December | (266,876) | 5,130,549 | 0 | 4,863,673 | (135,620) | (851,092) | | (21,480,563) |
| Year to date | (5,575,315) | 29,657,805 | 0 | 24,082,490 | (2,003,069) | 8,880,276 | | 30,959,697 |
| Hydraulic allocation **(from page 3)** | | | | | | | | (11,301,390) |
| Total | (5,575,315) | 29,657,805 | 0 | 24,082,490 | (2,003,069) | 8,880,276 | | (32,781,953) |

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved 2015 Cost of Service Study, which is 95.65% and 4.35% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate of 0.371 cents per kWh effective July 1, 2017 was approved in Board Order No. P.U. 22(2017). The RSP adjustment rate of (0.127) cents per kWh effective July 1, 2018 was approved in Board Order No. 15(2018).

**Rate Stabilization Plan**
**Summary of Industrial Customers**
**December 31, 2018**

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| | Load Variation | Allocation Fuel Variance | Subtotal Monthly Variances | Financing Charges | Adjustment [1] | Transfers | Cumulative Net Balance |
| | ($) | ($) | ($) | ($) | ($) | | ($) |
| | | | **(A + B)** | | | | |
| | **(from page 12)** | **(from page 6)** | | | | | **(to page 14)** |
| Opening Balance | | | | | | | (1,608,676) |
| January | (17,831) | 679,778 | 661,947 | (8,604) | 33,227 | | (922,106) |
| February | (34,537) | 411,644 | 377,107 | (4,932) | 30,135 | | (519,796) |
| March | (32,305) | 364,803 | 332,498 | (2,780) | 32,683 | | (157,395) |
| April | (5,123) | 273,966 | 268,843 | (842) | 169,527 | | 280,133 |
| May | (136,246) | 109,879 | (26,367) | 1,498 | 116,563 | | 371,827 |
| June | (94,616) | 121,122 | 26,506 | 1,989 | 147,437 | | 547,759 |
| July | (31,125) | 15,972 | (15,153) | 2,930 | 159,025 | | 694,561 |
| August | (88,310) | (25,243) | (113,553) | 3,715 | 138,565 | | 723,288 |
| September | (39,981) | 65,001 | 25,020 | 3,868 | 171,316 | | 923,492 |
| October | (10,968) | 214,566 | 203,598 | 4,939 | 185,185 | | 1,317,214 |
| November | (27,987) | 166,648 | 138,661 | 7,045 | 172,441 | | 1,635,361 |
| December | (31,915) | 532,600 | 500,685 | 8,746 | 183,712 | | 2,328,504 |
| Year to date | (550,944) | 2,930,736 | 2,379,792 | 17,572 | 1,539,816 | | 3,937,180 |
| Hydraulic allocation | | | | | | | (1,116,785) |
| **(from page 3)** | | | | | | | |
| Total | (550,944) | 2,930,736 | 2,379,792 | 17,572 | 1,539,816 | | 1,211,719 |

(1) The RSP adjustment rate for Industrial is 0.061 cents per kWh from January to March as approved in Board Order No. P.U. 26(2017). The RSP adjustment rate effective April 1, 2018 is 0.309 cents per kWh per Board Order No. P.U. 7(2018).

**Rate Stabilization Plan**
**Load Variation - Utility**
**December 31, 2018**

| | A | B | C | D | E | F | G | H | I | J | K |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Firm Energy | | | | | | Secondary Energy | | | | |
| | Cost of Service Sales | Actual Sales | Sales Variance | Cost of Service No. 6 Fuel Cost | Firm Energy Rate (1) | Load Variation | Cost of Service Sales | Actual Sales | Firming Up Charge (1) | Load Variation | Total Load Variation |
| | (kWh) | (kWh) | (kWh) | ($Can/bbl.) | ($/kWh) | ($) | (kWh) | (kWh) | ($/kWh) | ($) | ($) |
| | | | **(B - A)** | | | **C x {(D/O(2)) - E}** | | | | **(G - H) x I** | **(F + J)** |
| | | | | | | | | | | | **(to page 11)** |
| January | 715,600,000 | 701,927,961 | (13,672,039) | 57.55 | 0.10422 | 151,719 | - | 1,028,951 | 0.02882 | (29,654) | 122,065 |
| February | 644,800,000 | 625,341,808 | (19,458,192) | 59.85 | 0.10422 | 143,511 | - | 926,761 | 0.02882 | (26,709) | 116,802 |
| March | 650,600,000 | 613,254,800 | (37,345,200) | 61.41 | 0.10422 | 181,164 | - | 1,018,131 | 0.02882 | (29,343) | 151,821 |
| April | 510,400,000 | 516,540,730 | 6,140,730 | 61.41 | 0.10422 | (29,789) | - | 1,162,519 | 0.02882 | (33,504) | (63,293) |
| May | 421,200,000 | 434,992,687 | 13,792,687 | 62.64 | 0.10422 | (39,458) | - | 880,168 | 0.02882 | (25,366) | (64,824) |
| June | 347,000,000 | 374,533,926 | 27,533,926 | 62.64 | 0.10422 | (78,768) | - | 676,691 | 0.02882 | (19,502) | (98,270) |
| July | 314,200,000 | 294,132,896 | (20,067,104) | 62.64 | 0.10422 | 57,408 | - | 809,763 | 0.02882 | (23,337) | 34,071 |
| August | 303,600,000 | 295,703,009 | (7,896,991) | 62.64 | 0.10422 | 22,592 | - | 778,068 | 0.02882 | (22,424) | 168 |
| September | 316,300,000 | 331,643,024 | 15,343,024 | 62.64 | 0.10422 | (43,893) | - | 848,137 | 0.02882 | (24,443) | (68,336) |
| October | 416,300,000 | 431,869,660 | 15,569,660 | 66.51 | 0.10422 | 52,958 | - | 395,721 | 0.02882 | (11,405) | 41,553 |
| November | 518,100,000 | 537,406,749 | 19,306,749 | 71.70 | 0.10422 | 227,808 | - | 3,112,893 | 0.02882 | (89,714) | 138,094 |
| December | 666,400,000 | 669,106,319 | 2,706,319 | 76.05 | 0.10422 | 50,982 | - | 1,044,482 | 0.02882 | (30,102) | 20,880 |
| | 5,824,500,000 | 5,826,453,569 | 1,953,569 | | | 696,234 | - | 12,682,285 | | (365,503) | 330,731 |

(1) For purposes of calculating the RSP, 2015 Test Year firm energy rate for Utility is assumed to be 10.422 cents per kWh effective January 1, 2017 and a firming up charge of 2.882 cents per kWh is assumed to be effective January 1, 2017.

(2) O is the Holyrood Operating Efficiency of 618 kWh/barrel. (ref. Board Order No. P.U. 49(2016) p.32)

**Rate Stabilization Plan**
**Load Variation - Industrial**
**December 31, 2018**

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| | Cost of Service Sales | Actual Sales | Sales Variance | Cost of Service No. 6 Fuel Cost | Firm Energy Rate | Load Variation |
| | (kWh) | (kWh) | (kWh) | ($) | ($/kWh) | ($) |
| | | | **(B - A)** | | | **C x {(D/O[(1)]) - E}** |
| | | | | | | **(to page 11)** |
| January | 60,600,000 | 54,470,202 | (6,129,798) | 57.55 | 0.03971 | (327,411) |
| February | 58,200,000 | 49,402,452 | (8,797,548) | 59.85 | 0.03971 | (502,645) |
| March | 62,000,000 | 53,578,084 | (8,421,916) | 61.41 | 0.03971 | (502,443) |
| April | 54,600,000 | 54,863,007 | 263,007 | 61.41 | 0.03971 | 15,691 |
| May | 62,000,000 | 37,722,774 | (24,277,226) | 62.64 | 0.03971 | (1,496,672) |
| June | 60,900,000 | 45,270,006 | (15,629,995) | 62.64 | 0.03971 | (963,577) |
| July | 57,800,000 | 51,464,384 | (6,335,616) | 62.64 | 0.03971 | (390,586) |
| August | 61,900,000 | 44,843,150 | (17,056,850) | 62.64 | 0.03971 | (1,051,542) |
| September | 61,100,000 | 55,442,065 | (5,657,935) | 62.64 | 0.03971 | (348,807) |
| October | 61,500,000 | 59,930,424 | (1,569,576) | 66.51 | 0.03971 | (106,592) |
| November | 62,100,000 | 55,806,284 | (6,293,716) | 71.70 | 0.03971 | (480,270) |
| December | 63,300,000 | 59,453,811 | (3,846,189) | 76.05 | 0.03971 | (320,573) |
| | 726,000,000 | 622,246,643 | (103,753,357) | | | (6,475,427) |

(1) O is the Holyrood Operating Efficiency of 618 kWh/barrel, (ref. Board Order No. P.U.49 (2016) p.32).

**Rate Stabilization Plan**
**Allocation of Load Variance - Year-to-Date**
**December 31, 2018**

| | A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|---|
| | Twelve Months-to-Date | | | | Year-to-Date Load Variance | | | | Reallocate Rural Island Customers [1] | |
| | Utility | Industrial Customers | Rural Island Customers | Total | Utility | Industrial Customers | Rural Island Interconnected | Total [2] | Utility | Labrador Interconnected |
| | (kWh) | (kWh) | (kWh) | (kWh) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | **(A+B+C)** | **(A/D X H)** | **(B/D X H)** | **(C/D X H)** | | | |
| | | | | | | | | **(from pages 9 & 10)** | | |
| January | 5,873,836,344 | 603,719,888 | 475,037,542 | 6,952,593,774 | (173,485) | (17,831) | (14,030) | (205,346) | (13,420) | (610) |
| February | 5,838,623,404 | 613,634,168 | 475,115,774 | 6,927,373,346 | (498,274) | (52,368) | (40,547) | (591,189) | (38,783) | (1,764) |
| March | 5,777,715,658 | 617,169,994 | 469,815,878 | 6,864,701,530 | (792,681) | (84,673) | (64,457) | (941,811) | (61,652) | (2,805) |
| April | 5,752,892,524 | 621,147,511 | 470,074,021 | 6,844,114,056 | (831,662) | (89,796) | (67,955) | (989,413) | (64,998) | (2,957) |
| May | 5,726,758,523 | 602,685,107 | 471,919,469 | 6,801,363,099 | (2,147,869) | (226,042) | (176,998) | (2,550,909) | (169,296) | (7,702) |
| June | 5,768,661,886 | 608,156,227 | 475,101,867 | 6,851,919,980 | (3,041,595) | (320,658) | (250,503) | (3,612,756) | (239,603) | (10,900) |
| July | 5,769,279,937 | 607,175,157 | 474,472,887 | 6,850,927,981 | (3,342,589) | (351,783) | (274,899) | (3,969,271) | (262,938) | (11,961) |
| August | 5,766,256,956 | 599,525,192 | 473,681,007 | 6,839,463,155 | (4,232,836) | (440,093) | (347,716) | (5,020,645) | (332,586) | (15,130) |
| September | 5,795,989,247 | 607,047,010 | 472,969,024 | 6,876,005,281 | (4,583,673) | (480,074) | (374,041) | (5,437,788) | (357,766) | (16,275) |
| October | 5,821,965,489 | 616,965,428 | 475,051,083 | 6,913,982,000 | (4,633,693) | (491,042) | (378,092) | (5,502,827) | (361,641) | (16,451) |
| November | 5,840,640,737 | 615,777,052 | 478,103,935 | 6,934,521,724 | (4,922,987) | (519,029) | (402,987) | (5,845,003) | (385,452) | (17,535) |
| December | 5,839,135,854 | 622,246,643 | 478,558,798 | 6,939,941,295 | (5,170,031) | (550,944) | (423,721) | (6,144,696) | (405,284) | (18,437) |

(1) The Load Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the 2015 Cost of Service Study, which is 95.65% and 4.35% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss). (ref. Board Order No. P.U. 49(2016) p.105)

(2) Total load re-allocated based on energy ratios. The total is the sum of the Load Variation - Utility (page 9) and Load Variation - Industrial (page 10).

**Rate Stabilization Plan**
**Allocation of Load Variance - Year-to-Date**
**December 31, 2018**

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| | **Utility** | | | | | **Industrial** | |
| | Load Variance | | Rural Allocation | | Total load | Load Variance | |
| | Year-to-Date Activity | Current Month Activity [1] | Year-to-Date Activity | Current Month Activity [1] | Activity for the month | Year-to-Date Activity | Current Month Activity [1] |
| | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | | **(B + D)** | | |
| | | | | | **(to page 7)** | | **(to page 8)** |
| January | (173,485) | (173,485) | (13,420) | (13,420) | (186,905) | (17,831) | (17,831) |
| February | (498,274) | (324,789) | (38,783) | (25,363) | (350,152) | (52,368) | (34,537) |
| March | (792,681) | (294,407) | (61,652) | (22,870) | (317,277) | (84,673) | (32,305) |
| April | (831,662) | (38,981) | (64,998) | (3,346) | (42,327) | (89,796) | (5,123) |
| May | (2,147,869) | (1,316,207) | (169,296) | (104,298) | (1,420,505) | (226,042) | (136,246) |
| June | (3,041,595) | (893,726) | (239,603) | (70,307) | (964,033) | (320,658) | (94,616) |
| July | (3,342,589) | (300,994) | (262,938) | (23,334) | (324,328) | (351,783) | (31,125) |
| August | (4,232,836) | (890,247) | (332,586) | (69,649) | (959,896) | (440,093) | (88,310) |
| September | (4,583,673) | (350,837) | (357,766) | (25,180) | (376,017) | (480,074) | (39,981) |
| October | (4,633,693) | (50,020) | (361,641) | (3,875) | (53,895) | (491,042) | (10,968) |
| November | (4,922,987) | (289,294) | (385,452) | (23,812) | (313,106) | (519,029) | (27,987) |
| December | (5,170,031) | (247,044) | (405,284) | (19,832) | (266,876) | (550,944) | (31,915) |
| | | (5,170,031) | | (405,284) | (5,575,315) | | (550,944) |

[1] The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**Rate Stabilization Plan**
**Utility RSP Surplus**
**December 31, 2018**

| | A | B | C | D |
|---|---|---|---|---|
| | Industrial Customer Adjustment | Utility Payout[1] | Financing Charges | Cumulative Balance |
| | ($) | ($) | ($) | ($) |
| | | | | **(to page 14)** |
| Opening Balance | | | | (12,638,065) |
| January | | 1,489,103 | (67,593) | (11,216,555) |
| February | | - | (59,990) | (11,276,545) |
| March | | 39,414 | (60,311) | (11,297,442) |
| April | | 615,950 | (60,422) | (10,741,914) |
| May | | 74,108 | (57,451) | (10,725,257) |
| June | | - | (57,362) | (10,782,619) |
| July | | 84,808 | (57,669) | (10,755,480) |
| August | | 12,848 | (57,524) | (10,800,156) |
| September | | 92 | (57,763) | (10,857,827) |
| October | | 235,951 | (58,071) | (10,679,947) |
| November | | 635,683 | (57,120) | (10,101,384) |
| December | | 215,027 | (54,026) | (9,940,383) |
| Year to date | - | 3,402,984 | (705,302) | 2,697,682 |
| Total | - | 3,402,984 | (705,302) | (9,940,383) |

(1) Consists of a payout to Newfoundland Power for customer refunds of $2.235 million, Hydro customer refunds of $0.952 million, Hydro admin costs of $0.048 million, and Newfoundland Power admin costs of $0.168 million.

**Rate Stabilization Plan**
**Overall Summary**
**December 31, 2018**

| | A | B | C | D | E |
|---|---|---|---|---|---|
| | Hydraulic Balance | Utility Balance | Industrial Balance | Utility RSP Surplus | Total To Date |
| | ($) | ($) | ($) | ($) | ($) |
| | | | | | **(A + B + C + D)** |
| | **(from page 3)** | **(from page 7)** | **(from page 8)** | **(from page 13)** | |
| Opening Balance | (7,557,375) | (52,440,260) | (1,608,676) | (12,638,065) | (74,244,376) |
| January | (8,035,995) | (43,174,222) | (922,106) | (11,216,555) | (63,348,877) |
| February | (11,413,054) | (37,364,291) | (519,796) | (11,276,545) | (60,573,685) |
| March | (19,434,936) | (32,102,487) | (157,395) | (11,297,442) | (62,992,260) |
| April | (27,960,667) | (27,811,832) | 280,133 | (10,741,914) | (66,234,280) |
| May | (34,998,841) | (26,178,325) | 371,827 | (10,725,257) | (71,530,596) |
| June | (36,930,177) | (24,684,626) | 547,759 | (10,782,619) | (71,849,663) |
| July | (32,779,297) | (25,319,372) | 694,561 | (10,755,480) | (68,159,587) |
| August | (31,126,955) | (26,806,964) | 723,288 | (10,800,156) | (68,010,787) |
| September | (32,224,853) | (27,237,053) | 923,492 | (10,857,827) | (69,396,241) |
| October | (35,149,145) | (26,045,141) | 1,317,214 | (10,679,947) | (70,557,018) |
| November | (42,471,403) | (25,357,524) | 1,635,361 | (10,101,384) | (76,294,950) |
| December | (32,230,917) | (32,781,953) | 1,211,719 | (9,940,383) | (73,741,534) |

**Exhibit 11: March 2019**
**RSP Report 2015 TY**

# 2017 GRA Compliance Application
# Exhibit 11: March 2019 RSP Report 2015 Test Year

**July 2019**

# Newfoundland and Labrador Hydro
# Rate Stabilization Plan Report
# March 31, 2019

***Summary of Key Facts***

The Rate Stabilization Plan of Newfoundland and Labrador Hydro ("Hydro"), as amended by Board Order No. P.U. 40 (2003), Order No. P.U. 8 (2007) and Order No. P.U. 49 (2016), is established for Hydro's utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year cost of Service estimates for:

- Hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- Customer load (Utility and Island Industrial); and
- Rural rates.

The Test Year Cost of Service Study is based on projections of events and costs that are forecast to happen during a test year. Finance charges are calculated on the balances using the test year Weighted Average Cost of Capital which is currently 6.61% per annum. Holyrood's operating efficiency is set, for RSP purposes, at 618 kWh/barrel regardless of the actual conversion rate experienced.

Hydro has proposed to calculate the Rural Rate Alteration based upon test year units, not actual units. This change is consistent with the 2017 General Rate Application ("GRA") Settlement Agreements and has been reflected in the attached RSP calculation.

The calculation of the 2019 RSP has been completed year to date based upon the 2015 Test Year cost of service inputs pending a Board Order for the 2017 GRA.

| | 2015 Test Year Cost of Service | | | |
|---|---|---|---|---|
| | Net Hydraulic Production (kWh) | No. 6 Fuel Cost ($Can/bbl.) | Utility Load (kWh) | Industrial Load (kWh) |
| January | 503,640,000 | 57.55 | 729,300,000 | 49,000,000 |
| February | 457,830,000 | 59.85 | 662,500,000 | 45,900,000 |
| March | 438,830,000 | 61.41 | 657,400,000 | 51,200,000 |
| April | 370,790,000 | 61.41 | 514,600,000 | 50,500,000 |
| May | 312,990,000 | 62.64 | 423,000,000 | 53,500,000 |
| June | 323,000,000 | 62.64 | 348,100,000 | 51,700,000 |
| July | 330,220,000 | 62.64 | 314,700,000 | 51,900,000 |
| August | 330,170,000 | 62.64 | 314,500,000 | 53,100,000 |
| September | 326,980,000 | 62.64 | 337,300,000 | 38,300,000 |
| October | 348,360,000 | 66.51 | 416,700,000 | 58,800,000 |
| November | 400,160,000 | 71.70 | 526,000,000 | 57,800,000 |
| December | 460,598,000 | 76.05 | 680,000,000 | 59,700,000 |
| Total | 4,603,568,000 | | 5,924,100,000 | 621,400,000 |

# Rate Stabilization Plan
## Plan Highlights
## March 31, 2019

| | Actual | Cost of Service | Variance | Year-to-Date Due (To) From customers | Reference |
|---|---|---|---|---|---|
| **Hydraulic production year-to-date** | 1,396.2 GWh | 1,400.3 GWh | (4.1) GWh | $ 54,164 | Page 3 |
| **No 6 fuel cost - Current month** | $ 90.53 | $ 61.41 | $ 29.12 | $ 26,427,700 | Page 4 |
| **Year-to-date customer load - Utility** | 2,067. GWh | 2,049.2 GWh | 17.8 GWh | $ (95,467) | Page 9 |
| **Year-to-date customer load - Industrial** | 166.3 GWh | 146.1 GWh | 20.2 GWh | $ 1,228,160 | Page 10 |
| | | | | $ 27,614,557 | |

| | | |
|---|---|---|
| **Rural rates** | | |
| Rural Rate Alteration (RRA) | $ - | |
| Less : RRA to utility customer | $ - | Page 7 |
| RRA to Labrador interconnected | - | |
| Fuel variance to Labrador interconnected | $ 79,173 | Page 5 |
| Net Labrador interconnected | $ 79,173 | |

| | | |
|---|---|---|
| **Current plan summary** | | |
| **One year recovery** | | |
| Due (to) from utility customer | $ (14,604,739) | Page 7 |
| Due (to) from Industrial customers | $ 3,811,322 | Page 8 |
| Sub total | (10,793,417) | |
| **Four year recovery** | | |
| Hydraulic balance | $ (31,462,068) | Page 3 |
| **Utility RSP Surplus** | - | Page 13 |
| Total plan balance | $ (42,255,485) | Page 14 |

**Rate Stabilization Plan**
**Net Hydraulic Production Variation**
**March 31, 2019**

| | A<br>Cost of Service Net Hydraulic Production (kWh) | B1<br>Actual Net Hydraulic Production (kWh) | B2<br>Net Ponded Energy (kWh) | B3<br>Spill Exports (kWh) | B<br>Net Hydraulic Production for Variance Calculation (kWh)<br>**(B1 + B2 - B3)** | C<br>Monthly Net Hydraulic Production Variance (kWh)<br>**(A - B)** | D<br>Cost of Service No. 6 Fuel Cost ($Can/bbl.) | E<br>Net Hydraulic Production Variation ($)<br>**(C / O(1) X D)** | F<br>Financing Charges ($) | G<br>Cumulative Variation and Financing Charges ($)<br>**(E + F)**<br>**(to page 14)** |
|---|---|---|---|---|---|---|---|---|---|---|
| Opening balance | | | | | | | | | | (32,230,511) |
| Adjustment(2) | | | | | | | | | | 1,176,481 |
| Adjusted Opening Balance | | | | | | | | | | (31,054,030) |
| January | 503,640,000 | 451,864,729 | 335,000 | - | 452,199,729 | 51,440,271 | 57.55 | 4,789,905 | (166,087) | (26,430,212) |
| February | 457,830,000 | 482,238,338 | - | - | 482,238,338 | (24,408,338) | 59.85 | (2,363,991) | (141,358) | (28,935,561) |
| March | 438,830,000 | 462,138,601 | 561,000 | - | 462,699,601 | (23,869,601) | 61.41 | (2,371,750) | (154,757) | (31,462,068) |
| April | | | | | | | | | | |
| May | | | | | | | | | | |
| June | | | | | | | | | | |
| July | | | | | | | | | | |
| August | | | | | | | | | | |
| September | | | | | | | | | | |
| October | | | | | | | | | | |
| November | | | | | | | | | | |
| December | | | | | | | | | | |
| | 1,400,300,000 | 1,396,241,668 | 896,000 | - | 1,397,137,668 | 3,162,332 | | 54,164 | (462,202) | (31,462,068) |
| Hydraulic Allocation | | | | | | | | - | - | |
| Hydraulic variation at year end | | | | | | | | 54,164 | (462,202) | (31,462,068) |

(1) O is the Holyrood Operating Efficiency of 618 kWh/barrel (ref. Board Order No. P.U.49(2016) p.32).

(2) The production at Bay d'Espoir was overstated by 9,559,920 kWh in December 2018 (9,559,920kWh /618 (2015 test year fuel efficiency) x $76.05 (2015 test year cost of fuel price in December).

**Rate Stabilization Plan**
**No. 6 Fuel Variation**
**March 31, 2019**

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| | Actual Quantity No. 6 Fuel | Actual Quantity No. 6 Fuel for Non-Firm Sales | Net Quantity No. 6 Fuel | Cost of Service No. 6 Fuel Cost | Actual Average No. 6 Fuel Cost | Cost Variance | No.6 Fuel Variation |
| | (bbl.) | (bbl.) | (bbl.) **(A - B)** | ($Can/bbl.) | ($Can/bbl.) | ($Can/bbl.) **(E - D)** | ($) **(C X F)** **(to page 5)** |
| January | 340,629 | - | 340,629 | 57.55 | 88.43 | 30.88 | 10,520,129 |
| February | 321,375 | - | 321,375 | 59.85 | 86.82 | 26.97 | 8,666,079 |
| March | 248,645 | - | 248,645 | 61.41 | 90.53 | 29.12 | 7,241,492 |
| April | | | | | | | |
| May | | | | | | | |
| June | | | | | | | |
| July | | | | | | | |
| August | | | | | | | |
| September | | | | | | | |
| October | | | | | | | |
| November | | | | | | | |
| December | | | | | | | |
| | 910,650 | - | 910,650 | | | | 26,427,700 |

**Rate Stabilization Plan**
**Allocation of Fuel Variance - Year-to-Date**
**March 31, 2019**

| | A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|---|
| | Twelve Months-to-Date | | | | Year-to-Date Fuel Variance | | | | Reallocate Rural Island Customers [1] | |
| | Utility | Industrial Customers | Rural Island Customers | Total | Utility | Industrial Customers | Rural Island Interconnected | Total | Utility | Labrador Interconnected |
| | (kWh) | (kWh) | (kWh) | (kWh) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | **(A+B+C)** | **(A/D X H)** | **(B/D X H)** | **(C/D X H)** | | **(G X 95.65%)** | **(G X 4.35%)** |
| | | | | | **(to page 6)** | **(to page 6)** | | **(from page 4)** | **(to page 6)** | |
| January | 5,828,861,040 | 625,082,912 | 479,169,641 | 6,933,113,593 | 8,844,564 | 948,485 | 727,080 | 10,520,129 | 695,443 | 31,637 |
| February | 5,904,314,369 | 627,125,292 | 482,486,299 | 7,013,925,960 | 16,150,927 | 1,715,467 | 1,319,814 | 19,186,208 | 1,262,386 | 57,428 |
| March | 5,962,635,275 | 631,066,094 | 487,546,970 | 7,081,248,339 | 22,252,960 | 2,355,182 | 1,819,558 | 26,427,700 | 1,740,385 | 79,173 |
| April | | | | | | | | | | |
| May | | | | | | | | | | |
| June | | | | | | | | | | |
| July | | | | | | | | | | |
| August | | | | | | | | | | |
| September | | | | | | | | | | |
| October | | | | | | | | | | |
| November | | | | | | | | | | |
| December | | | | | | | | | | |

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the 2015 Cost of Service Study, which is 95.65% and 4.35% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss), (ref. Board Order No. P.U.49(2016) p.105).

**Rate Stabilization Plan**
**Allocation of Fuel Variance - Monthly**
**March 31, 2019**

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| | **Utility** | | | | | **Industrial** | |
| | Fuel Variance | | Rural Allocation | | Total Fuel Variance | Fuel Variance | |
| | Year-to-Date Activity | Current Month Activity [1] | Year-to-Date Activity | Current Month Activity [1] | Activity for the month | Year-to-Date Activity | Current Month Activity [1] |
| | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | | **(B + D)** | | |
| | **(from page 5)** | | **(from page 5)** | | **(to page 7)** | **(from page 5)** | **(to page 8)** |
| January | 8,844,564 | 8,844,564 | 695,443 | 695,443 | 9,540,007 | 948,485 | 948,485 |
| February | 16,150,927 | 7,306,363 | 1,262,386 | 566,943 | 7,873,306 | 1,715,467 | 766,982 |
| March | 22,252,960 | 6,102,033 | 1,740,385 | 477,999 | 6,580,032 | 2,355,182 | 639,715 |
| April | | | | | | | |
| May | | | | | | | |
| June | | | | | | | |
| July | | | | | | | |
| August | | | | | | | |
| September | | | | | | | |
| October | | | | | | | |
| November | | | | | | | |
| December | | | | | | | |
| | | 22,252,960 | | 1,740,385 | 23,993,345 | | 2,355,182 |

[1] The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**Rate Stabilization Plan**
**Summary of Utility Customer**
**March 31, 2019**

| | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| | Load Variation | Allocation Fuel Variance | Allocation Rural Rate Alteration [(1)] | Subtotal Monthly Variances | Financing Charges | Adjustment [(2)] | Transfers | Cumulative Net Balance |
| | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | **(A + B + C)** | | | | |
| | **(from page 12)** | **(from page 6)** | | | | | | **(to page 14)** |
| Opening Balance | | | | | | | | (26,672,848) |
| January | 784,213 | 9,540,007 | 0 | 10,324,220 | (142,655) | (879,706) | | (17,370,989) |
| February | 14,698 | 7,873,306 | 0 | 7,888,004 | (92,906) | (891,187) | | (10,467,078) |
| March | 229,445 | 6,580,032 | 0 | 6,809,477 | (55,981) | (854,194) | (10,036,964) | (14,604,739) |
| April | | | | | | | | |
| May | | | | | | | | |
| June | | | | | | | | |
| July | | | | | | | | |
| August | | | | | | | | |
| September | | | | | | | | |
| October | | | | | | | | |
| November | | | | | | | | |
| December | | | | | | | | |
| Year to date | 1,028,357 | 23,993,345 | 0 | 25,021,702 | (291,542) | (2,625,087) | (10,036,964) | 12,068,109 |
| Hydraulic allocation **(from page 3)** | | | | | | | | - |
| Total | 1,028,357 | 23,993,345 | 0 | 25,021,702 | (291,542) | (2,625,087) | (10,036,964) | (14,604,739) |

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved 2015 Cost of Service Study, which is 95.65% and 4.35% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate of 0.371 cents per kWh effective July 1, 2017 was approved in Board Order No. P.U. 22(2017). The RSP adjustment rate of (0.127) cents per kWh effective July 1, 2018 was approved in Board Order No. 15(2018).

**Rate Stabilization Plan**
**Summary of Industrial Customers**
**March 31, 2019**

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| | Load Variation | Allocation Fuel Variance | Subtotal Monthly Variances | Financing Charges | Adjustment [1] | Transfers | Cumulative Net Balance |
| | ($) | ($) | ($) | ($) | ($) | | ($) |
| | | | **(A + B)** | | | | |
| | **(from page 12)** | **(from page 6)** | | | | | **(to page 14)** |
| Opening Balance | | | | | | | 1,815,617 |
| January | 77,968 | 948,485 | 1,026,453 | 9,711 | (173,066) | | 2,678,715 |
| February | 736 | 766,982 | 767,718 | 14,327 | (155,363) | | 3,305,397 |
| March | 22,239 | 639,715 | 661,954 | 17,678 | (173,707) | | 3,811,322 |
| April | | | | | | | |
| May | | | | | | | |
| June | | | | | | | |
| July | | | | | | | |
| August | | | | | | | |
| September | | | | | | | |
| October | | | | | | | |
| November | | | | | | | |
| December | | | | | | | |
| Year to date | 100,943 | 2,355,182 | 2,456,125 | 41,716 | (502,136) | | 1,995,705 |
| Hydraulic allocation **(from page 3)** | | | | | | | - |
| Total | 100,943 | 2,355,182 | 2,456,125 | 41,716 | (502,136) | | 3,811,322 |

(1) The RSP adjustment rate effective January 1, 2019 is (0.302) cents per kWh per Board Order No. P.U. 4(2019).

**Rate Stabilization Plan**
**Load Variation - Utility**
**March 31, 2019**

| | A | B | C | D | E | F | G | H | I | J | K |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Firm Energy | | | | | | Secondary Energy | | | | |
| | Cost of Service Sales | Actual Sales | Sales Variance | Cost of Service No. 6 Fuel Cost | Firm Energy Rate [1] | Load Variation | Cost of Service Sales | Actual Sales | Firming Up Charge [1] | Load Variation | Total Load Variation |
| | (kWh) | (kWh) | (kWh) | ($Can/bbl.) | ($/kWh) | ($) | (kWh) | (kWh) | ($/kWh) | ($) | ($) |
| | | | **(B - A)** | | | **$C \times \{(D/O^{(2)}) - E\}$** | | | | **(G - H) x I** | **(F + J)** |
| | | | | | | | | | | | **(to page 11)** |
| January | 729,300,000 | 691,393,886 | (37,906,114) | 57.55 | 0.10422 | 420,915 | - | 1,288,212 | 0.02882 | (37,126) | 383,789 |
| February | 662,500,000 | 699,981,765 | 37,481,765 | 59.85 | 0.10422 | (276,174) | - | 1,740,133 | 0.02882 | (50,151) | (326,325) |
| March | 657,400,000 | 669,291,585 | 11,891,585 | 61.41 | 0.10422 | (57,760) | - | 3,302,252 | 0.02882 | (95,171) | (152,931) |
| April | | | | | | | | | | | |
| May | | | | | | | | | | | |
| June | | | | | | | | | | | |
| July | | | | | | | | | | | |
| August | | | | | | | | | | | |
| September | | | | | | | | | | | |
| October | | | | | | | | | | | |
| November | | | | | | | | | | | |
| December | | | | | | | | | | | |
| | 2,049,200,000 | 2,060,667,236 | 11,467,236 | | | 86,981 | - | 6,330,597 | | (182,448) | (95,467) |

(1) For purposes of calculating the RSP, 2015 Test Year firm energy rate for Utility is assumed to be 10.422 cents per kWh effective January 1, 2017 and a firming up charge of 2.882 cents per kWh is assumed to be effective January 1, 2017.

(2) O is the Holyrood Operating Efficiency of 618 kWh/barrel. (ref. Board Order No. P.U.49(2016) p.32)

**Rate Stabilization Plan**
**Load Variation - Industrial**
**March 31, 2019**

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| | Cost of Service Sales | Actual Sales | Sales Variance | Cost of Service No. 6 Fuel Cost | Firm Energy Rate | Load Variation |
| | (kWh) | (kWh) | (kWh) **(B - A)** | ($) | ($/kWh) | ($) **C x {(D/O[1]) - E}** **(to page 11)** |
| January | 49,000,000 | 57,306,471 | 8,306,471 | 57.55 | 0.03521 | 480,993 |
| February | 45,900,000 | 51,444,832 | 5,544,832 | 59.85 | 0.03521 | 341,793 |
| March | 51,200,000 | 57,518,886 | 6,318,886 | 61.41 | 0.03521 | 405,374 |
| April | | | | | | |
| May | | | | | | |
| June | | | | | | |
| July | | | | | | |
| August | | | | | | |
| September | | | | | | |
| October | | | | | | |
| November | | | | | | |
| December | | | | | | |
| | 146,100,000 | 166,270,189 | 20,170,189 | | | 1,228,160 |

[1] O is the Holyrood Operating Efficiency of 618 kWh/barrel, (ref. Board Order No. P.U.49(2016) p.32).

**Rate Stabilization Plan**
**Allocation of Load Variance - Year-to-Date**
**March 31, 2019**

| | A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|---|
| | Twelve Months-to-Date | | | | Year-to-Date Load Variance | | | | Reallocate Rural Island Customers [1] | |
| | Utility | Industrial Customers | Rural Island Customers | Total | Utility | Industrial Customers | Rural Island Interconnected | Total [2] | Utility | Labrador Interconnected |
| | (kWh) | (kWh) | (kWh) | (kWh) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | **(A+B+C)** | **(A/D X H)** | **(B/D X H)** | **(C/D X H)** | **(from pages 9 & 10)** | | |
| January | 5,828,861,040 | 625,082,912 | 479,169,641 | 6,933,113,593 | 727,046 | 77,968 | 59,768 | 864,782 | 57,167 | 2,601 |
| February | 5,904,314,369 | 627,125,292 | 482,486,299 | 7,013,925,960 | 740,993 | 78,704 | 60,553 | 880,250 | 57,918 | 2,635 |
| March | 5,962,635,275 | 631,066,094 | 487,546,970 | 7,081,248,339 | 953,763 | 100,943 | 77,987 | 1,132,693 | 74,594 | 3,393 |
| April | | | | | | | | | | |
| May | | | | | | | | | | |
| June | | | | | | | | | | |
| July | | | | | | | | | | |
| August | | | | | | | | | | |
| September | | | | | | | | | | |
| October | | | | | | | | | | |
| November | | | | | | | | | | |
| December | | | | | | | | | | |

(1) The Load Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the 2015 Cost of Service Study, which is 95.65% and 4.35% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss). (ref. Board Order No. P.U. 49(2016) p.105)

(2) Total load re-allocated based on energy ratios. The total is the sum of the Load Variation - Utility (page 9) and Load Variation - Industrial (page 10).

**Rate Stabilization Plan**
**Allocation of Load Variance - Year-to-Date**
**March 31, 2019**

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| | **Utility** | | | | | **Industrial** | |
| | | | | | Total load | | |
| | Load Variance | | Rural Allocation | | | Load Variance | |
| | Year-to-Date Activity | Current Month Activity [1] | Year-to-Date Activity | Current Month Activity [1] | Activity for the month | Year-to-Date Activity | Current Month Activity [1] |
| | ($) | ($) | ($) | ($) | ($) **(B + D)** **(to page 7)** | ($) | ($) **(to page 8)** |
| January | 727,046 | 727,046 | 57,167 | 57,167 | 784,213 | 77,968 | 77,968 |
| February | 740,993 | 13,947 | 57,918 | 751 | 14,698 | 78,704 | 736 |
| March | 953,763 | 212,770 | 74,594 | 16,675 | 229,445 | 100,943 | 22,239 |
| April | | | | | | | |
| May | | | | | | | |
| June | | | | | | | |
| July | | | | | | | |
| August | | | | | | | |
| September | | | | | | | |
| October | | | | | | | |
| November | | | | | | | |
| December | | | | | | | |
| | | 953,763 | | 74,594 | 1,028,357 | | 100,943 |

[1] The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**Rate Stabilization Plan**
**Utility RSP Surplus**
**March 31, 2019**

| | A | B | C | | D |
|---|---|---|---|---|---|
| | Industrial Customer Adjustment | Utility Payout [1] | Financing Charges | Transfer | Cumulative Balance |
| | ($) | ($) | ($) | | ($) |
| | | | | | **(to page 14)** |
| Opening Balance | | | | | (9,940,383) |
| January | | - | (53,164) | | (9,993,547) |
| February | | 40,779 | (53,449) | | (10,006,217) |
| March | | 22,770 | (53,517) | 10,036,964 | - |
| April | | | | | |
| May | | | | | |
| June | | | | | |
| July | | | | | |
| August | | | | | |
| September | | | | | |
| October | | | | | |
| November | | | | | |
| December | | | | | |
| Year to date | - | 63,549 | (160,130) | 10,036,964 | 9,940,383 |
| Total | - | 63,549 | (160,130) | 10,036,964 | 0 |

(1) Consists of Newfoundland Power admin costs of $0.063 million.

**Rate Stabilization Plan**
**Overall Summary**
**March 31, 2019**

| | A | B | C | D | E |
|---|---|---|---|---|---|
| | Hydraulic Balance | Utility Balance | Industrial Balance | Utility RSP Surplus | Total To Date |
| | ($) | ($) | ($) | ($) | ($) |
| | | | | | **(A + B + C + D)** |
| | **(from page 3)** | **(from page 7)** | **(from page 8)** | **(from page 13)** | |
| Opening Balance | (32,230,511) | (26,672,848) | 1,815,617 | (9,940,383) | (67,028,125) |
| Adjustments [1] | 1,176,481 | - | - | - | 1,176,481 |
| Adjusted Opening Balance | (31,054,030) | (26,672,848) | 1,815,617 | (9,940,383) | (65,851,644) |
| January | (26,430,212) | (17,370,989) | 2,678,715 | (9,993,547) | (51,116,033) |
| February | (28,935,561) | (10,467,078) | 3,305,397 | (10,006,217) | (46,103,459) |
| March | (31,462,068) | (14,604,739) | 3,811,322 | 0 | (42,255,485) |
| April | | | | | - |
| May | | | | | - |
| June | | | | | - |
| July | | | | | - |
| August | | | | | - |
| September | | | | | - |
| October | | | | | - |
| November | | | | | - |
| December | | | | | - |

[1] The production at Bay d'Espoir was overstated by 9,559,920 kWh in December 2018 (9,559,920kWh /618 ( 2015 Test Year fuel efficiency) x $76.05 ( 2015 Test Year cost of fuel price for December).

**Exhibit 12: March 2019**
**RSP Report 2019 TY**

# 2017 GRA Compliance Application
# Exhibit 12: March 2019 RSP Report 2019 Test Year

**July 2019**

# Newfoundland and Labrador Hydro
# Rate Stabilization Plan Report
# March 31, 2019

***Summary of Key Facts***

The Rate Stabilization Plan of Newfoundland and Labrador Hydro ("Hydro"), as amended by Board Order No. P.U. 40 (2003), Order No. P.U. 8 (2007), Order No. P.U. 49 (2016), and Order No. P.U. 16(2019) is established for Hydro's utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year cost of Service estimates for:

- Hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- Customer load (Utility and Island Industrial); and
- Rural rates.

The Test Year Cost of Service Study is based on projections of events and costs that are forecast to happen during a test year. Finance charges are calculated on the balances using the test year Weighted Average Cost of Capital which is currently 5.43% per annum. Holyrood's operating efficiency is set, for RSP purposes, at 583 kWh/barrel regardless of the actual conversion rate experienced.

Hydro has calculated the Rural Rate Alteration based upon test year units, not actual units, consistent with the 2017 General Rate Application ("GRA") Settlement Agreements and Board Order No. P.U. 16(2019).

| | 2019 Test Year Cost of Service | | | |
|---|---|---|---|---|
| | Net Hydraulic Production | No. 6 Fuel Cost | Utility Load | Industrial Load |
| | (kWh) | ($Can/bbl.) | (kWh) | (kWh) |
| January | 447,370,330 | 105.90 | 715,400,000 | 63,000,000 |
| February | 431,341,711 | 105.90 | 648,500,000 | 58,100,000 |
| March | 472,284,631 | 105.90 | 646,000,000 | 63,300,000 |
| April | 428,198,027 | 105.90 | 527,700,000 | 61,500,000 |
| May | 402,533,640 | 105.90 | 421,700,000 | 63,000,000 |
| June | 349,192,000 | 105.90 | 345,200,000 | 60,900,000 |
| July | 328,931,400 | 105.90 | 307,900,000 | 62,400,000 |
| August | 316,072,760 | 105.90 | 300,500,000 | 62,600,000 |
| September | 294,787,800 | 105.90 | 314,500,000 | 61,000,000 |
| October | 346,217,340 | 105.90 | 413,700,000 | 63,000,000 |
| November | 306,340,177 | 105.90 | 495,500,000 | 60,700,000 |
| December | 477,180,961 | 105.90 | 664,100,000 | 63,800,000 |
| Total | 4,600,450,777 | | 5,800,700,000 | 743,300,000 |

# Rate Stabilization Plan
## Plan Highlights
## March 31, 2019

| | Actual | Cost of Service | Variance | Year-to-Date Due (To) From customers | Reference |
|---|---|---|---|---|---|
| **Hydraulic production year-to-date** | 1,396.2 GWh | 1,351. GWh | 45.2 GWh | $ (8,381,357) | Page 3 |
| **No 6 fuel cost - Current month** | $ 90.53 | $ 105.90 | $ (15.37) | $ (15,904,310) | Page 4 |
| **Year-to-date customer load - Utility** | 2,067. GWh | 2,009.9 GWh | 57.1 GWh | $ (234,085) | Page 9 |
| **Year-to-date customer load - Industrial** | 166.3 GWh | 184.4 GWh | (18.1) GWh | $ (2,490,431) | Page 10 |
| | | | | $ (27,010,183) | |

| | | |
|---|---|---|
| **Rural rates** | | |
| Rural Rate Alteration (RRA) | $ - | |
| Less : RRA to utility customer | $ - | Page 7 |
| RRA to Labrador interconnected | - | |
| Fuel variance to Labrador interconnected | $ (42,976) | Page 5 |
| Net Labrador interconnected | $ (42,976) | |

| | | |
|---|---|---|
| **Current plan summary** | | |
| **One year recovery** | | |
| Due (to) from utility customer | $ (14,607,761) | Page 7 |
| Due (to) from Industrial customers | $ 3,811,322 | Page 8 |
| Sub total | (10,796,439) | |
| **Four year recovery** | | |
| Hydraulic balance | $ (39,995,586) | Page 3 |
| **Utility RSP Surplus** | - | Page 13 |
| Total plan balance | $ (50,792,025) | Page 14 |

**Rate Stabilization Plan**
**Net Hydraulic Production Variation**
**March 31, 2019**

| | A<br>Cost of Service Net Hydraulic Production | B1<br>Actual Net Hydraulic Production | B2<br>Net Ponded Energy | B3<br>Spill Exports | B<br>Net Hydraulic Production for Variance Calculation | C<br>Monthly Net Hydraulic Production Variance | D<br>Cost of Service No. 6 Fuel Cost | E<br>Net Hydraulic Production Variation | F<br>Financing Charges | G<br>Cumulative Variation and Financing Charges |
|---|---|---|---|---|---|---|---|---|---|---|
| | (kWh) | (kWh) | (kWh) | (kWh) | (kWh)<br>**(B1 + B2 - B3)** | (kWh)<br>**(A - B)** | ($Can/bbl.) | ($)<br>**(C / O[1] X D)** | ($) | ($)<br>**(E + F)**<br>**(to page 14)** |
| Opening balance | | | | | | | | | | (32,230,917) |
| Adjustment[2] | | | | | | | | | | 1,176,481 |
| Adjusted Opening Balance | | | | | | | | | | (31,054,436) |
| January | 447,370,330 | 451,864,729 | 335,000 | - | 452,199,729 | (4,829,399) | 105.90 | (877,244) | (166,089) | (32,097,769) |
| February | 431,341,711 | 482,238,338 | - | - | 482,238,338 | (50,896,627) | 105.90 | (9,245,202) | (171,670) | (41,514,641) |
| March | 472,284,631 | 462,138,601 | 561,000 | - | 462,699,601 | 9,585,030 | 105.90 | 1,741,089 | (222,034) | (39,995,586) |
| April | | | | | | | | | | |
| May | | | | | | | | | | |
| June | | | | | | | | | | |
| July | | | | | | | | | | |
| August | | | | | | | | | | |
| September | | | | | | | | | | |
| October | | | | | | | | | | |
| November | | | | | | | | | | |
| December | | | | | | | | | | |
| | 1,350,996,672 | 1,396,241,668 | 896,000 | - | 1,397,137,668 | (46,140,996) | | (8,381,357) | (559,793) | (39,995,586) |
| Hydraulic Allocation | | | | | | | | - | - | |
| Hydraulic variation at year end | | | | | | | | (8,381,357) | (559,793) | (39,995,586) |

(1) O is the Holyrood Operating Efficiency of 618 kWh/barrel (ref. Board Order No. P.U.49(2016) p.32).
(2) The production at Bay d'Espoir was overstated by 9,559,920 kWh in December 2018 (9,559,920kWh /618 (2015 test year fuel efficiency) x $76.05 (2015 test year cost of fuel price in December).

**Rate Stabilization Plan**
**No. 6 Fuel Variation**
**March 31, 2019**

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| | Actual Quantity No. 6 Fuel (bbl.) | Actual Quantity No. 6 Fuel for Non-Firm Sales (bbl.) | Net Quantity No. 6 Fuel (bbl.) **(A - B)** | Cost of Service No. 6 Fuel Cost ($Can/bbl.) | Actual Average No. 6 Fuel Cost ($Can/bbl.) | Cost Variance ($Can/bbl.) **(E - D)** | No.6 Fuel Variation ($) **(C X F)** **(to page 5)** |
| January | 340,629 | - | 340,629 | 105.90 | 88.43 | (17.47) | (5,950,793) |
| February | 321,375 | - | 321,375 | 105.90 | 86.82 | (19.08) | (6,131,841) |
| March | 248,645 | - | 248,645 | 105.90 | 90.53 | (15.37) | (3,821,676) |
| April | | | | | | | |
| May | | | | | | | |
| June | | | | | | | |
| July | | | | | | | |
| August | | | | | | | |
| September | | | | | | | |
| October | | | | | | | |
| November | | | | | | | |
| December | | | | | | | |
| | 910,650 | - | 910,650 | | | | (15,904,310) |

**Rate Stabilization Plan**
**Allocation of Fuel Variance - Year-to-Date**
**March 31, 2019**

| | A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | Reallocate Rural | |
| | Twelve Months-to-Date | | | | Year-to-Date Fuel Variance | | | | Island Customers [1] | |
| | | Industrial | Rural Island | | | Industrial | Rural Island | | | Labrador |
| | Utility | Customers | Customers | Total | Utility | Customers | Interconnected | Total | Utility | Interconnected |
| | (kWh) | (kWh) | (kWh) | (kWh) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | **(A+B+C)** | **(A/D X H)** | **(B/D X H)** | **(C/D X H)** | | **(G X 95.65%)** | **(G X 4.35%)** |
| | | | | | **(to page 6)** | **(to page 6)** | | **(from page 4)** | **(to page 6)** | |
| January | 5,828,861,040 | 625,082,912 | 479,169,641 | 6,933,113,593 | (5,002,997) | (536,518) | (411,278) | (5,950,793) | (395,137) | (16,141) |
| February | 5,904,314,369 | 627,125,292 | 482,486,299 | 7,013,925,960 | (10,171,147) | (1,080,326) | (831,161) | (12,082,634) | (798,540) | (32,621) |
| March | 5,962,635,275 | 631,066,094 | 487,546,970 | 7,081,248,339 | (13,391,933) | (1,417,359) | (1,095,018) | (15,904,310) | (1,052,042) | (42,976) |
| April | | | | | | | | | | |
| May | | | | | | | | | | |
| June | | | | | | | | | | |
| July | | | | | | | | | | |
| August | | | | | | | | | | |
| September | | | | | | | | | | |
| October | | | | | | | | | | |
| November | | | | | | | | | | |
| December | | | | | | | | | | |

(1) The Fuel Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the 2019 Cost of Service Study, which is 96.08% and 3.92% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss), (ref. Board Order No. P.U.49(2016) p.105).

**Rate Stabilization Plan**
**Allocation of Fuel Variance - Monthly**
**March 31, 2019**

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| | **Utility** | | | | | **Industrial** | |
| | Fuel Variance | | Rural Allocation | | Total Fuel Variance | Fuel Variance | |
| | Year-to-Date Activity | Current Month Activity [1] | Year-to-Date Activity | Current Month Activity [1] | Activity for the month | Year-to-Date Activity | Current Month Activity [1] |
| | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | | **(B + D)** | | |
| | **(from page 5)** | | **(from page 5)** | | **(to page 7)** | **(from page 5)** | **(to page 8)** |
| January | (5,002,997) | (5,002,997) | (395,137) | (395,137) | (5,398,134) | (536,518) | (536,518) |
| February | (10,171,147) | (5,168,150) | (798,540) | (403,403) | (5,571,553) | (1,080,326) | (543,808) |
| March | (13,391,933) | (3,220,786) | (1,052,042) | (253,502) | (3,474,288) | (1,417,359) | (337,033) |
| April | | | | | | | |
| May | | | | | | | |
| June | | | | | | | |
| July | | | | | | | |
| August | | | | | | | |
| September | | | | | | | |
| October | | | | | | | |
| November | | | | | | | |
| December | | | | | | | |
| | | (13,391,933) | | (1,052,042) | (14,443,975) | | (1,417,359) |

[1] The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**Rate Stabilization Plan**
**Summary of Utility Customer**
**March 31, 2019**

| | A | B | C | D | E | F | G | H |
|---|---|---|---|---|---|---|---|---|
| | Load Variation | Allocation Fuel Variance | Allocation Rural Rate Alteration [(1)] | Subtotal Monthly Variances | Financing Charges | Adjustment [(2)] | Transfers[(3)] | Cumulative Net Balance |
| | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | **(A + B + C)** | | | | |
| | **(from page 12)** | **(from page 6)** | | | | | | **(to page 14)** |
| Opening Balance | | | | | | | | (32,781,953) |
| January | (752,572) | (5,398,134) | 0 | (6,150,706) | (175,329) | (879,706) | | (39,987,694) |
| February | (889,152) | (5,571,553) | 0 | (6,460,705) | (213,868) | (891,187) | | (47,553,454) |
| March | (832,627) | (3,474,288) | 0 | (4,306,915) | (254,332) | (854,194) | 38,361,134 | (14,607,761) |
| April | | | | | | | | |
| May | | | | | | | | |
| June | | | | | | | | |
| July | | | | | | | | |
| August | | | | | | | | |
| September | | | | | | | | |
| October | | | | | | | | |
| November | | | | | | | | |
| December | | | | | | | | |
| Year to date | (2,474,351) | (14,443,975) | 0 | (16,918,326) | (643,529) | (2,625,087) | 38,361,134 | 18,174,192 |
| Hydraulic allocation **(from page 3)** | | | | | | | | - |
| Total | (2,474,351) | (14,443,975) | 0 | (16,918,326) | (643,529) | (2,625,087) | 38,361,134 | (14,607,761) |

(1) The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved 2015 Cost of Service Study, which is 96.08% and 3.92% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

(2) The RSP adjustment rate of 0.371 cents per kWh effective July 1, 2017 was approved in Board Order No. P.U. 22(2017). The RSP adjustment rate of (0.127) cents per kWh effective July 1, 2018 was approved in Board Order No. P.U. 15(2018).

(3) Includes $10 million transferred in from the Utility Surplus, offset by $48.4 to offset the 2019 Revenue Deficiency.

**Rate Stabilization Plan**
**Summary of Industrial Customers**
**March 31, 2019**

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| | Load Variation | Allocation Fuel Variance | Subtotal Monthly Variances | Financing Charges | Adjustment [1] | Transfers[2] | Cumulative Net Balance |
| | ($) | ($) | ($) | ($) | ($) | | ($) |
| | | | **(A + B)** | | | | |
| | **(from page 12)** | **(from page 6)** | | | | | **(to page 14)** |
| Opening Balance | | | | | | | 1,211,719 |
| January | (74,798) | (536,518) | (611,316) | 6,481 | (173,066) | | 433,818 |
| February | (86,884) | (543,808) | (630,692) | 2,320 | (155,363) | | (349,917) |
| March | (81,121) | (337,033) | (418,154) | (1,871) | (173,707) | 4,754,971 | 3,811,322 |
| April | | | | | | | |
| May | | | | | | | |
| June | | | | | | | |
| July | | | | | | | |
| August | | | | | | | |
| September | | | | | | | |
| October | | | | | | | |
| November | | | | | | | |
| December | | | | | | | |
| Year to date | (242,803) | (1,417,359) | (1,660,162) | 6,930 | (502,136) | 4,754,971 | 2,599,603 |
| Hydraulic allocation **(from page 3)** | | | | | | | - |
| Total | (242,803) | (1,417,359) | (1,660,162) | 6,930 | (502,136) | 4,754,971 | 3,811,322 |

(1) The RSP adjustment rate effective January 1, 2019 is (0.302) cents per kWh per Board Order No. P.U. 4(2019).

(2) Transfer from current plan to offset the 2019 Revenue Deficiency.

**Rate Stabilization Plan**
**Load Variation - Utility**
**March 31, 2019**

| | A | B | C | D | E | F | G | H | I | J | K |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Firm Energy | | | | | | Secondary Energy | | | | |
| | Cost of Service Sales | Actual Sales | Sales Variance | Cost of Service No. 6 Fuel Cost | Firm Energy Rate [1] | Load Variation | Cost of Service Sales | Actual Sales | Firming Up Charge [1] | Load Variation | Total Load Variation |
| | (kWh) | (kWh) | (kWh) | ($Can/bbl.) | ($/kWh) | ($) | (kWh) | (kWh) | ($/kWh) | ($) | ($) |
| | | | **(B - A)** | | | **C x {(D/O[2]) - E}** | | | | **(G - H) x I** | **(F + J)** |
| | | | | | | | | | | | **(to page 11)** |
| January | 715,400,000 | 691,393,886 | (24,006,114) | 105.90 | 0.18165 | 80 | - | 1,288,212 | 0.03695 | (47,599) | (47,519) |
| February | 648,500,000 | 699,981,765 | 51,481,765 | 105.90 | 0.18165 | (172) | - | 1,740,133 | 0.03695 | (64,298) | (64,470) |
| March | 646,000,000 | 669,291,585 | 23,291,585 | 105.90 | 0.18165 | (78) | - | 3,302,252 | 0.03695 | (122,018) | (122,096) |
| April | | | | | | | | | | | |
| May | | | | | | | | | | | |
| June | | | | | | | | | | | |
| July | | | | | | | | | | | |
| August | | | | | | | | | | | |
| September | | | | | | | | | | | |
| October | | | | | | | | | | | |
| November | | | | | | | | | | | |
| December | | | | | | | | | | | |
| | 2,009,900,000 | 2,060,667,236 | 50,767,236 | | | (170) | - | 6,330,597 | | (233,915) | (234,085) |

(1) For the purposes of calculating the RSP, 2019 Test Year firm energy rate for Utility is assumed to be 18.165 cents per kWh effective January 1, 2019 and a firming up charge of 3.736 cents per kWh is assumed to be effective January 1, 2019.

(2) O is the Holyrood Operating Efficiency of 583 kWh/barrel. (ref. Board Order No. P.U. 16(2019) p.19)

**Rate Stabilization Plan**
**Load Variation - Industrial**
**March 31, 2019**

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| | Cost of Service Sales | Actual Sales | Sales Variance | Cost of Service No. 6 Fuel Cost | Firm Energy Rate | Load Variation |
| | (kWh) | (kWh) | (kWh) **(B - A)** | ($) | ($/kWh) | ($) **C x {(D/O[1]) - E}** **(to page 11)** |
| January | 63,000,000 | 57,306,471 | (5,693,529) | 105.90 | 0.04428 | (782,101) |
| February | 58,100,000 | 51,444,832 | (6,655,168) | 105.90 | 0.04428 | (914,198) |
| March | 63,300,000 | 57,518,886 | (5,781,114) | 105.90 | 0.04428 | (794,132) |
| April | | | | | | |
| May | | | | | | |
| June | | | | | | |
| July | | | | | | |
| August | | | | | | |
| September | | | | | | |
| October | | | | | | |
| November | | | | | | |
| December | | | | | | |
| | 184,400,000 | 166,270,189 | (18,129,811) | | | (2,490,431) |

[1] O is the Holyrood Operating Efficiency of 583 kWh/barrel. (ref. Board Order No. P.U. 16(2019) p.19)

**Rate Stabilization Plan**
**Allocation of Load Variance - Year-to-Date**
**March 31, 2019**

| | A | B | C | D | E | F | G | H | I | J |
|---|---|---|---|---|---|---|---|---|---|---|
| | Twelve Months-to-Date | | | | Year-to-Date Load Variance | | | | Reallocate Rural Island Customers [1] | |
| | Utility | Industrial Customers | Rural Island Customers | Total | Utility | Industrial Customers | Rural Island Interconnected | Total [2] | Utility | Labrador Interconnected |
| | (kWh) | (kWh) | (kWh) | (kWh) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | **(A+B+C)** | **(A/D X H)** | **(B/D X H)** | **(C/D X H)** | **(from pages 9 & 10)** | | |
| January | 5,828,861,040 | 625,082,912 | 479,169,641 | 6,933,113,593 | (697,485) | (74,798) | (57,337) | (829,620) | (55,087) | (2,250) |
| February | 5,904,314,369 | 627,125,292 | 482,486,299 | 7,013,925,960 | (1,522,215) | (161,682) | (124,391) | (1,808,288) | (119,509) | (4,882) |
| March | 5,962,635,275 | 631,066,094 | 487,546,970 | 7,081,248,339 | (2,294,129) | (242,803) | (187,584) | (2,724,516) | (180,222) | (7,362) |
| April | | | | | | | | | | |
| May | | | | | | | | | | |
| June | | | | | | | | | | |
| July | | | | | | | | | | |
| August | | | | | | | | | | |
| September | | | | | | | | | | |
| October | | | | | | | | | | |
| November | | | | | | | | | | |
| December | | | | | | | | | | |

(1) The Load Variance initially allocated to Rural Island Interconnected is re-allocated between Utility and Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the 2019 Cost of Service Study, which is 96.08% and 3.92% respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss). (ref. Board Order No. P.U. 49(2016) p.105)

(2) Total load re-allocated based on energy ratios. The total is the sum of the Load Variation - Utility (page 9) and Load Variation - Industrial (page 10).

**Rate Stabilization Plan**
**Allocation of Load Variance - Year-to-Date**
**March 31, 2019**

| | A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|---|
| | **Utility** | | | | | **Industrial** | |
| | Load Variance | | Rural Allocation | | Total load | Load Variance | |
| | Year-to-Date Activity | Current Month Activity [1] | Year-to-Date Activity | Current Month Activity [1] | Activity for the month | Year-to-Date Activity | Current Month Activity [1] |
| | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | | | | | **(B + D)** | | |
| | | | | | **(to page 7)** | | **(to page 8)** |
| January | (697,485) | (697,485) | (55,087) | (55,087) | (752,572) | (74,798) | (74,798) |
| February | (1,522,215) | (824,730) | (119,509) | (64,422) | (889,152) | (161,682) | (86,884) |
| March | (2,294,129) | (771,914) | (180,222) | (60,713) | (832,627) | (242,803) | (81,121) |
| April | | | | | | | |
| May | | | | | | | |
| June | | | | | | | |
| July | | | | | | | |
| August | | | | | | | |
| September | | | | | | | |
| October | | | | | | | |
| November | | | | | | | |
| December | | | | | | | |
| | | (2,294,129) | | (180,222) | (2,474,351) | | (242,803) |

[1] The current month activity is calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month.

**Rate Stabilization Plan**
**Utility RSP Surplus**
**March 31, 2019**

| | A | B | C | | D |
|---|---|---|---|---|---|
| | Industrial Customer Adjustment | Utility Payout [1] | Financing Charges | Transfers [2] | Cumulative Balance |
| | ($) | ($) | ($) | | ($) |
| | | | | | **(to page 14)** |
| Opening Balance | | | | | (9,940,383) |
| January | | - | (53,164) | | (9,993,547) |
| February | | 40,779 | (53,449) | | (10,006,217) |
| March | | 19,748 | (53,517) | 10,039,986 | - |
| April | | | | | |
| May | | | | | |
| June | | | | | |
| July | | | | | |
| August | | | | | |
| September | | | | | |
| October | | | | | |
| November | | | | | |
| December | | | | | |
| Year to date | - | 60,527 | (160,130) | 10,039,986 | 9,940,383 |
| Total | - | 60,527 | (160,130) | 10,039,986 | 0 |

(1) February and March payouts relate to administrative costs.

(2) Transferred to the Newfoundland Power Current Plan per Board Order No. P.U. 36(2016).

**Rate Stabilization Plan**
**Overall Summary**
**March 31, 2019**

| | A | B | C | D | E |
|---|---|---|---|---|---|
| | Hydraulic Balance | Utility Balance | Industrial Balance | Utility RSP Surplus | Total To Date |
| | ($) | ($) | ($) | ($) | ($) |
| | | | | | **(A + B + C + D)** |
| | **(from page 3)** | **(from page 7)** | **(from page 8)** | **(from page 13)** | |
| Opening Balance | (32,230,917) | (32,781,953) | 1,211,719 | (9,940,383) | (73,741,534) |
| Adjustments [1] | 1,176,481 | - | - | - | 1,176,481 |
| Adjusted Opening Balance | (31,054,436) | (32,781,953) | 1,211,719 | (9,940,383) | (72,565,053) |
| January | (32,097,769) | (39,987,694) | 433,818 | (9,993,547) | (81,645,191) |
| February | (41,514,641) | (47,553,454) | (349,917) | (10,006,217) | (99,424,229) |
| March | (39,995,586) | (14,607,761) | 3,811,322 | 0 | (50,792,025) |
| April | | | | | - |
| May | | | | | - |
| June | | | | | - |
| July | | | | | - |
| August | | | | | - |
| September | | | | | - |
| October | | | | | - |
| November | | | | | - |
| December | | | | | - |

(1) The production at Bay d'Espoir was overstated by 9,559,920 kWh in December 2018 (9,559,920kWh /618 (2015 Test Year fuel efficiency) x $76.05 ( 2015 Test Year cost of fuel price for December).

Exhibit 13: 2018 TY COS
for Revenue Deficiency

# 2017 GRA Compliance Application
# Exhibit 13: 2018 Test Year Cost of Service for Revenue Deficiency

**July 2019**

newfoundland labrador hydro
a nalcor energy company

Schedule 1.1
Page 1 of 2

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Total System Revenue Requirement**

| Line No. | 1<br>Description | 2<br>Total Amount ($) | 3<br>Island Interconnected ($) | 4<br>Island Isolated ($) | 5<br>Labrador Isolated ($) | 6<br>L'Anse au Loup ($) | 7<br>Labrador Interconnected ($) | 8<br>Basis of Proration |
|---|---|---|---|---|---|---|---|---|
| | Revenue Requirement | | | | | | | |
| | **Expenses** | | | | | | | |
| 1 | Operating, Maintenance and Admin. | 133,716,952 | 100,584,473 | 6,565,291 | 14,512,063 | 1,454,899 | 10,600,227 | Detailed Analysis |
| 2 | Fuels - No. 6 Fuel | 152,411,318 | 152,411,318 | - | - | - | - | Detailed Analysis |
| 3 | Fuels - Diesel | 17,266,585 | 87,144 | 2,140,854 | 14,364,592 | 634,623 | 39,373 | Detailed Analysis |
| 4 | Fuels - Gas Turbine | 3,709,912 | 3,473,692 | - | - | - | 236,220 | |
| 5 | Fuel Supply Deferral | - | - | | | | | |
| 6 | Power Purchases -CF(L)Co | 1,507,956 | - | - | - | - | 1,507,956 | Detailed Analysis |
| 7 | Power Purchases - Other | 62,255,678 | 59,241,500 | 176,972 | - | 2,837,205 | - | Detailed Analysis |
| 8 | Power Purchases - MF | - | - | | | | | |
| 8 | Power Purchases - LIL & LTA Costs | - | - | | | | | |
| 9 | Power Purchases - Off Island | 5,369,973 | 5,369,973 | | | | | |
| 10 | Depreciation | 74,344,848 | 65,677,240 | 647,281 | 2,899,152 | 905,169 | 4,216,006 | Detailed Analysis |
| | **Expense Credits:** | | | | | | | |
| 11 | Sundry | (456,000) | (343,012) | (22,389) | (49,489) | (4,961) | (36,149) | Total O&M Expenses |
| 12 | Building Rental Income | (15,600) | (15,600) | - | - | - | 0 | Detailed Analysis |
| 13 | Tax Refunds | - | - | - | - | - | - | Total O&M Expenses |
| 14 | Suppliers' Discounts | (39,600) | (29,788) | (1,944) | (4,298) | (431) | (3,139) | Total O&M Expenses |
| 15 | Pole Attachments | (1,578,275) | (1,137,383) | (23,451) | (102,027) | (67,660) | (247,754) | Detailed Analysis |
| 16 | Wheeling Revenues | - | 0 | - | - | - | - | Island Interconnected |
| 17 | Application Fees | (24,680) | (12,200) | (300) | (1,654) | (406) | (10,120) | Detailed Analysis |
| 18 | Meter Test Revenues | - | 0 | - | - | - | - | Weighted Customers |
| 19 | **Total Expense Credits** | **(2,114,155)** | **(1,537,983)** | **(48,084)** | **(157,468)** | **(73,458)** | **(297,162)** | |
| | | | | | | | | |
| 20 | **Subtotal Expenses** | **448,469,067** | **385,307,357** | **9,482,314** | **31,618,339** | **5,758,437** | **16,302,619** | |
| 21 | Disposal Gain/Loss | - | - | - | - | - | - | Detailed Analysis |
| 22 | **Subtotal Rev Reqt Excl Return** | **448,469,067** | **385,307,357** | **9,482,314** | **31,618,339** | **5,758,437** | **16,302,619** | |
| | | | | | | | | |
| 23 | Return on Debt | 87,071,500 | 78,809,349 | 577,870 | 2,710,856 | 819,023 | 4,154,402 | Rate Base |
| 24 | Return on Equity | 36,673,526 | 33,193,602 | 243,392 | 1,141,782 | 344,963 | 1,749,787 | Rate Base |
| | | | | | | | | |
| 25 | **Total Revenue Requirement** | **572,214,092** | **497,310,308** | **10,303,576** | **35,470,977** | **6,922,423** | **22,206,809** | |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Total System**
**Return on Rate Base**

| Line No | 1 | 2<br>Total<br>$ | 3<br>Island Interconnected<br>$ | 4<br>Island Isolated<br>$ | 5<br>Labrador Isolated<br>$ | 6<br>L'Anse au Loup<br>$ | 7<br>Labrador Interconnected<br>$ | 8<br>Basis of Proration |
|---|---|---|---|---|---|---|---|---|
| | **Rate Base:** | | | | | | | |
| 1 | Average Net Book Value | 2,021,155,257 | 1,828,481,198 | 13,427,037 | 61,780,270 | 19,305,485 | 98,161,267 | Schedule 2.3 |
| 2 | Cash Working Capital | 2,244,000 | 2,030,082 | 14,907 | 68,592 | 21,434 | 108,984 | Prorated on Average Net Book Value - L. 1 |
| 3 | Fuel Inventory - No. 6 Fuel | 45,727,894 | 45,727,894 | - | - | - | - | Specifically Assigned - Holyrood |
| 4 | Fuel Inventory - Diesel | 2,955,850 | 86,714 | 351,913 | 2,379,661 | 74,705 | 62,856 | Detailed Fuel Analysis |
| 5 | Fuel Inventory - Gas Turbine | 3,805,543 | 3,477,438 | - | - | - | 328,105 | Detailed Fuel Analysis |
| 6 | Inventory/Supplies | 33,034,000 | 29,536,695 | 162,808 | 1,153,983 | 329,651 | 1,850,862 | Prorated on Total Plant in Service, Schedule 2.2 |
| 7 | Deferred Charges: Holyrood | - | - | | | | | Detailed Analysis |
| 8 | Deferred Charges: Foreign Exchange Loss and Regulatory Costs | 131,162,500 | 118,658,952 | 871,345 | 4,009,219 | 1,252,826 | 6,370,157 | Prorated on Average Net Book Value - L. 1 |
| 9 | Retired Asset Pool | 9,824,514 | 8,418,301 | 104,030 | 656,225 | 179,296 | 466,662 | Prorated on UOP by System (ASM and ASG allocated by meters and direct plant NBV) |
| 10 | Total Rate Base | **2,249,909,558** | **2,036,417,276** | **14,932,041** | **70,047,951** | **21,163,397** | **107,348,894** | |
| 11 | Less: Rural Portion | - | - | - | - | - | - | Schedule 2.6, L. 9 |
| 12 | Rate Base Available for Equity Return | **2,249,909,558** | **2,036,417,276** | **14,932,041** | **70,047,951** | **21,163,397** | **107,348,894** | |
| | **Corporate Targets:** | | | | | | | |
| 13 | Capital Structure: Percent of Debt | 76.96% (1) | | | | | | |
| 14 | Return | 5.03% | | | | | | |
| 15 | Weighted Average Return: Debt | **3.87%** | | | | | | |
| 16 | Capital Structure: Percent of Equity | 19.20% (1) | | | | | | |
| 17 | Return | 8.50% | | | | | | |
| 18 | Weighted Average Return: Equity | **1.63%** | | | | | | |
| 19 | Weighted Average Cost of Capital | **5.50%** | | | | | | |
| | **Return on Rate Base by System (%):** | | | | | | | |
| 20 | Return on Rate Base - Debt Component | - | 3.87% | 3.87% | 3.87% | 3.87% | 3.87% | |
| 21 | Return on Rate Base - Equity Component | - | 1.63% | 1.63% | 1.63% | 1.63% | 1.63% | |
| | **Return on Rate Base ($):** | | | | | | | |
| 22 | Return on Debt | 87,071,500 | 78,809,349 | 577,870 | 2,710,856 | 819,023 | 4,154,402 | Schedule 2.6, L.13 |
| 23 | Return on Equity | 36,673,526 | 33,193,602 | 243,392 | 1,141,782 | 344,963 | 1,749,787 | Schedule 2.6, L.14 |
| 24 | Return on Rate Base ($) | **123,745,026** | **112,002,950** | **821,262** | **3,852,637** | **1,163,987** | **5,904,189** | Schedule 2.6, L.15 |
| | **Return on Total Rate Base (%):** | | | | | | | |
| 25 | Return on Rate Base - Debt Component | 3.87% | 3.87% | 3.87% | 3.87% | 3.87% | 3.87% | L. 22 divided by L.10 |
| 26 | Return on Rate Base - Equity Component | 1.63% | 1.63% | 1.63% | 1.63% | 1.63% | 1.63% | L. 23 divided by L.10 |
| 27 | Return on Rate Base (%) | **5.50%** | **5.50%** | **5.50%** | **5.50%** | **5.50%** | **5.50%** | L. 24 divided by L.10 |

(1) Debt and equity weightings reflect a 0.65% funded ARO and 3.19% component for Employee Future Benefits at 0% cost.

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Total System**
**Comparison of Revenue & Allocated Revenue Requirement**

| Line No. | 1<br>Rate Class | 2<br>Revenues<br>($) | 3<br>Cost of Service Before Deficit and Revenue Credit Allocation<br>($) | 4<br>Revenue Credits<br>($) | 5<br>Deficit<br>($) | 6<br>Revenue Requirement After Deficit and Revenue Credit Allocation (Col.3+4+5)<br>($) | 7<br>Revenue to Cost Coverage (Col.2/3) |
|---|---|---|---|---|---|---|---|
| | **Total System** | | | | | | |
| 1 | Newfoundland Power | 441,522,342 | 389,995,902 | - | 55,662,872 | 445,658,774 | |
| 2 | Subtotal Newfoundland Power | **441,522,342** | **389,995,902** | **-** | **55,662,872** | **445,658,774** | **1.13** |
| 3 | Island Industrial | 41,226,124 | 38,726,768 | - | - | 38,726,768 | 1.06 |
| 4 | Labrador Industrial | 4,739,196 | 4,749,540 | - | - | 4,749,540 | 1.00 |
| 5 | CFB - Goose Bay Secondary | - | - | - | - | - | - |
| 6 | Rural Labrador Interconnected | 20,840,744 | 17,457,268 | - | 2,491,620 | 19,948,889 | 1.19 |
| | **Rural Deficit Areas** | | | | | | |
| 7 | Island Interconnected | 49,925,966 | 68,587,638 | - | (18,661,672) | 49,925,966 | 0.73 |
| 8 | Island Isolated | 1,542,370 | 10,303,576 | - | (8,761,207) | 1,542,370 | 0.15 |
| 9 | Labrador Isolated | 8,663,065 | 35,470,977 | - | (26,807,912) | 8,663,065 | 0.24 |
| 10 | L'Anse au Loup | 2,998,721 | 6,922,423 | - | (3,923,702) | 2,998,721 | 0.43 |
| 11 | CFB Revenue Credit Applied to Deficit | - | - | - | - | - | - |
| 12 | **Subtotal** | **63,130,122** | **121,284,614** | **-** | **(58,154,492)** | **63,130,122** | **0.52** |
| 13 | **Total** | **571,458,527** | **572,214,092** | **-** | **-** | **572,214,092** | **1.00** |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Interconnected**
**Comparison of Revenue & Allocated Revenue Requirement**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| Line No. | Rate Class | Revenues ($) | Cost of Service Before Deficit and Revenue Credit Allocation ($) | Revenue Credit ($) | Deficit Allocation ($) | Revenue Requirement After Deficit and Revenue Credit Allocation (Col.3+4+5) ($) | Revenue to Cost Coverage (Col.2/3) |
| | **Island Interconnected** | | | | | | |
| 1 | Newfoundland Power | 441,522,342 | 389,995,902 | - | 55,662,872 | 445,658,774 | |
| 2 | **Subtotal Newfoundland Power** | **441,522,342** | **389,995,902** | **-** | **55,662,872** | **445,658,774** | **1.13** |
| 3 | Industrial - Firm | 41,226,124 | 38,726,768 | - | | 38,726,768 | |
| 4 | Industrial - Non-Firm | - | - | - | | - | |
| 5 | **Subtotal Industrial** | **41,226,124** | **38,726,768** | **-** | **-** | **38,726,768** | **1.06** |
| | **Rural** | | | | | | |
| 6 | 1.1 Domestic | 13,521,844 | 21,663,442 | - | (8,141,598) | 13,521,844 | 0.62 |
| 7 | 1.12 Domestic All Electric | 17,033,726 | 24,432,779 | - | (7,399,053) | 17,033,726 | 0.70 |
| 8 | 1.3 Special | 19,223 | 66,850 | - | (47,627) | 19,223 | 0.29 |
| 9 | 2.1 General Service 0-100 kW | 9,123,833 | 11,308,611 | - | (2,184,779) | 9,123,833 | 0.81 |
| 10 | 2.3 General Service 110-1,000 kVa | 5,944,059 | 6,479,456 | - | (535,397) | 5,944,059 | 0.92 |
| 11 | 2.4 General Service Over 1,000 kVa | 3,289,595 | 3,408,408 | - | (118,813) | 3,289,595 | 0.97 |
| 12 | 4.1 Street and Area Lighting | 993,685 | 1,228,091 | - | (234,406) | 993,685 | 0.81 |
| 13 | **Subtotal Rural** | **49,925,966** | **68,587,638** | **-** | **(18,661,672)** | **49,925,966** | **0.73** |
| 14 | **Total Island Interconnected** | **532,674,432** | **497,310,308** | **-** | **37,001,200** | **534,311,507** | **1.07** |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Comparison of Revenue & Allocated Revenue Requirement**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| Line No. | Rate Class | Revenues ($) | Cost of Service Before Deficit and Revenue Credit Allocation ($) | Revenue Credit ($) | Deficit ($) | Revenue Requirement After Deficit and Revenue Credit Allocation (Col.3+4+5) ($) | Revenue to Cost Coverage (Col.2/3) |
| | **Island Isolated** | | | | | | |
| 1 | 1.2 Domestic Diesel | 779,741 | 7,901,849 | | (7,122,108) | 779,741 | 0.10 |
| 2 | 1.2G Government Domestic Diesel | - | - | | - | - | - |
| 2 | 1.23 Churches, Schools & Com Halls | 63,100 | 323,332 | | (260,232) | 63,100 | 0.20 |
| 3 | 2.1 General Service 0-10 kW | 202,626 | 820,327 | | (617,701) | 202,626 | 0.25 |
| 4 | 2.2 GS 10-100 kW | 452,980 | 1,055,080 | | (602,100) | 452,980 | 0.43 |
| 5 | 4.1 Street and Area Lighting | 38,040 | 193,154 | | (155,114) | 38,040 | 0.20 |
| 6 | 4.1G Gov't Street and Area Lighting | 5,882 | 9,834 | | (3,952) | 5,882 | 0.60 |
| 7 | **Total** | **1,542,370** | **10,303,576** | | **(8,761,207)** | **1,542,370** | **0.15** |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Comparison of Revenue & Allocated Revenue Requirement**

| Line No. | 1<br>Rate Class | 2<br>Revenues<br>($) | 3<br>Cost of Service Before Deficit and Revenue Credit Allocation<br>($) | 4<br>Revenue Credit<br>($) | 5<br>Deficit<br>($) | 6<br>Revenue Requirement After Deficit and Revenue Credit Allocation (Col.3+4+5)<br>($) | 7<br>Revenue to Cost Coverage (Col.2/3) |
|---|---|---|---|---|---|---|---|
| | **Labrador Isolated** | | | | | | |
| 1 | 1.2 Domestic Diesel | 3,032,845 | 19,020,241 | | (15,987,396) | 3,032,845 | 0.16 |
| 2 | 1.2G Government Domestic Diesel | 538,557 | 511,707 | | 26,849 | 538,557 | 1.05 |
| 3 | 1.23 Churches, Schools & Com Halls | 277,232 | 1,074,949 | | (797,717) | 277,232 | 0.26 |
| 4 | 2.1 General Service 0-10 kW | 1,230,047 | 3,490,283 | | (2,260,236) | 1,230,047 | 0.35 |
| 5 | 2.2 GS 10-100 kW | 2,997,464 | 8,207,921 | | (5,210,457) | 2,997,464 | 0.37 |
| 6 | 2.3 GS 110-1,000 kVa | 243,729 | 1,305,955 | | (1,062,225) | 243,729 | 0.19 |
| 7 | 2.4 General Service Over 1,000 kVa | 224,074 | 1,505,478 | | (1,281,405) | 224,074 | 0.15 |
| 8 | 4.1 Street and Area Lighting | 110,871 | 344,987 | | (234,115) | 110,871 | 0.32 |
| 9 | 4.1G Gov't Street and Area Lighting | 8,246 | 9,455 | | (1,210) | 8,246 | 0.87 |
| 10 | **Total** | **8,663,065** | **35,470,977** | | **(26,807,912)** | **8,663,065** | **0.24** |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Comparison of Revenue & Allocated Revenue Requirement**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| Line No. | Rate Class | Revenues | Cost of Service Before Deficit and Revenue Credit Allocation | Revenue Credit | Deficit | Revenue Requirement After Deficit and Revenue Credit Allocation (Col.3+4+5) | Revenue to Cost Coverage (Col.2/3) |
| | | ($) | ($) | ($) | ($) | ($) | |
| | **L'Anse au Loup** | | | | | | |
| 1 | 1.1 Domestic | 552,204 | 1,466,824 | | (914,620) | 552,204 | 0.38 |
| 2 | 1.12 Domestic All Electric | 1,294,688 | 3,184,639 | | (1,889,951) | 1,294,688 | 0.41 |
| 3 | 2.1 General Service 0-100 kW | 821,803 | 1,674,643 | | (852,840) | 821,803 | 0.49 |
| 3 | 2.3 General Service 110-1,000 kVa | 311,102 | 546,875 | | (235,773) | 311,102 | 0.57 |
| 4 | 4.1 Street and Area Lighting | 18,925 | 49,442 | | (30,517) | 18,925 | 0.38 |
| 5 | **Total L'Anse Au Loup** | **2,998,721** | **6,922,423** | | **(3,923,702)** | **2,998,721** | **0.43** |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Comparison of Revenue & Allocated Revenue Requirement**

| Line No. | 1<br>Rate Class | 2<br>Revenues<br>($) | 3<br>Cost of Service Before Deficit and Revenue Credit Allocation<br>($) | 4<br>Revenue Credit<br>($) | 5<br>Deficit Allocation<br>($) | 6<br>Revenue Requirement After Deficit and Revenue Credit Allocation (Col.3+4+5)<br>($) | 7<br>Revenue to Cost Coverage (Col.2/7) |
|---|---|---|---|---|---|---|---|
| | **Labrador Interconnected** | | | | | | |
| 1 | Labrador Industrial Firm | 4,739,196 | 4,749,540 | | - | 4,749,540 | 1.00 |
| 2 | Labrador Industrial Non-Firm | - | - | | - | - | - |
| 3 | **Subtotal Industrial** | **4,739,196** | **4,749,540** | **-** | **-** | **4,749,540** | |
| 4 | CFB - Goose Bay Secondary | - | - | - | - | - | - |
| | **Rural** | | | | | | |
| 5 | 1.1 Domestic | 99,033 | 196,856 | - | 28,096.61 | 224,952 | 0.44 |
| 6 | 1.1A Domestic All Electric | 11,006,569 | 10,415,880 | - | 1,486,625 | 11,902,506 | 0.92 |
| 7 | 2.1 General Service 0-10 kW | 405,129 | 347,109 | - | 49,542 | 396,651 | 1.02 |
| 8 | 2.2 General Service 10-100 kW | 2,232,987 | 1,563,850 | - | 223,203 | 1,787,054 | 1.25 |
| 9 | 2.3 General Service 110-1,000 kVa | 3,680,765 | 2,283,597 | - | 325,931 | 2,609,528 | 1.41 |
| 10 | 2.4 General Service Over 1,000 kVa | 3,054,996 | 2,352,621 | - | 335,782 | 2,688,404 | 1.14 |
| 11 | 4.1 Street and Area Lighting | 361,265 | 297,354 | - | 42,440 | 339,794 | 1.06 |
| 12 | **Subtotal Rural** | **20,840,744** | **17,457,268** | **-** | **2,491,620** | **19,948,889** | |
| 13 | **Total Labrador Interconnected** | **25,579,940** | **22,206,809** | **-** | **2,491,620** | **24,698,429** | |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Total System**
**Rural Deficit Allocation**

| Line No. | 1 | 2 | | |
|---|---|---|---|---|
| | | Deficit Allocation<br>Allocated on Revenue Requirment ($) | | |
| | ALLOCATION OF DEFICIT: | | | |
| 1 | Island Interconnected | 55,662,872 | | |
| 2 | Labrador Interconnected | 2,491,620 | | |
| 3 | **Allocated Totals** | **58,154,492** | | |
| | CUSTOMER DEFICIT ALLOCATION: | | | |
| | | Amount | Revenue Requirement | Percent |
| | **Island Interconnected:** | | | |
| 4 | Newfoundland Power | 55,662,872 | 389,995,902 | 95.7% |
| | **Labrador Interconnected:** | | | |
| 5 | Rural Labrador Interconnected | 2,491,620 | 17,457,268 | 4.3% |
| 6 | **Total** | **58,154,492** | | 100.0% |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Unit Demand, Energy & Customer Amounts**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Line No. | Rate Class | Before Deficit and Revenue Credit Allocation | | | | | After Deficit and Revenue Credit Allocation | | | | |
| | | Demand | | | Non-Demand | | Demand | | | Non-Demand | |
| | | Demand ($/kW) | Non-Demand ($/kWh) | Energy ($/kWh) | Demand & Energy ($/kWh) | Customer ($/Bill) | Demand ($/kW) | Non-Demand ($/kWh) | Energy ($/kWh) | Demand & Energy ($/kWh) | Customer ($/Bill) |
| | **Island Interconnected** | | | | | | | | | | |
| 1 | Newfoundland Power | 11.51 | - | 0.03649 | - | 246,695.66 | 13.15 | - | 0.04170 | - | 281,905.74 |
| 2 | Industrial - Firm | 10.11 | - | 0.03647 | - | 6,880.00 | 10.11 | - | 0.03647 | - | 6,880.00 |
| 3 | Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | - | - | | |
| 4 | 1.1 Domestic | - | 0.11427 | 0.04047 | 0.15474 | 40.00 | - | - | - | - | - |
| 5 | 1.12 Domestic All Electric | - | 0.10218 | 0.04055 | 0.14274 | 40.08 | - | - | - | - | - |
| 6 | 1.3 Special | - | 0.15230 | 0.04009 | 0.19239 | 39.62 | - | - | - | - | - |
| 7 | 2.1 General Service 0-10 kW | 29.30 | - | 0.04068 | - | 54.17 | - | - | - | - | - |
| 8 | 2.2 General Service 10-100 kW | - | - | - | - | - | - | - | - | - | - |
| 9 | 2.3 General Service 110-1,000 kVa | 21.93 | - | 0.04081 | - | 67.92 | - | - | - | - | - |
| 10 | 2.4 General Service Over 1,000 kVa | 19.37 | - | 0.04021 | - | 67.95 | - | - | - | - | - |
| 11 | 4.1 Street and Area Lighting | - | 0.11848 | 0.04068 | 0.15916 | 68.42 | - | - | - | - | - |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Unit Demand, Energy & Customer Amounts**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Rate Class | Before Deficit and Revenue Credit Allocation | | | | | After Deficit and Revenue Credit Allocation | | | | |
| | | Demand | | | Non-Demand | | Demand | | | Non-Demand | |
| Line No. | | Demand ($/kW) | Non-Demand ($/kWh) | Energy ($/kWh) | Demand & Energy ($/kWh) | Customer ($/Bill) | Demand ($/kW) | Non-Demand ($/kWh) | Energy ($/kWh) | Demand & Energy ($/kWh) | Customer ($/Bill) |
| | **Isolated Systems:** | | | | | | | | | | |
| 1 | 1.2 Domestic Diesel | - | 0.33163 | 0.59790 | 0.92953 | 56.34 | | | | | |
| 2 | 2.1 General Service 0-10 kW | - | 0.19775 | 0.59456 | 0.79230 | 57.24 | | | | | |
| 3 | 2.2 GS 10-100 kW | 60.41 | - | 0.58549 | - | 68.00 | | | | | |
| 4 | 2.3 GS 110-1,000 kVa | 11.50 | - | 0.57258 | - | 81.04 | | | | | |
| 5 | 2.4 General Service Over 1,000 kVa | 23.65 | - | 0.57188 | - | 80.94 | | | | | |
| 6 | **Subtotal Metered Demand Classes** | 47.97 | - | 0.58178 | - | 68.61 | | | | | |
| 7 | 4.1 Street and Area Lighting | - | 0.40031 | 0.60841 | 1.00872 | 104.40 | | | | | |
| | **Island Isolated** | | | | | | | | | | |
| 8 | 1.2 Domestic Diesel | - | 0.67952 | 0.70690 | 1.38642 | 77.40 | - | - | - | - | - |
| 9 | 2.1 General Service 0-10 kW | - | 0.31907 | 0.70979 | 1.02885 | 84.89 | - | - | - | - | - |
| 10 | 2.2 GS 10-100 kW | 150.37 | - | 0.71322 | - | 116.00 | - | - | - | - | - |
| 11 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - | - | - |
| 12 | 2.4 General Service Over 1,000 kVa | - | - | - | - | - | - | - | - | - | - |
| 13 | 4.1 Street and Area Lighting | - | 0.68009 | 0.70902 | 1.38911 | 141.74 | - | - | - | - | - |
| | **Labrador Isolated** | | | | | | | | | | |
| 14 | 1.2 Domestic Diesel | - | 0.25069 | 0.57255 | 0.82324 | 49.42 | - | - | - | - | - |
| 15 | 2.1 General Service 0-10 kW | - | 0.17744 | 0.57528 | 0.75272 | 51.87 | - | - | - | - | - |
| 16 | 2.2 GS 10-100 kW | 53.21 | - | 0.57544 | - | 64.96 | - | - | - | - | - |
| 17 | 2.3 GS 110-1,000 kVa | 11.50 | - | 0.57258 | - | 81.04 | - | - | - | - | - |
| 18 | 2.4 General Service Over 1,000 kVa | 23.65 | - | 0.57188 | - | 80.94 | - | - | - | - | - |
| 19 | 4.1 Street and Area Lighting | - | 0.30711 | 0.57490 | 0.88201 | 87.91 | - | - | - | - | - |

Schedule 1.3
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Unit Demand, Energy & Customer Amounts**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Rate Class | Before Deficit and Revenue Credit Allocation | | | | | After Deficit and Revenue Credit Allocation | | | | |
| | | Demand | | Non-Demand | | | Demand | | Non-Demand | | |
| Line No. | | Demand ($/kW) | Non-Demand ($/kWh) | Energy ($/kWh) | Demand & Energy ($/kWh) | Customer ($/Bill) | Demand ($/kW) | Non-Demand ($/kWh) | Energy ($/kWh) | Demand & Energy ($/kWh) | Customer ($/Bill) |
| | **L'Anse au Loup** | | | | | | | | | | |
| 1 | 1.1 Domestic | - | 0.14253 | 0.14077 | 0.28330 | 46.13 | - | - | - | - | - |
| 2 | 1.12 Domestic All Electric | - | 0.12209 | 0.14089 | 0.26298 | 46.17 | - | - | - | - | - |
| 3 | 2.1 General Service 0-10 kW | 25.24 | - | 0.14115 | - | 57.98 | - | - | - | - | - |
| 4 | 2.2 General Service 10-100 kW | - | - | - | - | - | - | - | - | - | - |
| 5 | 2.3 General Service 110-1,000 kVa | 12.75 | - | 0.14156 | - | 69.54 | - | - | - | - | - |
| 6 | 4.1 Street and Area Lighting | - | 0.12048 | 0.14060 | 0.26108 | 86.70 | - | - | - | - | - |
| | **Labrador Interconnected** | | | | | | | | | | |
| 7 | Labrador Industrial - Firm | 1.61 | - | - | - | - | 1.61 | - | - | - | - |
| 8 | Labrador Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - |
| 9 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | - | - | | |
| 10 | 1.1 Domestic | - | 0.02070 | 0.00159 | 0.02229 | 36.17 | - | 0.02365 | 0.00182 | 0.02547 | 41.33 |
| 11 | 1.1A Domestic All Electric | - | 0.01831 | 0.00161 | 0.01992 | 36.72 | - | 0.02092 | 0.00184 | 0.02276 | 41.96 |
| 12 | **Subtotal Domestic** | - | 0.01832 | 0.00161 | 0.01994 | 36.70 | - | 0.02094 | 0.00184 | 0.02278 | 41.94 |
| | | | | | | | | - | - | | |
| 13 | 2.1 General Service 0-10 kW | - | 0.01394 | 0.00162 | 0.01556 | 39.73 | - | 0.01593 | 0.00185 | 0.01778 | 45.40 |
| 14 | 2.2 General Service 10-100 kW | 4.46 | - | 0.00163 | - | 49.63 | 5.10 | - | 0.00186 | - | 56.71 |
| 15 | 2.3 General Service 110-1,000 kVa | 4.68 | - | 0.00163 | - | 61.90 | 5.35 | - | 0.00187 | - | 70.74 |
| 16 | 2.4 General Service Over 1,000 kVa | 7.31 | - | 0.00160 | - | 61.22 | 8.35 | - | 0.00183 | - | 69.95 |
| 17 | 4.1 Street and Area Lighting | - | 0.01743 | 0.00163 | 0.01906 | 57.17 | - | 0.01991 | 0.00186 | 0.02178 | 65.33 |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Total Demand, Energy & Customer Amounts**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|
| Line No. | Rate Class | Before Deficit and Revenue Credit Allocation | | | | After Deficit and Revenue Credit Allocation | | | |
| | | Total ($) | Demand ($) | Energy ($) | Customer ($) | Total ($) | Demand ($) | Energy ($) | Customer ($) |
| | **Island Interconnected** | | | | | | | | |
| 1 | Newfoundland Power | 389,995,902 | 174,476,260 | 212,559,294 | 2,960,348 | 445,658,774 | 199,378,700 | 242,897,204 | 3,382,869 |
| 2 | Industrial - Firm | 38,726,768 | 11,833,538 | 26,480,430 | 412,800 | 38,726,768 | 11,833,538 | 26,480,430 | 412,800 |
| 3 | Industrial - Non-Firm | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | |
| 4 | 1.1 Domestic | 21,663,442 | 11,957,373 | 4,234,710 | 5,471,359 | - | - | - | - |
| 5 | 1.12 Domestic All Electric | 24,432,779 | 14,557,073 | 5,777,423 | 4,098,283 | - | - | - | - |
| 6 | 1.3 Special | 66,850 | 52,542 | 13,832 | 475 | - | - | - | - |
| 7 | 2.1 General Service 0-10 kW | 11,308,611 | 6,367,443 | 3,080,833 | 1,860,336 | | | | |
| 8 | 2.2 General Service 10-100 kW | - | - | - | - | - | - | - | - |
| 9 | 2.3 General Service 110-1,000 kVa | 6,479,456 | 4,086,471 | 2,317,597 | 75,388 | - | - | - | - |
| 10 | 2.4 General Service Over 1,000 kVa | 3,408,408 | 1,974,475 | 1,426,594 | 7,339 | - | - | - | - |
| 11 | 4.1 Street and Area Lighting | 1,228,091 | 331,742 | 113,901 | 782,448 | - | - | - | - |
| 12 | **Subtotal Rural** | **68,587,638** | **39,327,119** | **16,964,891** | **12,295,628** | | | | |
| 13 | **Total Island Interconnected** | **497,310,308** | **225,636,917** | **256,004,615** | **15,668,776** | | | | |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Total Demand, Energy & Customer Amounts**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|
| Line No. | Rate Class | Before Deficit and Revenue Credit Allocation | | | | After Deficit and Revenue Credit Allocation | | | |
| | | Total ($) | Demand ($) | Energy ($) | Customer ($) | Total ($) | Demand ($) | Energy ($) | Customer ($) |
| | **Isolated Systems:** | | | | | | | | |
| 1 | 1.2 Domestic Diesel | 28,832,078 | 9,618,550 | 17,341,644 | 1,871,885 | | | | |
| 2 | 2.1 General Service 0-10 kW | 4,310,610 | 994,682 | 2,990,676 | 325,252 | | | | |
| 3 | 2.2 GS 10-100 kW | 9,263,002 | 2,414,334 | 6,739,237 | 109,431 | | | | |
| 4 | 2.3 GS 110-1,000 kVa | 1,305,955 | 109,629 | 1,190,976 | 5,349 | | | | |
| 5 | 2.4 General Service Over 1,000 kVa | 1,505,478 | 145,144 | 1,359,363 | 971 | | | | |
| 6 | **Subtotal Metered Demand Classes** | 12,074,435 | 2,669,108 | 9,289,576 | 115,751 | | | | |
| 7 | 4.1 Street and Area Lighting | 557,430 | 159,562 | 242,513 | 155,354 | | | | |
| 8 | **Total Isolated Systems** | **45,774,553** | **13,441,901** | **29,864,409** | **2,468,242** | | | | |
| | **Island Isolated** | | | | | | | | |
| 9 | 1.2 Domestic Diesel | 8,225,181 | 3,719,748 | 3,869,635 | 635,797 | - | - | - | - |
| 10 | 2.1 General Service 0-10 kW | 820,327 | 230,073 | 511,813 | 78,441 | - | - | - | - |
| 11 | 2.2 GS 10-100 kW | 1,055,080 | 445,250 | 598,694 | 11,136 | - | - | - | - |
| 12 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - |
| 13 | 2.4 General Service Over 1,000 kVa | - | - | - | - | - | - | - | - |
| 14 | 4.1 Street and Area Lighting | 202,988 | 67,737 | 70,619 | 64,632 | - | - | - | - |
| 15 | **Total Island Isolated** | **10,303,576** | **4,462,808** | **5,050,761** | **790,007** | | | | |
| | **Labrador Isolated** | | | | | | | | |
| 16 | 1.2 Domestic Diesel | 20,606,898 | 5,898,801 | 13,472,009 | 1,236,088 | - | - | - | - |
| 17 | 2.1 General Service 0-10 kW | 3,490,283 | 764,608 | 2,478,863 | 246,811 | - | - | - | - |
| 18 | 2.2 GS 10-100 kW | 8,207,921 | 1,969,084 | 6,140,543 | 98,295 | - | - | - | - |
| 19 | 2.3 GS 110-1,000 kVa | 1,305,955 | 109,629 | 1,190,976 | 5,349 | - | - | - | - |
| 20 | 2.4 General Service Over 1,000 kVa | 1,505,478 | 145,144 | 1,359,363 | 971 | - | - | - | - |
| 21 | 4.1 Street and Area Lighting | 354,442 | 91,826 | 171,894 | 90,722 | - | - | - | - |
| 22 | **Total Labrador Isolated** | **35,470,977** | **8,979,093** | **24,813,648** | **1,678,236** | | | | |

Schedule 1.3.1
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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Total Demand, Energy & Customer Amounts**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|
| Line No. | Rate Class | Before Deficit and Revenue Credit Allocation | | | | After Deficit and Revenue Credit Allocation | | | |
| | | Total ($) | Demand ($) | Energy ($) | Customer ($) | Total ($) | Demand ($) | Energy ($) | Customer ($) |
| | **L'Anse au Loup** | | | | | | | | |
| 1 | 1.1 Domestic | 1,466,824 | 627,688 | 619,944 | 219,192 | - | - | - | - |
| 2 | 1.12 Domestic All Electric | 3,184,639 | 1,370,710 | 1,581,801 | 232,128 | - | - | - | - |
| 3 | 2.1 General Service 0-10 kW | 1,674,643 | 627,558 | 909,319 | 137,766 | - | - | - | - |
| 4 | 2.2 General Service 10-100 kW | - | - | - | - | - | - | - | - |
| 5 | 2.3 General Service 110-1,000 kVa | 546,875 | 140,685 | 400,766 | 5,424 | - | - | - | - |
| 6 | 4.1 Street and Area Lighting | 49,442 | 6,253 | 7,297 | 35,892 | - | - | - | - |
| 7 | **Total L'Anse au Loup** | **6,922,423** | **2,772,895** | **3,519,127** | **630,402** | | | | |
| | **Labrador Interconnected** | | | | | | | | |
| 8 | Labrador Industrial - Firm | 4,749,540 | 4,749,540 | - | - | 4,749,540 | 4,749,540 | - | - |
| 9 | Labrador Industrial - Non-Firm | - | - | - | - | - | - | - | - |
| 10 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | |
| 11 | 1.1 Domestic | 196,856 | 44,560 | 3,420 | 148,876 | 224,952 | 50,920 | 3,908 | 170,125 |
| 12 | 1.1A Domestic All Electric | 10,415,880 | 5,731,158 | 504,864 | 4,179,858 | 11,902,506 | 6,549,148 | 576,922 | 4,776,435 |
| 13 | **Subtotal Domestic** | **10,612,736** | **5,775,718** | **508,284** | **4,328,734** | **12,127,458** | **6,600,068** | **580,830** | **4,946,560** |
| 14 | 2.1 General Service 0-10 kW | 347,109 | 91,254 | 10,588 | 245,267 | 396,651 | 104,279 | 12,099 | 280,273 |
| 15 | 2.2 General Service 10-100 kW | 1,563,850 | 1,045,035 | 115,320 | 403,495 | 1,787,054 | 1,194,190 | 131,779 | 461,085 |
| 16 | 2.3 General Service 110-1,000 kVa | 2,283,597 | 1,922,795 | 224,118 | 136,684 | 2,609,528 | 2,197,230 | 256,106 | 156,192 |
| 17 | 2.4 General Service Over 1,000 kVa | 2,352,621 | 2,098,821 | 249,760 | 4,040 | 2,688,404 | 2,398,379 | 285,407 | 4,617 |
| 18 | 4.1 Street and Area Lighting | 297,354 | 31,316 | 2,930 | 263,108 | 339,794 | 35,786 | 3,348 | 300,660 |
| 19 | **Subtotal Rural** | **17,457,268** | **10,964,940** | **1,111,000** | **5,381,328** | **19,948,889** | **12,529,931** | **1,269,569** | **6,149,388** |
| 20 | **Total Labrador Interconnected** | **22,206,809** | **15,714,481** | **1,111,000** | **5,381,328** | **24,698,429** | **17,279,472** | **1,269,569** | **6,149,388** |

Schedule 1.3.2
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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Demands, Sales, & Number of Bills**

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| | | Units | | | |
| Line No. | Rate Class | Billing Demands (kW) | Sales (MWh) | Customers | Bills (Total No) |
| | **Island Interconnected** | | | | |
| 1 | Newfoundland Power | 15,164,832 | 5,824,500 | 1 | 12 |
| 2 | Industrial - Firm | 1,170,000 | 726,000 | 5 | 60 |
| 3 | Industrial - Non-Firm | - | - | - | - |
| | **Rural** | | | | |
| 4 | 1.1 Domestic | - | 104,643 | 11,400 | 136,800 |
| 5 | 1.12 Domestic All Electric | - | 142,462 | 8,521 | 102,252 |
| 6 | 1.3 Special | - | 345 | 1 | 12 |
| 7 | 2.1 General Service 0-10 kW | 217,323 | 75,733 | 2,862 | 34,344 |
| 8 | 2.2 General Service 10-100 kW | - | - | - | - |
| 9 | 2.3 General Service 110-1,000 kVa | 186,362 | 56,788 | 93 | 1,110 |
| 10 | 2.4 General Service Over 1,000 kVa | 101,913 | 35,480 | 9 | 108 |
| 11 | 4.1 Street and Area Lighting | - | 2,800 | 953 | 11,436 |
| 12 | **Subtotal Rural** | **505,598** | **418,250** | **23,839** | **286,062** |
| 13 | **Total Island Interconnected** | **16,840,430** | **6,968,750** | **23,845** | **286,134** |

Schedule 1.3.2
Page 2 of 3

**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Demands, Sales, & Number of Bills**

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| | | Units | | | |
| Line No. | Rate Class | Billing Demands (kW) | Sales (MWh) | Customers | Bills (Total No) |
| | **Isolated Systems:** | | | | |
| 1 | 1.2 Domestic Diesel | - | 29,004 | 2,865 | 33,224 |
| 2 | 2.1 General Service 0-10 kW | - | 5,030 | 474 | 5,682 |
| 3 | 2.2 GS 10-100 kW | 39,969 | 11,510 | 134 | 1,609 |
| 4 | 2.3 GS 110-1,000 kVa | 9,536 | 2,080 | 6 | 66 |
| 5 | 2.4 General Service Over 1,000 kVa | 6,137 | 2,377 | 1 | 12 |
| 6 | **Subtotal Metered Demand Classes** | 55,642 | 15,967 | 141 | 1,687 |
| 7 | 4.1 Street and Area Lighting | - | 399 | 130 | 1,488 |
| 8 | **Total Isolated Systems** | **55,642** | **50,400** | **3,609** | **42,081** |
| | **Island Isolated** | | | | |
| 9 | 1.2 Domestic Diesel | - | 5,474 | 704 | 8,214 |
| 10 | 2.1 General Service 0-10 kW | - | 721 | 77 | 924 |
| 11 | 2.2 GS 10-100 kW | 2,961 | 839 | 8 | 96 |
| 12 | 2.3 GS 110-1,000 kVa | - | - | - | - |
| 13 | 2.4 General Service Over 1,000 kVa | - | - | - | - |
| 14 | 4.1 Street and Area Lighting | - | 100 | 41 | 456 |
| 15 | **Total Island Isolated** | **2,961** | **7,134** | **830** | **9,690** |
| | **Labrador Isolated** | | | | |
| 16 | 1.2 Domestic Diesel | - | 23,530 | 2,161 | 25,010 |
| 17 | 2.1 General Service 0-10 kW | - | 4,309 | 397 | 4,758 |
| 18 | 2.2 GS 10-100 kW | 37,008 | 10,671 | 126 | 1,513 |
| 19 | 2.3 GS 110-1,000 kVa | 9,536 | 2,080 | 6 | 66 |
| 20 | 2.4 General Service Over 1,000 kVa | 6,137 | 2,377 | 1 | 12 |
| 21 | 4.1 Street and Area Lighting | - | 299 | 89 | 1,032 |
| 22 | **Total Labrador Isolated** | **52,681** | **43,266** | **2,779** | **32,391** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Demands, Sales, & Number of Bills**

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| | | Units | | | |
| Line No. | Rate Class | Billing Demands (kW) | Sales (MWh) | Customers | Bills (Total No) |
| | **L'Anse au Loup** | | | | |
| 1 | 1.1 Domestic | - | 4,404 | 396 | 4,752 |
| 2 | 1.12 Domestic All Electric | - | 11,227 | 419 | 5,028 |
| 3 | 2.1 General Service 0-10 kW | 24,863 | 6,442 | 198 | 2,376 |
| 4 | 2.2 General Service 10-100 kW | - | - | - | - |
| 5 | 2.3 General Service 110-1,000 kVa | 11,031 | 2,831 | 7 | 78 |
| 6 | 4.1 Street and Area Lighting | - | 52 | 35 | 414 |
| 7 | **Total L'Anse au Loup** | **35,894** | **24,956** | **1,054** | **12,648** |
| | **Labrador Interconnected** | | | | |
| 8 | Labrador Industrial - Firm | 2,943,600 | 1,734,300 | - | - |
| 9 | Labrador Industrial - Non-Firm | - | - | - | |
| 10 | CFB - Goose Bay Secondary | - | - | - | - |
| | **Rural** | | | | |
| 11 | 1.1 Domestic | - | 2,153 | 343 | 4,116 |
| 12 | 1.1A Domestic All Electric | - | 313,062 | 9,486 | 113,832 |
| 13 | **Subtotal Domestic** | - | **315,215** | **9,829** | **117,948** |
| 14 | 2.1 General Service 0-10 kW | - | 6,546 | 515 | 6,174 |
| 15 | 2.2 General Service 10-100 kW | 234,224 | 70,792 | 678 | 8,130 |
| 16 | 2.3 General Service 110-1,000 kVa | 410,565 | 137,301 | 184 | 2,208 |
| 17 | 2.4 General Service Over 1,000 kVa | 287,246 | 155,960 | 6 | 66 |
| 18 | 4.1 Street and Area Lighting | - | 1,797 | 384 | 4,602 |
| 19 | **Subtotal Rural** | **932,035** | **687,611** | **11,594** | **139,128** |
| 20 | **Total Labrador Interconnected** | **3,875,635** | **2,421,911** | **11,594** | **139,128** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Value of Newfoundland Power Thermal Generation Credit**

| Line No. | 1<br>Description | 2<br>Amount | 3<br>Source |
|---|---|---|---|
| 1 | Island Interconnected System: | | |
| 2 | Generation demand costs ($) | 142,797,421 | Sch 2.1A, C. 3, Ln 26 |
| 3 | Coincident peak (kW) | 1,480,880 | Sch 3.1A, C. 3, Ln 13 |
| 4 | Generation demand costs ($/kW) | 96.43 | Ln 2 / Ln 3 |
| 5 | NP thermal generation capacity credit (kW) | 30,639 | [1] |
| 6 | Gross value of credit to NP ($) | 2,954,519 | Ln 4 x Ln 5 |
| 7 | Less NP's cost share: | | |
| 8 | Percentage | 87.94% | Sch 3.1A, C. 5, Ln 14 |
| 9 | Amount ($) | (2,598,192) | Ln 6 x Ln 8 |
| 10 | Net value of credit to NP ($) | 356,327 | Ln 6 - Ln 9 |

| | |
|---|---|
| [1] NP gas turbine and diesel generation capacity (kW) | 34,568 |
| ÷ System reserve | 1.13 |
| NP thermal generation capacity credit (kW) | 30,639 |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Interconnected**
**Calculation of Transmission Wheeling Charge**

| | 1 | 2 |
|---|---|---|
| Line No. | Description | |
| 1 | Island Interconnected Transmission Revenue Requirement | 55,618,499 |
| 2 | Transmission Energy Output (MWh) | 7,006,583 |
| 3 | Rate ($/kWh) | $0.00794 |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Interconnected**
**Functional Classification of Revenue Requirement**

| Line No. | 1<br>Description | 2<br>Total Amount ($) | 3<br>Production Demand ($) | 4<br>Production Energy ($) | 5<br>Transmission Demand ($) | 6<br>Rural Prod & Transmission Demand ($) | 7<br>Distribution<br>Substations Demand ($) | 8<br>Primary Lines Demand ($) | 9<br>Primary Lines Customer ($) | 10<br>Line Transformers Demand ($) | 11<br>Line Transformers Customer ($) | 12<br>Secondary Lines Demand ($) | 13<br>Secondary Lines Customer ($) | 14<br>Services Customer ($) | 15<br>Meters Customer ($) | 16<br>Street Lighting Customer ($) | 17<br>Accounting Customer ($) | 18<br>Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Expenses** | | | | | | | | | | | | | | | | | |
| 1 | Operating & Maintenance | 100,584,473 | 49,526,500 | 18,414,356 | 12,562,830 | 2,069,472 | 1,031,700 | 5,592,568 | 1,524,638 | 371,113 | 656,901 | 833,847 | 939,558 | 319,359 | 400,552 | 136,580 | 2,879,604 | 971,603 |
| 2 | Fuels-No. 6 Fuel | 152,411,318 | - | 152,411,318 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Fuels-Diesel | 87,144 | 87,144 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuels-Gas Turbine | 3,473,692 | 3,473,692 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Fuel Supply Deferral | - | - | - | | | | | | | | | | | | | | |
| 6 | Power Purchases -CF(L)Co | - | - | - | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Power Purchases-Other | 59,241,500 | 22,422,602 | 36,051,915 | - | 766,983 | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Power Purchases - LIL & LTA Costs | - | - | - | - | | | | | | | | | | | | | |
| 9 | Power Purchases - Off Island | 5,369,973 | - | 5,369,973 | - | | | | | | | | | | | | | |
| 10 | Depreciation | 65,677,240 | 29,490,454 | 13,226,679 | 12,548,958 | 2,208,779 | 553,036 | 3,267,659 | 947,295 | 251,046 | 444,372 | 502,814 | 578,336 | 124,832 | 254,225 | 139,487 | 180,255 | 959,014 |
| | **Expense Credits** | | | | | | | | | | | | | | | | | |
| 11 | Sundry | (343,012) | (168,895) | (62,796) | (42,842) | (7,057) | (3,518) | (19,072) | (5,199) | (1,266) | (2,240) | (2,844) | (3,204) | (1,089) | (1,366) | (466) | (9,820) | (3,313) |
| 12 | Building Rental Income | (15,600) | (5,619) | (3,650) | (3,923) | (690) | (159) | (638) | (174) | (42) | (75) | (95) | (107) | (36) | (37) | (16) | - | (338) |
| 13 | Tax Refunds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Suppliers' Discounts | (29,788) | (14,667) | (5,453) | (3,720) | (613) | (306) | (1,656) | (452) | (110) | (195) | (247) | (278) | (95) | (119) | (40) | (853) | (288) |
| 15 | Pole Attachments | (1,137,383) | - | - | - | - | - | (657,803) | (224,806) | - | - | (116,432) | (138,342) | - | - | - | - | - |
| 16 | Secondary Energy | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Wheeling Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18 | Application Fees | (12,200) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (12,200) | - |
| 19 | Meter Test Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | **Total Expense Credits** | **(1,537,983)** | **(189,181)** | **(71,899)** | **(50,485)** | **(8,360)** | **(3,982)** | **(679,169)** | **(230,631)** | **(1,418)** | **(2,510)** | **(119,617)** | **(141,932)** | **(1,220)** | **(1,522)** | **(522)** | **(22,873)** | **(3,939)** |
| 21 | **Subtotal Expenses** | **385,307,357** | **104,811,211** | **225,402,341** | **25,061,303** | **5,036,873** | **1,580,753** | **8,181,057** | **2,241,303** | **620,741** | **1,098,764** | **1,217,044** | **1,375,962** | **442,971** | **653,256** | **275,545** | **3,036,986** | **1,926,678** |
| 22 | Disposal Gain / Loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Subtotal Revenue Requirement Ex. Return** | **385,307,357** | **104,811,211** | **225,402,341** | **25,061,303** | **5,036,873** | **1,580,753** | **8,181,057** | **2,241,303** | **620,741** | **1,098,764** | **1,217,044** | **1,375,962** | **442,971** | **653,256** | **275,545** | **3,036,986** | **1,926,678** |
| 24 | Return on Debt | 78,809,349 | 26,728,479 | 20,912,968 | 21,501,154 | 2,565,975 | 656,661 | 2,750,925 | 789,547 | 196,605 | 348,008 | 420,461 | 480,076 | 111,244 | 169,672 | 57,163 | 107,800 | 1,012,611 |
| 25 | Return on Equity | 33,193,602 | 11,257,732 | 8,808,305 | 9,056,042 | 1,080,759 | 276,578 | 1,158,658 | 332,548 | 82,808 | 146,577 | 177,093 | 202,203 | 46,855 | 71,464 | 24,076 | 45,404 | 426,500 |
| 26 | **Total Revenue Reqmt** | **497,310,308** | **142,797,421** | **255,123,614** | **55,618,499** | **8,683,607** | **2,513,992** | **12,090,640** | **3,363,397** | **900,155** | **1,593,349** | **1,814,598** | **2,058,241** | **601,070** | **894,392** | **356,784** | **3,190,191** | **3,365,788** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Interconnected**
**Functional Classification of Revenue Requirement (CONT'D.)**

| | 1 | 19 | 20 | 21 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | Expenses | | | |
| 1 | Operating & Maintenance | 1,313,764 | 1,039,528 | Carryforward from Sch.2.4 L.30 |
| 2 | Fuels-No. 6 Fuel | - | - | Production - Demand, Energy ratios Sch.4.1 L.10 |
| 3 | Fuels-Diesel | - | - | Production - Demand, Energy ratios Sch.4.1 L.12 |
| 4 | Fuels-Gas Turbine | - | - | Production - Demand, Energy ratios Sch.4.1 L.11 |
| 5 | Fuel Supply Deferral | | | |
| 6 | Power Purchases -CF(L)Co | - | - | |
| 7 | Power Purchases-Other | - | - | Carryforward from Sch.4.4 L.1 - L.7 |
| 8 | Power Purchases - LIL & LTA Costs | | | Carryforward from Sch.4.4 L.8 |
| 9 | Power Purchases - Off Island | | | Carryforward from Sch.4.4 L.9 |
| 10 | Depreciation | - | - | Carryforward from Sch.2.5 L.42 |
| | **Expense Credits** | | | |
| 11 | Sundry | (4,480) | (3,545) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.30 |
| 12 | Building Rental Income | - | - | Prorated on Production, Transmission & Distribution Plant - Sch.2.2 L.35 |
| 13 | Tax Refunds | - | - | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.30 |
| 14 | Suppliers' Discounts | (389) | (308) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.30 |
| 15 | Pole Attachments | - | - | Prorated on Distribution Poles - Sch.4.1 L.37 |
| 16 | Secondary Energy | - | - | Production - Energy |
| 17 | Wheeling Revenues | - | - | Transmission - Demand |
| 18 | Application Fees | - | - | Accounting - Customer |
| 19 | Meter Test Revenues | - | - | Meters - Customer |
| 20 | **Total Expense Credits** | **(4,869)** | **(3,853)** | |
| 21 | **Subtotal Expenses** | **1,308,894** | **1,035,675** | |
| 22 | Disposal Gain / Loss | - | - | Prorated on Total Net Book Value - Sch.2.3 L.42 |
| 23 | **Subtotal Revenue Requirement Ex. Return** | **1,308,894** | **1,035,675** | |
| 24 | Return on Debt | - | - | Prorated on Rate Base - Sch.2.6 L.10 |
| 25 | Return on Equity | - | - | Prorated on Rate Base - Sch.2.6 L.12 |
| 26 | **Total Revenue Reqmt** | **1,308,894** | **1,035,675** | |

Schedule 2.2A
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Interconnected**
**Functional Classification of Plant in Service for the Allocation of O&M Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Rural Prod & | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | **Production** | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Hydraulic** | | | | | | | | | | | | | | | | | |
| 1 | Bay D'Espoir | 258,875,724 | 118,051,600 | 140,824,124 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Upper Salmon | 174,508,924 | 79,578,948 | 94,929,976 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Hinds Lake | 84,155,839 | 38,376,451 | 45,779,388 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Cat Arm | 275,174,095 | 125,483,926 | 149,690,169 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Paradise River | 22,580,138 | 10,296,916 | 12,283,223 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Granite Canal | 112,746,474 | 51,414,252 | 61,332,222 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Exploits | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Star Lake | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Other Hydraulic | 5,376,975 | 2,451,989 | 2,924,985 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | **Subtotal Hydraulic** | **933,418,169** | **425,654,082** | **507,764,087** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 11 | Holyrood | 314,893,766 | 265,329,487 | 49,564,279 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | Gas Turbines | 179,056,307 | 179,056,307 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Roddickton | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Diesel | 10,019,110 | 10,019,110 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | **Subtotal Production** | **1,437,387,352** | **880,058,986** | **557,328,366** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | | |
| 16 | Lines | 625,086,174 | 15,333,261 | 18,291,095 | 464,440,175 | 90,156,015 | - | - | - | - | - | - | - | - | - | - | - | 36,865,628 |
| 17 | Terminal Stations | 227,711,339 | - | - | 184,580,298 | 24,036,614 | - | - | - | - | - | - | - | - | - | - | - | 19,094,427 |
| 18 | Term Stns - Hydraulic | 47,648,365 | 21,728,440 | 25,919,925 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | Term Stns - Holyrood | 14,016,713 | 11,810,482 | 2,206,231 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Term Stns - Gas Tur/Dsl | 567,120 | 567,120 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Term Stns - Distribution | 15,368,651 | - | - | - | - | 15,368,651 | - | - | - | - | - | - | - | - | - | - | - |
| 22 | **Subtotal Term Stns** | **305,312,187** | **34,106,042** | **28,126,155** | **184,580,298** | **24,036,614** | **15,368,651** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **19,094,427** |
| 23 | **Subtotal Transmission** | **930,398,362** | **49,439,303** | **46,417,250** | **649,020,473** | **114,192,630** | **15,368,651** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **55,960,055** |
| | **Distribution** | | | | | | | | | | | | | | | | | |
| 24 | Substations | 10,859,468 | - | - | - | - | 10,859,468 | - | - | - | - | - | - | - | - | - | - | - |
| 25 | Land & Land Improvements | 5,098,161 | - | - | - | - | - | 3,843,759 | 489,678 | - | - | 445,834 | 318,890 | - | - | - | - | - |
| 26 | Poles | 133,763,157 | - | - | - | - | - | 77,361,655 | 26,438,556 | - | - | 13,693,067 | 16,269,880 | - | - | - | - | - |
| 27 | Primary Conductor & Eqpt | 16,326,450 | - | - | - | - | - | 14,481,561 | 1,844,889 | - | - | - | - | - | - | - | - | - |
| 28 | Submarine Conductor | 9,856,521 | - | - | - | - | - | 9,856,521 | - | - | - | - | - | - | - | - | - | - |
| 29 | Transformers | 19,400,787 | - | - | - | - | - | - | - | 7,003,684 | 12,397,103 | - | - | - | - | - | - | - |
| 30 | Secondary Conductor&Eqpt | 2,740,198 | - | - | - | - | - | - | - | - | - | 1,597,535 | 1,142,663 | - | - | - | - | - |
| 31 | Services | 6,026,984 | - | - | - | - | - | - | - | - | - | - | - | 6,026,984 | - | - | - | - |
| 32 | Meters | 6,168,389 | - | - | - | - | - | - | - | - | - | - | - | - | 6,168,389 | - | - | - |
| 33 | Street Lighting | 2,577,545 | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,577,545 | - | - |
| 34 | **Subtotal Distribution** | **212,817,661** | **-** | **-** | **-** | **-** | **10,859,468** | **105,543,495** | **28,773,123** | **7,003,684** | **12,397,103** | **15,736,437** | **17,731,433** | **6,026,984** | **6,168,389** | **2,577,545** | **-** | **-** |
| 35 | **Subttl Prod, Trans, & Dist** | **2,580,603,374** | **929,498,289** | **603,745,616** | **649,020,473** | **114,192,630** | **26,228,118** | **105,543,495** | **28,773,123** | **7,003,684** | **12,397,103** | **15,736,437** | **17,731,433** | **6,026,984** | **6,168,389** | **2,577,545** | **-** | **55,960,055** |
| 36 | General | 175,657,318 | 91,796,380 | 32,085,296 | 19,780,179 | 3,211,399 | 1,784,135 | 9,951,657 | 2,713,007 | 660,375 | 1,168,918 | 1,483,783 | 1,671,890 | 568,282 | 738,785 | 243,036 | 6,260,091 | 1,540,104 |
| 37 | NLSO | 14,868,926 | 5,355,585 | 3,478,663 | 3,739,527 | 657,955 | 151,121 | 608,121 | 165,785 | 40,354 | 71,430 | 90,670 | 102,165 | 34,726 | 35,541 | 14,851 | - | 322,431 |
| 38 | Telecontrol - Custmr & Spec | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 39 | Feasibility Studies | 178,706 | 178,706 | - | - | - | 0 | - | - | - | - | - | - | - | - | - | - | - |
| 40 | Feasibility Studies - General | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 41 | Software - General | 1,894,974 | 682,544 | 443,339 | 476,585 | 83,853 | 19,260 | 77,502 | 21,129 | 5,143 | 9,103 | 11,555 | 13,020 | 4,426 | 4,530 | 1,893 | - | 41,092 |
| 42 | **Total Plant** | **2,773,203,298** | **1,027,511,503** | **639,752,914** | **673,016,765** | **118,145,838** | **28,182,634** | **116,180,776** | **31,673,044** | **7,709,556** | **13,646,555** | **17,322,445** | **19,518,509** | **6,634,418** | **6,947,244** | **2,837,325** | **6,260,091** | **57,863,682** |

Schedule 2.2A
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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Interconnected**
**Functional Classification of Plant in Service for the Allocation of O&M Expense (CONT'D.)**

| | 1 | 19 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| | **Production** | |
| | **Hydraulic** | |
| 1 | Bay D'Espoir | Production - Demand, Energy ratios Sch.4.1 L.1 |
| 2 | Upper Salmon | Production - Demand, Energy ratios Sch.4.1 L.1 |
| 3 | Hinds Lake | Production - Demand, Energy ratios Sch.4.1 L.1 |
| 4 | Cat Arm | Production - Demand, Energy ratios Sch.4.1 L.1 |
| 5 | Paradise River | Production - Demand, Energy ratios Sch.4.1 L.1 |
| 6 | Granite Canal | Production - Demand, Energy ratios Sch.4.1 L.1 |
| 7 | Exploits | Production - Demand, Energy ratios Sch.4.1 L.1 |
| 8 | Star Lake | |
| 9 | Other Hydraulic | Production - Demand, Energy ratios Sch.4.1 L.1, 2 |
| 10 | **Subtotal Hydraulic** | |
| 11 | Holyrood | Production - Demand, Energy ratios Sch.4.1 L.3 |
| 12 | Gas Turbines | Production - Demand, Energy ratios Sch.4.1 L.4 |
| 13 | Roddickton | Production - Demand, Energy ratios Sch.4.1 L.3 |
| 14 | Diesel | Production - Demand, Energy ratios Sch.4.1 L.5 |
| 15 | **Subtotal Production** | |
| | **Transmission** | |
| 16 | Lines | Production - Demand, Energy ratios Sch.4.1 L.17 Transmission - Demand; Distribution - Primary Demand; Spec Assigned - Custmr |
| 17 | Terminal Stations | Production - Demand, Energy subtotals, L. 15; Transmission - Demand; Spec Assigned - Custmr |
| 18 | Term Stns - Hydraulic | Production - Demand, Energy ratios Sch.4.1 L.20 |
| 19 | Term Stns - Holyrood | Production - Demand, Energy ratios Sch.4.1 L.21 |
| 20 | Term Stns - Gas Tur/Dsl | Production - Demand, Energy ratios Sch.4.1 L.22, 23 |
| 21 | Term Stns - Distribution | Distribution - Substations Demand |
| 22 | **Subtotal Term Stns** | |
| 23 | **Subtotal Transmission** | |
| | **Distribution** | |
| 24 | Substations | Production - Demand; Dist Substns - Demand |
| 25 | Land & Land Improvements | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.32 |
| 26 | Poles | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.37 |
| 27 | Primary Conductor & Eqpt | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.38 |
| 28 | Submarine Conductor | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.39 |
| 29 | Transformers | Transformers - Demand, Customer - zero intercept ratios Sch.4.1 L.40 |
| 30 | Secondary Conductor&Eqpt | Secondary - Demand, Customer - zero intercept ratios Sch. 4.1 L.41 |
| 31 | Services | Services Customer |
| 32 | Meters | Meters - Customer |
| 33 | Street Lighting | Street Lighting - Customer |
| 34 | **Subtotal Distribution** | |
| 35 | **Subttl Prod, Trans, & Dist** | |
| 36 | General | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - Sch.2.4 L.15, 16 |
| 37 | | |
| 38 | Telecontrol - Custmr & Spec | Specifically Assigned - Customer |
| 39 | Feasibility Studies | Production, Transmission - Demand |
| 40 | Feasibility Studies - General | Prorated on subtotal Production, Transmission, & Distribution plant - L.35 |
| 41 | Software - General | Prorated on subtotal Production, Transmission, & Distribution plant - L.35 |
| 42 | **Total Plant** | |

Schedule 2.3A
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NEWFOUNDLAND AND LABRADOR HYDRO
2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency
Island Interconnected
Functional Classification of Net Book Value

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Rural Prod & | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | **Production** | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Hydraulic** | | | | | | | | | | | | | | | | | |
| 1 | Bay D'Espoir | 181,753,155 | 82,882,437 | 98,870,718 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Upper Salmon | 141,882,406 | 64,700,717 | 77,181,688 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Hinds Lake | 65,742,303 | 29,979,575 | 35,762,728 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Cat Arm | 222,090,337 | 101,276,857 | 120,813,480 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Paradise River | 17,646,225 | 8,046,970 | 9,599,255 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Granite Canal | 92,993,859 | 42,406,734 | 50,587,126 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Exploits | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Star Lake | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Other Small Hydraulic | 3,179,071 | 1,449,709 | 1,729,362 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | **Subtotal Hydraulic** | **725,287,356** | **330,742,998** | **394,544,358** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 11 | Holyrood | 94,749,948 | 79,836,306 | 14,913,642 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | Gas Turbines | 146,219,262 | 146,219,262 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Roddickton | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Diesel | 3,003,942 | 3,003,942 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | **Subtotal Production** | **969,260,508** | **559,802,509** | **409,458,000** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | | |
| 16 | Lines | 462,054,288 | 11,282,277 | 13,458,663 | 376,745,762 | 44,645,736 | - | - | - | - | - | - | - | - | - | - | - | 15,921,850 |
| 17 | Terminal Stations | 148,620,844 | - | - | 126,634,057 | 14,707,986 | - | - | - | - | - | - | - | - | - | - | - | 7,278,800 |
| 18 | Term Stns - Hydraulic | 32,646,636 | 14,887,405 | 17,759,232 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | Term Stns - Holyrood | 7,863,776 | 6,626,018 | 1,237,758 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Term Stns - Gas Tur/Dsl | 546,295 | 546,295 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Term Stns - Distribution | 10,069,819 | - | - | - | - | 10,069,819 | - | - | - | - | - | - | - | - | - | - | - |
| 22 | **Subtotal Term Stns** | **199,747,370** | **22,059,717** | **18,996,990** | **126,634,057** | **14,707,986** | **10,069,819** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **7,278,800** |
| 23 | **Subtotal Trans & Term Stns** | **661,801,658** | **33,341,994** | **32,455,653** | **503,379,819** | **59,353,722** | **10,069,819** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **23,200,650** |
| | **Distribution** | | | | | | | | | | | | | | | | | |
| 24 | Substations | 4,750,093 | - | - | - | - | 4,750,093 | - | - | - | - | - | - | - | - | - | - | - |
| 25 | Land & Land Improvements | 3,425,779 | - | - | - | - | - | 2,582,866 | 329,046 | - | - | 299,584 | 214,282 | - | - | - | - | - |
| 26 | Poles | 82,687,268 | - | - | - | - | - | 47,822,016 | 16,343,304 | - | - | 8,464,530 | 10,057,418 | - | - | - | - | - |
| 27 | Primary Conductor & Eqpt | 8,306,420 | - | - | - | - | - | 7,367,795 | 938,626 | - | - | - | - | - | - | - | - | - |
| 28 | Submarine Conductor | 3,327,197 | - | - | - | - | - | 3,327,197 | - | - | - | - | - | - | - | - | - | - |
| 29 | Transformers | 12,169,621 | - | - | - | - | - | - | - | 4,393,233 | 7,776,388 | - | - | - | - | - | - | - |
| 30 | Secondary Conductor&Eqpt | 1,018,883 | - | - | - | - | - | - | - | - | - | 594,009 | 424,874 | - | - | - | - | - |
| 31 | Services | 2,384,396 | - | - | - | - | - | - | - | - | - | - | - | 2,384,396 | - | - | - | - |
| 32 | Meters | 3,720,087 | - | - | - | - | - | - | - | - | - | - | - | - | 3,720,087 | - | - | - |
| 33 | Street Lighting | 1,250,736 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,250,736 | - | - |
| 34 | **Subtotal Distribution** | **123,040,481** | **-** | **-** | **-** | **-** | **4,750,093** | **61,099,874** | **17,610,976** | **4,393,233** | **7,776,388** | **9,358,123** | **10,696,574** | **2,384,396** | **3,720,087** | **1,250,736** | **-** | **-** |
| 35 | **Subttl Prod, Trans, & Dist** | **1,754,102,648** | **593,144,502** | **441,913,653** | **503,379,819** | **59,353,722** | **14,819,913** | **61,099,874** | **17,610,976** | **4,393,233** | **7,776,388** | **9,358,123** | **10,696,574** | **2,384,396** | **3,720,087** | **1,250,736** | **-** | **23,200,650** |
| 36 | General | 71,259,499 | 37,239,348 | 13,016,151 | 8,024,292 | 1,302,779 | 723,776 | 4,037,123 | 1,100,595 | 267,896 | 474,199 | 601,931 | 678,241 | 230,537 | 299,705 | 98,593 | 2,539,552 | 624,779 |
| 37 | NLSO | 1,023,886 | 346,224 | 257,949 | 293,828 | 34,645 | 8,651 | 35,665 | 10,280 | 2,564 | 4,539 | 5,462 | 6,244 | 1,392 | 2,171 | 730 | - | 13,542 |
| 38 | Telecontrol - Custmr & Spec | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 39 | Feasibility Studies | 178,706 | 178,706 | - | - | - | 0 | - | - | - | - | - | - | - | - | - | - | - |
| 40 | Feasibility Studies - General | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 41 | Software - General | 1,916,460 | 648,045 | 482,816 | 549,972 | 64,847 | 16,192 | 66,755 | 19,241 | 4,800 | 8,496 | 10,224 | 11,687 | 2,605 | 4,064 | 1,367 | - | 25,348 |
| 42 | **Total Net Book Value** | **1,828,481,198** | **631,556,826** | **455,670,569** | **512,247,911** | **60,755,994** | **15,568,531** | **65,239,417** | **18,741,091** | **4,668,494** | **8,263,622** | **9,975,741** | **11,392,746** | **2,618,930** | **4,026,028** | **1,351,426** | **2,539,552** | **23,864,320** |

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NEWFOUNDLAND AND LABRADOR HYDRO
2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency
Island Interconnected
Functional Classification of Operating & Maintenance Expense

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Rural Prod & | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | **Production** | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| 1 | Hydraulic | 11,725,105 | 5,346,841 | 6,378,264 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Holyrood / Thermal | 19,318,307 | 16,277,606 | 3,040,702 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Roddickton | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Gas Turbine | 7,437,894 | 7,437,894 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Diesel | 313,233 | 313,233 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Other | 2,711,865 | 1,660,374 | 1,051,491 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | **Subtotal Production** | **41,506,404** | **31,035,948** | **10,470,456** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | | |
| 8 | Transmission Lines | 3,334,387 | 81,792 | 97,570 | 2,490,695 | 480,918 | - | - | - | - | - | - | - | - | - | - | - | 183,412 |
| 9 | Terminal Stations | 4,482,082 | 500,688 | 412,901 | 2,762,583 | 352,865 | 225,617 | - | - | - | - | - | - | - | - | - | - | 227,428 |
| 10 | Other | 2,253,167 | 119,728 | 112,410 | 1,585,624 | 276,543 | 37,219 | - | - | - | - | - | - | - | - | - | - | 121,644 |
| 11 | **Subtotal Transmission** | **10,069,635** | **702,208** | **622,881** | **6,838,902** | **1,110,326** | **262,835** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **532,483** |
| | **Distribution** | | | | | | | | | | | | | | | | | |
| 12 | Other | 6,736,805 | - | - | - | - | 354,021 | 3,440,738 | 938,009 | 228,321 | 404,148 | 513,011 | 578,048 | 196,481 | - | 84,028 | - | - |
| 13 | Meters | 255,431 | - | - | - | - | - | - | - | - | - | - | - | - | 255,431 | - | - | - |
| 14 | **Subtotal Distribution** | **6,992,236** | **-** | **-** | **-** | **-** | **354,021** | **3,440,738** | **938,009** | **228,321** | **404,148** | **513,011** | **578,048** | **196,481** | **255,431** | **84,028** | **-** | **-** |
| 15 | **Subttl Prod, Trans, & Dist** | **58,568,275** | **31,738,156** | **11,093,337** | **6,838,902** | **1,110,326** | **616,856** | **3,440,738** | **938,009** | **228,321** | **404,148** | **513,011** | **578,048** | **196,481** | **255,431** | **84,028** | **-** | **532,483** |
| 16 | Customer Accounting | 2,164,396 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,164,396 | - |
| | **Administrative & General:** | | | | | | | | | | | | | | | | | |
| | Plant-Related: | | | | | | | | | | | | | | | | | |
| 17 | Production | 6,461,496 | 3,956,134 | 2,505,361 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18 | Prod - Gas Turb & Diesel | 1,122,329 | 1,122,329 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | Transmission | 3,530,337 | 187,594 | 176,127 | 2,484,408 | 433,297 | 58,315 | - | - | - | - | - | - | - | - | - | - | 190,595 |
| 20 | Distribution | 1,671,105 | - | - | - | - | 85,272 | 828,757 | 225,935 | 54,995 | 97,346 | 123,567 | 139,232 | 47,326 | 48,436 | 20,240 | - | - |
| 21 | Prod, Trans, Distn | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Prod, Trans, Distn and General Plant | 155,226 | 57,513 | 35,809 | 37,995 | 6,613 | 1,577 | 6,503 | 1,773 | 432 | 764 | 970 | 1,093 | 371 | 389 | 159 | 350 | 2,915 |
| 23 | Prod, Trans, Distn, Excl Hydraulic & Holyrood | 1,144,832 | 204,955 | 39,886 | 562,624 | 98,125 | 22,538 | 90,693 | 24,725 | 6,018 | 10,653 | 13,522 | 15,237 | 5,179 | 5,300 | 2,215 | - | 43,163 |
| 24 | Property Insurance | 2,025,212 | 1,053,520 | 646,934 | 221,614 | 29,070 | 29,339 | 11,000 | 2,999 | 730 | 1,292 | 1,640 | 1,848 | 628 | 807 | 269 | 6,521 | 17,001 |
| | Revenue-Related: | | | | | | | | | | | | | | | | | |
| 25 | Municipal Tax | 1,313,764 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 26 | PUB Assessment | 1,039,528 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 27 | All Expense-Related | 19,875,799 | 10,386,851 | 3,630,483 | 2,240,526 | 363,373 | 201,877 | 1,126,040 | 306,979 | 74,722 | 132,264 | 167,891 | 189,176 | 64,302 | 83,594 | 27,500 | 708,335 | 171,885 |
| 28 | Prod, Trans, and Distn Expense-Related | 1,512,174 | 819,447 | 286,419 | 176,761 | 28,667 | 15,927 | 88,836 | 24,218 | 5,895 | 10,435 | 13,245 | 14,925 | 5,073 | 6,595 | 2,170 | - | 13,561 |
| 29 | **Subtotal Admin & General** | **39,851,801** | **17,788,343** | **7,321,019** | **5,723,929** | **959,146** | **414,844** | **2,151,830** | **586,629** | **142,792** | **252,753** | **320,836** | **361,510** | **122,879** | **145,121** | **52,551** | **715,207** | **439,120** |
| 30 | **Total Operating & Maintenance Expenses** | **100,584,473** | **49,526,500** | **18,414,356** | **12,562,830** | **2,069,472** | **1,031,700** | **5,592,568** | **1,524,638** | **371,113** | **656,901** | **833,847** | **939,558** | **319,359** | **400,552** | **136,580** | **2,879,604** | **971,603** |

Schedule 2.4A
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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Interconnected**
**Functional Classification of Operating & Maintenance Expense (CONT'D.)**

| | 1 | 19 | 20 | 21 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | **Production** | | | |
| 1 | Hydraulic | - | - | Prorated on Hydraulic Plant in Service - Sch.2.2 L.10 |
| 2 | Holyrood / Thermal | - | - | Prorated on Holyrood Plant in Service - Sch.2.2 L.11 |
| 3 | Roddickton | - | - | Prorated on Roddickton Plant in Service - Sch.2.2 L.13 |
| 4 | Gas Turbine | - | - | Prorated on Gas Turbines Plant in Service - Sch.2.2 L.12 |
| 5 | Diesel | - | - | Prorated on Diesel Plant in Service - Sch.2.2 L.14 |
| 6 | Other | - | - | Prorated on Production Plant in Service - Sch.2.2 L.15 |
| 7 | **Subtotal Production** | **-** | **-** | |
| | **Transmission** | | | |
| 8 | Transmission Lines | - | - | Prorated on Transmission Lines Plant in Service - Sch.2.2 L.16 (C5 & 18 then prorated on indexed plant). |
| 9 | Terminal Stations | - | - | Prorated on Terminal Stations Plant in Service - Sch.2.2 L.22 (C5 & 18 then prorated on indexed plant). |
| 10 | Other | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.23 (C5 & 18 then prorated on indexed plant). |
| 11 | **Subtotal Transmission** | **-** | **-** | |
| | **Distribution** | | | |
| 12 | Other | - | - | Prorated on Distribution Plant, excluding Meters - Sch. 2.2 L. 34, less L. 32 |
| 13 | Meters | - | - | Meters - Customer |
| 14 | **Subtotal Distribution** | **-** | **-** | |
| 15 | **Subttl Prod, Trans, & Dist** | **-** | **-** | |
| 16 | Customer Accounting | - | - | Accounting - Customer |
| | **Administrative & General:** | | | |
| | Plant-Related: | | | |
| 17 | Production | - | - | Prorated on Production Plant in Service - Sch.2.2 L.15 |
| 18 | Prod - Gas Turb & Diesel | | - | Prorated on Gas Turbine & Diesel Production Plant in Service - Sch.2.2 L.12, 14 |
| 19 | Transmission | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.23 (C5 & 18 then prorated on indexed plant). |
| 20 | Distribution | - | - | Prorated on Distribution Plant in Service - Sch.2.2 L.34 |
| 21 | Prod, Trans, Distn | - | - | Prorated on Prod, Trans & Distribution Plant in Service - Sch.2.2 L.35 |
| 22 | Prod, Trans, Distn and General Plant | - | - | Prorated on Total Plant in Service, Sch. 2.2, L. 42 (C5 & 18 then prorated on indexed plant). |
| 23 | Prod, Trans, Distn, Excl Hydraulic & Holyrood | - | - | Prorated on Total Plant in Service, Sch. 2.2, L. 35 Less L. 10 and L. 11 (C5 & 18 then prorated on indexed plant). |
| 24 | Property Insurance | - | - | Prorated on Prod., Trans. Terminal, Dist. Sub & General Plant in Service - Sch.2.2 L.15, 22, 24, 36 - 38 (C5 & 18 then prorated on indexed plant). |
| | Revenue-Related: | | | |
| 25 | Municipal Tax | 1,313,764 | - | Revenue-related |
| 26 | PUB Assessment | - | 1,039,528 | Revenue-related |
| 27 | All Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - L 15, 16 |
| 28 | Prod, Trans, and Distn Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution Expenses - L 15 |
| 29 | **Subtotal Admin & General** | **1,313,764** | **1,039,528** | |
| 30 | **Total Operating & Maintenance Expenses** | **1,313,764** | **1,039,528** | |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Interconnected**
**Functional Classification of Depreciation Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Rural Prod & | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | **Production** | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Hydraulic** | | | | | | | | | | | | | | | | | |
| 1 | Bay D'Espoir | 4,265,464 | 1,945,122 | 2,320,342 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Upper Salmon | 2,960,019 | 1,349,818 | 1,610,202 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Hinds Lake | 1,398,334 | 637,664 | 760,671 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Cat Arm | 5,171,142 | 2,358,126 | 2,813,016 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Paradise River | 398,089 | 181,535 | 216,554 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Granite Canal | 2,323,343 | 1,059,483 | 1,263,860 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Exploits | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Star Lake | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Other Small Hydraulic | 93,337 | 42,563 | 50,774 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | **Subtotal Hydraulic** | **16,609,729** | **7,574,310** | **9,035,419** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 11 | Holyrood | 13,406,471 | 11,296,292 | 2,110,178 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | Gas Turbines | 6,405,581 | 6,405,581 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Roddickton | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Diesel | 99,898 | 99,898 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | **Subtotal Production** | **36,521,679** | **25,376,082** | **11,145,597** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | | |
| 16 | Lines | 11,147,855 | 342,834 | 408,968 | 8,277,115 | 1,548,116 | - | - | - | - | - | - | - | - | - | - | - | 570,822 |
| 17 | Terminal Stations | 4,338,001 | - | - | 3,481,760 | 529,234 | - | - | - | - | - | - | - | - | - | - | - | 327,008 |
| 18 | Term Stns - Hydraulic | 909,345 | 414,676 | 494,669 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | Term Stns - Holyrood | 172,112 | 145,022 | 27,091 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Term Stns - Gas Tur/Dsl | 10,481 | 10,481 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Term Stns - Distribution | 315,841 | - | - | - | - | 315,841 | - | - | - | - | - | - | - | - | - | - | - |
| 22 | **Subtotal Term Stns** | **5,745,780** | **570,179** | **521,759** | **3,481,760** | **529,234** | **315,841** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **327,008** |
| 23 | **Subtotal Transmission** | **16,893,635** | **913,013** | **930,727** | **11,758,875** | **2,077,350** | **315,841** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **897,830** |
| | **Distribution** | | | | | | | | | | | | | | | | | |
| 24 | Substations | 176,587 | - | - | - | - | 176,587 | - | - | - | - | - | - | - | - | - | - | - |
| 25 | Land & Land Improvements | 97,082 | - | - | - | - | - | 73,195 | 9,325 | - | - | 8,490 | 6,072 | - | - | - | - | - |
| 26 | Poles | 4,077,659 | - | - | - | - | - | 2,358,306 | 805,958 | - | - | 417,422 | 495,974 | - | - | - | - | - |
| 27 | Primary Conductor & Eqpt | 335,339 | - | - | - | - | - | 297,445 | 37,893 | - | - | - | - | - | - | - | - | - |
| 28 | Submarine Conductor | 197,283 | - | - | - | - | - | 197,283 | - | - | - | - | - | - | - | - | - | - |
| 29 | Transformers | 630,913 | - | - | - | - | - | - | - | 227,760 | 403,153 | - | - | - | - | - | - | - |
| 30 | Secondary Conductor&Eqpt | 44,097 | - | - | - | - | - | - | - | - | - | 25,709 | 18,388 | - | - | - | - | - |
| 31 | Services | 106,472 | - | - | - | - | - | - | - | - | - | - | - | 106,472 | - | - | - | - |
| 32 | Meters | 228,664 | - | - | - | - | - | - | - | - | - | - | - | - | 228,664 | - | - | - |
| 33 | Street Lighting | 130,050 | - | - | - | - | - | - | - | - | - | - | - | - | - | 130,050 | - | - |
| 34 | **Subtotal Distribution** | **6,024,144** | **-** | **-** | **-** | **-** | **176,587** | **2,926,229** | **853,175** | **227,760** | **403,153** | **451,620** | **520,435** | **106,472** | **228,664** | **130,050** | **-** | **-** |
| 35 | **Subttl Prod, Trans, & Dist** | **59,439,458** | **26,289,095** | **12,076,324** | **11,758,875** | **2,077,350** | **492,428** | **2,926,229** | **853,175** | **227,760** | **403,153** | **451,620** | **520,435** | **106,472** | **228,664** | **130,050** | **-** | **897,830** |
| 36 | General | 5,057,936 | 2,643,216 | 923,875 | 569,557 | 92,470 | 51,373 | 286,551 | 78,119 | 19,015 | 33,658 | 42,725 | 48,141 | 16,363 | 21,273 | 6,998 | 180,255 | 44,346 |
| 37 | NLSO | 66,140 | 29,253 | 13,438 | 13,084 | 2,312 | 548 | 3,256 | 949 | 253 | 449 | 503 | 579 | 118 | 254 | 145 | - | 999 |
| 38 | Telecontrol - Custmr & Spec | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 39 | Feasibility Studies | 65,116 | 65,116 | - | - | - | 0 | - | - | - | - | - | - | - | - | - | - | - |
| 40 | Feasibility Studies - General | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 41 | Software - General | 1,048,590 | 463,774 | 213,042 | 207,442 | 36,647 | 8,687 | 51,622 | 15,051 | 4,018 | 7,112 | 7,967 | 9,181 | 1,878 | 4,034 | 2,294 | - | 15,839 |
| 42 | **Total Depreciation Expense** | **65,677,240** | **29,490,454** | **13,226,679** | **12,548,958** | **2,208,779** | **553,036** | **3,267,659** | **947,295** | **251,046** | **444,372** | **502,814** | **578,336** | **124,832** | **254,225** | **139,487** | **180,255** | **959,014** |

Schedule 2.6A
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Interconnected**
**Functional Classification of Rate Base**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Rural Prod & | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| 1 | Average Net Book Value | 1,828,481,198 | 631,556,826 | 455,670,569 | 512,247,911 | 60,755,994 | 15,568,531 | 65,239,417 | 18,741,091 | 4,668,494 | 8,263,622 | 9,975,741 | 11,392,746 | 2,618,930 | 4,026,028 | 1,351,426 | 2,539,552 | 23,864,320 |
| 2 | Cash Working Capital | 2,030,082 | 701,190 | 505,911 | 568,726 | 67,455 | 17,285 | 72,432 | 20,807 | 5,183 | 9,175 | 11,076 | 12,649 | 2,908 | 4,470 | 1,500 | 2,820 | 26,496 |
| 3 | Fuel Inventory - No. 6 Fuel | 45,727,894 | - | 45,727,894 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuel Inventory - Diesel | 86,714 | 86,714 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Fuel Inventory - Gas Turbine | 3,477,438 | 3,477,438 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Inventory/Supplies | 29,536,695 | 10,943,768 | 6,813,848 | 7,168,133 | 1,258,342 | 300,166 | 1,237,412 | 337,342 | 82,113 | 145,346 | 184,497 | 207,887 | 70,662 | 73,993 | 30,220 | 66,675 | 616,292 |
| 7 | Deferred Charges: Holyrood | - | - | - | | | | | | | | | | | | | | |
| | Deferred Charges: | | | | | | | | | | | | | | | | | |
| | Foreign Exchange Loss and | | | | | | | | | | | | | | | | | |
| 8 | Regulatory Costs | 118,658,952 | 40,984,764 | 29,570,658 | 33,242,234 | 3,942,749 | 1,010,317 | 4,233,700 | 1,216,200 | 302,961 | 536,266 | 647,374 | 739,330 | 169,955 | 261,268 | 87,701 | 164,804 | 1,548,671 |
| 9 | Retired Asset Pool | 8,418,301 | 2,907,678 | 2,097,901 | 2,358,382 | 279,720 | 71,677 | 300,361 | 86,284 | 21,494 | 38,046 | 45,928 | 52,452 | 12,058 | 18,536 | 6,222 | 11,692 | 109,871 |
| 10 | Total Rate Base | **2,036,417,276** | **690,658,379** | **540,386,782** | **555,585,387** | **66,304,260** | **16,967,976** | **71,083,323** | **20,401,724** | **5,080,244** | **8,992,455** | **10,864,616** | **12,405,064** | **2,874,512** | **4,384,295** | **1,477,069** | **2,785,542** | **26,165,649** |
| 11 | Less: Rural Asset Portion | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | Rate Base Available for Equity Return | **2,036,417,276** | **690,658,379** | **540,386,782** | **555,585,387** | **66,304,260** | **16,967,976** | **71,083,323** | **20,401,724** | **5,080,244** | **8,992,455** | **10,864,616** | **12,405,064** | **2,874,512** | **4,384,295** | **1,477,069** | **2,785,542** | **26,165,649** |
| 13 | Return on Debt | 78,809,349 | 26,728,479 | 20,912,968 | 21,501,154 | 2,565,975 | 656,661 | 2,750,925 | 789,547 | 196,605 | 348,008 | 420,461 | 480,076 | 111,244 | 169,672 | 57,163 | 107,800 | 1,012,611 |
| 14 | Return on Equity | 33,193,602 | 11,257,732 | 8,808,305 | 9,056,042 | 1,080,759 | 276,578 | 1,158,658 | 332,548 | 82,808 | 146,577 | 177,093 | 202,203 | 46,855 | 71,464 | 24,076 | 45,404 | 426,500 |
| 15 | Return on Rate Base | **112,002,950** | **37,986,211** | **29,721,273** | **30,557,196** | **3,646,734** | **933,239** | **3,909,583** | **1,122,095** | **279,413** | **494,585** | **597,554** | **682,279** | **158,098** | **241,136** | **81,239** | **153,205** | **1,439,111** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Interconnected**
**Functional Classification of Rate Base (CONT'D.)**

| | 1 | 19 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| 1 | Average Net Book Value | Sch. 2.3 , L. 42 |
| 2 | Cash Working Capital | Prorated on Average Net Book Value, L. 1 |
| 3 | Fuel Inventory - No. 6 Fuel | Production - Demand, Energy ratios Sch.4.1 L.10 |
| 4 | Fuel Inventory - Diesel | Production - Demand, Energy ratios Sch.4.1 L.12 |
| 5 | Fuel Inventory - Gas Turbine | Production - Demand, Energy ratios Sch.4.1 L.11 |
| 6 | Inventory/Supplies | Prorated on Total Plant in Service, Sch. 2.2, L. 42 |
| 7 | Deferred Charges: Holyrood | Production - Demand, Energy ratios Sch.4.1 L.3 |
| 8 | Deferred Charges: Foreign Exchange Loss and Regulatory Costs | Prorated on Average Net Book Value, L. 1 |
| 9 | Retired Asset Pool | Prorated on Average Net Book Value, L. 1 |
| 10 | Total Rate Base | |
| 11 | Less: Rural Asset Portion | N/A |
| 12 | Rate Base Available for Equity Return | |
| 13 | Return on Debt | L.10 x Sch.1.1,p2,L.15 |
| 14 | Return on Equity | L.12 x Sch.1.1,p2,L.18 |
| 15 | Return on Rate Base | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Interconnected**
**Basis of Allocation to Classes of Service**

| Line No. | 1<br>Description | 2<br>Total Amount | 3<br>Production Demand<br>(1 CP kW) | 4<br>Production Energy<br>(MWh @ Gen) | 5<br>Transmission Demand<br>(CP kW) | 6<br>Rural Prod & Transmission Demand<br>(CP kW) | 7<br>Distribution<br>Substations Demand<br>(CP kW) | 8<br>Primary Lines Demand<br>(CP kW) | 9<br>Primary Lines Customer<br>(Rural Cust) | 10<br>Line Transformers Demand<br>(CP kW) | 11<br>Line Transformers Customer<br>(Rural Cust) | 12<br>Secondary Lines Demand<br>(CP kW) | 13<br>Secondary Lines Customer<br>(Rural Cust) | 14<br>Services Customer<br>Wtd Rural Cust) | 15<br>Meters Customer | 16<br>Street Lighting Customer | 17<br>Accounting Customer<br>(Rural Cust) | 18<br>Specifically Assigned Customer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Amounts** | | | | | | | | | | | | | | | | | |
| 1 | Newfoundland Power | - | 1,298,111 | 6,003,204 | 1,288,585 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Industrial - Firm | - | 88,736 | 748,275 | 85,800 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | | |
| 4 | 1.1 Domestic | - | 28,647 | 117,768 | 27,699 | 27,699 | 26,276 | 26,276 | 11,400 | 24,166 | 11,400 | 24,166 | 11,400 | 11,400 | 11,400 | - | 11,400 | - |
| 5 | 1.12 Domestic All Electric | - | 34,802 | 160,330 | 33,650 | 33,650 | 31,921 | 31,921 | 8,521 | 29,358 | 8,521 | 29,358 | 8,521 | 8,521 | 8,521 | - | 8,521 | - |
| 6 | 1.3 Special | - | 127 | 388 | 123 | 123 | 117 | 117 | 1 | 107 | 1 | 107 | 1 | 1 | 1 | - | 1 | - |
| 7 | 2.1 GS 0-10 kW | - | 15,176 | 85,232 | 14,673 | 14,673 | 13,919 | 13,919 | 2,862 | 12,802 | 2,862 | 12,802 | 2,862 | 13,652 | 13,652 | - | 2,862 | - |
| 8 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | 2.3 GS 110-1,000 kVa | - | 9,709 | 63,896 | 9,387 | 9,387 | 8,905 | 8,905 | 93 | 8,156 | 93 | 8,156 | 93 | 779 | 779 | - | 93 | - |
| 10 | 2.4 GS Over 1,000 kVa | - | 4,782 | 39,312 | 4,624 | 4,624 | 4,386 | 4,386 | 9 | 2,913 | 9 | 2,913 | 9 | 76 | 76 | - | 9 | - |
| 11 | 4.1 Street and Area Lighting | - | 791 | 3,151 | 765 | 765 | 725 | 725 | 953 | 667 | 953 | 667 | 953 | - | - | 1 | 953 | - |
| 12 | **Subtotal Rural** | **-** | **94,033** | **470,076** | **90,922** | **90,922** | **86,250** | **86,250** | **23,839** | **78,170** | **23,839** | **78,170** | **23,839** | **34,429** | **34,429** | **1** | **23,839** | **-** |
| 13 | **Total** | **-** | **1,480,880** | **7,221,555** | **1,465,307** | **90,922** | **86,250** | **86,250** | **23,839** | **78,170** | **23,839** | **78,170** | **23,839** | **34,429** | **34,429** | **1** | **23,839** | **-** |
| | **Ratios Excluding Return on Equity** | | | | | | | | | | | | | | | | | |
| 14 | Newfoundland Power | - | 0.8766 | 0.8313 | 0.8794 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Industrial - Firm | - | 0.0599 | 0.1036 | 0.0586 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 16 | Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | | |
| 17 | 1.1 Domestic | - | 0.0193 | 0.0163 | 0.0189 | 0.3047 | 0.3047 | 0.3047 | 0.4782 | 0.3092 | 0.4782 | 0.3092 | 0.4782 | 0.3311 | 0.3311 | - | 0.4782 | - |
| 18 | 1.12 Domestic All Electric | - | 0.0235 | 0.0222 | 0.0230 | 0.3701 | 0.3701 | 0.3701 | 0.3574 | 0.3756 | 0.3574 | 0.3756 | 0.3574 | 0.2475 | 0.2475 | - | 0.3574 | - |
| 19 | 1.3 Special | - | 0.0001 | 0.0001 | 0.0001 | 0.0014 | 0.0014 | 0.0014 | 0.0000 | 0.0014 | 0.0000 | 0.0014 | 0.0000 | 0.0000 | 0.0000 | - | 0.0000 | - |
| 20 | 2.1 GS 0-10 kW | - | 0.0102 | 0.0118 | 0.0100 | 0.1614 | 0.1614 | 0.1614 | 0.1201 | 0.1638 | 0.1201 | 0.1638 | 0.1201 | 0.3965 | 0.3965 | - | 0.1201 | - |
| 21 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | 2.3 GS 110-1,000 kVa | - | 0.0066 | 0.0088 | 0.0064 | 0.1032 | 0.1032 | 0.1032 | 0.0039 | 0.1043 | 0.0039 | 0.1043 | 0.0039 | 0.0226 | 0.0226 | - | 0.0039 | - |
| 23 | 2.4 GS Over 1,000 kVa | - | 0.0032 | 0.0054 | 0.0032 | 0.0509 | 0.0509 | 0.0509 | 0.0004 | 0.0373 | 0.0004 | 0.0373 | 0.0004 | 0.0022 | 0.0022 | - | 0.0004 | - |
| 24 | 4.1 Street and Area Lighting | - | 0.0005 | 0.0004 | 0.0005 | 0.0084 | 0.0084 | 0.0084 | 0.0400 | 0.0085 | 0.0400 | 0.0085 | 0.0400 | - | - | 1.0000 | 0.0400 | - |
| 25 | **Subtotal Rural** | **-** | **0.0635** | **0.0651** | **0.0620** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** |
| 26 | **Total** | **-** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Interconnected**
**Basis of Allocation to Classes of Service (CONT'D.)**

| | 1 | 19 | 20 |
|---|---|---|---|
| | | Revenue Related | |
| Line No. | Description | Municipal Tax (Prior Year (Rural Revenues) | PUB Assessment (Prior Year (Revenues + RSP) |
| | **Amounts** | | |
| 1 | Newfoundland Power | - | 494,775,786 |
| 2 | Industrial - Firm | - | 37,423,580 |
| 3 | Industrial - Non-Firm | - | - |
| | **Rural** | | |
| 4 | 1.1 Domestic | 14,212,918 | 14,212,918 |
| 5 | 1.12 Domestic All Electric | 17,933,704 | 17,933,704 |
| 6 | 1.3 Special | 20,857 | 20,857 |
| 7 | 2.1 GS 0-10 kW | 9,586,586 | 9,586,586 |
| 8 | 2.2 GS 10-100 kW | - | - |
| 9 | 2.3 GS 110-1,000 kVa | 6,310,223 | 6,310,223 |
| 10 | 2.4 GS Over 1,000 kVa | 3,379,015 | 3,379,015 |
| 11 | 4.1 Street and Area Lighting | 1,039,403 | 1,039,403 |
| 12 | **Subtotal Rural** | **52,482,707** | **52,482,707** |
| 13 | **Total** | **52,482,707** | **584,682,072** |
| | **Ratios Excluding Return on Equity** | | |
| 14 | Newfoundland Power | - | 0.8462 |
| 15 | Industrial - Firm | - | 0.0640 |
| 16 | Industrial - Non-Firm | - | - |
| | **Rural** | | |
| 17 | 1.1 Domestic | 0.2708 | 0.0243 |
| 18 | 1.12 Domestic All Electric | 0.3417 | 0.0307 |
| 19 | 1.3 Special | 0.0004 | 0.0000 |
| 20 | 2.1 GS 0-10 kW | 0.1827 | 0.0164 |
| 21 | 2.2 GS 10-100 kW | - | - |
| 22 | 2.3 GS 110-1,000 kVa | 0.1202 | 0.0108 |
| 23 | 2.4 GS Over 1,000 kVa | 0.0644 | 0.0058 |
| 24 | 4.1 Street and Area Lighting | 0.0198 | 0.0018 |
| 25 | **Subtotal Rural** | **1.0000** | **0.0898** |
| 26 | **Total** | **1.0000** | **1.0000** |

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NEWFOUNDLAND AND LABRADOR HYDRO
2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency
Island Interconnected
Allocation of Functionalized Amounts to Classes of Service

| Line No. | 1<br>Description | 2<br>Total Amount | 3<br>Production Demand ($) | 4<br>Production Energy ($) | 5<br>Transmission Demand ($) | 6<br>Rural Prod & Transmission Demand ($) |
|---|---|---|---|---|---|---|
| | **Allocated Rev Reqmt Excl Return** | | | | | |
| 1 | Newfoundland Power | 303,759,282 | 91,875,497 | 187,374,633 | 22,038,810 | - |
| 2 | Industrial - Firm | 31,502,374 | 6,280,404 | 23,355,478 | 1,467,447 | - |
| 3 | Industrial - Non-Firm | - | - | - | - | - |
| | **Rural** | | | | | |
| 4 | 1.1 Domestic | 15,703,950 | 2,027,547 | 3,675,812 | 473,746 | 1,534,488 |
| 5 | 1.12 Domestic All Electric | 17,731,801 | 2,463,134 | 5,004,292 | 575,523 | 1,864,150 |
| 6 | 1.3 Special | 46,643 | 8,993 | 12,119 | 2,101 | 6,806 |
| 7 | 2.1 GS 0-10 kW | 8,296,145 | 1,074,067 | 2,660,289 | 250,961 | 812,876 |
| 8 | 2.2 GS 10-100 kW | - | - | - | - | - |
| 9 | 2.3 GS 110-1,000 kVa | 4,785,124 | 687,136 | 1,994,338 | 160,553 | 520,038 |
| 10 | 2.4 GS Over 1,000 kVa | 2,561,277 | 338,473 | 1,227,023 | 79,086 | 256,163 |
| 11 | 4.1 Street and Area Lighting | 920,761 | 55,961 | 98,357 | 13,075 | 42,352 |
| 12 | **Subtotal Rural** | **50,045,701** | **6,655,310** | **14,672,230** | **1,555,046** | **5,036,873** |
| 13 | **Total** | **385,307,357** | **104,811,211** | **225,402,341** | **25,061,303** | **5,036,873** |
| | **Allocated Return on Debt** | | | | | |
| 14 | Newfoundland Power | 60,679,221 | 23,429,672 | 17,384,734 | 18,908,030 | - |
| 15 | Industrial - Firm | 5,083,346 | 1,601,600 | 2,166,936 | 1,258,985 | - |
| 16 | Industrial - Non-Firm | - | - | - | - | - |
| | **Rural** | | | | | |
| 17 | 1.1 Domestic | 4,193,315 | 517,056 | 341,044 | 406,447 | 781,727 |
| 18 | 1.12 Domestic All Electric | 4,715,051 | 628,137 | 464,301 | 493,766 | 949,669 |
| 19 | 1.3 Special | 14,218 | 2,293 | 1,124 | 1,803 | 3,467 |
| 20 | 2.1 GS 0-10 kW | 2,119,681 | 273,904 | 246,823 | 215,310 | 414,110 |
| 21 | 2.2 GS 10-100 kW | - | - | - | - | - |
| 22 | 2.3 GS 110-1,000 kVa | 1,192,194 | 175,230 | 185,036 | 137,745 | 264,927 |
| 23 | 2.4 GS Over 1,000 kVa | 596,072 | 86,316 | 113,844 | 67,851 | 130,499 |
| 24 | 4.1 Street and Area Lighting | 216,249 | 14,271 | 9,126 | 11,218 | 21,576 |
| 25 | **Subtotal Rural** | **13,046,781** | **1,697,207** | **1,361,299** | **1,334,140** | **2,565,975** |
| 26 | **Total** | **78,809,349** | **26,728,479** | **20,912,968** | **21,501,154** | **2,565,975** |
| | **Allocated Return on Equity** | | | | | |
| 27 | Newfoundland Power | 25,557,398 | 9,868,312 | 7,322,252 | 7,963,847 | - |
| 28 | Industrial - Firm | 2,141,048 | 674,576 | 912,689 | 530,270 | - |
| 29 | Industrial - Non-Firm | - | - | - | - | - |
| | **Rural** | | | | | |
| 30 | 1.1 Domestic | 1,766,177 | 217,778 | 143,644 | 171,191 | 329,254 |
| 31 | 1.12 Domestic All Electric | 1,985,926 | 264,564 | 195,558 | 207,969 | 399,990 |
| 32 | 1.3 Special | 5,989 | 966 | 474 | 759 | 1,460 |
| 33 | 2.1 GS 0-10 kW | 892,786 | 115,365 | 103,959 | 90,686 | 174,418 |
| 34 | 2.2 GS 10-100 kW | - | - | - | - | - |
| 35 | 2.3 GS 110-1,000 kVa | 502,138 | 73,805 | 77,935 | 58,017 | 111,584 |
| 36 | 2.4 GS Over 1,000 kVa | 251,059 | 36,355 | 47,950 | 28,578 | 54,965 |
| 37 | 4.1 Street and Area Lighting | 91,081 | 6,011 | 3,844 | 4,725 | 9,087 |
| 38 | **Subtotal Rural** | **5,495,156** | **714,844** | **573,363** | **561,924** | **1,080,759** |
| 39 | **Total** | **33,193,602** | **11,257,732** | **8,808,305** | **9,056,042** | **1,080,759** |

| Line No. | Description | 7<br>Distribution Substations Demand ($) | 8<br>Primary Lines Demand ($) | 9<br>Primary Lines Customer ($) | 10<br>Line Transformers Demand ($) | 11<br>Line Transformers Customer ($) | 12<br>Secondary Lines Demand ($) |
|---|---|---|---|---|---|---|---|
| | **Allocated Rev Reqmt Excl Return** | | | | | | |
| 1 | Newfoundland Power | - | - | - | - | - | - |
| 2 | Industrial - Firm | - | - | - | - | - | - |
| 3 | Industrial - Non-Firm | - | - | - | - | - | - |
| | **Rural** | | | | | | |
| 4 | 1.1 Domestic | 481,578 | 2,492,367 | 1,071,831 | 191,905 | 525,449 | 376,254 |
| 5 | 1.12 Domestic All Electric | 585,038 | 3,027,815 | 801,147 | 233,133 | 392,750 | 457,087 |
| 6 | 1.3 Special | 2,136 | 11,054 | 94 | 851 | 46 | 1,669 |
| 7 | 2.1 GS 0-10 kW | 255,110 | 1,320,300 | 269,086 | 101,659 | 131,915 | 199,316 |
| 8 | 2.2 GS 10-100 kW | - | - | - | - | - | - |
| 9 | 2.3 GS 110-1,000 kVa | 163,207 | 844,663 | 8,697 | 64,769 | 4,264 | 126,988 |
| 10 | 2.4 GS Over 1,000 kVa | 80,393 | 416,069 | 846 | 23,128 | 415 | 45,346 |
| 11 | 4.1 Street and Area Lighting | 13,292 | 68,790 | 89,601 | 5,297 | 43,926 | 10,385 |
| 12 | **Subtotal Rural** | **1,580,753** | **8,181,057** | **2,241,303** | **620,741** | **1,098,764** | **1,217,044** |
| 13 | **Total** | **1,580,753** | **8,181,057** | **2,241,303** | **620,741** | **1,098,764** | **1,217,044** |
| | **Allocated Return on Debt** | | | | | | |
| 14 | Newfoundland Power | - | - | - | - | - | - |
| 15 | Industrial - Firm | - | - | - | - | - | - |
| 16 | Industrial - Non-Firm | - | - | - | - | - | - |
| | **Rural** | | | | | | |
| 17 | 1.1 Domestic | 200,052 | 838,072 | 377,575 | 60,781 | 166,424 | 129,987 |
| 18 | 1.12 Domestic All Electric | 243,031 | 1,018,119 | 282,221 | 73,839 | 124,394 | 157,913 |
| 19 | 1.3 Special | 887 | 3,717 | 33 | 270 | 15 | 577 |
| 20 | 2.1 GS 0-10 kW | 105,975 | 443,958 | 94,791 | 32,198 | 41,781 | 68,859 |
| 21 | 2.2 GS 10-100 kW | - | - | - | - | - | - |
| 22 | 2.3 GS 110-1,000 kVa | 67,798 | 284,023 | 3,064 | 20,514 | 1,350 | 43,871 |
| 23 | 2.4 GS Over 1,000 kVa | 33,396 | 139,905 | 298 | 7,325 | 131 | 15,666 |
| 24 | 4.1 Street and Area Lighting | 5,521 | 23,131 | 31,564 | 1,678 | 13,912 | 3,588 |
| 25 | **Subtotal Rural** | **656,661** | **2,750,925** | **789,547** | **196,605** | **348,008** | **420,461** |
| 26 | **Total** | **656,661** | **2,750,925** | **789,547** | **196,605** | **348,008** | **420,461** |
| | **Allocated Return on Equity** | | | | | | |
| 27 | Newfoundland Power | - | - | - | - | - | - |
| 28 | Industrial - Firm | - | - | - | - | - | - |
| 29 | Industrial - Non-Firm | - | - | - | - | - | - |
| | **Rural** | | | | | | |
| 30 | 1.1 Domestic | 84,260 | 352,986 | 159,030 | 25,600 | 70,096 | 54,749 |
| 31 | 1.12 Domestic All Electric | 102,362 | 428,820 | 118,868 | 31,100 | 52,394 | 66,511 |
| 32 | 1.3 Special | 374 | 1,566 | 14 | 114 | 6 | 243 |
| 33 | 2.1 GS 0-10 kW | 44,636 | 186,990 | 39,925 | 13,562 | 17,598 | 29,003 |
| 34 | 2.2 GS 10-100 kW | - | - | - | - | - | - |
| 35 | 2.3 GS 110-1,000 kVa | 28,556 | 119,627 | 1,290 | 8,640 | 569 | 18,478 |
| 36 | 2.4 GS Over 1,000 kVa | 14,066 | 58,927 | 126 | 3,085 | 55 | 6,598 |
| 37 | 4.1 Street and Area Lighting | 2,326 | 9,742 | 13,294 | 707 | 5,860 | 1,511 |
| 38 | **Subtotal Rural** | **276,578** | **1,158,658** | **332,548** | **82,808** | **146,577** | **177,093** |
| 39 | **Total** | **276,578** | **1,158,658** | **332,548** | **82,808** | **146,577** | **177,093** |

| Line No. | Description | 13<br>Secondary Lines Customer ($) | 14<br>Services Customer ($) | 15<br>Meters Customer ($) | 16<br>Street Lighting Customer ($) | 17<br>Accounting Customer ($) | 18<br>Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|
| | **Allocated Rev Reqmt Excl Return** | | | | | | |
| 1 | Newfoundland Power | - | - | - | - | - | 1,593,923 |
| 2 | Industrial - Firm | - | - | - | - | - | 332,755 |
| 3 | Industrial - Non-Firm | - | - | - | - | - | - |
| | **Rural** | | | | | | |
| 4 | 1.1 Domestic | 658,010 | 146,676 | 216,306 | - | 1,452,341 | - |
| 5 | 1.12 Domestic All Electric | 491,834 | 109,634 | 161,679 | - | 1,085,561 | - |
| 6 | 1.3 Special | 58 | 13 | 19 | - | 127 | - |
| 7 | 2.1 GS 0-10 kW | 165,195 | 175,653 | 259,037 | - | 364,614 | - |
| 8 | 2.2 GS 10-100 kW | - | - | - | - | - | - |
| 9 | 2.3 GS 110-1,000 kVa | 5,339 | 10,020 | 14,777 | - | 11,784 | - |
| 10 | 2.4 GS Over 1,000 kVa | 519 | 975 | 1,438 | - | 1,147 | - |
| 11 | 4.1 Street and Area Lighting | 55,007 | - | - | 275,545 | 121,411 | - |
| 12 | **Subtotal Rural** | **1,375,962** | **442,971** | **653,256** | **275,545** | **3,036,986** | **-** |
| 13 | **Total** | **1,375,962** | **442,971** | **653,256** | **275,545** | **3,036,986** | **1,926,678** |
| | **Allocated Return on Debt** | | | | | | |
| 14 | Newfoundland Power | - | - | - | - | - | 956,785 |
| 15 | Industrial - Firm | - | - | - | - | - | 55,825 |
| 16 | Industrial - Non-Firm | - | - | - | - | - | - |
| | **Rural** | | | | | | |
| 17 | 1.1 Domestic | 229,581 | 36,835 | 56,182 | - | 51,552 | - |
| 18 | 1.12 Domestic All Electric | 171,602 | 27,532 | 41,993 | - | 38,533 | - |
| 19 | 1.3 Special | 20 | 3 | 5 | - | 5 | - |
| 20 | 2.1 GS 0-10 kW | 57,637 | 44,112 | 67,281 | - | 12,942 | - |
| 21 | 2.2 GS 10-100 kW | - | - | - | - | - | - |
| 22 | 2.3 GS 110-1,000 kVa | 1,863 | 2,516 | 3,838 | - | 418 | - |
| 23 | 2.4 GS Over 1,000 kVa | 181 | 245 | 373 | - | 41 | - |
| 24 | 4.1 Street and Area Lighting | 19,192 | - | - | 57,163 | 4,310 | - |
| 25 | **Subtotal Rural** | **480,076** | **111,244** | **169,672** | **57,163** | **107,800** | **-** |
| 26 | **Total** | **480,076** | **111,244** | **169,672** | **57,163** | **107,800** | **1,012,611** |
| | **Allocated Return on Equity** | | | | | | |
| 27 | Newfoundland Power | - | - | - | - | - | 402,987 |
| 28 | Industrial - Firm | - | - | - | - | - | 23,513 |
| 29 | Industrial - Non-Firm | - | - | - | - | - | - |
| | **Rural** | | | | | | |
| 30 | 1.1 Domestic | 96,697 | 15,514 | 23,663 | - | 21,713 | - |
| 31 | 1.12 Domestic All Electric | 72,277 | 11,596 | 17,687 | - | 16,230 | - |
| 32 | 1.3 Special | 8 | 1 | 2 | - | 2 | - |
| 33 | 2.1 GS 0-10 kW | 24,276 | 18,579 | 28,338 | - | 5,451 | - |
| 34 | 2.2 GS 10-100 kW | - | - | - | - | - | - |
| 35 | 2.3 GS 110-1,000 kVa | 785 | 1,060 | 1,617 | - | 176 | - |
| 36 | 2.4 GS Over 1,000 kVa | 76 | 103 | 157 | - | 17 | - |
| 37 | 4.1 Street and Area Lighting | 8,084 | - | - | 24,076 | 1,815 | - |
| 38 | **Subtotal Rural** | **202,203** | **46,855** | **71,464** | **24,076** | **45,404** | **-** |
| 39 | **Total** | **202,203** | **46,855** | **71,464** | **24,076** | **45,404** | **426,500** |

Schedule 3.2A
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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Interconnected**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 19 | 20 |
|---|---|---|---|
| | | Revenue Related | |
| Line No. | Description | Municipal Tax | PUB Assessment |
| | **Allocated Rev Reqmt Excl Return** | ($) | |
| 1 | Newfoundland Power | - | 876,420 |
| 2 | Industrial - Firm | - | 66,290 |
| 3 | Industrial - Non-Firm | - | - |
| | **Rural** | | |
| 4 | 1.1 Domestic | 354,464 | 25,176 |
| 5 | 1.12 Domestic All Electric | 447,258 | 31,767 |
| 6 | 1.3 Special | 520 | 37 |
| 7 | 2.1 GS 0-10 kW | 239,085 | 16,981 |
| 8 | 2.2 GS 10-100 kW | - | - |
| 9 | 2.3 GS 110-1,000 kVa | 157,374 | 11,178 |
| 10 | 2.4 GS Over 1,000 kVa | 84,271 | 5,985 |
| 11 | 4.1 Street and Area Lighting | 25,922 | 1,841 |
| 12 | **Subtotal Rural** | **1,308,894** | **92,965** |
| 13 | **Total** | **1,308,894** | **1,035,675** |
| | **Allocated Return on Debt** | | |
| 14 | Newfoundland Power | - | - |
| 15 | Industrial - Firm | - | - |
| 16 | Industrial - Non-Firm | - | - |
| | **Rural** | | |
| 17 | 1.1 Domestic | - | - |
| 18 | 1.12 Domestic All Electric | - | - |
| 19 | 1.3 Special | - | - |
| 20 | 2.1 GS 0-10 kW | - | - |
| 21 | 2.2 GS 10-100 kW | - | - |
| 22 | 2.3 GS 110-1,000 kVa | - | - |
| 23 | 2.4 GS Over 1,000 kVa | - | - |
| 24 | 4.1 Street and Area Lighting | - | - |
| 25 | **Subtotal Rural** | **-** | **-** |
| 26 | **Total** | **-** | **-** |
| | **Allocated Return on Equity** | | |
| 27 | Newfoundland Power | - | - |
| 28 | Industrial - Firm | - | - |
| 29 | Industrial - Non-Firm | - | - |
| | **Rural** | | |
| 30 | 1.1 Domestic | - | - |
| 31 | 1.12 Domestic All Electric | - | - |
| 32 | 1.3 Special | - | - |
| 33 | 2.1 GS 0-10 kW | - | - |
| 34 | 2.2 GS 10-100 kW | - | - |
| 35 | 2.3 GS 110-1,000 kVa | - | - |
| 36 | 2.4 GS Over 1,000 kVa | - | - |
| 37 | 4.1 Street and Area Lighting | - | - |
| 38 | **Subtotal Rural** | **-** | **-** |
| 39 | **Total** | **-** | **-** |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Interconnected**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Rural Prod & | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | **Total Revenue Requiremt** | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| 40 | Newfoundland Power | 389,995,902 | 125,173,480 | 212,081,619 | 48,910,687 | - | - | - | - | - | - | - | - | - | - | - | - | 2,953,695 |
| 41 | Industrial - Firm | 38,726,768 | 8,556,580 | 26,435,103 | 3,256,702 | - | - | - | - | - | - | - | - | - | - | - | - | 412,093 |
| 42 | Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | | |
| 43 | 1.1 Domestic | 21,663,442 | 2,762,381 | 4,160,499 | 1,051,384 | 2,645,469 | 765,890 | 3,683,425 | 1,608,437 | 278,287 | 761,968 | 560,991 | 984,288 | 199,026 | 296,150 | - | 1,525,607 | - |
| 44 | 1.12 Domestic All Electric | 24,432,779 | 3,355,836 | 5,664,152 | 1,277,258 | 3,213,809 | 930,430 | 4,474,754 | 1,202,236 | 338,072 | 569,538 | 681,511 | 735,712 | 148,763 | 221,359 | - | 1,140,324 | - |
| 45 | 1.3 Special | 66,850 | 12,252 | 13,717 | 4,663 | 11,733 | 3,397 | 16,337 | 141 | 1,234 | 67 | 2,488 | 86 | 17 | 26 | - | 134 | - |
| 46 | 2.1 GS 0-10 kW | 11,308,611 | 1,463,336 | 3,011,072 | 556,957 | 1,401,404 | 405,721 | 1,951,248 | 403,802 | 147,419 | 191,294 | 297,178 | 247,108 | 238,344 | 354,656 | - | 383,008 | - |
| 47 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 48 | 2.3 GS 110-1,000 kVa | 6,479,456 | 936,171 | 2,257,309 | 356,314 | 896,550 | 259,560 | 1,248,313 | 13,051 | 93,923 | 6,183 | 189,338 | 7,987 | 13,597 | 20,232 | - | 12,379 | - |
| 49 | 2.4 GS Over 1,000 kVa | 3,408,408 | 461,144 | 1,388,817 | 175,515 | 441,627 | 127,855 | 614,900 | 1,270 | 33,539 | 602 | 67,610 | 777 | 1,323 | 1,968 | - | 1,204 | - |
| 50 | 4.1 Street and Area Lighting | 1,228,091 | 76,242 | 111,326 | 29,018 | 73,015 | 21,139 | 101,663 | 134,460 | 7,681 | 63,698 | 15,483 | 82,283 | - | - | 356,784 | 127,535 | - |
| 51 | **Subtotal Rural** | **68,587,638** | **9,067,361** | **16,606,892** | **3,451,110** | **8,683,607** | **2,513,992** | **12,090,640** | **3,363,397** | **900,155** | **1,593,349** | **1,814,598** | **2,058,241** | **601,070** | **894,392** | **356,784** | **3,190,191** | **-** |
| 52 | **Total** | **497,310,308** | **142,797,421** | **255,123,614** | **55,618,499** | **8,683,607** | **2,513,992** | **12,090,640** | **3,363,397** | **900,155** | **1,593,349** | **1,814,598** | **2,058,241** | **601,070** | **894,392** | **356,784** | **3,190,191** | **3,365,788** |
| | **Re-classification of Revenue-Related** | | | | | | | | | | | | | | | | | |
| 53 | Newfoundland Power | - | 281,930 | 477,675 | 110,162 | - | - | - | - | - | - | - | - | - | - | - | - | 6,653 |
| 54 | Industrial - Firm | - | 14,672 | 45,328 | 5,584 | - | - | - | - | - | - | - | - | - | - | - | - | 707 |
| 55 | Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | | |
| 56 | 1.1 Domestic | (0) | 49,273 | 74,211 | 18,754 | 47,187 | 13,661 | 65,701 | 28,690 | 4,964 | 13,591 | 10,006 | 17,557 | 3,550 | 5,282 | - | 27,212 | - |
| 57 | 1.12 Domestic All Electric | 0 | 67,110 | 113,271 | 25,542 | 64,269 | 18,607 | 89,486 | 24,042 | 6,761 | 11,390 | 13,629 | 14,713 | 2,975 | 4,427 | - | 22,804 | - |
| 58 | 1.3 Special | (0) | 103 | 115 | 39 | 99 | 29 | 137 | 1 | 10 | 1 | 21 | 1 | 0 | 0 | - | 1 | - |
| 59 | 2.1 GS 0-10 kW | - | 33,903 | 69,761 | 12,904 | 32,468 | 9,400 | 45,207 | 9,355 | 3,415 | 4,432 | 6,885 | 5,725 | 5,522 | 8,217 | - | 8,874 | - |
| 60 | 2.2 GS 10-100 kW | | | | | | | | | | | | | | | | | |
| 61 | 2.3 GS 110-1,000 kVa | 0 | 25,003 | 60,288 | 9,516 | 23,945 | 6,932 | 33,340 | 349 | 2,509 | 165 | 5,057 | 213 | 363 | 540 | - | 331 | - |
| 62 | 2.4 GS Over 1,000 kVa | (0) | 12,543 | 37,777 | 4,774 | 12,013 | 3,478 | 16,726 | 35 | 912 | 16 | 1,839 | 21 | 36 | 54 | - | 33 | - |
| 63 | 4.1 Street and Area Lighting | - | 1,763 | 2,575 | 671 | 1,689 | 489 | 2,351 | 3,110 | 178 | 1,473 | 358 | 1,903 | - | - | 8,252 | 2,950 | - |
| 64 | **Subtotal Rural** | **0** | **189,698** | **357,998** | **72,201** | **181,670** | **52,595** | **252,948** | **65,582** | **18,749** | **31,068** | **37,795** | **40,133** | **12,446** | **18,520** | **8,252** | **62,204** | **-** |
| 65 | **Total** | **0** | **486,300** | **881,001** | **187,947** | **181,670** | **52,595** | **252,948** | **65,582** | **18,749** | **31,068** | **37,795** | **40,133** | **12,446** | **18,520** | **8,252** | **62,204** | **7,359** |
| | **Total Allocated Revenue Requirement** | | | | | | | | | | | | | | | | | |
| 66 | Newfoundland Power | 389,995,902 | 125,455,410 | 212,559,294 | 49,020,849 | - | - | - | - | - | - | - | - | - | - | - | - | 2,960,348 |
| 67 | Industrial - Firm | 38,726,768 | 8,571,251 | 26,480,430 | 3,262,286 | - | - | - | - | - | - | - | - | - | - | - | - | 412,800 |
| 68 | Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | | |
| 69 | 1.1 Domestic | 21,663,442 | 2,811,653 | 4,234,710 | 1,070,138 | 2,692,657 | 779,551 | 3,749,127 | 1,637,127 | 283,250 | 775,559 | 570,997 | 1,001,845 | 202,576 | 301,433 | - | 1,552,819 | - |
| 70 | 1.12 Domestic All Electric | 24,432,779 | 3,422,946 | 5,777,423 | 1,302,800 | 3,278,078 | 949,037 | 4,564,239 | 1,226,278 | 344,833 | 580,927 | 695,140 | 750,425 | 151,738 | 225,786 | - | 1,163,128 | - |
| 71 | 1.3 Special | 66,850 | 12,355 | 13,832 | 4,702 | 11,832 | 3,425 | 16,474 | 142 | 1,245 | 67 | 2,509 | 87 | 18 | 26 | - | 135 | - |
| 72 | 2.1 GS 0-10 kW | 11,308,611 | 1,497,239 | 3,080,833 | 569,861 | 1,433,872 | 415,120 | 1,996,454 | 413,158 | 150,834 | 195,726 | 304,063 | 252,833 | 243,866 | 362,872 | - | 391,881 | - |
| 73 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 74 | 2.3 GS 110-1,000 kVa | 6,479,456 | 961,174 | 2,317,597 | 365,830 | 920,495 | 266,492 | 1,281,653 | 13,399 | 96,432 | 6,348 | 194,394 | 8,200 | 13,960 | 20,772 | - | 12,709 | - |
| 75 | 2.4 GS Over 1,000 kVa | 3,408,408 | 473,687 | 1,426,594 | 180,289 | 453,640 | 131,333 | 631,626 | 1,304 | 34,451 | 618 | 69,449 | 798 | 1,359 | 2,022 | - | 1,237 | - |
| 76 | 4.1 Street and Area Lighting | 1,228,091 | 78,006 | 113,901 | 29,690 | 74,704 | 21,628 | 104,015 | 137,570 | 7,858 | 65,171 | 15,842 | 84,186 | - | - | 365,036 | 130,485 | - |
| 77 | **Subtotal Rural** | **68,587,638** | **9,257,060** | **16,964,891** | **3,523,310** | **8,865,277** | **2,566,587** | **12,343,588** | **3,428,979** | **918,904** | **1,624,417** | **1,852,393** | **2,098,374** | **613,516** | **912,912** | **365,036** | **3,252,395** | **-** |
| 78 | **Total** | **497,310,308** | **143,283,722** | **256,004,615** | **55,806,446** | **8,865,277** | **2,566,587** | **12,343,588** | **3,428,979** | **918,904** | **1,624,417** | **1,852,393** | **2,098,374** | **613,516** | **912,912** | **365,036** | **3,252,395** | **3,373,148** |

Schedule 3.2A
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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Interconnected**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 19 | 20 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Proration |
| | **Total Revenue Requiremt** | | | |
| 40 | Newfoundland Power | - | 876,420 | |
| 41 | Industrial - Firm | - | 66,290 | |
| 42 | Industrial - Non-Firm | - | - | |
| | **Rural** | | | |
| 43 | 1.1 Domestic | 354,464 | 25,176 | |
| 44 | 1.12 Domestic All Electric | 447,258 | 31,767 | |
| 45 | 1.3 Special | 520 | 37 | |
| 46 | 2.1 GS 0-10 kW | 239,085 | 16,981 | |
| 47 | 2.2 GS 10-100 kW | - | - | |
| 48 | 2.3 GS 110-1,000 kVa | 157,374 | 11,178 | |
| 49 | 2.4 GS Over 1,000 kVa | 84,271 | 5,985 | |
| 50 | 4.1 Street and Area Lighting | 25,922 | 1,841 | |
| 51 | **Subtotal Rural** | **1,308,894** | **92,965** | |
| 52 | **Total** | **1,308,894** | **1,035,675** | |
| | **Re-classification of Revenue-Related** | | | |
| 53 | Newfoundland Power | - | (876,420) | Re-classification to demand, energy and customer is based on rate class revenue requirements excluding revenue-related items. |
| 54 | Industrial - Firm | - | (66,290) | |
| 55 | Industrial - Non-Firm | - | - | |
| | **Rural** | | | |
| 56 | 1.1 Domestic | (354,464) | (25,176) | |
| 57 | 1.12 Domestic All Electric | (447,258) | (31,767) | |
| 58 | 1.3 Special | (520) | (37) | |
| 59 | 2.1 GS 0-10 kW | (239,085) | (16,981) | |
| 60 | 2.2 GS 10-100 kW | - | - | |
| 61 | 2.3 GS 110-1,000 kVa | (157,374) | (11,178) | |
| 62 | 2.4 GS Over 1,000 kVa | (84,271) | (5,985) | |
| 63 | 4.1 Street and Area Lighting | (25,922) | (1,841) | |
| 64 | **Subtotal Rural** | **(1,308,894)** | **(92,965)** | |
| 65 | **Total** | **(1,308,894)** | **(1,035,675)** | |
| | **Total Allocated Revenue Requirement** | | | |
| 66 | Newfoundland Power | - | - | |
| 67 | Industrial - Firm | - | - | |
| 68 | Industrial - Non-Firm | - | - | |
| | **Rural** | | | |
| 69 | 1.1 Domestic | - | - | |
| 70 | 1.12 Domestic All Electric | - | - | |
| 71 | 1.3 Special | - | - | |
| 72 | 2.1 GS 0-10 kW | - | - | |
| 73 | 2.2 GS 10-100 kW | - | - | |
| 74 | 2.3 GS 110-1,000 kVa | - | - | |
| 75 | 2.4 GS Over 1,000 kVa | - | - | |
| 76 | 4.1 Street and Area Lighting | - | - | |
| 77 | **Subtotal Rural** | **-** | **-** | |
| 78 | **Total** | **-** | **-** | |

Schedule 3.3A
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Interconnected**
**Allocation of Specifically Assigned Amounts to Classes of Service**

| Line No. | 1<br>Description | 2<br>Total Amount ($) | 3<br>OM&A<br>Transmission Lines ($) (Plant) | 4<br>OM&A<br>Transmission Terminals ($) (Plant) | 5<br>OM&A<br>Administrative & General ($) (C3 & C4) | 6<br>OM&A<br>Other ($) (C3 & C4) | 7<br>Depreciation<br>Transmission Lines ($) (Direct) | 8<br>Depreciation<br>Transmission Terminals ($) (Direct) | 9<br>Depreciation<br>Telecontrol & Feasibility Study ($) (Direct) | 10<br>Depreciation<br>General ($) (Exp C3,4,6) | 11<br>Expense Credits<br>Rental Income ($) (Plant) | 12<br>Expense Credits<br>Other ($) ( C6 ) | 13<br>Gains/Losses ($) (NBV) | 14<br>Subtotal Excluding Return ($) | 15<br>Return on Debt ($) (NBV) | 16<br>Return on Equity ($) (NBV) | 17<br>Subtotal Excl Rev Related ($) | 18<br>Revenue Related ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Basis of Allocation - Amounts** | | | | | | | | | | | | | | | | | |
| 1 | Newfoundland Power | | 75,389,645 | 47,147,786 | 122,537,431 | 122,537,431 | - | - | - | 433,824 | 122,537,431 | 122,537,431 | 21,921,594 | - | 21,921,594 | 21,921,594 | - | - |
| | **Industrial** | | | | | | | | | | | | | | | | | |
| 2 | Vale | | 11,413,143 | 4,343,444 | 15,756,588 | 15,756,588 | - | - | - | 52,339 | 15,756,588 | 15,756,588 | 458,850 | - | 458,850 | 458,850 | - | - |
| 3 | Corner Brook P& P - CB | | - | 142,719 | 142,719 | 142,719 | - | - | - | 681 | 142,719 | 142,719 | 59,169 | - | 59,169 | 59,169 | - | - |
| 4 | Corner Brook P& P - DL | | - | 440,662 | 440,662 | 440,662 | - | - | - | 2,103 | 440,662 | 440,662 | 18,541 | - | 18,541 | 18,541 | - | - |
| 5 | North Atlantic Refining Limited | | - | 3,841,126 | 3,841,126 | 3,841,126 | - | - | - | 18,334 | 3,841,126 | 3,841,126 | 742,496 | - | 742,496 | 742,496 | - | - |
| 6 | Teck Resources | | 6,648,237 | 1,422,639 | 8,070,876 | 8,070,876 | - | - | - | 25,202 | 8,070,876 | 8,070,876 | 0 | - | 0 | 0 | - | - |
| 7 | **Subtotal Industrial** | | **18,061,380** | **10,190,590** | **28,251,970** | **28,251,970** | **-** | **-** | **-** | **98,660** | **28,251,970** | **28,251,970** | **1,279,056** | **-** | **1,279,056** | **1,279,056** | **-** | **-** |
| 8 | **Total** | | **93,451,025** | **57,338,376** | **150,789,402** | **150,789,402** | **-** | **-** | **-** | **532,483** | **150,789,402** | **150,789,402** | **23,200,650** | **-** | **23,200,650** | **23,200,650** | **-** | **-** |
| 9 | **Basis of Allocation - Ratios** | | | | | | | | | | | | | | | | | |
| 10 | Newfoundland Power | | 0.8067 | 0.8223 | 0.8126 | 0.8126 | - | - | - | 0.8147 | 0.8126 | 0.8126 | 0.9449 | - | 0.9449 | 0.9449 | - | - |
| | **Industrial** | | | | | | | | | | | | | | | | | |
| 11 | Vale | | 0.1221 | 0.0758 | 0.1045 | 0.1045 | - | - | - | 0.0983 | 0.1045 | 0.1045 | 0.0198 | - | 0.0198 | 0.0198 | - | - |
| 12 | Corner Brook P& P - CB | | - | 0.0025 | 0.0009 | 0.0009 | - | - | - | 0.0013 | 0.0009 | 0.0009 | 0.0026 | - | 0.0026 | 0.0026 | - | - |
| 13 | Corner Brook P& P - DL | | - | 0.0077 | 0.0029 | 0.0029 | - | - | - | 0.0040 | 0.0029 | 0.0029 | 0.0008 | - | 0.0008 | 0.0008 | - | - |
| 14 | North Atlantic Refining Ltd. | | - | 0.0670 | 0.0255 | 0.0255 | - | - | - | 0.0344 | 0.0255 | 0.0255 | 0.0320 | - | 0.0320 | 0.0320 | - | - |
| 15 | Teck Resources | | 0.0711 | 0.0248 | 0.0535 | 0.0535 | - | - | - | 0.0473 | 0.0535 | 0.0535 | 0.0000 | - | 0.0000 | 0.0000 | - | - |
| 16 | **Subtotal Industrial** | | **0.1933** | **0.1777** | **0.1874** | **0.1874** | **-** | **-** | **-** | **0.1853** | **0.1874** | **0.1874** | **0.0551** | **-** | **0.0551** | **0.0551** | **-** | **-** |
| 17 | **Total** | | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** | **-** | **-** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** | **1.0000** | **1.0000** | **-** | **-** |
| | **Amounts Allocated** | | | | | | | | | | | | | | | | | |
| 18 | Newfoundland Power | 2,960,348 | 147,964 | 187,008 | 356,846 | 98,852 | 565,776 | 190,830 | - | 49,848 | (275) | (2,926) | - | 1,593,923 | 956,785 | 402,987 | 2,953,695 | 6,653 |
| | **Industrial** | | | | | | | | | | | | | | | | | |
| 19 | Vale | 147,600 | 22,400 | 17,228 | 45,885 | 12,711 | 5,046 | 10,012 | - | 6,014 | (35) | (376) | - | 118,885 | 20,027 | 8,435 | 147,347 | 253 |
| 20 | Corner Brook P& P - CB | 95,395 | - | 566 | 416 | 115 | - | 90,390 | - | 78 | (0) | (3) | - | 91,562 | 2,582 | 1,088 | 95,232 | 163 |
| 21 | Corner Brook P& P - DL | 5,598 | - | 1,748 | 1,283 | 355 | - | 821 | - | 242 | (1) | (11) | - | 4,438 | 809 | 341 | 5,588 | 10 |
| 22 | North Atlantic Refining Ltd. | 112,729 | - | 15,236 | 11,186 | 3,099 | - | 34,954 | - | 2,107 | (9) | (92) | - | 66,480 | 32,407 | 13,649 | 112,536 | 193 |
| 23 | Teck Resources | 51,478 | 13,048 | 5,643 | 23,504 | 6,511 | 0 | 0 | - | 2,896 | (18) | (193) | - | 51,390 | 0 | 0 | 51,390 | 88 |
| 24 | **Subtotal Industrial** | **412,800** | **35,448** | **40,420** | **82,274** | **22,791** | **5,046** | **136,178** | **-** | **11,336** | **(63)** | **(675)** | **-** | **332,755** | **55,825** | **23,513** | **412,093** | **707** |
| 25 | **Total** | **3,373,148** | **183,412** | **227,428** | **439,120** | **121,644** | **570,822** | **327,008** | **-** | **61,184** | **(338)** | **(3,601)** | **-** | **1,926,678** | **1,012,611** | **426,500** | **3,365,788** | **7,359** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Functional Classification of Revenue Requirement**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Expenses** | | | | | | | | | | | | | | | | |
| 1 | Operating & Maintenance | 10,600,227 | 1,332,138 | - | 3,527,440 | 786,475 | 1,142,653 | 326,615 | 231,511 | 409,793 | 184,715 | 204,011 | 77,674 | 183,157 | 35,781 | 1,615,722 | - |
| 2 | Fuels | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Fuels-Diesel | 39,373 | 39,373 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuels-Gas Turbine | 236,220 | 236,220 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Power Purchases -CF(L)Co | 1,507,956 | 432,543 | 1,075,413 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Power Purchases-Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Depreciation | 4,216,006 | 319,324 | - | 798,664 | 562,286 | 991,001 | 295,882 | 214,937 | 380,456 | 160,338 | 182,122 | 48,939 | 115,676 | 43,074 | 103,307 | - |
| | **Expense Credits** | | | | | | | | | | | | | | | | |
| 8 | Sundry | (36,149) | (4,543) | - | (12,029) | (2,682) | (3,897) | (1,114) | (789) | (1,397) | (630) | (696) | (265) | (625) | (122) | (5,510) | - |
| 9 | Building Rental Income | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Tax Refunds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Suppliers' Discounts | (3,139) | (395) | - | (1,045) | (233) | (338) | (97) | (69) | (121) | (55) | (60) | (23) | (54) | (11) | (478) | - |
| 12 | Pole Attachments | (247,754) | - | - | - | - | (143,288) | (48,969) | - | - | (25,362) | (30,135) | - | - | - | - | - |
| 13 | Secondary Energy Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Wheeling Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Application Fees | (10,120) | - | - | - | - | - | - | - | - | - | - | - | - | - | (10,120) | - |
| 16 | Meter Test Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | **Total Expense Credits** | **(297,162)** | **(4,937)** | **-** | **(13,074)** | **(2,915)** | **(147,523)** | **(50,180)** | **(858)** | **(1,519)** | **(26,047)** | **(30,891)** | **(288)** | **(679)** | **(133)** | **(16,108)** | **-** |
| 18 | **Subtotal Expenses** | **16,302,619** | **2,354,660** | **1,075,413** | **4,313,030** | **1,345,846** | **1,986,130** | **572,317** | **445,590** | **788,731** | **319,006** | **355,242** | **126,325** | **298,154** | **78,722** | **1,702,920** | **-** |
| 19 | Disposal Gain / Loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | **Subtotal Revenue Requirement Ex. Return** | **16,302,619** | **2,354,660** | **1,075,413** | **4,313,030** | **1,345,846** | **1,986,130** | **572,317** | **445,590** | **788,731** | **319,006** | **355,242** | **126,325** | **298,154** | **78,722** | **1,702,920** | **-** |
| 21 | Return on Debt | 4,154,402 | 411,621 | - | 1,047,005 | 642,835 | 831,940 | 242,162 | 175,083 | 309,911 | 131,143 | 147,597 | 44,574 | 78,472 | 17,378 | 74,682 | - |
| 22 | Return on Equity | 1,749,787 | 173,370 | - | 440,987 | 270,755 | 350,403 | 101,996 | 73,743 | 130,531 | 55,236 | 62,166 | 18,774 | 33,051 | 7,319 | 31,455 | - |
| 23 | **Total Revenue Requirement** | **22,206,809** | **2,939,651** | **1,075,413** | **5,801,022** | **2,259,436** | **3,168,473** | **916,476** | **694,415** | **1,229,173** | **505,384** | **565,006** | **189,673** | **409,677** | **103,420** | **1,809,058** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Functional Classification of Revenue Requirement (CONT'D.)**

| | 1 | 18 | 19 | 20 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | **Expenses** | | | |
| 1 | Operating & Maintenance | 506,564 | 35,979 | Carryforward from Sch.2.4 L.24 |
| 2 | Fuels | - | - | |
| 3 | Fuels-Diesel | - | - | Production - Demand |
| 4 | Fuels-Gas Turbine | - | - | Production - Demand |
| 5 | Power Purchases -CF(L)Co | - | - | Carryforward from Sch.4.4 L.14 |
| 6 | Power Purchases-Other | - | - | Carryforward from Sch.4.4 L.15 |
| 7 | Depreciation | - | - | Carryforward from Sch.2.5 L.24 |
| | **Expense Credits** | | | |
| 8 | Sundry | (1,727) | (123) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 9 | Building Rental Income | - | - | Prorated on Production, Transmission & Distribution Plant - Sch.2.2 L.18 |
| 10 | Tax Refunds | - | - | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 11 | Suppliers' Discounts | (150) | (11) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 12 | Pole Attachments | - | - | Prorated on Distribution Poles - Sch.4.1 L.37 |
| 13 | Secondary Energy Revenues | - | - | Production - Energy |
| 14 | Wheeling Revenues | - | - | Transmission - Demand, Energy ratios Sch.4.1 L.16 |
| 15 | Application Fees | - | - | Accounting - Customer |
| 16 | Meter Test Revenues | - | - | Meters - Customer |
| 17 | **Total Expense Credits** | **(1,877)** | **(133)** | |
| 18 | **Subtotal Expenses** | **504,686** | **35,846** | |
| 19 | Disposal Gain / Loss | - | - | Prorated on Total Net Book Value - Sch.2.3 L.24 |
| 20 | **Subtotal Revenue Requirement Ex. Return** | **504,686** | **35,846** | |
| 21 | Return on Debt | - | - | Prorated on Rate Base - Sch.2.6 L.9 |
| 22 | Return on Equity | - | - | Prorated on Rate Base - Sch.2.6 L.11 |
| 23 | **Total Revenue Requirement** | **504,686** | **35,846** | |

Schedule 2.2E
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Functional Classification of Plant in Service for the Allocation of O&M Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount ($) | Demand ($) | Energy ($) | Demand ($) | Demand ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Gas Turbines | 24,562,244 | 24,562,244 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Diesel | 3,341,091 | 3,341,091 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Subtotal Production** | **27,903,335** | **27,903,335** | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 4 | Lines | 18,902,512 | - | - | 17,895,691 | 1,006,821 | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Terminal Stations | 30,948,779 | - | - | 14,336,376 | 16,612,403 | - | - | - | - | - | - | - | - | - | - | - |
| 6 | **Subtotal Transmission** | **49,851,291** | - | - | **32,232,067** | 17,619,224 | - | - | - | - | - | - | - | - | - | - | - |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 7 | Substations | 6,264,864 | - | - | - | 6,264,864 | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Land & Land Improvements | 1,575,921 | - | - | - | - | 1,188,166 | 151,367 | - | - | 137,814 | 98,574 | - | - | - | - | - |
| 9 | Poles | 38,431,710 | - | - | - | - | 22,226,903 | 7,596,104 | - | - | 3,934,177 | 4,674,526 | - | - | - | - | - |
| 10 | Primary Conductor & Eqpt | 6,242,257 | - | - | - | - | 5,536,882 | 705,375 | - | - | - | - | - | - | - | - | - |
| 11 | Submarine Conductor | 620,108 | - | - | - | - | 620,108 | - | - | - | - | - | - | - | - | - | - |
| 12 | Transformers | 16,597,076 | - | - | - | - | - | - | 5,991,544 | 10,605,531 | - | - | - | - | - | - | - |
| 13 | Secondary Conductor&Eqpt | 1,215,205 | - | - | - | - | - | - | - | - | 708,464 | 506,740 | - | - | - | - | - |
| 14 | Services | 2,010,213 | - | - | - | - | - | - | - | - | - | - | 2,010,213 | - | - | - | - |
| 15 | Meters | 2,798,942 | - | - | - | - | - | - | - | - | - | - | - | 2,798,942 | - | - | - |
| 16 | Street Lighting | 926,010 | - | - | - | - | - | - | - | - | - | - | - | - | 926,010 | - | - |
| 17 | **Subtotal Distribution** | **76,682,306** | - | - | - | 6,264,864 | **29,572,058** | **8,452,847** | **5,991,544** | **10,605,531** | **4,780,456** | **5,279,840** | **2,010,213** | **2,798,942** | **926,010** | - | - |
| 18 | **Subttl Prod, Trans, & Dist** | **154,436,932** | **27,903,335** | - | **32,232,067** | **23,884,089** | **29,572,058** | **8,452,847** | **5,991,544** | **10,605,531** | **4,780,456** | **5,279,840** | **2,010,213** | **2,798,942** | **926,010** | - | - |
| 19 | General | 19,227,315 | 2,332,709 | - | 7,160,745 | 1,261,653 | 1,979,010 | 565,678 | 400,964 | 709,739 | 319,916 | 353,335 | 134,527 | 351,137 | 61,970 | 3,595,932 | - |
| 20 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Software - General | 113,405 | 20,490 | - | 23,668 | 17,538 | 21,715 | 6,207 | 4,400 | 7,788 | 3,510 | 3,877 | 1,476 | 2,055 | 680 | - | - |
| 23 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 24 | **Total Plant** | **173,777,652** | **30,256,534** | - | **39,416,480** | **25,163,280** | **31,572,783** | **9,024,732** | **6,396,908** | **11,323,058** | **5,103,882** | **5,637,053** | **2,146,216** | **3,152,133** | **988,660** | **3,595,932** | - |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Functional Classification of Plant in Service for the Allocation of O&M Expense (CONT'D.)**

| | 1 | 18 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| | **Production** | |
| 1 | Gas Turbines | Production - Demand, Energy ratios Sch.4.1 L.9 |
| 2 | Diesel | Production - Demand, Energy ratios Sch.4.1 L.9 |
| 3 | **Subtotal Production** | |
| | **Transmission** | |
| 4 | Lines | Production, Transmission - Demand; Distribution - Primary Demand; Spec Assigned - Custmr |
| 5 | Terminal Stations | Production, Transmission - Demand; Spec Assigned - Custmr |
| 6 | **Subtotal Transmission** | |
| | **Distribution** | |
| 7 | Substations | Production - Demand; Dist Substns - Demand |
| 8 | Land & Land Improvements | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.32 |
| 9 | Poles | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.37 |
| 10 | Primary Conductor & Eqpt | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.38 |
| 11 | Submarine Conductor | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.39 |
| 12 | Transformers | Transformers - Demand, Customer - zero intercept ratios Sch.4.1 L.40 |
| 13 | Secondary Conductor&Eqpt | Secondary - Demand, Customer - zero intercept ratios Sch. 4.1 L.41 |
| 14 | Services | Services Customer |
| 15 | Meters | Meters - Customer |
| 16 | Street Lighting | Street Lighting - Customer |
| 17 | **Subtotal Distribution** | |
| 18 | **Subttl Prod, Trans, & Dist** | |
| 19 | General | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - Sch2.4 L.11, 12 |
| 20 | Telecontrol - Specific | Specifically Assigned - Customer |
| 21 | Feasibility Studies | Production, Transmission - Demand |
| 22 | Software - General | Prorated on subtotal Production, Transmission, & Distribution plant - L.18 |
| 23 | Software - Cust Acctng | |
| 24 | **Total Plant** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Functional Classification of Net Book Value**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount ($) | Demand ($) | Energy ($) | Demand ($) | Demand ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Gas Turbines | 7,582,054 | 7,582,054 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Diesel | 530,389 | 530,389 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Subtotal Production** | **8,112,443** | **8,112,443** | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 4 | Lines | 9,239,992 | - | - | 9,239,992 | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Terminal Stations | 25,639,942 | - | - | 12,093,524 | 13,546,419 | - | - | - | - | - | - | - | - | - | - | - |
| 6 | **Subtotal Transmission** | **34,879,934** | **-** | **-** | **21,333,515** | **13,546,419** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 7 | Substations | 1,080,567 | - | - | - | 1,080,567 | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Land & Land Improvements | 819,005 | - | - | - | - | 617,489 | 78,665 | - | - | 71,622 | 51,229 | - | - | - | - | - |
| 9 | Poles | 25,116,773 | - | - | - | - | 14,526,236 | 4,964,380 | - | - | 2,571,154 | 3,055,003 | - | - | - | - | - |
| 10 | Primary Conductor & Eqpt | 3,780,841 | - | - | - | - | 3,353,606 | 427,235 | - | - | - | - | - | - | - | - | - |
| 11 | Submarine Conductor | 272,485 | - | - | - | - | 272,485 | - | - | - | - | - | - | - | - | - | - |
| 12 | Transformers | 10,970,101 | - | - | - | - | - | - | 3,960,206 | 7,009,895 | - | - | - | - | - | - | - |
| 13 | Secondary Conductor&Eqpt | 533,165 | - | - | - | - | - | - | - | - | 310,835 | 222,330 | - | - | - | - | - |
| 14 | Services | 987,162 | - | - | - | - | - | - | - | - | - | - | 987,162 | - | - | - | - |
| 15 | Meters | 1,688,011 | - | - | - | - | - | - | - | - | - | - | - | 1,688,011 | - | - | - |
| 16 | Street Lighting | 378,681 | - | - | - | - | - | - | - | - | - | - | - | - | 378,681 | - | - |
| 17 | **Subtotal Distribution** | **45,626,791** | **-** | **-** | **-** | **1,080,567** | **18,769,815** | **5,470,281** | **3,960,206** | **7,009,895** | **2,953,611** | **3,328,562** | **987,162** | **1,688,011** | **378,681** | **-** | **-** |
| 18 | **Subttl Prod, Trans, & Dist** | **88,619,167** | **8,112,443** | **-** | **21,333,515** | **14,626,985** | **18,769,815** | **5,470,281** | **3,960,206** | **7,009,895** | **2,953,611** | **3,328,562** | **987,162** | **1,688,011** | **378,681** | **-** | **-** |
| 19 | General | 9,445,278 | 1,145,926 | - | 3,517,664 | 619,778 | 972,174 | 277,885 | 196,971 | 348,654 | 157,156 | 173,573 | 66,085 | 172,493 | 30,442 | 1,766,476 | - |
| 20 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Software - General | 96,822 | 8,863 | - | 23,308 | 15,981 | 20,507 | 5,977 | 4,327 | 7,659 | 3,227 | 3,637 | 1,079 | 1,844 | 414 | - | - |
| 23 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 24 | **Total Net Book Value** | **98,161,267** | **9,267,232** | **-** | **24,874,487** | **15,262,744** | **19,762,496** | **5,754,143** | **4,161,504** | **7,366,208** | **3,113,994** | **3,505,772** | **1,054,326** | **1,862,348** | **409,537** | **1,766,476** | **-** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Functional Classification of Operating & Maintenance Expense**

| Line No. | 1 Description | 2 Total Amount ($) | 3 Production Demand ($) | 4 Production Energy ($) | 5 Transmission Demand ($) | 6 Distribution: Substations Demand ($) | 7 Distribution: Primary Lines Demand ($) | 8 Distribution: Primary Lines Customer ($) | 9 Distribution: Line Transformers Demand ($) | 10 Distribution: Line Transformers Customer ($) | 11 Distribution: Secondary Lines Demand ($) | 12 Distribution: Secondary Lines Customer ($) | 13 Distribution: Services Customer ($) | 14 Distribution: Meters Customer ($) | 15 Distribution: Street Lighting Customer ($) | 16 Accounting Customer ($) | 17 Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Gas Turbine / Diesel | 695,523 | 695,523 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Other | 74,459 | 74,459 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Subtotal Production** | **769,982** | **769,982** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 4 | Transmission Lines | 2,289,900 | - | - | 2,167,931 | 121,968.97 | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Terminal Stations | 173,221 | - | - | 80,241 | 92,980 | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Other | 178,562 | - | - | 115,452 | 63,110 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | **Subtotal Transmission** | **2,641,683** | **-** | **-** | **2,363,624** | **278,059** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 8 | Other | 1,632,049 | - | - | - | 138,388 | 653,233 | 186,719 | 132,350 | 234,271 | 105,598 | 116,629 | 44,405 | - | 20,455 | - | - |
| 9 | Meters | 115,903 | - | - | - | - | - | - | - | - | - | - | - | 115,903 | - | - | - |
| 10 | **Subtotal Distribution** | **1,747,953** | **-** | **-** | **-** | **138,388** | **653,233** | **186,719** | **132,350** | **234,271** | **105,598** | **116,629** | **44,405** | **115,903** | **20,455** | **-** | **-** |
| 11 | **Subttl Prod, Trans, & Dist** | **5,159,618** | **769,982** | **-** | **2,363,624** | **416,447** | **653,233** | **186,719** | **132,350** | **234,271** | **105,598** | **116,629** | **44,405** | **115,903** | **20,455** | **-** | **-** |
| 12 | Customer Accounting | 1,186,948 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,186,948 | - |
| | **Administrative & General:** | | | | | | | | | | | | | | | | |
| | Plant-Related: | | | | | | | | | | | | | | | | |
| 13 | Production | 114,848 | 114,848 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Transmission | 159,990 | - | - | 103,444 | 56,546 | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Distribution | 318,612 | - | - | - | 26,030 | 122,871 | 35,121 | 24,895 | 44,066 | 19,863 | 21,938 | 8,352 | 11,629 | 3,848 | - | - |
| 16 | Prod, Trans, Distn Plant | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Prod, Trans, Distn & General Plt | 667,709 | 116,255 | - | 151,451 | 96,685 | 121,313 | 34,676 | 24,579 | 43,507 | 19,611 | 21,659 | 8,246 | 12,111 | 3,799 | 13,817 | - |
| 18 | Property Insurance | 126,914 | 45,497 | - | 32,347 | 36,322 | 2,978 | 851 | 603 | 1,068 | 481 | 532 | 202 | 528 | 93 | 5,411 | - |
| | Revenue-Related: | | | | | | | | | | | | | | | | |
| 19 | Municipal Tax | 506,564 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | PUB Assessment | 35,979 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | All Expense-Related | 2,189,829 | 265,676 | - | 815,548 | 143,692 | 225,393 | 64,426 | 45,666 | 80,833 | 36,436 | 40,242 | 15,321 | 39,991 | 7,058 | 409,546 | - |
| 22 | Prod,Trans & Distn Expense-Related | 133,216 | 19,880 | - | 61,026 | 10,752 | 16,866 | 4,821 | 3,417 | 6,049 | 2,726 | 3,011 | 1,146 | 2,993 | 528 | - | - |
| 23 | **Subtotal Admin & General** | **4,253,661** | **562,156** | **-** | **1,163,816** | **370,028** | **489,420** | **139,895** | **99,160** | **175,522** | **79,117** | **87,382** | **33,269** | **67,253** | **15,326** | **428,774** | **-** |
| 24 | **Total Operating & Maintenance Expenses** | **10,600,227** | **1,332,138** | **-** | **3,527,440** | **786,475** | **1,142,653** | **326,615** | **231,511** | **409,793** | **184,715** | **204,011** | **77,674** | **183,157** | **35,781** | **1,615,722** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Functional Classification of Operating & Maintenance Expense (CONT'D.)**

| | 1 | 18 | 19 | 20 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | **Production** | | | |
| 1 | Gas Turbine / Diesel | - | - | Production - Demand, Energy ratios Sch.4.1 L.9 |
| 2 | Other | - | - | Production - Demand, Energy ratios Sch.4.1 L.9 |
| 3 | **Subtotal Production** | **-** | **-** | |
| | **Transmission** | | | |
| 4 | Transmission Lines | - | - | Prorated on Transmission Lines Plant in Service - Sch.2.2 L.4 |
| 5 | Terminal Stations | - | - | Prorated on Transmission Terminal Stations Plant in Service - Sch.2.2 L.5 |
| 6 | Other | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.6 |
| 7 | **Subtotal Transmission** | **-** | **-** | |
| | **Distribution** | | | |
| 8 | Other | - | - | Prorated on Distribution Plant, excluding Meters - Sch. 2.2 L. 17, less L. 15 |
| 9 | Meters | - | - | Meters - Customer |
| 10 | **Subtotal Distribution** | **-** | **-** | |
| 11 | **Subttl Prod, Trans, & Dist** | **-** | **-** | |
| 12 | Customer Accounting | - | - | Accounting - Customer |
| | **Administrative & General:** | | | |
| | Plant-Related: | | | |
| 13 | Production | - | - | Prorated on Production Plant in Service - Sch.2.2 L.3 |
| 14 | Transmission | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L. 6 |
| 15 | Distribution | - | - | Prorated on Distribution Plant in Service - Sch.2.2 L.17 |
| 16 | Prod, Trans, Distn Plant | - | - | Prorated on Production, Transmission, Distribution Plant in Service - Sch.2.2 L. 18 |
| 17 | Prod, Trans, Distn & General Plt | - | - | Prorated on Production, Transmission, Distribution & General Plant in Service - Sch.2.2 L.24 |
| 18 | Property Insurance | - | - | Prorated on Prod., Trans. Terminal, Dist. Sub & General Plant in Service - Sch.2.2 L.3, 5, 7, 19 - 20 |
| | Revenue-Related: | | | |
| 19 | Municipal Tax | 506,564 | - | Revenue-related |
| 20 | PUB Assessment | - | 35,979 | Revenue-related |
| 21 | All Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - L 11, 12 |
| 22 | Prod,Trans & Distn Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution Expenses - L.11 |
| 23 | **Subtotal Admin & General** | **506,564** | **35,979** | |
| 24 | **Total Operating & Maintenance Expenses** | **506,564** | **35,979** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Functional Classification of Depreciation Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Gas Turbines | 228,877.29 | 228,877 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Diesel | 19,057 | 19,057 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Subtotal Production** | **247,934** | **247,934** | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 4 | Lines | 306,900 | - | - | 287,693 | 19,207 | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Terminal Stations | 746,308 | - | - | 294,973 | 451,335 | - | - | - | - | - | - | - | - | - | - | - |
| 6 | **Subtotal Transmission** | **1,053,207** | **-** | **-** | **582,665** | **470,542** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 7 | Substations | 46,379 | - | - | - | 46,379 | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Land & Land Improvements | 22,919 | - | - | - | - | 17,280 | 2,201 | - | - | 2,004 | 1,434 | - | - | - | - | - |
| 9 | Poles | 1,296,261 | - | - | - | - | 749,690 | 256,209 | - | - | 132,696 | 157,667 | - | - | - | - | - |
| 10 | Primary Conductor & Equip | 144,899 | - | - | - | - | 128,525 | 16,374 | - | - | - | - | - | - | - | - | - |
| 11 | Submarine Conductor | 22,457 | - | - | - | - | 22,457 | - | - | - | - | - | - | - | - | - | - |
| 12 | Transformers | 553,716 | - | - | - | - | - | - | 199,891 | 353,824 | - | - | - | - | - | - | - |
| 13 | Secondary Conductor & Equip | 23,717 | - | - | - | - | - | - | - | - | 13,827 | 9,890 | - | - | - | - | - |
| 14 | Services | 44,293 | - | - | - | - | - | - | - | - | - | - | 44,293 | - | - | - | - |
| 15 | Meters | 103,757 | - | - | - | - | - | - | - | - | - | - | - | 103,757 | - | - | - |
| 16 | Street Lighting | 40,578 | - | - | - | - | - | - | - | - | - | - | - | - | 40,578 | - | - |
| 17 | **Subtotal Distribution** | **2,298,976** | **-** | **-** | **-** | **46,379** | **917,952** | **274,784** | **199,891** | **353,824** | **148,527** | **168,990** | **44,293** | **103,757** | **40,578** | **-** | **-** |
| 18 | **Subttl Prod, Trans, & Dist** | **3,600,118** | **247,934** | **-** | **582,665** | **516,921** | **917,952** | **274,784** | **199,891** | **353,824** | **148,527** | **168,990** | **44,293** | **103,757** | **40,578** | **-** | **-** |
| 19 | General | 552,377 | 67,016 | - | 205,719 | 36,246 | 56,855 | 16,251 | 11,519 | 20,390 | 9,191 | 10,151 | 3,865 | 10,088 | 1,780 | 103,307 | - |
| 20 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Software - General | 63,511 | 4,374 | - | 10,279 | 9,119 | 16,194 | 4,848 | 3,526 | 6,242 | 2,620 | 2,981 | 781 | 1,830 | 716 | - | - |
| 23 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 24 | **Total Depreciation Expense** | **4,216,006** | **319,324** | **-** | **798,664** | **562,286** | **991,001** | **295,882** | **214,937** | **380,456** | **160,338** | **182,122** | **48,939** | **115,676** | **43,074** | **103,307** | **-** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Functional Classification of Rate Base**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| 1 | Average Net Book Value | 98,161,267 | 9,267,232 | - | 24,874,487 | 15,262,744 | 19,762,496 | 5,754,143 | 4,161,504 | 7,366,208 | 3,113,994 | 3,505,772 | 1,054,326 | 1,862,348 | 409,537 | 1,766,476 | - |
| 2 | Cash Working Capital | 108,984 | 10,289 | - | 27,617 | 16,946 | 21,941 | 6,389 | 4,620 | 8,178 | 3,457 | 3,892 | 1,171 | 2,068 | 455 | 1,961 | - |
| 3 | Fuel Inventory - No. 6 Fuel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuel Inventory - Diesel | 62,856 | 62,856 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Fuel Inventory - Gas Turbine | 328,105 | 328,105 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Inventory/Supplies | 1,850,862 | 322,255 | - | 419,815 | 268,008 | 336,274 | 96,120 | 68,132 | 120,599 | 54,360 | 60,039 | 22,859 | 33,573 | 10,530 | 38,299 | - |
| | Deferred Charges: | | | | | | | | | | | | | | | | |
| 7 | Foreign Exchange Loss and Regulatory Costs | 6,370,157 | 601,395 | - | 1,614,225 | 990,473 | 1,282,484 | 373,414 | 270,060 | 478,029 | 202,082 | 227,506 | 68,420 | 120,857 | 26,577 | 114,635 | - |
| 8 | Retired Asset Pool | 466,662 | 44,057 | - | 118,254 | 72,560 | 93,952 | 27,355 | 19,784 | 35,019 | 14,804 | 16,667 | 5,012 | 8,854 | 1,947 | 8,398 | - |
| 9 | Total Rate Base | **107,348,894** | **10,636,189** | **-** | **27,054,399** | **16,610,730** | **21,497,147** | **6,257,421** | **4,524,100** | **8,008,033** | **3,388,698** | **3,813,876** | **1,151,788** | **2,027,699** | **449,046** | **1,929,769** | **-** |
| 10 | Less: Rural Portion | - | | | | | | | | | | | | | | | |
| 11 | Rate Base Available for Equity Return | **107,348,894** | **10,636,189** | **-** | **27,054,399** | **16,610,730** | **21,497,147** | **6,257,421** | **4,524,100** | **8,008,033** | **3,388,698** | **3,813,876** | **1,151,788** | **2,027,699** | **449,046** | **1,929,769** | **-** |
| 12 | Return on Debt | 4,154,402 | 411,621 | - | 1,047,005 | 642,835 | 831,940 | 242,162 | 175,083 | 309,911 | 131,143 | 147,597 | 44,574 | 78,472 | 17,378 | 74,682 | - |
| 13 | Return on Equity | 1,749,787 | 173,370 | - | 440,987 | 270,755 | 350,403 | 101,996 | 73,743 | 130,531 | 55,236 | 62,166 | 18,774 | 33,051 | 7,319 | 31,455 | - |
| 14 | Return on Rate Base | **5,904,189** | **584,990** | **-** | **1,487,992** | **913,590** | **1,182,343** | **344,158** | **248,825** | **440,442** | **186,378** | **209,763** | **63,348** | **111,523** | **24,698** | **106,137** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Functional Classification of Rate Base (CONT'D.)**

| | 1 | 18 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| 1 | Average Net Book Value | Sch. 2.3 , L. 24 |
| 2 | Cash Working Capital | Prorated on Average Net Book Value, L. 1 |
| 3 | Fuel Inventory - No. 6 Fuel | |
| 4 | Fuel Inventory - Diesel | Production - Demand |
| 5 | Fuel Inventory - Gas Turbine | Production - Demand |
| 6 | Inventory/Supplies | Prorated on Total Plant in Service, Sch. 2.2, L. 24 |
| | Deferred Charges: | |
| 7 | Foreign Exchange Loss and Regulatory Costs | Prorated on Average Net Book Value, L. 1 |
| 8 | Retired Asset Pool | Prorated on Average Net Book Value, L. 1 |
| 9 | Total Rate Base | |
| 10 | Less: Rural Portion | |
| 11 | Rate Base Available for Equity Return | |
| 12 | Return on Debt | L.9 x Sch.1.1,p2,L.15 |
| 13 | Return on Equity | L.11 x Sch.1.1,p2,L.18 |
| 14 | Return on Rate Base | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Basis of Allocation to Classes of Service**

| Line No. | 1<br>Description | 2<br>Total Amount | 3<br>Production Demand | 4<br>Production Energy | 5<br>Transmission Demand | 6<br>Distribution: Substations Demand | 7<br>Distribution: Primary Lines Demand | 8<br>Distribution: Primary Lines Customer | 9<br>Distribution: Line Transformers Demand | 10<br>Distribution: Line Transformers Customer | 11<br>Distribution: Secondary Lines Demand | 12<br>Distribution: Secondary Lines Customer | 13<br>Distribution: Services Customer | 14<br>Distribution: Meters Customer | 15<br>Distribution: Street Lighting Customer | 16<br>Accounting Customer | 17<br>Specifically Assigned Customer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Amounts** | | (CP kW) | (MWh @ Gen) | (CP kW) | (CP kW) | (CP kW) | (Rural Cust) | (CP kW) | (Rural Cust) | (CP kW) | (Rural Cust) | (Wtd Rural Cust) | | | (Rural Cust) | |
| 1 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Labrador Industrial Firm | - | 239,141 | 1,845,619 | 220,770 | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Labrador Industrial Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | |
| 4 | 1.1Domestic | - | 737 | 2,408 | 680 | 658 | 658 | 343 | 625 | 343 | 625 | 343 | 343 | 343 | - | 343 | - |
| 5 | 1.1A Domestic All Electric | - | 93,350 | 350,244 | 86,178 | 83,394 | 83,394 | 9,486 | 79,183 | 9,486 | 79,183 | 9,486 | 9,486 | 9,486 | | 9,486 | |
| 6 | 2.1GS 0-10 kW | - | 1,482 | 7,323 | 1,368 | 1,324 | 1,324 | 515 | 1,257 | 515 | 1,257 | 515 | 966 | 966 | - | 515 | - |
| 7 | 2.2GS 10-100 kW | - | 16,860 | 79,184 | 15,565 | 15,062 | 15,062 | 678 | 14,213 | 678 | 14,213 | 678 | 3,232 | 3,232 | - | 678 | - |
| 8 | 2.3GS 110-1,000 kVa | - | 30,983 | 153,534 | 28,603 | 27,678 | 27,678 | 184 | 25,882 | 184 | 25,882 | 184 | 1,549 | 1,549 | - | 184 | - |
| 9 | 2.4GS Over 1,000 kVa | - | 35,261 | 173,021 | 32,552 | 31,500 | 31,500 | 6 | 21,892 | 6 | 21,892 | 6 | 46 | 46 | - | 6 | - |
| 10 | 4.1Street and Area Lighting | - | 505 | 2,011 | 466 | 451 | 451 | 384 | 428 | 384 | 428 | 384 | - | - | 1 | 384 | - |
| 11 | **Subtotal Rural** | | **179,176** | **767,726** | **165,412** | **160,067** | **160,067** | **11,594** | **143,480** | **11,594** | **143,480** | **11,594** | **15,622** | **15,622** | **1** | **11,594** | **-** |
| 12 | **Total Labrador Interconnected** | | **418,317** | **2,613,345** | **386,182** | **160,067** | **160,067** | **11,594** | **143,480** | **11,594** | **143,480** | **11,594** | **15,622** | **15,622** | **1** | **11,594** | **-** |
| | **Ratios** | | | | | | | | | | | | | | | | |
| 13 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Labrador Industrial Firm | - | 0.5717 | 0.7062 | 0.5717 | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Labrador Industrial Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | |
| 16 | 1.1Domestic | - | 0.0018 | 0.0009 | 0.0018 | 0.0041 | 0.0041 | 0.0296 | 0.0044 | 0.0296 | 0.0044 | 0.0296 | 0.0220 | 0.0220 | - | 0.0296 | - |
| 17 | 1.1A Domestic All Electric | - | 0.2232 | 0.1340 | 0.2232 | 0.5210 | 0.5210 | 0.8182 | 0.5519 | 0.8182 | 0.5519 | 0.8182 | 0.6072 | 0.6072 | - | 0.8182 | - |
| 18 | 2.1GS 0-10 kW | - | 0.0035 | 0.0028 | 0.0035 | 0.0083 | 0.0083 | 0.0444 | 0.0088 | 0.0444 | 0.0088 | 0.0444 | 0.0618 | 0.0618 | - | 0.0444 | - |
| 19 | 2.2GS 10-100 kW | - | 0.0403 | 0.0303 | 0.0403 | 0.0941 | 0.0941 | 0.0584 | 0.0991 | 0.0584 | 0.0991 | 0.0584 | 0.2069 | 0.2069 | - | 0.0584 | - |
| 20 | 2.3GS 110-1,000 kVa | - | 0.0741 | 0.0588 | 0.0741 | 0.1729 | 0.1729 | 0.0159 | 0.1804 | 0.0159 | 0.1804 | 0.0159 | 0.0992 | 0.0992 | - | 0.0159 | - |
| 21 | 2.4GS Over 1,000 kVa | - | 0.0843 | 0.0662 | 0.0843 | 0.1968 | 0.1968 | 0.0005 | 0.1526 | 0.0005 | 0.1526 | 0.0005 | 0.0030 | 0.0030 | - | 0.0005 | - |
| 22 | 4.1Street and Area Lighting | - | 0.0012 | 0.0008 | 0.0012 | 0.0028 | 0.0028 | 0.0331 | 0.0030 | 0.0331 | 0.0030 | 0.0331 | - | - | 1.0000 | 0.0331 | - |
| 23 | **Subtotal Rural** | | **0.4283** | **0.2938** | **0.4283** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** |
| 24 | **Total Labrador Interconnected** | | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** |
| | **Ratios Excluding Labrador Industrial** | | | | | | | | | | | | | | | | |
| 25 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | |
| 26 | 1.1Domestic | - | 0.0041 | 0.0031 | 0.0041 | 0.0041 | 0.0041 | 0.0296 | 0.0044 | 0.0296 | 0.0044 | 0.0296 | 0.0220 | 0.0220 | - | 0.0296 | - |
| 27 | 1.1A Domestic All Electric | - | 0.5210 | 0.4562 | 0.5210 | 0.5210 | 0.5210 | 0.8182 | 0.5519 | 0.8182 | 0.5519 | 0.8182 | 0.6072 | 0.6072 | - | 0.8182 | - |
| 28 | 2.1GS 0-10 kW | - | 0.0083 | 0.0095 | 0.0083 | 0.0083 | 0.0083 | 0.0444 | 0.0088 | 0.0444 | 0.0088 | 0.0444 | 0.0618 | 0.0618 | - | 0.0444 | - |
| 29 | 2.2GS 10-100 kW | - | 0.0941 | 0.1031 | 0.0941 | 0.0941 | 0.0941 | 0.0584 | 0.0991 | 0.0584 | 0.0991 | 0.0584 | 0.2069 | 0.2069 | - | 0.0584 | - |
| 30 | 2.3GS 110-1,000 kVa | - | 0.1729 | 0.2000 | 0.1729 | 0.1729 | 0.1729 | 0.0159 | 0.1804 | 0.0159 | 0.1804 | 0.0159 | 0.0992 | 0.0992 | - | 0.0159 | - |
| 31 | 2.4GS Over 1,000 kVa | - | 0.1968 | 0.2254 | 0.1968 | 0.1968 | 0.1968 | 0.0005 | 0.1526 | 0.0005 | 0.1526 | 0.0005 | 0.0030 | 0.0030 | - | 0.0005 | - |
| 32 | 4.1Street and Area Lighting | - | 0.0028 | 0.0026 | 0.0028 | 0.0028 | 0.0028 | 0.0331 | 0.0030 | 0.0331 | 0.0030 | 0.0331 | - | - | 1.0000 | 0.0331 | - |
| 33 | **Subtotal Rural** | | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** |
| 34 | **Total Labrador Interconnected** | | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Basis of Allocation to Classes of Service (CONT'D.)**

| Line No. | 1 | 18<br>Revenue Related<br>Municipal Tax (Prior Year (Rural Revenues) | 19<br>Revenue Related<br>PUB Assessment (Prior Year (Revenues + RSP) |
|---|---|---|---|
| | **Amounts** | | |
| 1 | CFB - Goose Bay Secondary | - | - |
| 2 | Labrador Industrial Firm | - | - |
| 3 | Labrador Industrial Non-Firm | - | - |
| | | - | - |
| | **Rural** | | |
| 4 | 1.1Domestic | 99,239 | 99,239 |
| 5 | 1.1A Domestic All Electric | 11,006,553 | 11,006,553 |
| 6 | 2.1GS 0-10 kW | 404,754 | 404,754 |
| 7 | 2.2GS 10-100 kW | 2,234,077 | 2,234,077 |
| 8 | 2.3GS 110-1,000 kVa | 3,452,666 | 3,452,666 |
| 9 | 2.4GS Over 1,000 kVa | 2,608,075 | 2,608,075 |
| 10 | 4.1Street and Area Lighting | 431,030 | 431,030 |
| 11 | **Subtotal Rural** | **20,236,394** | **20,236,394** |
| 12 | **Total Labrador Interconnected** | **20,236,394** | **20,236,394** |
| | **Ratios** | | |
| 13 | CFB - Goose Bay Secondary | - | - |
| 14 | Labrador Industrial Firm | - | - |
| 15 | Labrador Industrial Non-Firm | - | - |
| | | - | - |
| | **Rural** | | |
| 16 | 1.1Domestic | 0.0049 | 0.0049 |
| 17 | 1.1A Domestic All Electric | 0.5439 | 0.5439 |
| 18 | 2.1GS 0-10 kW | 0.0200 | 0.0200 |
| 19 | 2.2GS 10-100 kW | 0.1104 | 0.1104 |
| 20 | 2.3GS 110-1,000 kVa | 0.1706 | 0.1706 |
| 21 | 2.4GS Over 1,000 kVa | 0.1289 | 0.1289 |
| 22 | 4.1Street and Area Lighting | 0.0213 | 0.0213 |
| 23 | **Subtotal Rural** | **1.0000** | **1.0000** |
| 24 | **Total Labrador Interconnected** | **1.0000** | **1.0000** |
| | **Ratios Excluding Labrador Industrial** | | |
| 25 | CFB - Goose Bay Secondary | - | - |
| | | - | - |
| | **Rural** | | |
| 26 | 1.1Domestic | 0.0049 | 0.0049 |
| 27 | 1.1A Domestic All Electric | 0.5439 | 0.5439 |
| 28 | 2.1GS 0-10 kW | 0.0200 | 0.0200 |
| 29 | 2.2GS 10-100 kW | 0.1104 | 0.1104 |
| 30 | 2.3GS 110-1,000 kVa | 0.1706 | 0.1706 |
| 31 | 2.4GS Over 1,000 kVa | 0.1289 | 0.1289 |
| 32 | 4.1Street and Area Lighting | 0.0213 | 0.0213 |
| 33 | **Subtotal Rural** | **1.0000** | **1.0000** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Allocation of Functionalized Amounts to Classes of Service**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | **Allocated Rev Reqmt Excl Return** | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| 1 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Labrador Industrial Firm | 3,564,471 | 1,098,824 | - | 2,465,646 | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Labrador Industrial Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural:** | | | | | | | | | | | | | | | | |
| 4 | 1.1Domestic | 146,293 | 5,164 | 3,374 | 7,597 | 5,534 | 8,167 | 16,932 | 1,941 | 23,334 | 1,390 | 10,510 | 2,774 | 6,546 | - | 50,380 | - |
| 5 | 1.1A Domestic All Electric | 7,614,546 | 654,282 | 490,614 | 962,474 | 701,176 | 1,034,760 | 468,260 | 245,909 | 645,325 | 176,051 | 290,653 | 76,706 | 181,043 | - | 1,393,298 | - |
| 6 | 2.1GS 0-10 kW | 258,969 | 10,386 | 10,258 | 15,279 | 11,131 | 16,426 | 25,397 | 3,904 | 35,001 | 2,795 | 15,764 | 7,811 | 18,436 | - | 75,569 | - |
| 7 | 2.2GS 10-100 kW | 1,139,484 | 118,170 | 110,920 | 173,833 | 126,640 | 186,889 | 33,444 | 44,141 | 46,090 | 31,601 | 20,759 | 26,133 | 61,679 | - | 99,511 | - |
| 8 | 2.3GS 110-1,000 kVa | 1,654,327 | 217,156 | 215,067 | 319,445 | 232,720 | 343,436 | 9,083 | 80,378 | 12,517 | 57,544 | 5,638 | 12,527 | 29,566 | - | 27,026 | - |
| 9 | 2.4GS Over 1,000 kVa | 1,697,976 | 247,141 | 242,364 | 363,554 | 264,854 | 390,858 | 271 | 67,987 | 374 | 48,674 | 169 | 374 | 884 | - | 808 | - |
| 10 | 4.1Street and Area Lighting | 226,554 | 3,537 | 2,816 | 5,202 | 3,790 | 5,593 | 18,931 | 1,329 | 26,089 | 952 | 11,751 | - | - | 78,722 | 56,328 | - |
| 11 | **Subtotal Rural** | **12,738,149** | **1,255,836** | **1,075,413** | **1,847,384** | **1,345,846** | **1,986,130** | **572,317** | **445,590** | **788,731** | **319,006** | **355,242** | **126,325** | **298,154** | **78,722** | **1,702,920** | **-** |
| 12 | **Total** | **16,302,619** | **2,354,660** | **1,075,413** | **4,313,030** | **1,345,846** | **1,986,130** | **572,317** | **445,590** | **788,731** | **319,006** | **355,242** | **126,325** | **298,154** | **78,722** | **1,702,920** | **-** |
| | **Allocated Return on Debt** | | | | | | | | | | | | | | | | |
| 13 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Labrador Industrial Firm | 833,858 | 235,313 | - | 598,545 | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Labrador Industrial Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural:** | | | | | | | | | | | | | | | | |
| 17 | 1.1Domestic | 35,578 | 725 | - | 1,844 | 2,644 | 3,421 | 7,164 | 763 | 9,168 | 571 | 4,367 | 979 | 1,723 | - | 2,209 | - |
| 18 | 1.1A Domestic All Electric | 1,971,121 | 91,855 | - | 233,644 | 334,913 | 433,435 | 198,133 | 96,624 | 253,563 | 72,374 | 120,761 | 27,066 | 47,649 | - | 61,104 | - |
| 19 | 2.1GS 0-10 kW | 62,018 | 1,458 | - | 3,709 | 5,317 | 6,881 | 10,746 | 1,534 | 13,753 | 1,149 | 6,550 | 2,756 | 4,852 | - | 3,314 | - |
| 20 | 2.2GS 10-100 kW | 298,600 | 16,590 | - | 42,199 | 60,489 | 78,283 | 14,151 | 17,344 | 18,110 | 12,991 | 8,625 | 9,221 | 16,233 | - | 4,364 | - |
| 21 | 2.3GS 110-1,000 kVa | 442,777 | 30,487 | - | 77,546 | 111,157 | 143,857 | 3,843 | 31,583 | 4,918 | 23,656 | 2,342 | 4,420 | 7,782 | - | 1,185 | - |
| 22 | 2.4GS Over 1,000 kVa | 460,632 | 34,696 | - | 88,254 | 126,506 | 163,721 | 115 | 26,714 | 147 | 20,010 | 70 | 132 | 233 | - | 35 | - |
| 23 | 4.1Street and Area Lighting | 49,818 | 496 | - | 1,263 | 1,810 | 2,343 | 8,010 | 522 | 10,251 | 391 | 4,882 | - | - | 17,378 | 2,470 | - |
| 24 | **Subtotal Rural** | **3,320,544** | **176,308** | **-** | **448,460** | **642,835** | **831,940** | **242,162** | **175,083** | **309,911** | **131,143** | **147,597** | **44,574** | **78,472** | **17,378** | **74,682** | **-** |
| 25 | **Total** | **4,154,402** | **411,621** | **-** | **1,047,005** | **642,835** | **831,940** | **242,162** | **175,083** | **309,911** | **131,143** | **147,597** | **44,574** | **78,472** | **17,378** | **74,682** | **-** |
| | **Allocated Return on Equity** | | | | | | | | | | | | | | | | |
| 26 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 27 | Labrador Industrial Firm | 351,212 | 99,111 | - | 252,101 | - | - | - | - | - | - | - | - | - | - | - | - |
| 28 | Labrador Industrial Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural:** | | | | | | | | | | | | | | | | |
| 30 | 1.1Domestic | 14,985 | 305 | - | 777 | 1,113 | 1,441 | 3,017 | 321 | 3,862 | 241 | 1,839 | 412 | 726 | - | 931 | - |
| 31 | 1.1A Domestic All Electric | 830,214 | 38,688 | - | 98,408 | 141,061 | 182,558 | 83,451 | 40,697 | 106,798 | 30,483 | 50,863 | 11,400 | 20,069 | - | 25,736 | - |
| 32 | 2.1GS 0-10 kW | 26,121 | 614 | - | 1,562 | 2,239 | 2,898 | 4,526 | 646 | 5,792 | 484 | 2,759 | 1,161 | 2,044 | - | 1,396 | - |
| 33 | 2.2GS 10-100 kW | 125,767 | 6,988 | - | 17,774 | 25,477 | 32,972 | 5,960 | 7,305 | 7,628 | 5,472 | 3,633 | 3,884 | 6,837 | - | 1,838 | - |
| 34 | 2.3GS 110-1,000 kVa | 186,493 | 12,841 | - | 32,662 | 46,818 | 60,591 | 1,619 | 13,302 | 2,072 | 9,964 | 987 | 1,862 | 3,278 | - | 499 | - |
| 35 | 2.4GS Over 1,000 kVa | 194,013 | 14,614 | - | 37,172 | 53,283 | 68,957 | 48 | 11,252 | 62 | 8,428 | 29 | 56 | 98 | - | 15 | - |
| 36 | 4.1Street and Area Lighting | 20,983 | 209 | - | 532 | 762 | 987 | 3,374 | 220 | 4,318 | 165 | 2,056 | - | - | 7,319 | 1,040 | - |
| 37 | **Subtotal Rural** | **1,398,575** | **74,259** | **-** | **188,886** | **270,755** | **350,403** | **101,996** | **73,743** | **130,531** | **55,236** | **62,166** | **18,774** | **33,051** | **7,319** | **31,455** | **-** |
| 38 | **Total** | **1,749,787** | **173,370** | **-** | **440,987** | **270,755** | **350,403** | **101,996** | **73,743** | **130,531** | **55,236** | **62,166** | **18,774** | **33,051** | **7,319** | **31,455** | **-** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Proration |
| | **Allocated Rev Reqmt Excl Return** | | | |
| 1 | CFB - Goose Bay Secondary | - | - | |
| 2 | Labrador Industrial Firm | - | - | |
| 3 | Labrador Industrial Non-Firm | - | - | |
| | | - | - | |
| | **Rural:** | | | |
| 4 | 1.1Domestic | 2,475 | 176 | |
| 5 | 1.1A Domestic All Electric | 274,498 | 19,496 | |
| 6 | 2.1GS 0-10 kW | 10,094 | 717 | |
| 7 | 2.2GS 10-100 kW | 55,717 | 3,957 | |
| 8 | 2.3GS 110-1,000 kVa | 86,108 | 6,116 | |
| 9 | 2.4GS Over 1,000 kVa | 65,044 | 4,620 | |
| 10 | 4.1Street and Area Lighting | 10,750 | 764 | |
| 11 | **Subtotal Rural** | **504,686** | **35,846** | |
| 12 | **Total** | **504,686** | **35,846** | |
| | **Allocated Return on Debt** | | | |
| 13 | CFB - Goose Bay Secondary | - | - | |
| 14 | Labrador Industrial Firm | - | - | |
| 15 | Labrador Industrial Non-Firm | - | - | |
| | **Rural:** | | | |
| 17 | 1.1Domestic | - | - | |
| 18 | 1.1A Domestic All Electric | - | - | |
| 19 | 2.1GS 0-10 kW | - | - | |
| 20 | 2.2GS 10-100 kW | - | - | |
| 21 | 2.3GS 110-1,000 kVa | - | - | |
| 22 | 2.4GS Over 1,000 kVa | - | - | |
| 23 | 4.1Street and Area Lighting | - | - | |
| 24 | **Subtotal Rural** | **-** | **-** | |
| 25 | **Total** | **-** | **-** | |
| | **Allocated Return on Equity** | | | |
| 26 | CFB - Goose Bay Secondary | - | - | |
| 27 | Labrador Industrial Firm | - | - | |
| 28 | Labrador Industrial Non-Firm | - | - | |
| | **Rural:** | | | |
| 30 | 1.1Domestic | - | - | |
| 31 | 1.1A Domestic All Electric | - | - | |
| 32 | 2.1GS 0-10 kW | - | - | |
| 33 | 2.2GS 10-100 kW | - | - | |
| 34 | 2.3GS 110-1,000 kVa | - | - | |
| 35 | 2.4GS Over 1,000 kVa | - | - | |
| 36 | 4.1Street and Area Lighting | - | - | |
| 37 | **Subtotal Rural** | **-** | **-** | |
| 38 | **Total** | **-** | **-** | |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | **Total Revenue Requirement** | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| 39 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 40 | Labrador Industrial Firm | 4,749,540 | 1,433,248 | - | 3,316,292 | - | - | - | - | - | - | - | - | - | - | - | - |
| 41 | Labrador Industrial Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural:** | | | | | | | | | | | | | | | | |
| 43 | 1.1Domestic | 196,856 | 6,195 | 3,374 | 10,218 | 9,291 | 13,030 | 27,113 | 3,025 | 36,364 | 2,201 | 16,715 | 4,164 | 8,995 | - | 53,520 | - |
| 44 | 1.1A Domestic All Electric | 10,415,880 | 784,825 | 490,614 | 1,294,527 | 1,177,150 | 1,650,752 | 749,844 | 383,230 | 1,005,687 | 278,908 | 462,277 | 115,172 | 248,761 | - | 1,480,138 | - |
| 45 | 2.1GS 0-10 kW | 347,109 | 12,459 | 10,258 | 20,550 | 18,687 | 26,205 | 40,670 | 6,084 | 54,546 | 4,428 | 25,073 | 11,728 | 25,331 | - | 80,279 | - |
| 46 | 2.2GS 10-100 kW | 1,563,850 | 141,748 | 110,920 | 233,806 | 212,606 | 298,144 | 53,555 | 68,790 | 71,827 | 50,064 | 33,016 | 39,238 | 84,750 | - | 105,713 | - |
| 47 | 2.3GS 110-1,000 kVa | 2,283,597 | 260,483 | 215,067 | 429,653 | 390,695 | 547,884 | 14,545 | 125,263 | 19,507 | 91,165 | 8,967 | 18,809 | 40,626 | - | 28,710 | - |
| 48 | 2.4GS Over 1,000 kVa | 2,352,621 | 296,451 | 242,364 | 488,979 | 444,643 | 623,536 | 435 | 105,953 | 583 | 77,111 | 268 | 562 | 1,214 | - | 858 | - |
| 49 | 4.1Street and Area Lighting | 297,354 | 4,242 | 2,816 | 6,997 | 6,363 | 8,923 | 30,315 | 2,071 | 40,658 | 1,508 | 18,689 | - | - | 103,420 | 59,839 | - |
| 50 | **Subtotal Rural** | **17,457,268** | **1,506,403** | **1,075,413** | **2,484,730** | **2,259,436** | **3,168,473** | **916,476** | **694,415** | **1,229,173** | **505,384** | **565,006** | **189,673** | **409,677** | **103,420** | **1,809,058** | **-** |
| 51 | **Total** | **22,206,809** | **2,939,651** | **1,075,413** | **5,801,022** | **2,259,436** | **3,168,473** | **916,476** | **694,415** | **1,229,173** | **505,384** | **565,006** | **189,673** | **409,677** | **103,420** | **1,809,058** | **-** |
| | **Re-classification of Revenue-Related** | | | | | | | | | | | | | | | | |
| 52 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 53 | Labrador Industrial Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 54 | Labrador Industrial Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural:** | | | | | | | | | | | | | | | | |
| 56 | 1.1Domestic | (0) | 85 | 46 | 139 | 127 | 178 | 370 | 41 | 496 | 30 | 228 | 57 | 123 | - | 731 | - |
| 57 | 1.1A Domestic All Electric | (0) | 22,796 | 14,250 | 37,600 | 34,191 | 47,947 | 21,780 | 11,131 | 29,211 | 8,101 | 13,427 | 3,345 | 7,225 | - | 42,991 | - |
| 58 | 2.1GS 0-10 kW | - | 401 | 330 | 661 | 601 | 842 | 1,307 | 196 | 1,754 | 142 | 806 | 377 | 814 | - | 2,581 | - |
| 59 | 2.2GS 10-100 kW | (0) | 5,623 | 4,400 | 9,276 | 8,435 | 11,828 | 2,125 | 2,729 | 2,850 | 1,986 | 1,310 | 1,557 | 3,362 | - | 4,194 | - |
| 60 | 2.3GS 110-1,000 kVa | (0) | 10,962 | 9,051 | 18,082 | 16,442 | 23,058 | 612 | 5,272 | 821 | 3,837 | 377 | 792 | 1,710 | - | 1,208 | - |
| 61 | 2.4GS Over 1,000 kVa | - | 9,046 | 7,396 | 14,921 | 13,568 | 19,027 | 13 | 3,233 | 18 | 2,353 | 8 | 17 | 37 | - | 26 | - |
| 62 | 4.1Street and Area Lighting | - | 171 | 113 | 282 | 256 | 359 | 1,221 | 83 | 1,638 | 61 | 753 | - | - | 4,166 | 2,410 | - |
| 63 | **Subtotal Rural** | **-** | **49,084** | **35,587** | **80,961** | **73,620** | **103,239** | **27,428** | **22,685** | **36,786** | **16,510** | **16,909** | **6,144** | **13,272** | **4,166** | **54,141** | **-** |
| 64 | **Total** | **(0)** | **49,084** | **35,587** | **80,961** | **73,620** | **103,239** | **27,428** | **22,685** | **36,786** | **16,510** | **16,909** | **6,144** | **13,272** | **4,166** | **54,141** | **-** |
| | **Total Allocated Revenue Requirement** | | | | | | | | | | | | | | | | |
| 65 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 66 | Labrador Industrial Firm | 4,749,540 | 1,433,248 | - | 3,316,292 | - | - | - | - | - | - | - | - | - | - | - | - |
| 67 | Labrador Industrial Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural:** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 69 | 1.1Domestic | 196,856 | 6,279 | 3,420 | 10,357 | 9,418 | 13,207 | 27,483 | 3,066 | 36,861 | 2,232 | 16,943 | 4,221 | 9,118 | - | 54,250 | - |
| 70 | 1.1A Domestic All Electric | 10,415,880 | 807,621 | 504,864 | 1,332,127 | 1,211,341 | 1,698,699 | 771,623 | 394,361 | 1,034,897 | 287,009 | 475,704 | 118,517 | 255,986 | - | 1,523,129 | - |
| 71 | 2.1GS 0-10 kW | 347,109 | 12,859 | 10,588 | 21,211 | 19,288 | 27,048 | 41,977 | 6,279 | 56,300 | 4,570 | 25,879 | 12,105 | 26,146 | - | 82,860 | - |
| 72 | 2.2GS 10-100 kW | 1,563,850 | 147,372 | 115,320 | 243,081 | 221,041 | 309,972 | 55,679 | 71,519 | 74,677 | 52,050 | 34,326 | 40,794 | 88,112 | - | 109,907 | - |
| 73 | 2.3GS 110-1,000 kVa | 2,283,597 | 271,445 | 224,118 | 447,735 | 407,138 | 570,941 | 15,157 | 130,535 | 20,328 | 95,001 | 9,344 | 19,600 | 42,335 | - | 29,919 | - |
| 74 | 2.4GS Over 1,000 kVa | 2,352,621 | 305,497 | 249,760 | 503,900 | 458,211 | 642,563 | 448 | 109,186 | 601 | 79,464 | 276 | 579 | 1,251 | - | 884 | - |
| 75 | 4.1Street and Area Lighting | 297,354 | 4,413 | 2,930 | 7,279 | 6,619 | 9,282 | 31,536 | 2,155 | 42,296 | 1,568 | 19,442 | - | - | 107,586 | 62,249 | - |
| 76 | **Subtotal Rural** | **17,457,268** | **1,555,486** | **1,111,000** | **2,565,691** | **2,333,056** | **3,271,713** | **943,904** | **717,100** | **1,265,959** | **521,894** | **581,915** | **195,818** | **422,949** | **107,586** | **1,863,199** | **-** |
| 77 | **Total** | **22,206,809** | **2,988,734** | **1,111,000** | **5,881,983** | **2,333,056** | **3,271,713** | **943,904** | **717,100** | **1,265,959** | **521,894** | **581,915** | **195,818** | **422,949** | **107,586** | **1,863,199** | **-** |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Interconnected**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Proration |
| | **Total Revenue Requirement** | | | |
| 39 | CFB - Goose Bay Secondary | - | - | |
| 40 | Labrador Industrial Firm | - | - | |
| 41 | Labrador Industrial Non-Firm | - | - | |
| | **Rural:** | | | |
| 43 | 1.1Domestic | 2,475 | 176 | |
| 44 | 1.1A Domestic All Electric | 274,498 | 19,496 | |
| 45 | 2.1GS 0-10 kW | 10,094 | 717 | |
| 46 | 2.2GS 10-100 kW | 55,717 | 3,957 | |
| 47 | 2.3GS 110-1,000 kVa | 86,108 | 6,116 | |
| 48 | 2.4GS Over 1,000 kVa | 65,044 | 4,620 | |
| 49 | 4.1Street and Area Lighting | 10,750 | 764 | |
| 50 | **Subtotal Rural** | **504,686** | **35,846** | |
| 51 | **Total** | **504,686** | **35,846** | |
| | **Re-classification of Revenue-Related** | | | |
| 52 | CFB - Goose Bay Secondary | - | - | Re-classification to demand, energy and customer is based on rate class revenue requirements excluding revenue-related items. |
| 53 | Labrador Industrial Firm | - | - | |
| 54 | Labrador Industrial Non-Firm | - | - | |
| | **Rural:** | | | |
| 56 | 1.1Domestic | (2,475) | (176) | |
| 57 | 1.1A Domestic All Electric | (274,498) | (19,496) | |
| 58 | 2.1GS 0-10 kW | (10,094) | (717) | |
| 59 | 2.2GS 10-100 kW | (55,717) | (3,957) | |
| 60 | 2.3GS 110-1,000 kVa | (86,108) | (6,116) | |
| 61 | 2.4GS Over 1,000 kVa | (65,044) | (4,620) | |
| 62 | 4.1Street and Area Lighting | (10,750) | (764) | |
| 63 | **Subtotal Rural** | **(504,686)** | **(35,846)** | |
| 64 | **Total** | **(504,686)** | **(35,846)** | |
| | **Total Allocated Revenue Requirement** | | | |
| 65 | CFB - Goose Bay Secondary | - | - | |
| 66 | Labrador Industrial Firm | - | - | |
| 67 | Labrador Industrial Non-Firm | - | - | |
| | **Rural:** | - | - | |
| 69 | 1.1Domestic | - | - | |
| 70 | 1.1A Domestic All Electric | - | - | |
| 71 | 2.1GS 0-10 kW | - | - | |
| 72 | 2.2GS 10-100 kW | - | - | |
| 73 | 2.3GS 110-1,000 kVa | - | - | |
| 74 | 2.4GS Over 1,000 kVa | - | - | |
| 75 | 4.1Street and Area Lighting | - | - | |
| 76 | **Subtotal Rural** | **-** | **-** | |
| 77 | **Total** | **-** | **-** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Functional Classification of Revenue Requirement**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Specifically Assigned |
| No. | Description | Amount ($) | Demand ($) | Energy ($) | Demand ($) | Demand ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) |
| | **Expenses** | | | | | | | | | | | | | | | | |
| 1 | Operating & Maintenance | 6,565,291 | 2,950,130 | 2,242,347 | - | 10,725 | 532,103 | 167,902 | 44,803 | 79,305 | 108,199 | 116,486 | 59,871 | 23,621 | 22,560 | 164,137 | - |
| 2 | Fuels | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Fuels-Diesel | 2,140,854 | - | 2,140,854 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuels-Gas Turbine | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Power Purchases -CF(L)Co | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Power Purchases-Other | 176,972 | - | 176,972 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Depreciation | 647,281 | 270,629 | 204,256 | - | 1,137 | 74,991 | 23,761 | 7,317 | 12,951 | 13,865 | 15,465 | 6,726 | 6,206 | 5,900 | 4,077 | - |
| | **Expense Credits** | | | | | | | | | | | | | | | | |
| 8 | Sundry | (22,389) | (10,060) | (7,647) | - | (37) | (1,815) | (573) | (153) | (270) | (369) | (397) | (204) | (81) | (77) | (560) | - |
| 9 | Building Rental Income | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Tax Refunds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Suppliers' Discounts | (1,944) | (874) | (664) | - | (3) | (158) | (50) | (13) | (23) | (32) | (34) | (18) | (7) | (7) | (49) | - |
| 12 | Pole Attachments | (23,451) | - | - | - | - | (13,563) | (4,635) | - | - | (2,401) | (2,852) | - | - | - | - | - |
| 13 | Secondary Energy Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Wheeling Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Application Fees | (300) | - | - | - | - | - | - | - | - | - | - | - | - | - | (300) | - |
| 16 | Meter Test Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | **Total Expense Credits** | **(48,084)** | **(10,934)** | **(8,311)** | **-** | **(40)** | **(15,535)** | **(5,257)** | **(166)** | **(294)** | **(2,802)** | **(3,284)** | **(222)** | **(88)** | **(84)** | **(908)** | **-** |
| 18 | **Subtotal Expenses** | **9,482,314** | **3,209,825** | **4,756,119** | **-** | **11,823** | **591,559** | **186,405** | **51,953** | **91,962** | **119,263** | **128,667** | **66,376** | **29,740** | **28,376** | **167,306** | **-** |
| 19 | Disposal Gain / Loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | **Subtotal Revenue Requirement Ex. Return** | **9,482,314** | **3,209,825** | **4,756,119** | **-** | **11,823** | **591,559** | **186,405** | **51,953** | **91,962** | **119,263** | **128,667** | **66,376** | **29,740** | **28,376** | **167,306** | **-** |
| 21 | Return on Debt | 577,870 | 235,056 | 191,676 | - | 1,312 | 69,275 | 21,829 | 5,586 | 9,888 | 12,840 | 14,262 | 6,672 | 4,178 | 2,862 | 2,433 | - |
| 22 | Return on Equity | 243,392 | 99,003 | 80,732 | - | 553 | 29,178 | 9,194 | 2,353 | 4,165 | 5,408 | 6,007 | 2,810 | 1,760 | 1,206 | 1,025 | - |
| 23 | **Total Revenue Requirement** | **10,303,576** | **3,543,883** | **5,028,527** | **-** | **13,687** | **690,012** | **217,428** | **59,892** | **106,014** | **137,510** | **148,936** | **75,859** | **35,678** | **32,444** | **170,764** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Functional Classification of Revenue Requirement (CONT'D.)**

| | 1 | 18 | 19 | 20 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | **Expenses** | | | |
| 1 | Operating & Maintenance | 40,243 | 2,858 | Carryforward from Sch.2.4 L.25 |
| 2 | Fuels | - | - | Production - Energy |
| 3 | Fuels-Diesel | - | - | Production - Energy |
| 4 | Fuels-Gas Turbine | - | - | Production - Energy |
| 5 | Power Purchases -CF(L)Co | - | - | |
| 6 | Power Purchases-Other | - | - | |
| 7 | Depreciation | - | - | Carryforward from Sch.2.5 L.23 |
| | **Expense Credits** | | | |
| 8 | Sundry | (137) | (10) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.25 |
| 9 | Building Rental Income | - | - | Prorated on Production, Transmission & Distribution Plant - Sch.2.2 L.17 |
| 10 | Tax Refunds | - | - | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.25 |
| 11 | Suppliers' Discounts | (12) | (1) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.25 |
| 12 | Pole Attachments | - | - | Prorated on Distribution Poles - Sch.4.1 L.37 |
| 13 | Secondary Energy Revenues | - | - | Production - Energy |
| 14 | Wheeling Revenues | - | - | Transmission - Demand, Energy ratios Sch.4.1 L.16 |
| 15 | Application Fees | - | - | Accounting - Customer |
| 16 | Meter Test Revenues | - | - | Meters - Customer |
| 17 | **Total Expense Credits** | **(149)** | **(11)** | |
| 18 | **Subtotal Expenses** | **40,094** | **2,848** | |
| 19 | Disposal Gain / Loss | - | - | Prorated on Total Net Book Value - Sch.2.3 L.23 |
| 20 | **Subtotal Revenue Requirement Ex. Return** | **40,094** | **2,848** | |
| 21 | Return on Debt | - | - | Prorated on Rate Base - Sch.2.6 L.9 |
| 22 | Return on Equity | - | - | Prorated on Rate Base - Sch.2.6 L.11 |
| 23 | **Total Revenue Requirement** | **40,094** | **2,848** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Functional Classification of Plant in Service for the Allocation of O&M Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Specifically Assigned |
| No. | Description | Amount ($) | Demand ($) | Energy ($) | Demand ($) | Demand ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 4,767,861 | 2,689,925 | 2,077,937 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **4,767,861** | **2,689,925** | **2,077,937** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substation Structures & Equipment | 281,540 | 229,567 | - | - | 51,973 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 79,835 | - | - | - | - | 60,191 | 7,668 | - | - | 6,982 | 4,994 | - | - | - | - | - |
| 8 | Poles | 3,935,510 | - | - | - | - | 2,276,094 | 777,861 | - | - | 402,870 | 478,684 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 289,589 | - | - | - | - | 256,865 | 32,724 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 604,826 | - | - | - | - | - | - | 218,342 | 386,484 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 201,452 | - | - | - | - | - | - | - | - | 117,447 | 84,006 | - | - | - | - | - |
| 13 | Services | 291,778 | - | - | - | - | - | - | - | - | - | - | 291,778 | - | - | - | - |
| 14 | Meters | 158,780 | - | - | - | - | - | - | - | - | - | - | - | 158,780 | - | - | - |
| 15 | Street Lighting | 109,944 | - | - | - | - | - | - | - | - | - | - | - | - | 109,944 | - | - |
| 16 | **Subtotal Distribution** | **5,953,253** | **229,567** | **-** | **-** | **51,973** | **2,593,151** | **818,253** | **218,342** | **386,484** | **527,299** | **567,683** | **291,778** | **158,780** | **109,944** | **-** | **-** |
| 17 | **Subttl Prod, Trans, & Dist** | **10,721,114** | **2,919,492** | **2,077,937** | **-** | **51,973** | **2,593,151** | **818,253** | **218,342** | **386,484** | **527,299** | **567,683** | **291,778** | **158,780** | **109,944** | **-** | **-** |
| 18 | General | 4,557,080 | 2,197,116 | 1,680,350 | - | 4,952 | 247,090 | 77,968 | 20,805 | 36,826 | 50,244 | 54,092 | 27,802 | 7,535 | 10,476 | 141,823 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 7,873 | 2,144 | 1,526 | - | 38 | 1,904 | 601 | 160 | 284 | 387 | 417 | 214 | 117 | 81 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Plant** | **15,286,067** | **5,118,752** | **3,759,812** | **-** | **56,963** | **2,842,146** | **896,822** | **239,307** | **423,594** | **577,930** | **622,192** | **319,794** | **166,432** | **120,501** | **141,823** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Functional Classification of Plant in Service for the Allocation of O&M Expense (CONT'D.)**

| | 1 | 18 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| | **Production** | |
| 1 | Diesel | Production - Demand, Energy ratios Sch.4.1 L.6 |
| 2 | **Subtotal Production** | |
| | **Transmission** | |
| 3 | Lines | Production, Transmission - Demand; Distribution - Primary Demand; Spec Assigned - Custmr |
| 4 | Terminal Stations | Production, Transmission - Demand; Spec Assigned - Custmr |
| 5 | **Subtotal Transmission** | |
| | **Distribution** | |
| 6 | Substation Structures & Equipment | Production - Demand; Dist Substns - Demand |
| 7 | Land & Land Improvements | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.32 |
| 8 | Poles | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.37 |
| 9 | Primary Conductor & Equipment | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.38 |
| 10 | Submarine Conductor | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.39 |
| 11 | Transformers | Transformers - Demand, Customer - zero intercept ratios Sch.4.1 L.40 |
| 12 | Secondary Conductors & Equipment | Secondary - Demand, Customer - zero intercept ratios Sch. 4.1 L.41 |
| 13 | Services | Services Customer |
| 14 | Meters | Meters - Customer |
| 15 | Street Lighting | Street Lighting - Customer |
| 16 | **Subtotal Distribution** | |
| 17 | **Subttl Prod, Trans, & Dist** | |
| 18 | General | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - Sch.2.4 L.11, 12 |
| 19 | Telecontrol - Specific | Specifically Assigned - Customer |
| 20 | Feasibility Studies | Production, Transmission - Demand |
| 21 | Software - General | Prorated on subtotal Production, Transmission, & Distribution plant - L.17 |
| 22 | Software - Cust Acctng | Customer Accounting |
| 23 | **Total Plant** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Functional Classification of Net Book Value**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| | | | | | | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Specifically Assigned |
| Line No. | Description | Total Amount ($) | Production Demand ($) | Production Energy ($) | Transmission Demand ($) | Demand ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 8,183,542 | 4,616,978 | 3,566,564 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **8,183,542** | **4,616,978** | **3,566,564** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substation Structures & Equipment | 127,234 | 98,252 | - | - | 28,983 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 49,710 | - | - | - | - | 37,479 | 4,775 | - | - | 4,347 | 3,109 | - | - | - | - | - |
| 8 | Poles | 2,327,687 | - | - | - | - | 1,346,213 | 460,072 | - | - | 238,281 | 283,121 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 173,577 | - | - | - | - | 153,963 | 19,614 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 342,212 | - | - | - | - | - | - | 123,539 | 218,674 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 68,731 | - | - | - | - | - | - | - | - | 40,070 | 28,661 | - | - | - | - | - |
| 13 | Services | 146,034 | - | - | - | - | - | - | - | - | - | - | 146,034 | - | - | - | - |
| 14 | Meters | 95,759 | - | - | - | - | - | - | - | - | - | - | - | 95,759 | - | - | - |
| 15 | Street Lighting | 63,393 | - | - | - | - | - | - | - | - | - | - | - | - | 63,393 | - | - |
| 16 | **Subtotal Distribution** | **3,394,337** | **98,252** | **-** | **-** | **28,983** | **1,537,655** | **484,461** | **123,539** | **218,674** | **282,698** | **314,891** | **146,034** | **95,759** | **63,393** | **-** | **-** |
| 17 | **Subttl Prod, Trans, & Dist** | **11,577,879** | **4,715,229** | **3,566,564** | **-** | **28,983** | **1,537,655** | **484,461** | **123,539** | **218,674** | **282,698** | **314,891** | **146,034** | **95,759** | **63,393** | **-** | **-** |
| 18 | General | 1,836,509 | 885,441 | 677,183 | - | 1,996 | 99,578 | 31,421 | 8,384 | 14,841 | 20,248 | 21,799 | 11,204 | 3,037 | 4,222 | 57,155 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 12,650 | 5,152 | 3,897 | - | 32 | 1,680 | 529 | 135 | 239 | 309 | 344 | 160 | 105 | 69 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Net Book Value** | **13,427,037** | **5,605,822** | **4,247,643** | **-** | **31,010** | **1,638,913** | **516,411** | **132,058** | **233,754** | **303,255** | **337,035** | **157,397** | **98,900** | **67,684** | **57,155** | **-** |

Schedule 2.4B
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Functional Classification of Operating & Maintenance Expense**

| Line No. | 1<br>Description | 2<br>Total Amount ($) | 3<br>Production Demand ($) | 4<br>Production Energy ($) | 5<br>Transmission Demand ($) | 6<br>Distribution: Substations Demand ($) | 7<br>Distribution: Primary Lines Demand ($) | 8<br>Distribution: Primary Lines Customer ($) | 9<br>Distribution: Line Transformers Demand ($) | 10<br>Distribution: Line Transformers Customer ($) | 11<br>Distribution: Secondary Lines Demand ($) | 12<br>Distribution: Secondary Lines Customer ($) | 13<br>Distribution: Services Customer ($) | 14<br>Distribution: Meters Customer ($) | 15<br>Distribution: Street Lighting Customer ($) | 16<br>Accounting Customer ($) | 17<br>Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 2,987,834 | 1,685,672 | 1,302,162 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Other | 376,370 | 212,340 | 164,030 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Subtotal Production** | **3,364,204** | **1,898,012** | **1,466,193** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 4 | Transmission Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | **Subtotal Transmission** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 8 | Other | 481,762 | 19,087 | - | - | 4,321 | 215,599 | 68,031 | 18,153 | 32,133 | 43,841 | 47,198 | 24,259 | - | 9,141 | - | - |
| 9 | Meters | 6,575 | - | - | - | - | - | - | - | - | - | - | - | 6,575 | - | - | - |
| 10 | **Subtotal Distribution** | **488,337** | **19,087** | **-** | **-** | **4,321** | **215,599** | **68,031** | **18,153** | **32,133** | **43,841** | **47,198** | **24,259** | **6,575** | **9,141** | **-** | **-** |
| 11 | **Subttl Prod, Trans, & Dist** | **3,852,542** | **1,917,098** | **1,466,193** | **-** | **4,321** | **215,599** | **68,031** | **18,153** | **32,133** | **43,841** | **47,198** | **24,259** | **6,575** | **9,141** | **-** | **-** |
| 12 | Customer Accounting | 123,748 | - | - | - | - | - | - | - | - | - | - | - | - | - | 123,748 | - |
| | **Administrative & General:** | | | | | | | | | | | | | | | | |
| | Plant-Related: | | | | | | | | | | | | | | | | |
| 13 | Production | 462,928 | 261,174 | 201,754 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Transmission | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Distribution | 393,030 | 15,156 | - | - | 3,431 | 171,198 | 54,021 | 14,415 | 25,515 | 34,812 | 37,478 | 19,263 | 10,483 | 7,258 | - | - |
| 16 | Prod, Trans, Distn Plant | 286,208 | 77,938 | 55,472 | - | 1,387 | 69,226 | 21,844 | 5,829 | 10,317 | 14,077 | 15,155 | 7,789 | 4,239 | 2,935 | - | - |
| 17 | Prod, Trans, Distn and Gen Plt | 856 | 287 | 210 | - | 3 | 159 | 50 | 13 | 24 | 32 | 35 | 18 | 9 | 7 | 8 | - |
| 18 | Property Insurance | 11,164 | 5,946 | 4,368 | - | 66 | 287 | 91 | 24 | 43 | 58 | 63 | 32 | 9 | 12 | 165 | - |
| 19 | Revenue Related: | | | | | | | | | | | | | | | | |
| 20 | Municipal Tax | 40,243 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | PUB Assessment | 2,858 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | All Expense-Related | 1,292,246 | 623,034 | 476,495 | - | 1,404 | 70,067 | 22,109 | 5,900 | 10,443 | 14,248 | 15,339 | 7,884 | 2,137 | 2,971 | 40,217 | - |
| 23 | Prod, Trans, and Distn Expense-Related | 99,469 | 49,498 | 37,856 | - | 112 | 5,567 | 1,756 | 469 | 830 | 1,132 | 1,219 | 626 | 170 | 236 | - | - |
| 24 | **Subtotal Admin & General** | **2,589,001** | **1,033,032** | **776,155** | **-** | **6,404** | **316,504** | **99,871** | **26,649** | **47,172** | **64,359** | **69,288** | **35,613** | **17,046** | **13,419** | **40,389** | **-** |
| 25 | **Total Operating & Maintenance Expenses** | **6,565,291** | **2,950,130** | **2,242,347** | **-** | **10,725** | **532,103** | **167,902** | **44,803** | **79,305** | **108,199** | **116,486** | **59,871** | **23,621** | **22,560** | **164,137** | **-** |

Schedule 2.4B
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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Functional Classification of Operating & Maintenance Expense (CONT'D.)**

| | 1 | 18 | 19 | 20 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | **Production** | | | |
| 1 | Diesel | - | - | Production - Demand, Energy ratios Sch.4.1 L6 |
| 2 | Other | - | | Production - Demand, Energy ratios Sch.4.1 L6 |
| 3 | **Subtotal Production** | **-** | **-** | |
| | **Transmission** | | | |
| 4 | Transmission Lines | - | - | Prorated on Transmission Lines Plant in Service - Sch.2.2 L.3 |
| 5 | Terminal Stations | - | - | Prorated on Transmission Terminal Stations Plant in Service - Sch.2.2 L.4 |
| 6 | Other | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.5 |
| 7 | **Subtotal Transmission** | **-** | **-** | |
| | **Distribution** | | | |
| 8 | Other | - | - | Prorated on Distribution Plant, excluding Meters - Sch. 2.2 L. 16, less L. 14 |
| 9 | Meters | - | - | Meters - Customer |
| 10 | **Subtotal Distribution** | **-** | **-** | |
| 11 | **Subttl Prod, Trans, & Dist** | **-** | **-** | |
| 12 | Customer Accounting | - | - | Accounting - Customer |
| | **Administrative & General:** | | | |
| | Plant-Related: | | | |
| 13 | Production | - | - | Prorated on Production Plant in Service - Sch.2.2 L.2 |
| 14 | Transmission | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.5 |
| 15 | Distribution | - | - | Prorated on Distribution Plant in Service - Sch.2.2 L.16 |
| 16 | Prod, Trans, Distn Plant | - | - | Prorated on Production, Transmission & Distribution Plant in Service - Sch.2.2 L.17 |
| 17 | Prod, Trans, Distn and Gen Plt | - | - | Prorated on Production, Transmission, Distribution & General Plant in Service - Sch.2.2 L.23 |
| 18 | Property Insurance | - | - | Prorated on Prod., Trans. Terminal, Dist. Sub & General Plant in Service - Sch.2.2 L.2, 4, 6, 18 - 19 |
| 19 | Revenue Related: | | | |
| 20 | Municipal Tax | 40,243 | - | Revenue-related |
| 21 | PUB Assessment | - | 2,858 | Revenue-related |
| 22 | All Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - L.11, 12 |
| 23 | Prod, Trans, and Distn Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution Expenses - L.11 |
| 24 | **Subtotal Admin & General** | **40,243** | **2,858** | |
| 25 | **Total Operating & Maintenance Expenses** | **40,243** | **2,858** | |

Schedule 2.5B
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Functional Classification of Depreciation Expense**

| Line No. | 1<br>Description | 2<br>Total Amount ($) | 3<br>Production Demand ($) | 4<br>Production Energy ($) | 5<br>Transmission Demand ($) | 6<br>Distribution: Substations Demand ($) | 7<br>Distribution: Primary Lines Demand ($) | 8<br>Distribution: Primary Lines Customer ($) | 9<br>Distribution: Line Transformers Demand ($) | 10<br>Distribution: Line Transformers Customer ($) | 11<br>Distribution: Secondary Lines Demand ($) | 12<br>Distribution: Secondary Lines Customer ($) | 13<br>Distribution: Services Customer ($) | 14<br>Distribution: Meters Customer ($) | 15<br>Distribution: Street Lighting Customer ($) | 16<br>Accounting Customer ($) | 17<br>Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 351,631 | 198,383 | 153,248 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **351,631** | **198,383** | **153,248** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substn Struct & Eqpt | 6,468 | 5,491 | - | - | 978 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 1,615 | - | - | - | - | 1,218 | 155 | - | - | 141 | 101 | - | - | - | - | - |
| 8 | Poles | 102,019 | - | - | - | - | 59,002 | 20,164 | - | - | 10,443 | 12,409 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 7,318 | - | - | - | - | 6,491 | 827 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 18,288 | - | - | - | - | - | - | 6,602 | 11,686 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 2,780 | - | - | - | - | - | - | - | - | 1,621 | 1,159 | - | - | - | - | - |
| 13 | Services | 5,824 | - | - | - | - | - | - | - | - | - | - | 5,824 | - | - | - | - |
| 14 | Meters | 5,886 | - | - | - | - | - | - | - | - | - | - | - | 5,886 | - | - | - |
| 15 | Street Lighting | 5,501 | - | - | - | - | - | - | - | - | - | - | - | - | 5,501 | - | - |
| 16 | **Subtotal Distribution** | **155,700** | **5,491** | **-** | **-** | **978** | **66,711** | **21,146** | **6,602** | **11,686** | **12,205** | **13,669** | **5,824** | **5,886** | **5,501** | **-** | **-** |
| 17 | **Subtotal Prod Tran & Dist** | **507,331** | **203,873** | **153,248** | **-** | **978** | **66,711** | **21,146** | **6,602** | **11,686** | **12,205** | **13,669** | **5,824** | **5,886** | **5,501** | **-** | **-** |
| 18 | General | 131,000 | 63,159 | 48,304 | - | 142 | 7,103 | 2,241 | 598 | 1,059 | 1,444 | 1,555 | 799 | 217 | 301 | 4,077 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 8,950 | 3,597 | 2,704 | - | 17 | 1,177 | 373 | 116 | 206 | 215 | 241 | 103 | 104 | 97 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Depreciation Expense** | **647,281** | **270,629** | **204,256** | **-** | **1,137** | **74,991** | **23,761** | **7,317** | **12,951** | **13,865** | **15,465** | **6,726** | **6,206** | **5,900** | **4,077** | **-** |

Schedule 2.6B
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Functional Classification of Rate Base**

| Line No. | 1 Description | 2 Total Amount ($) | 3 Production Demand ($) | 4 Production Energy ($) | 5 Transmission Demand ($) | 6 Distribution Substations Demand ($) | 7 Distribution Primary Lines Demand ($) | 8 Distribution Primary Lines Customer ($) | 9 Distribution Line Transformers Demand ($) | 10 Distribution Line Transformers Customer ($) | 11 Distribution Secondary Lines Demand ($) | 12 Distribution Secondary Lines Customer ($) | 13 Distribution Services Customer ($) | 14 Distribution Meters Customer ($) | 15 Distribution Street Lighting Customer ($) | 16 Accounting Customer ($) | 17 Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Average Net Book Value | 13,427,037 | 5,605,822 | 4,247,643 | - | 31,010 | 1,638,913 | 516,411 | 132,058 | 233,754 | 303,255 | 337,035 | 157,397 | 98,900 | 67,684 | 57,155 | - |
| 2 | Cash Working Capital | 14,907 | 6,224 | 4,716 | - | 34 | 1,820 | 573 | 147 | 260 | 337 | 374 | 175 | 110 | 75 | 63 | - |
| 3 | Fuel Inventory - No. 6 Fuel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuel Inventory - Diesel | 351,913 | - | 351,913 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Fuel Inventory - Gas Turbine | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Inventory/Supplies | 162,808 | 54,519 | 40,045 | - | 607 | 30,271 | 9,552 | 2,549 | 4,512 | 6,155 | 6,627 | 3,406 | 1,773 | 1,283 | 1,511 | - |
| | Deferred Charges: | | | | | | | | | | | | | | | | |
| 7 | Foreign Exchange Loss and Regulatory Costs | 871,345 | 363,789 | 275,650 | - | 2,012 | 106,357 | 33,512 | 8,570 | 15,169 | 19,680 | 21,872 | 10,214 | 6,418 | 4,392 | 3,709 | - |
| 8 | Retired Asset Pool | 104,030 | 43,433 | 32,910 | - | 240 | 12,698 | 4,001 | 1,023 | 1,811 | 2,350 | 2,611 | 1,219 | 766 | 524 | 443 | - |
| 9 | Total Rate Base | **14,932,041** | **6,073,786** | **4,952,878** | **-** | **33,904** | **1,790,058** | **564,050** | **144,346** | **255,505** | **331,777** | **368,519** | **172,412** | **107,967** | **73,960** | **62,881** | **-** |
| 10 | Less: Rural Portion | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Rate Base Available for Equity Return | **14,932,041** | **6,073,786** | **4,952,878** | **-** | **33,904** | **1,790,058** | **564,050** | **144,346** | **255,505** | **331,777** | **368,519** | **172,412** | **107,967** | **73,960** | **62,881** | **-** |
| 12 | Return on Debt | 577,870 | 235,056 | 191,676 | - | 1,312 | 69,275 | 21,829 | 5,586 | 9,888 | 12,840 | 14,262 | 6,672 | 4,178 | 2,862 | 2,433 | - |
| 13 | Return on Equity | 243,392 | 99,003 | 80,732 | - | 553 | 29,178 | 9,194 | 2,353 | 4,165 | 5,408 | 6,007 | 2,810 | 1,760 | 1,206 | 1,025 | - |
| 14 | Return on Rate Base | **821,262** | **334,058** | **272,408** | **-** | **1,865** | **98,453** | **31,023** | **7,939** | **14,053** | **18,248** | **20,269** | **9,483** | **5,938** | **4,068** | **3,458** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Functional Classification of Rate Base (CONT'D.)**

| | 1 | 18 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| 1 | Average Net Book Value | Sch. 2.3 , L. 23 |
| 2 | Cash Working Capital | Prorated on Average Net Book Value, L. 1 |
| 3 | Fuel Inventory - No. 6 Fuel | |
| 4 | Fuel Inventory - Diesel | Production - Energy |
| 5 | Fuel Inventory - Gas Turbine | |
| 6 | Inventory/Supplies | Prorated on Total Plant in Service, Sch. 2.2, L. 23 |
| | Deferred Charges: | |
| 7 | Foreign Exchange Loss and Regulatory Costs | Prorated on Average Net Book Value, L. 1 |
| 8 | Retired Asset Pool | Prorated on Average Net Book Value, L. 1 |
| 9 | Total Rate Base | |
| 10 | Less: Rural Portion | |
| 11 | Rate Base Available for Equity Return | |
| 12 | Return on Debt | L.9 x Sch.1.1,p2,L.15 |
| 13 | Return on Equity | L.11 x Sch.1.1,p2,L.18 |
| 14 | Return on Rate Base | |

Schedule 3.1B
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Basis of Allocation to Classes of Service**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| Line No. | Description | Total Amount | Production Demand | Production Energy | Transmission Demand | Substations Demand | Primary Lines Demand | Primary Lines Customer | Line Transformers Demand | Line Transformers Customer | Secondary Lines Demand | Secondary Lines Customer | Services Customer | Meters Customer | Street Lighting Customer | Accounting Customer | Specifically Assigned Customer |
| | | | (CP kW) | (MWh @ Gen) | (CP kW) | (CP kW) | (CP kW) | (Rural Cust) | (CP kW) | (Rural Cust) | (CP kW) | (Rural Cust) | (Wtd Rural Cust) | | (Rural Cust) | (Rural Cust) | |
| | **Amounts** | | | | | | | | | | | | | | | | |
| 1 | 1.2 Domestic Diesel | - | 1,601 | 5,493 | 1,601 | 1,546 | 1,546 | 685 | 1,463 | 685 | 1,463 | 685 | 685 | 685 | - | 685 | - |
| 2 | 1.2G Government Domestic Diesel | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | 1.23 Churches, Schools & Com Halls | - | 48 | 296 | 48 | 46 | 46 | 19 | 44 | 19 | 44 | 19 | 19 | 19 | - | 19 | - |
| 4 | 2.1 GS 0-10 kW | - | 102 | 763 | 102 | 98 | 98 | 77 | 93 | 77 | 93 | 77 | 145 | 145 | - | 77 | - |
| 5 | 2.2 GS 10-100 kW | - | 196 | 888 | 196 | 189 | 189 | 8 | 179 | 8 | 179 | 8 | 38 | 38 | - | 8 | - |
| 6 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | 2.4 GS Over 1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | 2.5G Gov't General Service Diesel | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | 4.1 Street and Area Lighting | - | 29 | 102 | 29 | 28 | 28 | 38 | 26 | 38 | 26 | 38 | - | - | 38 | 38 | - |
| 11 | 4.1G Gov't Street and Area Lighting | | 1 | 4 | 1 | 1 | 1 | 3 | 1 | 3 | 1 | 3 | - | - | 3 | 3 | - |
| 12 | **Total** | **-** | **1,976** | **7,545** | **1,976** | **1,908** | **1,908** | **830** | **1,805** | **830** | **1,805** | **830** | **886** | **886** | **41** | **830** | **-** |
| | **Ratios** | | | | | | | | | | | | | | | | |
| 13 | 1.2 Domestic Diesel | - | 0.8103 | 0.7281 | 0.8103 | 0.8103 | 0.8103 | 0.8252 | 0.8103 | 0.8252 | 0.8103 | 0.8252 | 0.7724 | 0.7724 | - | 0.8252 | - |
| 14 | 1.2G Government Domestic Diesel | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | 1.23 Churches, Schools & Com Halls | - | 0.0241 | 0.0392 | 0.0241 | 0.0241 | 0.0241 | 0.0229 | 0.0241 | 0.0229 | 0.0241 | 0.0229 | 0.0214 | 0.0214 | - | 0.0229 | - |
| 16 | 2.1 GS 0-10 kW | - | 0.0514 | 0.1011 | 0.0514 | 0.0514 | 0.0514 | 0.0928 | 0.0514 | 0.0928 | 0.0514 | 0.0928 | 0.1631 | 0.1631 | - | 0.0928 | - |
| 17 | 2.2 GS 10-100 kW | - | 0.0990 | 0.1177 | 0.0990 | 0.0990 | 0.0990 | 0.0096 | 0.0990 | 0.0096 | 0.0990 | 0.0096 | 0.0431 | 0.0431 | - | 0.0096 | - |
| 18 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | 2.4 GS Over 1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | 2.5G Gov't General Service Diesel | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | 4.1 Street and Area Lighting | - | 0.0146 | 0.0135 | 0.0146 | 0.0146 | 0.0146 | 0.0458 | 0.0146 | 0.0458 | 0.0146 | 0.0458 | - | - | 0.9268 | 0.0458 | - |
| 23 | 4.1G Gov't Street and Area Lighting | | 0.0006 | 0.0005 | 0.0006 | 0.0006 | 0.0006 | 0.0036 | 0.0006 | 0.0036 | 0.0006 | 0.0036 | - | - | 0.0732 | 0.0036 | - |
| 24 | **Total** | **-** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Basis of Allocation to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 |
|---|---|---|---|
| | | Revenue Related | |
| Line No. | Description | Municipal Tax (Prior Year (Rural Revenues) | PUB Assessment (Prior Year (Revenues + RSP) |
| | **Amounts** | | |
| 1 | 1.2 Domestic Diesel | 822,205 | 822,205 |
| 2 | 1.2G Government Domestic Diesel | - | - |
| 3 | 1.23 Churches, Schools & Com Halls | 62,409 | 62,409 |
| 4 | 2.1 GS 0-10 kW | 213,662 | 213,662 |
| 5 | 2.2 GS 10-100 kW | 463,859 | 463,859 |
| 6 | 2.3 GS 110-1,000 kVa | - | - |
| 7 | 2.4 GS Over 1,000 kVa | - | - |
| 8 | 2.5 GS Diesel | - | - |
| 9 | 2.5G Gov't General Service Diesel | - | - |
| 10 | 4.1 Street and Area Lighting | 40,488 | 40,488 |
| 11 | 4.1G Gov't Street and Area Lighting | 5,007 | 5,007 |
| 12 | **Total** | **1,607,630** | **1,607,630** |
| | **Ratios** | | |
| 13 | 1.2 Domestic Diesel | 0.5114 | 0.5114 |
| 14 | 1.2G Government Domestic Diesel | - | - |
| 15 | 1.23 Churches, Schools & Com Halls | 0.0388 | 0.0388 |
| 16 | 2.1 GS 0-10 kW | 0.1329 | 0.1329 |
| 17 | 2.2 GS 10-100 kW | 0.2885 | 0.2885 |
| 18 | 2.3 GS 110-1,000 kVa | - | - |
| 19 | 2.4 GS Over 1,000 kVa | - | - |
| 20 | 2.5 GS Diesel | - | - |
| 21 | 2.5G Gov't General Service Diesel | - | - |
| 22 | 4.1 Street and Area Lighting | 0.0252 | 0.0252 |
| 23 | 4.1G Gov't Street and Area Lighting | 0.0031 | 0.0031 |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Allocation of Functionalized Amounts to Classes of Service**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Allocated Revenue Requirement Excluding Return** | | | | | | | | | | | | | | | | |
| 1 | 1.2 Domestic Diesel | 7,261,619 | 2,601,064 | 3,462,723 | - | 9,580 | 479,367 | 153,821 | 42,100 | 75,886 | 96,644 | 106,175 | 51,267 | 22,970 | - | 138,060 | - |
| 2 | 1.2G Government Domestic Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | 1.23 Churches, Schools & Com Halls | 299,628 | 77,400 | 186,666 | - | 285 | 14,265 | 4,270 | 1,253 | 2,106 | 2,876 | 2,947 | 1,423 | 638 | - | 3,832 | - |
| 4 | 2.1 GS 0-10 kW | 760,218 | 164,985 | 480,719 | - | 608 | 30,406 | 17,303 | 2,670 | 8,537 | 6,130 | 11,944 | 10,828 | 4,851 | - | 15,530 | - |
| 5 | 2.2 GS 10-100 kW | 976,109 | 317,749 | 559,612 | - | 1,170 | 58,560 | 1,798 | 5,143 | 887 | 11,806 | 1,241 | 2,858 | 1,281 | - | 1,614 | - |
| 6 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | 2.4 GS Over 1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | 4.1 Street and Area Lighting | 175,845 | 46,848 | 64,000 | - | 173 | 8,634 | 8,539 | 758 | 4,213 | 1,741 | 5,894 | - | - | 26,300 | 7,664 | - |
| 11 | 4.1G Gov't Street and Area Lighting | 8,895 | 1,778 | 2,400 | - | 7 | 328 | 674 | 29 | 333 | 66 | 465 | - | - | 2,076 | 605 | - |
| 12 | **Total** | **9,482,314** | **3,209,825** | **4,756,119** | **-** | **11,823** | **591,559** | **186,405** | **51,953** | **91,962** | **119,263** | **128,667** | **66,376** | **29,740** | **28,376** | **167,306** | **-** |
| | **Allocated Return on Debt and Equity** | | | | | | | | | | | | | | | | |
| 13 | 1.2 Domestic Diesel | 640,229 | 270,702 | 198,329 | - | 1,511 | 79,781 | 25,600 | 6,433 | 11,596 | 14,787 | 16,726 | 7,324 | 4,586 | - | 2,854 | - |
| 14 | 1.2G Government Domestic Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | 1.23 Churches, Schools & Com Halls | 23,704 | 8,055 | 10,691 | - | 45 | 2,374 | 711 | 191 | 322 | 440 | 464 | 203 | 127 | - | 79 | - |
| 16 | 2.1 GS 0-10 kW | 60,109 | 17,171 | 27,533 | - | 96 | 5,061 | 2,880 | 408 | 1,304 | 938 | 1,881 | 1,547 | 969 | - | 321 | - |
| 17 | 2.2 GS 10-100 kW | 78,972 | 33,069 | 32,052 | - | 185 | 9,746 | 299 | 786 | 136 | 1,806 | 195 | 408 | 256 | - | 33 | - |
| 18 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | 2.4 GS Over 1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | 4.1 Street and Area Lighting | 17,310 | 4,876 | 3,666 | - | 27 | 1,437 | 1,421 | 116 | 644 | 266 | 929 | - | - | 3,770 | 158 | - |
| 23 | 4.1G Gov't Street and Area Lighting | 939 | 185 | 137 | - | 1 | 55 | 112 | 4 | 51 | 10 | 73 | - | - | 298 | 13 | - |
| 24 | **Total** | **821,262** | **334,058** | **272,408** | **-** | **1,865** | **98,453** | **31,023** | **7,939** | **14,053** | **18,248** | **20,269** | **9,483** | **5,938** | **4,068** | **3,458** | **-** |

Schedule 3.2B
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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Proration |
| | **Allocated Revenue Requirement Excluding Return** | | | |
| 1 | 1.2 Domestic Diesel | 20,505 | 1,456 | |
| 2 | 1.2G Government Domestic Diesel | - | - | |
| 3 | 1.23 Churches, Schools & Com Halls | 1,556 | 111 | |
| 4 | 2.1 GS 0-10 kW | 5,329 | 378 | |
| 5 | 2.2 GS 10-100 kW | 11,568 | 822 | |
| 6 | 2.3 GS 110-1,000 kVa | - | - | |
| 7 | 2.4 GS Over 1,000 kVa | - | - | |
| 8 | 2.5 GS Diesel | - | - | |
| 9 | 2.5G Gov't General Service Diesel | - | - | |
| 10 | 4.1 Street and Area Lighting | 1,010 | 72 | |
| 11 | 4.1G Gov't Street and Area Lighting | 125 | 9 | |
| 12 | **Total** | **40,094** | **2,848** | |
| | **Allocated Return on Debt and Equity** | | | |
| 13 | 1.2 Domestic Diesel | - | - | |
| 14 | 1.2G Government Domestic Diesel | - | - | |
| 15 | 1.23 Churches, Schools & Com Halls | - | - | |
| 16 | 2.1 GS 0-10 kW | - | - | |
| 17 | 2.2 GS 10-100 kW | - | - | |
| 18 | 2.3 GS 110-1,000 kVa | - | - | |
| 19 | 2.4 GS Over 1,000 kVa | - | - | |
| 20 | 2.5 GS Diesel | - | - | |
| 21 | 2.5G Gov't General Service Diesel | - | - | |
| 22 | 4.1 Street and Area Lighting | - | - | |
| 23 | 4.1G Gov't Street and Area Lighting | - | - | |
| 24 | **Total** | **-** | **-** | |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Total Revenue Requirement** | | | | | | | | | | | | | | | | |
| 25 | 1.2 Domestic Diesel | 7,901,849 | 2,871,766 | 3,661,052 | - | 11,091 | 559,148 | 179,421 | 48,533 | 87,483 | 111,431 | 122,901 | 58,591 | 27,557 | - | 140,914 | - |
| 26 | 1.2G Government Domestic Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 27 | 1.23 Churches, Schools & Com Halls | 323,332 | 85,456 | 197,357 | - | 330 | 16,639 | 4,980 | 1,444 | 2,428 | 3,316 | 3,411 | 1,626 | 765 | - | 3,911 | - |
| 28 | 2.1 GS 0-10 kW | 820,327 | 182,156 | 508,252 | - | 704 | 35,467 | 20,183 | 3,078 | 9,841 | 7,068 | 13,825 | 12,374 | 5,820 | - | 15,852 | - |
| 29 | 2.2 GS 10-100 kW | 1,055,080 | 350,819 | 591,664 | - | 1,355 | 68,306 | 2,097 | 5,929 | 1,022 | 13,613 | 1,436 | 3,266 | 1,536 | - | 1,647 | - |
| 30 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 31 | 2.4 GS Over 1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 32 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 33 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 34 | 4.1 Street and Area Lighting | 193,154 | 51,723 | 67,665 | - | 200 | 10,071 | 9,961 | 874 | 4,857 | 2,007 | 6,823 | - | - | 30,070 | 7,823 | - |
| 35 | 4.1G Gov't Street and Area Lighting | 9,834 | 1,963 | 2,537 | - | 8 | 382 | 786 | 33 | 383 | 76 | 539 | - | - | 2,374 | 618 | - |
| 36 | **Total** | **10,303,576** | **3,543,883** | **5,028,527** | **-** | **13,687** | **690,012** | **217,428** | **59,892** | **106,014** | **137,510** | **148,936** | **75,859** | **35,678** | **32,444** | **170,764** | **-** |
| | **Re-classification of Revenue-Related** | | | | | | | | | | | | | | | | |
| 37 | 1.2 Domestic Diesel | 0 | 8,004 | 10,204 | - | 31 | 1,558 | 500 | 135 | 244 | 311 | 343 | 163 | 77 | - | 393 | - |
| 38 | 1.2G Government Domestic Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 39 | 1.23 Churches, Schools & Com Halls | (0) | 443 | 1,023 | - | 2 | 86 | 26 | 7 | 13 | 17 | 18 | 8 | 4 | - | 20 | - |
| 40 | 2.1 GS 0-10 kW | (0) | 1,276 | 3,561 | - | 5 | 248 | 141 | 22 | 69 | 50 | 97 | 87 | 41 | - | 111 | - |
| 41 | 2.2 GS 10-100 kW | 0 | 4,169 | 7,031 | - | 16 | 812 | 25 | 70 | 12 | 162 | 17 | 39 | 18 | - | 20 | - |
| 42 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 43 | 2.4 GS Over 1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 44 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 45 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 46 | 4.1 Street and Area Lighting | 0 | 291 | 381 | - | 1 | 57 | 56 | 5 | 27 | 11 | 38 | - | - | 169 | 44 | - |
| 47 | 4.1G Gov't Street and Area Lighting | (0) | 27 | 35 | - | 0 | 5 | 11 | 0 | 5 | 1 | 7 | - | - | 33 | 9 | - |
| 48 | **Total** | **0** | **14,210** | **22,234** | **-** | **55** | **2,767** | **759** | **240** | **370** | **551** | **520** | **297** | **140** | **202** | **596** | **-** |
| | **Total Allocated Revenue Requirement** | | | | | | | | | | | | | | | | |
| 49 | 1.2 Domestic Diesel | 7,901,849 | 2,879,770 | 3,671,255 | - | 11,122 | 560,706 | 179,921 | 48,669 | 87,726 | 111,741 | 123,244 | 58,755 | 27,634 | - | 141,307 | - |
| 50 | 1.2G Government Domestic Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 51 | 1.23 Churches, Schools & Com Halls | 323,332 | 85,899 | 198,380 | - | 332 | 16,725 | 5,006 | 1,452 | 2,441 | 3,333 | 3,429 | 1,635 | 769 | - | 3,932 | - |
| 52 | 2.1 GS 0-10 kW | 820,327 | 183,432 | 511,813 | - | 708 | 35,715 | 20,325 | 3,100 | 9,910 | 7,118 | 13,922 | 12,461 | 5,861 | - | 15,963 | - |
| 53 | 2.2 GS 10-100 kW | 1,055,080 | 354,987 | 598,694 | - | 1,371 | 69,118 | 2,122 | 5,999 | 1,035 | 13,774 | 1,453 | 3,305 | 1,555 | - | 1,666 | - |
| 54 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 55 | 2.4 GS Over 1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 56 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 57 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 58 | 4.1 Street and Area Lighting | 193,154 | 52,015 | 68,046 | - | 201 | 10,127 | 10,017 | 879 | 4,884 | 2,018 | 6,861 | - | - | 30,239 | 7,867 | - |
| 59 | 4.1G Gov't Street and Area Lighting | 9,834 | 1,990 | 2,572 | - | 8 | 388 | 797 | 34 | 389 | 77 | 546 | - | - | 2,407 | 626 | - |
| 60 | **Total** | **10,303,576** | **3,558,093** | **5,050,761** | **-** | **13,742** | **692,779** | **218,187** | **60,132** | **106,385** | **138,062** | **149,455** | **76,156** | **35,818** | **32,646** | **171,360** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Island Isolated**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Proration |
| | **Total Revenue Requirement** | | | |
| 25 | 1.2 Domestic Diesel | 20,505 | 1,456 | |
| 26 | 1.2G Government Domestic Diesel | - | - | |
| 27 | 1.23 Churches, Schools & Com Halls | 1,556 | 111 | |
| 28 | 2.1 GS 0-10 kW | 5,329 | 378 | |
| 29 | 2.2 GS 10-100 kW | 11,568 | 822 | |
| 30 | 2.3 GS 110-1,000 kVa | - | - | |
| 31 | 2.4 GS Over 1,000 kVa | - | - | |
| 32 | 2.5 GS Diesel | - | - | |
| 33 | 2.5G Gov't General Service Diesel | - | - | |
| 34 | 4.1 Street and Area Lighting | 1,010 | 72 | |
| 35 | 4.1G Gov't Street and Area Lighting | 125 | 9 | |
| 36 | **Total** | **40,094** | **2,848** | |
| | **Re-classification of Revenue-Related** | | | |
| 37 | 1.2 Domestic Diesel | (20,505) | (1,456) | Re-classification to demand, energy and customer is based on rate class revenue |
| 38 | 1.2G Government Domestic Diesel | - | - | requirements excluding revenue-related items. |
| 39 | 1.23 Churches, Schools & Com Halls | (1,556) | (111) | |
| 40 | 2.1 GS 0-10 kW | (5,329) | (378) | |
| 41 | 2.2 GS 10-100 kW | (11,568) | (822) | |
| 42 | 2.3 GS 110-1,000 kVa | - | - | |
| 43 | 2.4 GS Over 1,000 kVa | - | - | |
| 44 | 2.5 GS Diesel | - | - | |
| 45 | 2.5G Gov't General Service Diesel | - | - | |
| 46 | 4.1 Street and Area Lighting | (1,010) | (72) | |
| 47 | 4.1G Gov't Street and Area Lighting | (125) | (9) | |
| 48 | **Total** | **(40,094)** | **(2,848)** | |
| | **Total Allocated Revenue Requirement** | | | |
| 49 | 1.2 Domestic Diesel | - | - | |
| 50 | 1.2G Government Domestic Diesel | - | - | |
| 51 | 1.23 Churches, Schools & Com Halls | - | - | |
| 52 | 2.1 GS 0-10 kW | - | - | |
| 53 | 2.2 GS 10-100 kW | - | - | |
| 54 | 2.3 GS 110-1,000 kVa | - | - | |
| 55 | 2.4 GS Over 1,000 kVa | - | - | |
| 56 | 2.5 GS Diesel | - | - | |
| 57 | 2.5G Gov't General Service Diesel | - | - | |
| 58 | 4.1 Street and Area Lighting | - | - | |
| 59 | 4.1G Gov't Street and Area Lighting | - | - | |
| 60 | **Total** | **-** | **-** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Functional Classification of Revenue Requirement**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Expenses** | | | | | | | | | | | | | | | | |
| 1 | Operating & Maintenance | 14,512,063 | 4,975,874 | 7,058,323 | - | 76,655 | 779,748 | 226,505 | 62,240 | 110,169 | 123,234 | 137,804 | 54,186 | 47,221 | 23,023 | 594,487 | - |
| 2 | Fuels | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Fuels-Diesel | 14,364,592 | - | 14,364,592 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuels-Gas Turbine | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Power Purchases -CF(L)Co | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Power Purchases-Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Depreciation | 2,899,152 | 966,360 | 1,346,409 | - | 18,211 | 257,196 | 75,450 | 27,271 | 48,271 | 39,821 | 45,151 | 17,610 | 25,180 | 13,563 | 18,659 | - |
| | **Expense Credits** | | | | | | | | | | | | | | | | |
| 8 | Sundry | (49,489) | (16,969) | (24,070) | - | (261) | (2,659) | (772) | (212) | (376) | (420) | (470) | (185) | (161) | (79) | (2,027) | - |
| 9 | Building Rental Income | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Tax Refunds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Suppliers' Discounts | (4,298) | (1,474) | (2,090) | - | (23) | (231) | (67) | (18) | (33) | (36) | (41) | (16) | (14) | (7) | (176) | - |
| 12 | Pole Attachments | (102,027) | - | - | - | - | (59,007) | (20,166) | - | - | (10,444) | (12,410) | - | - | - | - | - |
| 13 | Secondary Energy Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Wheeling Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Application Fees | (1,654) | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,654) | - |
| 16 | Meter Test Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | **Total Expense Credits** | **(157,468)** | **(18,442)** | **(26,161)** | **-** | **(284)** | **(61,897)** | **(21,005)** | **(231)** | **(408)** | **(10,901)** | **(12,920)** | **(201)** | **(175)** | **(85)** | **(3,857)** | **-** |
| 18 | **Subtotal Expenses** | **31,618,339** | **5,923,792** | **22,743,162** | **-** | **94,582** | **975,047** | **280,949** | **89,280** | **158,032** | **152,154** | **170,035** | **71,596** | **72,226** | **36,501** | **609,289** | **-** |
| 19 | Disposal Gain / Loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | **Subtotal Revenue Requirement Ex. Return** | **31,618,339** | **5,923,792** | **22,743,162** | **-** | **94,582** | **975,047** | **280,949** | **89,280** | **158,032** | **152,154** | **170,035** | **71,596** | **72,226** | **36,501** | **609,289** | **-** |
| 21 | Return on Debt | 2,710,856 | 894,895 | 1,336,396 | - | 18,424 | 215,706 | 62,131 | 22,846 | 40,439 | 33,096 | 37,203 | 16,324 | 16,977 | 5,265 | 11,153 | - |
| 22 | Return on Equity | 1,141,782 | 376,920 | 562,875 | - | 7,760 | 90,853 | 26,169 | 9,623 | 17,033 | 13,939 | 15,670 | 6,876 | 7,151 | 2,217 | 4,698 | - |
| 23 | **Total Revenue Requirement** | **35,470,977** | **7,195,607** | **24,642,433** | **-** | **120,766** | **1,281,606** | **369,248** | **121,748** | **215,504** | **199,189** | **222,908** | **94,796** | **96,354** | **43,983** | **625,140** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Functional Classification of Revenue Requirement (CONT'D.)**

| | 1 | 18 | 19 | 20 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | **Expenses** | | | |
| 1 | Operating & Maintenance | 226,507 | 16,088 | Carryforward from Sch.2.4 L.24 |
| 2 | Fuels | - | - | Production - Energy |
| 3 | Fuels-Diesel | - | - | Production - Energy |
| 4 | Fuels-Gas Turbine | - | - | Production - Energy |
| 5 | Power Purchases -CF(L)Co | - | - | |
| 6 | Power Purchases-Other | - | - | Carryforward from Sch.4.4 L.17 |
| 7 | Depreciation | - | - | Carryforward from Sch.2.5 L.23 |
| | **Expense Credits** | | | |
| 8 | Sundry | (772) | (55) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 9 | Building Rental Income | - | - | Prorated on Production, Transmission & Distribution Plant - Sch.2.2 L.17 |
| 10 | Tax Refunds | - | - | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 11 | Suppliers' Discounts | (67) | (5) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 12 | Pole Attachments | - | - | Prorated on Distribution Poles - Sch.4.1 L.37 |
| 13 | Secondary Energy Revenues | - | - | Production - Energy |
| 14 | Wheeling Revenues | - | - | Transmission - Demand, Energy ratios Sch.4.1 L.16 |
| 15 | Application Fees | - | - | Accounting - Customer |
| 16 | Meter Test Revenues | - | - | Meters - Customer |
| 17 | **Total Expense Credits** | **(840)** | **(60)** | |
| 18 | **Subtotal Expenses** | **225,667** | **16,028** | |
| 19 | Disposal Gain / Loss | - | - | Prorated on Total Net Book Value - Sch.2.3 L.23 |
| 20 | **Subtotal Revenue Requirement Ex. Return** | **225,667** | **16,028** | |
| 21 | Return on Debt | - | - | Prorated on Rate Base - Sch.2.6 L.9 |
| 22 | Return on Equity | - | - | Prorated on Rate Base - Sch.2.6 L.11 |
| 23 | **Total Revenue Requirement** | **225,667** | **16,028** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Functional Classification of Plant in Service for the Allocation of O&M Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 72,696,742 | 29,332,478 | 43,364,264 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **72,696,742** | **29,332,478** | **43,364,264** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substation Structures & Equipment | 3,363,619 | 2,436,592 | - | - | 927,027 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 256,304 | - | - | - | - | 193,240 | 24,618 | - | - | 22,414 | 16,032 | - | - | - | - | - |
| 8 | Poles | 12,539,863 | - | - | - | - | 7,252,405 | 2,478,529 | - | - | 1,283,681 | 1,525,249 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 2,352,449 | - | - | - | - | 2,086,622 | 265,827 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 2,107,663 | - | - | - | - | - | - | 760,866 | 1,346,797 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 343,765 | - | - | - | - | - | - | - | - | 200,415 | 143,350 | - | - | - | - | - |
| 13 | Services | 662,414 | - | - | - | - | - | - | - | - | - | - | 662,414 | - | - | - | - |
| 14 | Meters | 638,154 | - | - | - | - | - | - | - | - | - | - | - | 638,154 | - | - | - |
| 15 | Street Lighting | 281,449 | - | - | - | - | - | - | - | - | - | - | - | - | 281,449 | - | - |
| 16 | **Subtotal Distribution** | **22,545,680** | **2,436,592** | **-** | **-** | **927,027** | **9,532,267** | **2,768,974** | **760,866** | **1,346,797** | **1,506,509** | **1,684,630** | **662,414** | **638,154** | **281,449** | **-** | **-** |
| 17 | **Subttl Prod, Trans, & Dist** | **95,242,422** | **31,769,070** | **43,364,264** | **-** | **927,027** | **9,532,267** | **2,768,974** | **760,866** | **1,346,797** | **1,506,509** | **1,684,630** | **662,414** | **638,154** | **281,449** | **-** | **-** |
| 18 | General | 13,035,247 | 4,581,765 | 6,539,748 | - | 60,168 | 618,683 | 179,718 | 49,383 | 87,413 | 97,779 | 109,339 | 42,993 | 36,376 | 18,267 | 613,616 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 69,938 | 23,328 | 31,843 | - | 681 | 7,000 | 2,033 | 559 | 989 | 1,106 | 1,237 | 486 | 469 | 207 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Plant** | **108,347,607** | **36,374,163** | **49,935,855** | **-** | **987,876** | **10,157,949** | **2,950,725** | **810,808** | **1,435,198** | **1,605,394** | **1,795,207** | **705,894** | **674,998** | **299,923** | **613,616** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Functional Classification of Plant in Service for the Allocation of O&M Expense (CONT'D.)**

| | 1 | 18 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| | **Production** | |
| 1 | Diesel | Production - Demand, Energy ratios Sch.4.1 L.7 |
| 2 | **Subtotal Production** | |
| | **Transmission** | |
| 3 | Lines | Production, Transmission - Demand; Distribution - Primary Demand; Spec Assigned - Custmr |
| 4 | Terminal Stations | Production, Transmission - Demand; Spec Assigned - Custmr |
| 5 | **Subtotal Transmission** | |
| | **Distribution** | |
| 6 | Substation Structures & Equipment | Production - Demand; Dist Substns - Demand |
| 7 | Land & Land Improvements | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.32 |
| 8 | Poles | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.37 |
| 9 | Primary Conductor & Equipment | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.38 |
| 10 | Submarine Conductor | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.39 |
| 11 | Transformers | Transformers - Demand, Customer - zero intercept ratios Sch.4.1 L.40 |
| 12 | Secondary Conductors & Equipment | Secondary - Demand, Customer - zero intercept ratios Sch. 4.1 L.41 |
| 13 | Services | Services Customer |
| 14 | Meters | Meters - Customer |
| 15 | Street Lighting | Street Lighting - Customer |
| 16 | **Subtotal Distribution** | |
| 17 | **Subttl Prod, Trans, & Dist** | |
| 18 | General | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - Sch 2.4 L.11, 12 |
| 19 | Telecontrol - Specific | Specifically Assigned - Customer |
| 20 | Feasibility Studies | Production, Transmission - Demand |
| 21 | Software - General | Prorated on subtotal Production, Transmission, & Distribution plant - L.17 |
| 22 | Software - Cust Acctng | Customer Accounting |
| 23 | **Total Plant** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Functional Classification of Net Book Value**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 44,513,759 | 17,960,899 | 26,552,860 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **44,513,759** | **17,960,899** | **26,552,860** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substation Structures & Equipment | 1,589,302 | 1,182,985 | - | - | 406,317 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 133,290 | - | - | - | - | 100,494 | 12,802 | - | - | 11,656 | 8,337 | - | - | - | - | - |
| 8 | Poles | 6,222,233 | - | - | - | - | 3,598,616 | 1,229,837 | - | - | 636,958 | 756,823 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 1,249,662 | - | - | - | - | 1,108,451 | 141,212 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 1,436,783 | - | - | - | - | - | - | 518,679 | 918,104 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 149,794 | - | - | - | - | - | - | - | - | 87,330 | 62,464 | - | - | - | - | - |
| 13 | Services | 366,085 | - | - | - | - | - | - | - | - | - | - | 366,085 | - | - | - | - |
| 14 | Meters | 384,864 | - | - | - | - | - | - | - | - | - | - | - | 384,864 | - | - | - |
| 15 | Street Lighting | 115,472 | - | - | - | - | - | - | - | - | - | - | - | - | 115,472 | - | - |
| 16 | **Subtotal Distribution** | **11,647,483** | **1,182,985** | **-** | **-** | **406,317** | **4,807,560** | **1,383,851** | **518,679** | **918,104** | **735,943** | **827,624** | **366,085** | **384,864** | **115,472** | **-** | **-** |
| 17 | **Subttl Prod, Trans, & Dist** | **56,161,242** | **19,143,884** | **26,552,860** | **-** | **406,317** | **4,807,560** | **1,383,851** | **518,679** | **918,104** | **735,943** | **827,624** | **366,085** | **384,864** | **115,472** | **-** | **-** |
| 18 | General | 5,557,668 | 1,953,467 | 2,788,267 | - | 25,653 | 263,780 | 76,624 | 21,055 | 37,269 | 41,689 | 46,618 | 18,331 | 15,509 | 7,788 | 261,620 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 61,359 | 20,916 | 29,011 | - | 444 | 5,253 | 1,512 | 567 | 1,003 | 804 | 904 | 400 | 420 | 126 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Net Book Value** | **61,780,270** | **21,118,267** | **29,370,137** | **-** | **432,414** | **5,076,592** | **1,461,987** | **540,300** | **956,376** | **778,436** | **875,146** | **384,816** | **400,793** | **123,386** | **261,620** | **-** |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Functional Classification of Operating & Maintenance Expense**

| Line No. | 1 Description | 2 Total Amount ($) | 3 Production Demand ($) | 4 Production Energy ($) | 5 Transmission Demand ($) | 6 Distribution: Substations Demand ($) | 7 Distribution: Primary Lines Demand ($) | 8 Distribution: Primary Lines Customer ($) | 9 Distribution: Line Transformers Demand ($) | 10 Distribution: Line Transformers Customer ($) | 11 Distribution: Secondary Lines Demand ($) | 12 Distribution: Secondary Lines Customer ($) | 13 Distribution: Services Customer ($) | 14 Distribution: Meters Customer ($) | 15 Distribution: Street Lighting Customer ($) | 16 Accounting Customer ($) | 17 Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 7,582,201 | 3,059,350 | 4,522,851 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Other | 382,346 | 154,273 | 228,073 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Subtotal Production** | **7,964,547** | **3,213,623** | **4,750,925** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 4 | Transmission Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | **Subtotal Transmission** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 8 | Other | 1,032,957 | 114,887 | - | - | 43,710 | 449,454 | 130,559 | 35,875 | 63,502 | 71,033 | 79,432 | 31,233 | - | 13,271 | - | - |
| 9 | Meters | 26,426 | - | - | - | - | - | - | - | - | - | - | - | 26,426 | - | - | - |
| 10 | **Subtotal Distribution** | **1,059,382** | **114,887** | **-** | **-** | **43,710** | **449,454** | **130,559** | **35,875** | **63,502** | **71,033** | **79,432** | **31,233** | **26,426** | **13,271** | **-** | **-** |
| 11 | **Subttl Prod, Trans, & Dist** | **9,023,930** | **3,328,510** | **4,750,925** | **-** | **43,710** | **449,454** | **130,559** | **35,875** | **63,502** | **71,033** | **79,432** | **31,233** | **26,426** | **13,271** | **-** | **-** |
| 12 | Customer Accounting | 445,773 | - | - | - | - | - | - | - | - | - | - | - | - | - | 445,773 | - |
| | **Administrative & General:** | | | | | | | | | | | | | | | | |
| | Plant-Related: | | | | | | | | | | | | | | | | |
| 13 | Production | 605,500 | 244,314 | 361,186 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Transmission | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Distribution | 295,097 | 31,892 | - | - | 12,134 | 124,766 | 36,243 | 9,959 | 17,628 | 19,718 | 22,050 | 8,670 | 8,353 | 3,684 | - | - |
| 16 | Prod, Trans, Distn Plant | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Prod, Trans, Distn and General Plt | 499,551 | 167,708 | 230,236 | - | 4,555 | 46,835 | 13,605 | 3,738 | 6,617 | 7,402 | 8,277 | 3,255 | 3,112 | 1,383 | 2,829 | - |
| 18 | Property Insurance | 79,129 | 32,285 | 44,322 | - | 877 | 549 | 160 | 44 | 78 | 87 | 97 | 38 | 32 | 16 | 545 | - |
| | Revenue Related: | | | | | | | | | | | | | | | | |
| 19 | Municipal Tax | 226,507 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | PUB Assessment | 16,088 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | All Expense-Related | 3,087,501 | 1,085,227 | 1,548,991 | - | 14,251 | 146,540 | 42,568 | 11,697 | 20,704 | 23,160 | 25,898 | 10,183 | 8,616 | 4,327 | 145,340 | - |
| 22 | Prod, Trans, and Distn Expense-Related | 232,989 | 85,939 | 122,664 | - | 1,129 | 11,604 | 3,371 | 926 | 1,640 | 1,834 | 2,051 | 806 | 682 | 343 | - | - |
| 23 | **Subtotal Admin & General** | **5,042,360** | **1,647,364** | **2,307,398** | **-** | **32,945** | **330,295** | **95,945** | **26,364** | **46,667** | **52,201** | **58,373** | **22,953** | **20,795** | **9,752** | **148,714** | **-** |
| 24 | **Total Operating & Maintenance Expenses** | **14,512,063** | **4,975,874** | **7,058,323** | **-** | **76,655** | **779,748** | **226,505** | **62,240** | **110,169** | **123,234** | **137,804** | **54,186** | **47,221** | **23,023** | **594,487** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Functional Classification of Operating & Maintenance Expense (CONT'D.)**

| | 1 | 18 | 19 | 20 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | **Production** | | | |
| 1 | Diesel | - | - | Production - Demand, Energy ratios Sch.4.1 L7 |
| 2 | Other | - | - | Production - Demand, Energy ratios Sch.4.1 L7 |
| 3 | **Subtotal Production** | **-** | **-** | |
| | **Transmission** | | | |
| 4 | Transmission Lines | - | - | Prorated on Transmission Lines Plant in Service - Sch.2.2 L.3 |
| 5 | Terminal Stations | - | - | Prorated on Transmission Terminal Stations Plant in Service - Sch.2.2 L.4 |
| 6 | Other | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.5 |
| 7 | **Subtotal Transmission** | **-** | **-** | |
| | **Distribution** | | | |
| 8 | Other | - | - | Prorated on Distribution Plant, excluding Meters - Sch. 2.2 L. 16, less L. 14 |
| 9 | Meters | - | - | Meters - Customer |
| 10 | **Subtotal Distribution** | **-** | **-** | |
| 11 | **Subttl Prod, Trans, & Dist** | **-** | **-** | |
| 12 | Customer Accounting | - | - | Accounting - Customer |
| | **Administrative & General:** | | | |
| | Plant-Related: | | | |
| 13 | Production | - | - | Prorated on Production Plant in Service - Sch.2.2 L.2 |
| 14 | Transmission | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.5 |
| 15 | Distribution | - | - | Prorated on Distribution Plant in Service - Sch.2.2 L.16 |
| 16 | Prod, Trans, Distn Plant | - | - | Prorated on Production, Transmission & Distribution Plant in Service - Sch.2.2 L.17 |
| 17 | Prod, Trans, Distn and General Plt | - | - | Prorated on Production, Transmission, Distribution & General Plant in Service - Sch.2.2 L.23 |
| 18 | Property Insurance | - | - | Prorated on Prod., Trans. Terminal, Dist. Sub & General Plant in Service - Sch.2.2 L.2, 4, 6, 18 - 19 |
| | Revenue Related: | | | |
| 19 | Municipal Tax | 226,507 | - | Revenue-related |
| 20 | PUB Assessment | - | 16,088 | Revenue-related |
| 21 | All Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - L.11, 12 |
| 22 | Prod, Trans, and Distn Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution Expenses - L.11 |
| 23 | **Subtotal Admin & General** | **226,507** | **16,088** | |
| 24 | **Total Operating & Maintenance Expenses** | **226,507** | **16,088** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Functional Classification of Depreciation Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Specifically Assigned |
| No. | Description | Amount ($) | Demand ($) | Energy ($) | Demand ($) | Demand ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 1,890,427 | 762,770 | 1,127,657 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **1,890,427** | **762,770** | **1,127,657** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substn Struct & Eqpt | 66,030 | 49,932 | - | - | 16,098 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 4,611 | - | - | - | - | 3,477 | 443 | - | - | 403 | 288 | - | - | - | - | - |
| 8 | Poles | 314,011 | - | - | - | - | 181,608 | 62,065 | - | - | 32,145 | 38,194 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 55,430 | - | - | - | - | 49,167 | 6,264 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 70,145 | - | - | - | - | - | - | 25,322 | 44,823 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 6,280 | - | - | - | - | - | - | - | - | 3,661 | 2,619 | - | - | - | - | - |
| 13 | Services | 16,020 | - | - | - | - | - | - | - | - | - | - | 16,020 | - | - | - | - |
| 14 | Meters | 23,657 | - | - | - | - | - | - | - | - | - | - | - | 23,657 | - | - | - |
| 15 | Street Lighting | 12,782 | - | - | - | - | - | - | - | - | - | - | - | - | 12,782 | - | - |
| 16 | **Subtotal Distribution** | **568,967** | **49,932** | **-** | **-** | **16,098** | **234,251** | **68,771** | **25,322** | **44,823** | **36,209** | **41,101** | **16,020** | **23,657** | **12,782** | **-** | **-** |
| 17 | **Subtotal Prod Tran & Dist** | **2,459,394** | **812,702** | **1,127,657** | **-** | **16,098** | **234,251** | **68,771** | **25,322** | **44,823** | **36,209** | **41,101** | **16,020** | **23,657** | **12,782** | **-** | **-** |
| 18 | General | 396,372 | 139,321 | 198,859 | - | 1,830 | 18,813 | 5,465 | 1,502 | 2,658 | 2,973 | 3,325 | 1,307 | 1,106 | 555 | 18,659 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 43,387 | 14,337 | 19,893 | - | 284 | 4,132 | 1,213 | 447 | 791 | 639 | 725 | 283 | 417 | 225 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Depreciation Expense** | **2,899,152** | **966,360** | **1,346,409** | **-** | **18,211** | **257,196** | **75,450** | **27,271** | **48,271** | **39,821** | **45,151** | **17,610** | **25,180** | **13,563** | **18,659** | **-** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Functional Classification of Rate Base**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| 1 | Average Net Book Value | 61,780,270 | 21,118,267 | 29,370,137 | - | 432,414 | 5,076,592 | 1,461,987 | 540,300 | 956,376 | 778,436 | 875,146 | 384,816 | 400,793 | 123,386 | 261,620 | - |
| 2 | Cash Working Capital | 68,592 | 23,447 | 32,608 | - | 480 | 5,636 | 1,623 | 600 | 1,062 | 864 | 972 | 427 | 445 | 137 | 290 | - |
| 3 | Fuel Inventory - No. 6 Fuel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuel Inventory - Diesel | 2,379,661 | - | 2,379,661 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Fuel Inventory - Gas Turbine | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Inventory/Supplies | 1,153,983 | 387,412 | 531,854 | - | 10,522 | 108,190 | 31,427 | 8,636 | 15,286 | 17,099 | 19,120 | 7,518 | 7,189 | 3,194 | 6,535 | - |
| | Deferred Charges: | | | | | | | | | | | | | | | | |
| 7 | Foreign Exchange Loss and Regulatory Costs | 4,009,219 | 1,370,466 | 1,905,970 | - | 28,061 | 329,445 | 94,875 | 35,063 | 62,064 | 50,516 | 56,792 | 24,973 | 26,009 | 8,007 | 16,978 | - |
| 8 | Retired Asset Pool | 656,225 | 224,316 | 311,967 | - | 4,593 | 53,923 | 15,529 | 5,739 | 10,159 | 8,268 | 9,296 | 4,087 | 4,257 | 1,311 | 2,779 | - |
| 9 | Total Rate Base | **70,047,951** | **23,123,909** | **34,532,198** | **-** | **476,070** | **5,573,786** | **1,605,442** | **590,338** | **1,044,946** | **855,184** | **961,326** | **421,821** | **438,694** | **136,035** | **288,202** | **-** |
| 10 | Less: Rural Portion | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Rate Base Available for Equity Return | **70,047,951** | **23,123,909** | **34,532,198** | **-** | **476,070** | **5,573,786** | **1,605,442** | **590,338** | **1,044,946** | **855,184** | **961,326** | **421,821** | **438,694** | **136,035** | **288,202** | **-** |
| 12 | Return on Debt | 2,710,856 | 894,895 | 1,336,396 | - | 18,424 | 215,706 | 62,131 | 22,846 | 40,439 | 33,096 | 37,203 | 16,324 | 16,977 | 5,265 | 11,153 | - |
| 13 | Return on Equity | 1,141,782 | 376,920 | 562,875 | - | 7,760 | 90,853 | 26,169 | 9,623 | 17,033 | 13,939 | 15,670 | 6,876 | 7,151 | 2,217 | 4,698 | - |
| 14 | Return on Rate Base | **3,852,637** | **1,271,815** | **1,899,271** | **-** | **26,184** | **306,558** | **88,299** | **32,469** | **57,472** | **47,035** | **52,873** | **23,200** | **24,128** | **7,482** | **15,851** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Functional Classification of Rate Base (CONT'D.)**

| | 1 | 18 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| 1 | Average Net Book Value | Sch. 2.3 , L. 23 |
| 2 | Cash Working Capital | Prorated on Average Net Book Value, L. 1 |
| 3 | Fuel Inventory - No. 6 Fuel | |
| 4 | Fuel Inventory - Diesel | Production - Energy |
| 5 | Fuel Inventory - Gas Turbine | |
| 6 | Inventory/Supplies | Prorated on Total Plant in Service, Sch. 2.2, L. 23 |
| | Deferred Charges: | |
| 7 | Foreign Exchange Loss and Regulatory Costs | Prorated on Average Net Book Value, L. 1 |
| 8 | Retired Asset Pool | Prorated on Average Net Book Value, L. 1 |
| 9 | Total Rate Base | |
| 10 | Less: Rural Portion | |
| 11 | Rate Base Available for Equity Return | |
| 12 | Return on Debt | L.9 x Sch.1.1,p2,L.15 |
| 13 | Return on Equity | L.11 x Sch.1.1,p2,L.18 |
| 14 | Return on Rate Base | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Basis of Allocation to Classes of Service**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | | (CP kW) | (MWh @ Gen) | (CP kW) | (CP kW) | (CP kW) | (Rural Cust) | (CP kW) | (Rural Cust) | (CP kW) | (Rural Cust) | (Wtd Rural Cust) | | (Rural Cust) | (Rural Cust) | |
| | **Amounts** | | | | | | | | | | | | | | | | |
| 1 | 1.2 Domestic Diesel | - | 5,540 | 22,598 | 5,540 | 5,360 | 5,360 | 2,084 | 5,088 | 2,084 | 5,088 | 2,084 | 2,084 | 2,084 | - | 2,084 | - |
| 2 | 1.2G Government Domestic Diesel | - | 161 | 595 | 161 | 156 | 156 | 26 | 148 | 26 | 148 | 26 | 26 | 26 | - | 26 | - |
| 3 | 1.23 Churches, Schools & Com Halls | - | 81 | 1,781 | 81 | 79 | 79 | 51 | 75 | 51 | 75 | 51 | 51 | 51 | - | 51 | - |
| 4 | 2.1 GS 0-10 kW | - | 746 | 4,574 | 746 | 722 | 722 | 397 | 685 | 397 | 685 | 397 | 744 | 744 | - | 397 | - |
| 5 | 2.2 GS 10-100 kW | - | 1,920 | 11,326 | 1,920 | 1,858 | 1,858 | 126 | 1,764 | 126 | 1,764 | 126 | 602 | 602 | - | 126 | - |
| 6 | 2.3 GS 110-1,000 kVa | - | 107 | 2,208 | 107 | 104 | 104 | 6 | 99 | 6 | 99 | 6 | 46 | 46 | - | 6 | - |
| 7 | 2.4 GS Over 1,000 kVa | - | 142 | 2,523 | 142 | 138 | 138 | 1 | 131 | 1 | 131 | 1 | 8 | 8 | - | 1 | - |
| 8 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | 4.1 Street and Area Lighting | - | 87 | 310 | 87 | 85 | 85 | 86 | 80 | 86 | 80 | 86 | - | - | 86 | 86 | - |
| 11 | 4.1G Gov't Street and Area Lighting | | 2 | 7 | 2 | 2 | 2 | 3 | 2 | 3 | 2 | 3 | - | - | 3 | 3 | - |
| 12 | **Total** | **-** | **8,788** | **45,922** | **8,788** | **8,503** | **8,503** | **2,779** | **8,071** | **2,779** | **8,071** | **2,779** | **3,562** | **3,562** | **89** | **2,779** | **-** |
| | **Ratios** | | | | | | | | | | | | | | | | |
| 13 | 1.2 Domestic Diesel | - | 0.6304 | 0.4921 | 0.6304 | 0.6304 | 0.6304 | 0.7499 | 0.6304 | 0.7499 | 0.6304 | 0.7499 | 0.5851 | 0.5851 | - | 0.7499 | - |
| 14 | 1.2G Government Domestic Diesel | - | 0.0183 | 0.0130 | 0.0183 | 0.0183 | 0.0183 | 0.0094 | 0.0183 | 0.0094 | 0.0183 | 0.0094 | 0.0073 | 0.0073 | - | 0.0094 | - |
| 15 | 1.23 Churches, Schools & Com Halls | - | 0.0092 | 0.0388 | 0.0092 | 0.0092 | 0.0092 | 0.0184 | 0.0092 | 0.0184 | 0.0092 | 0.0184 | 0.0143 | 0.0143 | - | 0.0184 | - |
| 16 | 2.1 GS 0-10 kW | - | 0.0849 | 0.0996 | 0.0849 | 0.0849 | 0.0849 | 0.1427 | 0.0849 | 0.1427 | 0.0849 | 0.1427 | 0.2090 | 0.2090 | - | 0.1427 | - |
| 17 | 2.2 GS 10-100 kW | - | 0.2185 | 0.2466 | 0.2185 | 0.2185 | 0.2185 | 0.0454 | 0.2185 | 0.0454 | 0.2185 | 0.0454 | 0.1689 | 0.1689 | - | 0.0454 | - |
| 18 | 2.3 GS 110-1,000 kVa | - | 0.0122 | 0.0481 | 0.0122 | 0.0122 | 0.0122 | 0.0020 | 0.0122 | 0.0020 | 0.0122 | 0.0020 | 0.0130 | 0.0130 | - | 0.0020 | - |
| 19 | 2.4 GS Over 1,000 kVa | - | 0.0162 | 0.0549 | 0.0162 | 0.0162 | 0.0162 | 0.0004 | 0.0162 | 0.0004 | 0.0162 | 0.0004 | 0.0024 | 0.0024 | - | 0.0004 | - |
| 20 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | 4.1 Street and Area Lighting | - | 0.0100 | 0.0067 | 0.0100 | 0.0100 | 0.0100 | 0.0309 | 0.0100 | 0.0309 | 0.0100 | 0.0309 | - | - | 0.9663 | 0.0309 | - |
| 23 | 4.1G Gov't Street and Area Lighting | | 0.0002 | 0.0002 | 0.0002 | 0.0002 | 0.0002 | 0.0011 | 0.0002 | 0.0011 | 0.0002 | 0.0011 | - | - | 0.0337 | 0.0011 | - |
| 24 | **Total** | **-** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Basis of Allocation to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 |
|---|---|---|---|
| | | Revenue Related | |
| Line No. | Description | Municipal Tax (Prior Year (Rural Revenues) | PUB Assessment (Prior Year (Revenues + RSP) |
| | **Amounts** | | |
| 1 | 1.2 Domestic Diesel | 3,186,506 | 3,186,506 |
| 2 | 1.2G Government Domestic Diesel | 517,117 | 517,117 |
| 3 | 1.23 Churches, Schools & Com Halls | 291,382 | 291,382 |
| 4 | 2.1 GS 0-10 kW | 1,299,064 | 1,299,064 |
| 5 | 2.2 GS 10-100 kW | 3,142,914 | 3,142,914 |
| 6 | 2.3 GS 110-1,000 kVa | 258,576 | 258,576 |
| 7 | 2.4 GS Over 1,000 kVa | 229,154 | 229,154 |
| 8 | 2.5 GS Diesel | - | - |
| 9 | 2.5G Gov't General Service Diesel | - | - |
| 10 | 4.1 Street and Area Lighting | 115,286 | 115,286 |
| 11 | 4.1G Gov't Street and Area Lighting | 8,571 | 8,571 |
| 12 | **Total** | **9,048,570** | **9,048,570** |
| | **Ratios** | | |
| 13 | 1.2 Domestic Diesel | 0.3522 | 0.3522 |
| 14 | 1.2G Government Domestic Diesel | 0.0571 | 0.0571 |
| 15 | 1.23 Churches, Schools & Com Halls | 0.0322 | 0.0322 |
| 16 | 2.1 GS 0-10 kW | 0.1436 | 0.1436 |
| 17 | 2.2 GS 10-100 kW | 0.3473 | 0.3473 |
| 18 | 2.3 GS 110-1,000 kVa | 0.0286 | 0.0286 |
| 19 | 2.4 GS Over 1,000 kVa | 0.0253 | 0.0253 |
| 20 | 2.5 GS Diesel | - | - |
| 21 | 2.5G Gov't General Service Diesel | - | - |
| 22 | 4.1 Street and Area Lighting | 0.0127 | 0.0127 |
| 23 | 4.1G Gov't Street and Area Lighting | 0.0009 | 0.0009 |
| 24 | **Total** | **1.0000** | **1.0000** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Allocation of Functionalized Amounts to Classes of Service**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Allocated Revenue Requirement Excluding Return** | | | | | | | | | | | | | | | | |
| 1 | 1.2 Domestic Diesel | 16,835,460 | 3,734,298 | 11,191,806 | - | 59,624 | 614,660 | 210,683 | 56,281 | 118,508 | 95,916 | 127,509 | 41,894 | 42,262 | - | 456,905 | - |
| 2 | 1.2G Government Domestic Diesel | 453,843 | 108,643 | 294,895 | - | 1,735 | 17,883 | 2,628 | 1,637 | 1,478 | 2,791 | 1,591 | 523 | 527 | - | 5,700 | - |
| 3 | 1.23 Churches, Schools & Com Halls | 981,113 | 54,743 | 882,056 | - | 874 | 9,011 | 5,155 | 825 | 2,900 | 1,406 | 3,120 | 1,025 | 1,034 | - | 11,181 | - |
| 4 | 2.1 GS 0-10 kW | 3,117,699 | 502,791 | 2,265,065 | - | 8,028 | 82,759 | 40,081 | 7,578 | 22,545 | 12,914 | 24,258 | 14,963 | 15,095 | - | 86,923 | - |
| 5 | 2.2 GS 10-100 kW | 7,353,768 | 1,294,456 | 5,609,307 | - | 20,668 | 213,065 | 12,747 | 19,509 | 7,170 | 33,248 | 7,715 | 12,091 | 12,197 | - | 27,644 | - |
| 6 | 2.3 GS 110-1,000 kVa | 1,193,017 | 72,429 | 1,093,371 | - | 1,156 | 11,922 | 556 | 1,092 | 313 | 1,860 | 336 | 931 | 939 | - | 1,206 | - |
| 7 | 2.4 GS Over 1,000 kVa | 1,373,650 | 96,010 | 1,249,491 | - | 1,533 | 15,803 | 101 | 1,447 | 57 | 2,466 | 61 | 169 | 171 | - | 219 | - |
| 8 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | 4.1 Street and Area Lighting | 301,542 | 58,954 | 153,492 | - | 941 | 9,704 | 8,693 | 889 | 4,890 | 1,514 | 5,261 | - | - | 35,270 | 18,853 | - |
| 11 | 4.1G Gov't Street and Area Lighting | 8,247 | 1,468 | 3,680 | - | 23 | 242 | 303 | 22 | 171 | 38 | 184 | - | - | 1,230 | 658 | - |
| 12 | **Total** | **31,618,339** | **5,923,792** | **22,743,162** | **-** | **94,582** | **975,047** | **280,949** | **89,280** | **158,032** | **152,154** | **170,035** | **71,596** | **72,226** | **36,501** | **609,289** | **-** |
| | **Allocated Return on Debt and Equity** | | | | | | | | | | | | | | | | |
| 13 | 1.2 Domestic Diesel | 2,184,781 | 801,739 | 934,622 | - | 16,506 | 193,251 | 66,216 | 20,468 | 43,098 | 29,650 | 39,649 | 13,575 | 14,118 | - | 11,887 | - |
| 14 | 1.2G Government Domestic Diesel | 57,865 | 23,325 | 24,627 | - | 480 | 5,622 | 826 | 595 | 538 | 863 | 495 | 169 | 176 | - | 148 | - |
| 15 | 1.23 Churches, Schools & Com Halls | 93,836 | 11,753 | 73,660 | - | 242 | 2,833 | 1,620 | 300 | 1,055 | 435 | 970 | 332 | 345 | - | 291 | - |
| 16 | 2.1 GS 0-10 kW | 372,584 | 107,947 | 189,154 | - | 2,222 | 26,020 | 12,597 | 2,756 | 8,199 | 3,992 | 7,543 | 4,849 | 5,043 | - | 2,261 | - |
| 17 | 2.2 GS 10-100 kW | 854,153 | 277,915 | 468,431 | - | 5,722 | 66,989 | 4,006 | 7,095 | 2,608 | 10,278 | 2,399 | 3,918 | 4,075 | - | 719 | - |
| 18 | 2.3 GS 110-1,000 kVa | 112,937 | 15,550 | 91,307 | - | 320 | 3,748 | 175 | 397 | 114 | 575 | 105 | 302 | 314 | - | 31 | - |
| 19 | 2.4 GS Over 1,000 kVa | 131,828 | 20,613 | 104,344 | - | 424 | 4,969 | 32 | 526 | 21 | 762 | 19 | 55 | 57 | - | 6 | - |
| 20 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | 4.1 Street and Area Lighting | 43,445 | 12,657 | 12,818 | - | 261 | 3,051 | 2,732 | 323 | 1,778 | 468 | 1,636 | - | - | 7,230 | 490 | - |
| 23 | 4.1G Gov't Street and Area Lighting | 1,208 | 315 | 307 | - | 6 | 76 | 95 | 8 | 62 | 12 | 57 | - | - | 252 | 17 | - |
| 24 | **Total** | **3,852,637** | **1,271,815** | **1,899,271** | **-** | **26,184** | **306,558** | **88,299** | **32,469** | **57,472** | **47,035** | **52,873** | **23,200** | **24,128** | **7,482** | **15,851** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Proration |
| | **Allocated Revenue Requirement Excluding Return** | | | |
| 1 | 1.2 Domestic Diesel | 79,470 | 5,644 | |
| 2 | 1.2G Government Domestic Diesel | 12,897 | 916 | |
| 3 | 1.23 Churches, Schools & Com Halls | 7,267 | 516 | |
| 4 | 2.1 GS 0-10 kW | 32,398 | 2,301 | |
| 5 | 2.2 GS 10-100 kW | 78,383 | 5,567 | |
| 6 | 2.3 GS 110-1,000 kVa | 6,449 | 458 | |
| 7 | 2.4 GS Over 1,000 kVa | 5,715 | 406 | |
| 8 | 2.5 GS Diesel | - | - | |
| 9 | 2.5G Gov't General Service Diesel | - | - | |
| 10 | 4.1 Street and Area Lighting | 2,875 | 204 | |
| 11 | 4.1G Gov't Street and Area Lighting | 214 | 15 | |
| 12 | **Total** | **225,667** | **16,028** | |
| | **Allocated Return on Debt and Equity** | | | |
| 13 | 1.2 Domestic Diesel | - | - | |
| 14 | 1.2G Government Domestic Diesel | - | - | |
| 15 | 1.23 Churches, Schools & Com Halls | - | - | |
| 16 | 2.1 GS 0-10 kW | - | - | |
| 17 | 2.2 GS 10-100 kW | - | - | |
| 18 | 2.3 GS 110-1,000 kVa | - | - | |
| 19 | 2.4 GS Over 1,000 kVa | - | - | |
| 20 | 2.5 GS Diesel | - | - | |
| 21 | 2.5G Gov't General Service Diesel | - | - | |
| 22 | 4.1 Street and Area Lighting | - | - | |
| 23 | 4.1G Gov't Street and Area Lighting | - | - | |
| 24 | **Total** | **-** | **-** | |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| | | | | | | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| Line No. | Description | Total Amount ($) | Production Demand ($) | Production Energy ($) | Transmission Demand ($) | Demand ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) |
| | **Total Revenue Requirement** | | | | | | | | | | | | | | | | |
| 1 | 1.2 Domestic Diesel | 19,020,241 | 4,536,037 | 12,126,428 | - | 76,130 | 807,911 | 276,899 | 76,749 | 161,606 | 125,567 | 167,158 | 55,469 | 56,381 | - | 468,792 | - |
| 2 | 1.2G Government Domestic Diesel | 511,707 | 131,969 | 319,521 | - | 2,215 | 23,505 | 3,454 | 2,233 | 2,016 | 3,653 | 2,085 | 692 | 703 | - | 5,848 | - |
| 3 | 1.23 Churches, Schools & Com Halls | 1,074,949 | 66,496 | 955,716 | - | 1,116 | 11,844 | 6,776 | 1,125 | 3,955 | 1,841 | 4,090 | 1,357 | 1,380 | - | 11,471 | - |
| 4 | 2.1 GS 0-10 kW | 3,490,283 | 610,738 | 2,454,219 | - | 10,250 | 108,778 | 52,678 | 10,334 | 30,744 | 16,907 | 31,801 | 19,812 | 20,138 | - | 89,184 | - |
| 5 | 2.2 GS 10-100 kW | 8,207,921 | 1,572,370 | 6,077,738 | - | 26,390 | 280,054 | 16,753 | 26,604 | 9,778 | 43,526 | 10,114 | 16,009 | 16,272 | - | 28,364 | - |
| 6 | 2.3 GS 110-1,000 kVa | 1,305,955 | 87,979 | 1,184,678 | - | 1,477 | 15,670 | 731 | 1,489 | 426 | 2,435 | 441 | 1,232 | 1,253 | - | 1,237 | - |
| 7 | 2.4 GS Over 1,000 kVa | 1,505,478 | 116,623 | 1,353,836 | - | 1,957 | 20,772 | 133 | 1,973 | 78 | 3,228 | 80 | 224 | 228 | - | 225 | - |
| 8 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | 4.1 Street and Area Lighting | 344,987 | 71,611 | 166,311 | - | 1,202 | 12,755 | 11,426 | 1,212 | 6,668 | 1,982 | 6,897 | - | - | 42,500 | 19,344 | - |
| 11 | 4.1G Gov't Street and Area Lighting | 9,455 | 1,783 | 3,987 | - | 30 | 318 | 399 | 30 | 233 | 49 | 241 | - | - | 1,483 | 675 | - |
| 12 | **Total** | **35,470,977** | **7,195,607** | **24,642,433** | **-** | **120,766** | **1,281,606** | **369,248** | **121,748** | **215,504** | **199,189** | **222,908** | **94,796** | **96,354** | **43,983** | **625,140** | **-** |
| | **Re-classification of Revenue-Related** | | | | | | | | | | | | | | | | |
| 13 | 1.2 Domestic Diesel | 0 | 20,390 | 54,509 | - | 342 | 3,632 | 1,245 | 345 | 726 | 564 | 751 | 249 | 253 | - | 2,107 | - |
| 14 | 1.2G Government Domestic Diesel | (0) | 3,661 | 8,864 | - | 61 | 652 | 96 | 62 | 56 | 101 | 58 | 19 | 20 | - | 162 | - |
| 15 | 1.23 Churches, Schools & Com Halls | 0 | 485 | 6,970 | - | 8 | 86 | 49 | 8 | 29 | 13 | 30 | 10 | 10 | - | 84 | - |
| 16 | 2.1 GS 0-10 kW | - | 6,133 | 24,644 | - | 103 | 1,092 | 529 | 104 | 309 | 170 | 319 | 199 | 202 | - | 896 | - |
| 17 | 2.2 GS 10-100 kW | (0) | 16,248 | 62,805 | - | 273 | 2,894 | 173 | 275 | 101 | 450 | 105 | 165 | 168 | - | 293 | - |
| 18 | 2.3 GS 110-1,000 kVa | (0) | 468 | 6,299 | - | 8 | 83 | 4 | 8 | 2 | 13 | 2 | 7 | 7 | - | 7 | - |
| 19 | 2.4 GS Over 1,000 kVa | (0) | 476 | 5,527 | - | 8 | 85 | 1 | 8 | 0 | 13 | 0 | 1 | 1 | - | 1 | - |
| 20 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | 4.1 Street and Area Lighting | - | 645 | 1,498 | - | 11 | 115 | 103 | 11 | 60 | 18 | 62 | - | - | 383 | 174 | - |
| 23 | 4.1G Gov't Street and Area Lighting | 0 | 44 | 99 | - | 1 | 8 | 10 | 1 | 6 | 1 | 6 | - | - | 37 | 17 | - |
| 24 | **Total** | **0** | **48,550** | **171,215** | **-** | **815** | **8,647** | **2,209** | **821** | **1,289** | **1,344** | **1,334** | **650** | **661** | **420** | **3,740** | **-** |
| | **Total Allocated Revenue Requirement** | | | | | | | | | | | | | | | | |
| 25 | 1.2 Domestic Diesel | 19,020,241 | 4,556,427 | 12,180,937 | - | 76,472 | 811,543 | 278,143 | 77,094 | 162,333 | 126,131 | 167,910 | 55,718 | 56,634 | - | 470,899 | - |
| 26 | 1.2G Government Domestic Diesel | 511,707 | 135,630 | 328,385 | - | 2,276 | 24,157 | 3,550 | 2,295 | 2,072 | 3,755 | 2,143 | 711 | 723 | - | 6,010 | - |
| 27 | 1.23 Churches, Schools & Com Halls | 1,074,949 | 66,981 | 962,686 | - | 1,124 | 11,930 | 6,825 | 1,133 | 3,983 | 1,854 | 4,120 | 1,367 | 1,390 | - | 11,555 | - |
| 28 | 2.1 GS 0-10 kW | 3,490,283 | 616,871 | 2,478,863 | - | 10,353 | 109,871 | 53,207 | 10,437 | 31,053 | 17,076 | 32,120 | 20,011 | 20,340 | - | 90,080 | - |
| 29 | 2.2 GS 10-100 kW | 8,207,921 | 1,588,618 | 6,140,543 | - | 26,662 | 282,948 | 16,926 | 26,879 | 9,879 | 43,976 | 10,218 | 16,174 | 16,440 | - | 28,657 | - |
| 30 | 2.3 GS 110-1,000 kVa | 1,305,955 | 88,447 | 1,190,976 | - | 1,484 | 15,753 | 735 | 1,497 | 429 | 2,448 | 443 | 1,239 | 1,259 | - | 1,244 | - |
| 31 | 2.4 GS Over 1,000 kVa | 1,505,478 | 117,100 | 1,359,363 | - | 1,965 | 20,857 | 133 | 1,981 | 78 | 3,242 | 81 | 225 | 229 | - | 226 | - |
| 32 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 33 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 34 | 4.1 Street and Area Lighting | 344,987 | 72,256 | 167,808 | - | 1,213 | 12,869 | 11,529 | 1,223 | 6,728 | 2,000 | 6,960 | - | - | 42,883 | 19,518 | - |
| 35 | 4.1G Gov't Street and Area Lighting | 9,455 | 1,827 | 4,086 | - | 31 | 325 | 408 | 31 | 238 | 51 | 247 | - | - | 1,519 | 692 | - |
| 36 | **Total** | **35,470,977** | **7,244,157** | **24,813,648** | **-** | **121,581** | **1,290,253** | **371,457** | **122,570** | **216,794** | **200,533** | **224,241** | **95,446** | **97,015** | **44,402** | **628,880** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Labrador Isolated**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Proration |
| | **Total Revenue Requirement** | | | |
| 1 | 1.2 Domestic Diesel | 79,470 | 5,644 | |
| 2 | 1.2G Government Domestic Diesel | 12,897 | 916 | |
| 3 | 1.23 Churches, Schools & Com Halls | 7,267 | 516 | |
| 4 | 2.1 GS 0-10 kW | 32,398 | 2,301 | |
| 5 | 2.2 GS 10-100 kW | 78,383 | 5,567 | |
| 6 | 2.3 GS 110-1,000 kVa | 6,449 | 458 | |
| 7 | 2.4 GS Over 1,000 kVa | 5,715 | 406 | |
| 8 | 2.5 GS Diesel | - | - | |
| 9 | 2.5G Gov't General Service Diesel | - | - | |
| 10 | 4.1 Street and Area Lighting | 2,875 | 204 | |
| 11 | 4.1G Gov't Street and Area Lighting | 214 | 15 | |
| 12 | **Total** | **225,667** | **16,028** | |
| | **Re-classification of Revenue-Related** | | | |
| 13 | 1.2 Domestic Diesel | (79,470) | (5,644) | Re-classification to demand, energy and customer is based on rate class revenue |
| 14 | 1.2G Government Domestic Diesel | (12,897) | (916) | requirements excluding revenue-related items. |
| 15 | 1.23 Churches, Schools & Com Halls | (7,267) | (516) | |
| 16 | 2.1 GS 0-10 kW | (32,398) | (2,301) | |
| 17 | 2.2 GS 10-100 kW | (78,383) | (5,567) | |
| 18 | 2.3 GS 110-1,000 kVa | (6,449) | (458) | |
| 19 | 2.4 GS Over 1,000 kVa | (5,715) | (406) | |
| 20 | 2.5 GS Diesel | - | - | |
| 21 | 2.5G Gov't General Service Diesel | - | - | |
| 22 | 4.1 Street and Area Lighting | (2,875) | (204) | |
| 23 | 4.1G Gov't Street and Area Lighting | (214) | (15) | |
| 24 | **Total** | **(225,667)** | **(16,028)** | |
| | **Total Allocated Revenue Requirement** | | | |
| 25 | 1.2 Domestic Diesel | - | - | |
| 26 | 1.2G Government Domestic Diesel | - | - | |
| 27 | 1.23 Churches, Schools & Com Halls | - | - | |
| 28 | 2.1 GS 0-10 kW | - | - | |
| 29 | 2.2 GS 10-100 kW | - | - | |
| 30 | 2.3 GS 110-1,000 kVa | - | - | |
| 31 | 2.4 GS Over 1,000 kVa | - | - | |
| 32 | 2.5 GS Diesel | - | - | |
| 33 | 2.5G Gov't General Service Diesel | - | - | |
| 34 | 4.1 Street and Area Lighting | - | - | |
| 35 | 4.1G Gov't Street and Area Lighting | - | - | |
| 36 | **Total** | **-** | **-** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Functional Classification of Revenue Requirement**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lightin | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Expenses** | | | | | | | | | | | | | | | | |
| 1 | Operating & Maintenance | 1,454,899 | 678,285 | - | - | 3,838 | 291,720 | 84,870 | 17,071 | 30,217 | 49,892 | 54,315 | 9,800 | 20,569 | 6,112 | 124,568 | - |
| 2 | Fuels | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Fuels-Diesel | 634,623 | - | 634,623 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuels-Gas Turbine | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Power Purchases -CF(L)Co | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Power Purchases-Other | 2,837,205 | - | 2,837,205 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Depreciation | 905,169 | 522,010 | - | - | 2,500 | 184,459 | 56,658 | 13,796 | 24,419 | 32,194 | 35,976 | 4,784 | 13,398 | 7,126 | 7,848 | - |
| | **Expense Credits** | | | | | | | | | | | | | | | | |
| 8 | Sundry | (4,961) | (2,313) | - | - | (13) | (995) | (289) | (58) | (103) | (170) | (185) | (33) | (70) | (21) | (425) | - |
| 9 | Building Rental Income | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Tax Refunds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Suppliers' Discounts | (431) | (201) | - | - | (1) | (86) | (25) | (5) | (9) | (15) | (16) | (3) | (6) | (2) | (37) | - |
| 12 | Pole Attachments | (67,660) | - | - | - | - | (39,131) | (13,373) | - | - | (6,926) | (8,230) | - | - | - | - | - |
| 13 | Secondary Energy Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Wheeling Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Application Fees | (406) | - | - | - | - | - | - | - | - | - | - | - | - | - | (406) | - |
| 16 | Meter Test Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | **Total Expense Credits** | **(73,458)** | **(2,514)** | **-** | **-** | **(14)** | **(40,212)** | **(13,688)** | **(63)** | **(112)** | **(7,111)** | **(8,431)** | **(36)** | **(76)** | **(23)** | **(868)** | **-** |
| 18 | **Subtotal Expenses** | **5,758,437** | **1,197,782** | **3,471,828** | **-** | **6,324** | **435,966** | **127,840** | **30,803** | **54,525** | **74,974** | **81,860** | **14,547** | **33,892** | **13,216** | **131,548** | **-** |
| 19 | Disposal Gain / Loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | **Subtotal Revenue Requirement Ex. Return** | **5,758,437** | **1,197,782** | **3,471,828** | **-** | **6,324** | **435,966** | **127,840** | **30,803** | **54,525** | **74,974** | **81,860** | **14,547** | **33,892** | **13,216** | **131,548** | **-** |
| 21 | Return on Debt | 819,023 | 498,948 | 2,891 | - | 2,774 | 158,485 | 46,422 | 11,543 | 20,432 | 27,748 | 30,091 | 4,149 | 8,797 | 3,318 | 3,426 | - |
| 22 | Return on Equity | 344,963 | 210,151 | 1,218 | - | 1,168 | 66,752 | 19,552 | 4,862 | 8,606 | 11,687 | 12,674 | 1,747 | 3,705 | 1,398 | 1,443 | - |
| 23 | **Total Revenue Requirement** | **6,922,423** | **1,906,880** | **3,475,936** | **-** | **10,266** | **661,204** | **193,815** | **47,208** | **83,562** | **114,409** | **124,624** | **20,444** | **46,393** | **17,932** | **136,417** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Functional Classification of Revenue Requirement (CONT'D.)**

| | 1 | 18 | 19 | 20 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Functional Classification |
| | **Expenses** | | | |
| 1 | Operating & Maintenance | 78,095 | 5,547 | Carryforward from Sch.2.4 L.24 |
| 2 | Fuels | - | - | Production - Energy |
| 3 | Fuels-Diesel | - | - | Production - Energy |
| 4 | Fuels-Gas Turbine | - | - | Production - Energy |
| 5 | Power Purchases -CF(L)Co | - | - | |
| 6 | Power Purchases-Other | - | - | Carryforward from Sch.4.4 L.18 |
| 7 | Depreciation | - | - | Carryforward from Sch.2.5 L.23 |
| | **Expense Credits** | | | |
| 8 | Sundry | (266) | (19) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 9 | Building Rental Income | - | - | Prorated on Production, Transmission & Distribution Plant - Sch.2.2 L.17 |
| 10 | Tax Refunds | - | - | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 11 | Suppliers' Discounts | (23) | (2) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 12 | Pole Attachments | - | - | Prorated on Distribution Poles - Sch.4.1 L.37 |
| 13 | Secondary Energy Revenues | - | - | Production - Energy |
| 14 | Wheeling Revenues | - | - | Transmission - Demand, Energy ratios Sch.4.1 L.16 |
| 15 | Application Fees | - | - | Accounting - Customer |
| 16 | Meter Test Revenues | - | - | Meters - Customer |
| 17 | **Total Expense Credits** | **(289)** | **(21)** | |
| 18 | **Subtotal Expenses** | **77,806** | **5,526** | |
| 19 | Disposal Gain / Loss | - | - | Prorated on Total Net Book Value - Sch.2.3 L.23 |
| 20 | **Subtotal Revenue Requirement Ex. Return** | **77,806** | **5,526** | |
| 21 | Return on Debt | - | - | Prorated on Rate Base - Sch.2.6 L.9 |
| 22 | Return on Equity | - | - | Prorated on Rate Base - Sch.2.6 L.11 |
| 23 | **Total Revenue Requirement** | **77,806** | **5,526** | |

Schedule 2.2D
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Functional Classification of Plant in Service for the Allocation of O&M Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lightin | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 15,814,910 | 15,814,910 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **15,814,910** | **15,814,910** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substation Structures & Equipment | 153,816 | 66,299 | - | - | 87,518 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 507,554 | - | - | - | - | 382,671 | 48,751 | - | - | 44,386 | 31,748 | - | - | - | - | - |
| 8 | Poles | 9,035,118 | - | - | - | - | 5,225,442 | 1,785,809 | - | - | 924,907 | 1,098,959 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 1,399,447 | - | - | - | - | 1,241,310 | 158,138 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 1,110,307 | - | - | - | - | - | - | 400,821 | 709,486 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 346,715 | - | - | - | - | - | - | - | - | 202,135 | 144,580 | - | - | - | - | - |
| 13 | Services | 230,095 | - | - | - | - | - | - | - | - | - | - | 230,095 | - | - | - | - |
| 14 | Meters | 325,042 | - | - | - | - | - | - | - | - | - | - | - | 325,042 | - | - | - |
| 15 | Street Lighting | 143,507 | - | - | - | - | - | - | - | - | - | - | - | - | 143,507 | - | - |
| 16 | **Subtotal Distribution** | **13,251,601** | **66,299** | **-** | **-** | **87,518** | **6,849,422** | **1,992,697** | **400,821** | **709,486** | **1,171,427** | **1,275,287** | **230,095** | **325,042** | **143,507** | **-** | **-** |
| 17 | **Subttl Prod, Trans, & Dist** | **29,066,512** | **15,881,209** | **-** | **-** | **87,518** | **6,849,422** | **1,992,697** | **400,821** | **709,486** | **1,171,427** | **1,275,287** | **230,095** | **325,042** | **143,507** | **-** | **-** |
| 18 | General | 1,863,110 | 917,205 | - | - | 4,895 | 383,091 | 111,452 | 22,418 | 39,682 | 65,518 | 71,327 | 12,869 | 28,666 | 8,026 | 197,960 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 21,344 | 11,662 | - | - | 64 | 5,030 | 1,463 | 294 | 521 | 860 | 936 | 169 | 239 | 105 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Plant** | **30,950,966** | **16,810,076** | **-** | **-** | **92,477** | **7,237,543** | **2,105,613** | **423,533** | **749,689** | **1,237,806** | **1,347,551** | **243,133** | **353,947** | **151,639** | **197,960** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Functional Classification of Plant in Service for the Allocation of O&M Expense (CONT'D.)**

| | 1 | 18 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| | **Production** | |
| 1 | Diesel | Production - Demand, Energy ratios Sch.4.1 L.8 |
| 2 | **Subtotal Production** | |
| | **Transmission** | |
| 3 | Lines | Production, Transmission - Demand; Distribution - Primary Demand; Spec Assigned - Custmr |
| 4 | Terminal Stations | Production, Transmission - Demand; Spec Assigned - Custmr |
| 5 | **Subtotal Transmission** | |
| | **Distribution** | |
| 6 | Substation Structures & Equipment | Production - Demand; Dist Substns - Demand |
| 7 | Land & Land Improvements | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.32 |
| 8 | Poles | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.37 |
| 9 | Primary Conductor & Equipment | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.38 |
| 10 | Submarine Conductor | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.39 |
| 11 | Transformers | Transformers - Demand, Customer - zero intercept ratios Sch.4.1 L.40 |
| 12 | Secondary Conductors & Equipment | Secondary - Demand, Customer - zero intercept ratios Sch. 4.1 L.41 |
| 13 | Services | Services Customer |
| 14 | Meters | Meters - Customer |
| 15 | Street Lighting | Street Lighting - Customer |
| 16 | **Subtotal Distribution** | |
| 17 | **Subttl Prod, Trans, & Dist** | |
| 18 | General | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - Sch.2.4 L.11, 12 |
| 19 | Telecontrol - Specific | Specifically Assigned - Customer |
| 20 | Feasibility Studies | Production, Transmission - Demand |
| 21 | Software - General | Prorated on subtotal Production, Transmission, & Distribution plant - L.17 |
| 22 | Software - Cust Acctng | Customer Accounting |
| 23 | **Total Plant** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Functional Classification of Net Book Value**

| Line No. | 1<br>Description | 2<br>Total Amount ($) | 3<br>Production Demand ($) | 4<br>Production Energy ($) | 5<br>Transmission Demand ($) | 6<br>Distribution<br>Substations Demand ($) | 7<br>Primary Lines Demand ($) | 8<br>Primary Lines Customer ($) | 9<br>Line Transformers Demand ($) | 10<br>Line Transformers Customer ($) | 11<br>Secondary Lines Demand ($) | 12<br>Secondary Lines Customer ($) | 13<br>Services Customer ($) | 14<br>Meters Customer ($) | 15<br>Street Lightin Customer ($) | 16<br>Accounting Customer ($) | 17<br>Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 11,426,398 | 11,426,398 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **11,426,398** | **11,426,398** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substation Structures & Equipment | 75,864 | 12,182 | - | - | 63,681 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 429,937 | - | - | - | - | 324,151 | 41,295 | - | - | 37,598 | 26,893 | - | - | - | - | - |
| 8 | Poles | 4,779,741 | - | - | - | - | 2,764,354 | 944,725 | - | - | 489,293 | 581,369 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 551,126 | - | - | - | - | 488,849 | 62,277 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 730,738 | - | - | - | - | - | - | 263,796 | 466,941 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 172,149 | - | - | - | - | - | - | - | - | 100,363 | 71,786 | - | - | - | - | - |
| 13 | Services | 91,968 | - | - | - | - | - | - | - | - | - | - | 91,968 | - | - | - | - |
| 14 | Meters | 196,029 | - | - | - | - | - | - | - | - | - | - | - | 196,029 | - | - | - |
| 15 | Street Lighting | 74,900 | - | - | - | - | - | - | - | - | - | - | - | - | 74,900 | - | - |
| 16 | **Subtotal Distribution** | **7,102,451** | **12,182** | **-** | **-** | **63,681** | **3,577,354** | **1,048,298** | **263,796** | **466,941** | **627,253** | **680,048** | **91,968** | **196,029** | **74,900** | **-** | **-** |
| 17 | **Subttl Prod, Trans, & Dist** | **18,528,849** | **11,438,580** | **-** | **-** | **63,681** | **3,577,354** | **1,048,298** | **263,796** | **466,941** | **627,253** | **680,048** | **91,968** | **196,029** | **74,900** | **-** | **-** |
| 18 | General | 756,392 | 372,370 | - | - | 1,987 | 155,529 | 45,248 | 9,101 | 16,110 | 26,599 | 28,958 | 5,225 | 11,638 | 3,259 | 80,368 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 20,244 | 12,497 | - | - | 70 | 3,908 | 1,145 | 288 | 510 | 685 | 743 | 100 | 214 | 82 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Net Book Value** | **19,305,485** | **11,823,447** | **-** | **-** | **65,738** | **3,736,791** | **1,094,691** | **273,186** | **483,562** | **654,538** | **709,749** | **97,293** | **207,881** | **78,240** | **80,368** | **-** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Functional Classification of Operating & Maintenance Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lightin | Accounting | Assigned |
| No. | Description | Amount ($) | Demand ($) | Energy ($) | Demand ($) | Demand ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 380,722 | 380,722 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Other | 48,202 | 48,202 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Subtotal Production** | **428,924** | **428,924** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 4 | Transmission Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | **Subtotal Transmission** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 8 | Other | 339,472 | 1,741 | - | - | 2,298 | 179,877 | 52,331 | 10,526 | 18,632 | 30,764 | 33,491 | 6,043 | - | 3,769 | - | - |
| 9 | Meters | 13,460 | - | - | - | - | - | - | - | - | - | - | - | 13,460 | - | - | - |
| 10 | **Subtotal Distribution** | **352,932** | **1,741** | **-** | **-** | **2,298** | **179,877** | **52,331** | **10,526** | **18,632** | **30,764** | **33,491** | **6,043** | **13,460** | **3,769** | **-** | **-** |
| 11 | **Subttl Prod, Trans, & Dist** | **781,856** | **430,665** | **-** | **-** | **2,298** | **179,877** | **52,331** | **10,526** | **18,632** | **30,764** | **33,491** | **6,043** | **13,460** | **3,769** | **-** | **-** |
| 12 | Customer Accounting | 92,950 | - | - | - | - | - | - | - | - | - | - | - | - | - | 92,950 | - |
| | **Administrative & General:** | | | | | | | | | | | | | | | | |
| | Plant-Related: | | | | | | | | | | | | | | | | |
| 13 | Production | 68,546 | 68,546 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Transmission | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Distribution | 88,279 | 442 | - | - | 583 | 45,629 | 13,275 | 2,670 | 4,726 | 7,804 | 8,496 | 1,533 | 2,165 | 956 | - | - |
| 16 | Prod, Trans, Distn Plant | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Prod,Trans, Distn & General Plt | 1,732 | 941 | - | - | 5 | 405 | 118 | 24 | 42 | 69 | 75 | 14 | 20 | 8 | 11 | - |
| 18 | Property Insurance | 22,604 | 21,294 | - | - | 117 | 486 | 141 | 28 | 50 | 83 | 90 | 16 | 36 | 10 | 251 | - |
| | Revenue Related: | | | | | | | | | | | | | | | | |
| 19 | Municipal Tax | 78,095 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | PUB Assessment | 5,547 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | All Expense-Related | 295,102 | 145,278 | - | - | 775 | 60,678 | 17,653 | 3,551 | 6,285 | 10,378 | 11,298 | 2,038 | 4,540 | 1,271 | 31,355 | - |
| 22 | Prod, Trans, and Distn Expense-Related | 20,187 | 11,119 | - | - | 59 | 4,644 | 1,351 | 272 | 481 | 794 | 865 | 156 | 348 | 97 | - | - |
| 23 | **Subtotal Admin & General** | **580,092** | **247,620** | **-** | **-** | **1,540** | **111,843** | **32,538** | **6,545** | **11,585** | **19,128** | **20,824** | **3,757** | **7,110** | **2,343** | **31,617** | **-** |
| 24 | **Total Operating & Maintenance Expenses** | **1,454,899** | **678,285** | **-** | **-** | **3,838** | **291,720** | **84,870** | **17,071** | **30,217** | **49,892** | **54,315** | **9,800** | **20,569** | **6,112** | **124,568** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Functional Classification of Operating & Maintenance Expense (CONT'D.)**

| | 1 | 18 | 19 | 20 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | **Production** | | | |
| 1 | Diesel | - | - | Production - Demand, Energy ratios Sch.4.1 L8 |
| 2 | Other | - | - | Production - Demand, Energy ratios Sch.4.1 L8 |
| 3 | **Subtotal Production** | **-** | **-** | |
| | **Transmission** | | | |
| 4 | Transmission Lines | - | - | Prorated on Transmission Lines Plant in Service - Sch.2.2 L.3 |
| 5 | Terminal Stations | - | - | Prorated on Transmission Terminal Stations Plant in Service - Sch.2.2 L.4 |
| 6 | Other | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.5 |
| 7 | **Subtotal Transmission** | **-** | **-** | |
| | **Distribution** | | | |
| 8 | Other | - | - | Prorated on Distribution Plant, excluding Meters - Sch. 2.2 L. 16, less L. 14 |
| 9 | Meters | - | - | Meters - Customer |
| 10 | **Subtotal Distribution** | **-** | **-** | |
| 11 | **Subttl Prod, Trans, & Dist** | **-** | **-** | |
| 12 | Customer Accounting | - | - | Accounting - Customer |
| | **Administrative & General:** | | | |
| | Plant-Related: | | | |
| 13 | Production | - | - | Prorated on Production Plant in Service - Sch.2.2 L.2 |
| 14 | Transmission | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.5 |
| 15 | Distribution | - | - | Prorated on Distribution Plant in Service - Sch.2.2 L.16 |
| 16 | Prod, Trans, Distn Plant | - | - | Prorated on Production, Transmission & Distribution Plant in Service - Sch.2.2 L.17 |
| 17 | Prod,Trans, Distn & General Plt | - | - | Prorated on Production, Transmission, Distribution & General Plant in Service - Sch.2.2 L.23 |
| 18 | Property Insurance | - | - | Prorated on Prod., Trans. Terminal, Dist. Sub & General Plant in Service - Sch.2.2 L.2, 4, 6, 18 - 19 |
| | Revenue Related: | | | |
| 19 | Municipal Tax | 78,095 | - | Revenue-related |
| 20 | PUB Assessment | - | 5,547 | Revenue-related |
| 21 | All Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - L.11, 12 |
| 22 | Prod, Trans, and Distn Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution Expenses - L.11 |
| 23 | **Subtotal Admin & General** | **78,095** | **5,547** | |
| 24 | **Total Operating & Maintenance Expenses** | **78,095** | **5,547** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Functional Classification of Depreciation Expense**

| Line No. | 1 Description | 2 Total Amount ($) | 3 Production Demand ($) | 4 Production Energy ($) | 5 Transmission Demand ($) | 6 Distribution Substations Demand ($) | 7 Distribution Primary Lines Demand ($) | 8 Distribution Primary Lines Customer ($) | 9 Distribution Line Transformers Demand ($) | 10 Distribution Line Transformers Customer ($) | 11 Distribution Secondary Lines Demand ($) | 12 Distribution Secondary Lines Customer ($) | 13 Distribution Services Customer ($) | 14 Distribution Meters Customer ($) | 15 Distribution Street Lightin Customer ($) | 16 Accounting Customer ($) | 17 Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 476,880 | 476,880 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **476,880** | **476,880** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substation Structures & Equipment | 2,615 | 348 | - | - | 2,266 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 9,424 | - | - | - | - | 7,105 | 905 | - | - | 824 | 589 | - | - | - | - | - |
| 8 | Poles | 243,142 | - | - | - | - | 140,621 | 48,058 | - | - | 24,890 | 29,574 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 20,982 | - | - | - | - | 18,611 | 2,371 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 35,133 | - | - | - | - | - | - | 12,683 | 22,450 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 5,779 | - | - | - | - | - | - | - | - | 3,369 | 2,410 | - | - | - | - | - |
| 13 | Services | 4,200 | - | - | - | - | - | - | - | - | - | - | 4,200 | - | - | - | - |
| 14 | Meters | 12,049 | - | - | - | - | - | - | - | - | - | - | - | 12,049 | - | - | - |
| 15 | Street Lighting | 6,690 | - | - | - | - | - | - | - | - | - | - | - | - | 6,690 | - | - |
| 16 | **Subtotal Distribution** | **340,014** | **348** | **-** | **-** | **2,266** | **166,337** | **51,334** | **12,683** | **22,450** | **29,083** | **32,573** | **4,200** | **12,049** | **6,690** | **-** | **-** |
| 17 | **Subtotal Prod Tran & Dist** | **816,895** | **477,229** | **-** | **-** | **2,266** | **166,337** | **51,334** | **12,683** | **22,450** | **29,083** | **32,573** | **4,200** | **12,049** | **6,690** | **-** | **-** |
| 18 | General | 73,863 | 36,362 | - | - | 194 | 15,188 | 4,419 | 889 | 1,573 | 2,597 | 2,828 | 510 | 1,136 | 318 | 7,848 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 14,411 | 8,419 | - | - | 40 | 2,934 | 906 | 224 | 396 | 513 | 575 | 74 | 213 | 118 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Depreciation Expense** | **905,169** | **522,010** | **-** | **-** | **2,500** | **184,459** | **56,658** | **13,796** | **24,419** | **32,194** | **35,976** | **4,784** | **13,398** | **7,126** | **7,848** | **-** |

Schedule 2.6D
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Functional Classification of Rate Base**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| | | | | | | | Primary Lines | | Line Transformers | | Secondary Lines | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | | | | | | | Services | Meters | Street Lightin | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| 1 | Average Net Book Value | 19,305,485 | 11,823,447 | - | - | 65,738 | 3,736,791 | 1,094,691 | 273,186 | 483,562 | 654,538 | 709,749 | 97,293 | 207,881 | 78,240 | 80,368 | - |
| 2 | Cash Working Capital | 21,434 | 13,127 | - | - | 73 | 4,149 | 1,215 | 303 | 537 | 727 | 788 | 108 | 231 | 87 | 89 | - |
| 3 | Fuel Inventory - No. 6 Fuel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuel Inventory - Diesel | 74,705 | - | 74,705 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Fuel Inventory - Gas Turbine | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Inventory/Supplies | 329,651 | 179,040 | - | - | 985 | 77,085 | 22,426 | 4,511 | 7,985 | 13,184 | 14,352 | 2,590 | 3,770 | 1,615 | 2,108 | - |
| | Deferred Charges: | | | | | | | | | | | | | | | | |
| | Foreign Exchange Loss and | | | | | | | | | | | | | | | | |
| 7 | Regulatory Costs | 1,252,826 | 767,280 | - | - | 4,266 | 242,498 | 71,040 | 17,728 | 31,381 | 42,476 | 46,059 | 6,314 | 13,490 | 5,077 | 5,215 | - |
| 8 | Retired Asset Pool | 179,296 | 109,808 | - | - | 611 | 34,705 | 10,167 | 2,537 | 4,491 | 6,079 | 6,592 | 904 | 1,931 | 727 | 746 | - |
| 9 | Total Rate Base | **21,163,397** | **12,892,703** | **74,705** | **-** | **71,673** | **4,095,228** | **1,199,540** | **298,266** | **527,955** | **717,003** | **777,540** | **107,208** | **227,303** | **85,746** | **88,528** | **-** |
| 10 | Less: Rural Portion | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Rate Base Available for Equity Return | **21,163,397** | **12,892,703** | **74,705** | **-** | **71,673** | **4,095,228** | **1,199,540** | **298,266** | **527,955** | **717,003** | **777,540** | **107,208** | **227,303** | **85,746** | **88,528** | **-** |
| 12 | Return on Debt | 819,023 | 498,948 | 2,891 | - | 2,774 | 158,485 | 46,422 | 11,543 | 20,432 | 27,748 | 30,091 | 4,149 | 8,797 | 3,318 | 3,426 | - |
| 13 | Return on Equity | 344,963 | 210,151 | 1,218 | - | 1,168 | 66,752 | 19,552 | 4,862 | 8,606 | 11,687 | 12,674 | 1,747 | 3,705 | 1,398 | 1,443 | - |
| 14 | Return on Rate Base | **1,163,987** | **709,099** | **4,109** | **-** | **3,942** | **225,238** | **65,975** | **16,405** | **29,038** | **39,435** | **42,765** | **5,896** | **12,502** | **4,716** | **4,869** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Functional Classification of Rate Base (CONT'D.)**

| | 1 | 18 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| 1 | Average Net Book Value | Sch. 2.3 , L. 23 |
| 2 | Cash Working Capital | Prorated on Average Net Book Value, L. 1 |
| 3 | Fuel Inventory - No. 6 Fuel | |
| 4 | Fuel Inventory - Diesel | Production - Energy |
| 5 | Fuel Inventory - Gas Turbine | |
| 6 | Inventory/Supplies | Prorated on Total Plant in Service, Sch. 2.2, L. 23 |
| | Deferred Charges: | |
| | Foreign Exchange Loss and | |
| 7 | Regulatory Costs | Prorated on Average Net Book Value, L. 1 |
| 8 | Retired Asset Pool | Prorated on Average Net Book Value, L. 1 |
| 9 | Total Rate Base | |
| 10 | Less: Rural Portion | |
| 11 | Rate Base Available for Equity Return | |
| 12 | Return on Debt | L.9 x Sch.1.1,p2,L.15 |
| 13 | Return on Equity | L.11 x Sch.1.1,p2,L.18 |
| 14 | Return on Rate Base | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Basis of Allocation to Classes of Service**

| Line No. | 1<br>Description | 2<br>Total Amount | 3<br>Production Demand (CP kW) | 4<br>Production Energy (MWh @ Gen) | 5<br>Transmission Demand (CP kW) | 6<br>Distribution Substations Demand (CP kW) | 7<br>Distribution Primary Lines Demand (CP kW) | 8<br>Distribution Primary Lines Customer (Rural Cust) | 9<br>Distribution Line Transformers Demand (CP kW) | 10<br>Distribution Line Transformers Customer (Rural Cust) | 11<br>Distribution Secondary Lines Demand (CP kW) | 12<br>Distribution Secondary Lines Customer (Rural Cust) | 13<br>Distribution Services Customer (Wtd Rural Cust) | 14<br>Distribution Meters Customer (Wtd Rural Cust) | 15<br>Distribution Street Lightin Customer | 16<br>Accounting Customer (Rural Cust) | 17<br>Specifically Assigned Customer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Amounts** | | | | | | | | | | | | | | | | |
| 1 | 1.1 Domestic Diesel | - | 1,370 | 4,734 | 1,370 | 1,303 | 1,303 | 396 | 1,203 | 396 | 1,203 | 396 | 396 | 396 | - | 396 | - |
| 2 | 1.12 Domestic All Electric | - | 2,989 | 12,068 | 2,989 | 2,843 | 2,843 | 419 | 2,625 | 419 | 2,625 | 419 | 419 | 419 | - | 419 | - |
| 3 | 2.1 GS 0-10 kW | - | 1,366 | 6,925 | 1,366 | 1,299 | 1,299 | 198 | 1,200 | 198 | 1,200 | 198 | 944 | 944 | - | 198 | - |
| 4 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | 2.3 GS 110-1,000 kVa | - | 305 | 3,043 | 305 | 290 | 290 | 7 | 268 | 7 | 268 | 7 | 55 | 55 | - | 7 | - |
| 6 | 4.1 Street and Area Lighting | - | 14 | 56 | 14 | 13 | 13 | 35 | 12 | 35 | 12 | 35 | - | - | 1 | 35 | - |
| 7 | **Total** | **-** | **6,045** | **26,826** | **6,045** | **5,748** | **5,748** | **1,054** | **5,308** | **1,054** | **5,308** | **1,054** | **1,814** | **1,814** | **1** | **1,054** | **0** |
| | **Ratios** | | | | | | | | | | | | | | | | |
| 8 | 1.1 Domestic Diesel | - | 0.2267 | 0.1765 | 0.2267 | 0.2267 | 0.2267 | 0.3757 | 0.2267 | 0.3757 | 0.2267 | 0.3757 | 0.2183 | 0.2183 | - | 0.3757 | - |
| 9 | 1.12 Domestic All Electric | - | 0.4945 | 0.4499 | 0.4945 | 0.4945 | 0.4945 | 0.3975 | 0.4945 | 0.3975 | 0.4945 | 0.3975 | 0.2310 | 0.2310 | - | 0.3975 | - |
| 10 | 2.1 GS 0-10 kW | - | 0.2260 | 0.2581 | 0.2260 | 0.2260 | 0.2260 | 0.1879 | 0.2260 | 0.1879 | 0.2260 | 0.1879 | 0.5206 | 0.5206 | - | 0.1879 | - |
| 11 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | 2.3 GS 110-1,000 kVa | - | 0.0505 | 0.1134 | 0.0505 | 0.0505 | 0.0505 | 0.0062 | 0.0505 | 0.0062 | 0.0505 | 0.0062 | 0.0302 | 0.0302 | - | 0.0062 | - |
| 13 | 4.1 Street and Area Lighting | - | 0.0023 | 0.0021 | 0.0023 | 0.0023 | 0.0023 | 0.0327 | 0.0023 | 0.0327 | 0.0023 | 0.0327 | - | - | 1.0000 | 0.0327 | - |
| 14 | **Total** | **-** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **0.0000** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Basis of Allocation to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 |
|---|---|---|---|
| | | Revenue Related | |
| Line No. | Description | Municipal Tax (Prior Year (Rural Revenues) | PUB Assessment (Prior Year (Revenues + RSP) |
| | **Amounts** | | |
| 1 | 1.1 Domestic Diesel | 579,527 | 579,527 |
| 2 | 1.12 Domestic All Electric | 1,362,285 | 1,362,285 |
| 3 | 2.1 GS 0-10 kW | 830,777 | 830,777 |
| 4 | 2.2 GS 10-100 kW | - | - |
| 5 | 2.3 GS 110-1,000 kVa | 329,837 | 329,837 |
| 6 | 4.1 Street and Area Lighting | 17,348 | 17,348 |
| 7 | **Total** | **3,119,775** | **3,119,775** |
| | **Ratios** | | |
| 8 | 1.1 Domestic Diesel | 0.1858 | 0.1858 |
| 9 | 1.12 Domestic All Electric | 0.4367 | 0.4367 |
| 10 | 2.1 GS 0-10 kW | 0.2663 | 0.2663 |
| 11 | 2.2 GS 10-100 kW | - | - |
| 12 | 2.3 GS 110-1,000 kVa | 0.1057 | 0.1057 |
| 13 | 4.1 Street and Area Lighting | 0.0056 | 0.0056 |
| 14 | **Total** | **1.0000** | **1.0000** |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Allocation of Functionalized Amounts to Classes of Service**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmsn | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | ;treet Lightin | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Allocated Revenue Requirement Excluding Return** | | | | | | | | | | | | | | | | |
| 1 | 1.1 Domestic Diesel | 1,183,154 | 271,499 | 612,676 | - | 1,434 | 98,820 | 48,031 | 6,982 | 20,486 | 16,994 | 30,756 | 3,175 | 7,398 | - | 49,424 | - |
| 2 | 1.12 Domestic All Electric | 2,630,195 | 592,362 | 1,561,879 | - | 3,128 | 215,607 | 50,821 | 15,234 | 21,675 | 37,078 | 32,542 | 3,360 | 7,827 | - | 52,295 | - |
| 3 | 2.1 GS 0-10 kW | 1,412,533 | 270,703 | 896,209 | - | 1,429 | 98,530 | 24,015 | 6,962 | 10,243 | 16,944 | 15,378 | 7,573 | 17,644 | - | 24,712 | - |
| 4 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | 2.3 GS 110-1,000 kVa | 494,753 | 60,510 | 393,843 | - | 320 | 22,024 | 788 | 1,556 | 336 | 3,788 | 505 | 439 | 1,022 | - | 811 | - |
| 6 | 4.1 Street and Area Lighting | 37,801 | 2,708 | 7,220 | - | 14 | 986 | 4,185 | 70 | 1,785 | 169 | 2,679 | - | - | 13,216 | 4,306 | - |
| 7 | **Total** | **5,758,437** | **1,197,782** | **3,471,828** | **-** | **6,324** | **435,966** | **127,840** | **30,803** | **54,525** | **74,974** | **81,860** | **14,547** | **33,892** | **13,216** | **131,548** | **-** |
| | **Allocated Return on Debt and Equity** | | | | | | | | | | | | | | | | |
| 8 | 1.1 Domestic Diesel | 283,670 | 160,730 | 725 | - | 894 | 51,054 | 24,787 | 3,718 | 10,910 | 8,939 | 16,067 | 1,287 | 2,729 | - | 1,829 | - |
| 9 | 1.12 Domestic All Electric | 554,444 | 350,684 | 1,848 | - | 1,950 | 111,391 | 26,227 | 8,113 | 11,543 | 19,503 | 17,000 | 1,362 | 2,887 | - | 1,936 | - |
| 10 | 2.1 GS 0-10 kW | 262,110 | 160,259 | 1,061 | - | 891 | 50,904 | 12,394 | 3,708 | 5,455 | 8,912 | 8,034 | 3,070 | 6,508 | - | 915 | - |
| 11 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | 2.3 GS 110-1,000 kVa | 52,122 | 35,823 | 466 | - | 199 | 11,379 | 407 | 829 | 179 | 1,992 | 264 | 178 | 377 | - | 30 | - |
| 13 | 4.1 Street and Area Lighting | 11,641 | 1,603 | 9 | - | 9 | 509 | 2,160 | 37 | 950 | 89 | 1,400 | - | - | 4,716 | 159 | - |
| 14 | **Total** | **1,163,987** | **709,099** | **4,109** | **-** | **3,942** | **225,238** | **65,975** | **16,405** | **29,038** | **39,435** | **42,765** | **5,896** | **12,502** | **4,716** | **4,869** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Proration |
| | **Allocated Revenue Requirement Excluding Return** | | | |
| 1 | 1.1 Domestic Diesel | 14,453 | 1,027 | |
| 2 | 1.12 Domestic All Electric | 33,975 | 2,413 | |
| 3 | 2.1 GS 0-10 kW | 20,719 | 1,472 | |
| 4 | 2.2 GS 10-100 kW | - | - | |
| 5 | 2.3 GS 110-1,000 kVa | 8,226 | 584 | |
| 6 | 4.1 Street and Area Lighting | 433 | 31 | |
| 7 | **Total** | **77,806** | **5,526** | |
| | **Allocated Return on Debt and Equity** | | | |
| 8 | 1.1 Domestic Diesel | - | - | |
| 9 | 1.12 Domestic All Electric | - | - | |
| 10 | 2.1 GS 0-10 kW | - | - | |
| 11 | 2.2 GS 10-100 kW | - | - | |
| 12 | 2.3 GS 110-1,000 kVa | - | - | |
| 13 | 4.1 Street and Area Lighting | - | - | |
| 14 | **Total** | **-** | **-** | |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| Line No. | 1 Description | 2 Total Amount ($) | 3 Production Demand ($) | 4 Production Energy ($) | 5 Transmsn Demand ($) | 6 Distribution Substations Demand ($) | 7 Distribution Primary Lines Demand ($) | 8 Distribution Primary Lines Customer ($) | 9 Distribution Line Transformers Demand ($) | 10 Distribution Line Transformers Customer ($) | 11 Distribution Secondary Lines Demand ($) | 12 Distribution Secondary Lines Customer ($) | 13 Distribution Services Customer ($) | 14 Distribution Meters Customer ($) | 15 Distribution Street Lightin Customer ($) | 16 Accounting Customer ($) | 17 Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Total Revenue Requirement** | | | | | | | | | | | | | | | | |
| 1 | 1.1 Domestic Diesel | 1,466,824 | 432,229 | 613,401 | - | 2,327 | 149,874 | 72,818 | 10,701 | 31,395 | 25,933 | 46,823 | 4,462 | 10,127 | - | 51,253 | - |
| 2 | 1.12 Domestic All Electric | 3,184,639 | 943,046 | 1,563,728 | - | 5,077 | 326,998 | 77,048 | 23,347 | 33,219 | 56,581 | 49,542 | 4,722 | 10,715 | - | 54,230 | - |
| 3 | 2.1 GS 0-10 kW | 1,674,643 | 430,962 | 897,269 | - | 2,320 | 149,434 | 36,409 | 10,669 | 15,698 | 25,857 | 23,411 | 10,643 | 24,152 | - | 25,627 | - |
| 4 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | 2.3 GS 110-1,000 kVa | 546,875 | 96,333 | 394,310 | - | 519 | 33,403 | 1,195 | 2,385 | 515 | 5,780 | 769 | 617 | 1,399 | - | 841 | - |
| 6 | 4.1 Street and Area Lighting | 49,442 | 4,311 | 7,229 | - | 23 | 1,495 | 6,344 | 107 | 2,735 | 259 | 4,079 | - | - | 17,932 | 4,465 | - |
| 7 | **Total** | **6,922,423** | **1,906,880** | **3,475,936** | **-** | **10,266** | **661,204** | **193,815** | **47,208** | **83,562** | **114,409** | **124,624** | **20,444** | **46,393** | **17,932** | **136,417** | **-** |
| | **Re-classification of Revenue-Related** | | | | | | | | | | | | | | | | |
| 8 | 1.1 Domestic Diesel | (0) | 4,610 | 6,542 | - | 25 | 1,599 | 777 | 114 | 335 | 277 | 499 | 48 | 108 | - | 547 | - |
| 9 | 1.12 Domestic All Electric | 0 | 10,900 | 18,074 | - | 59 | 3,779 | 891 | 270 | 384 | 654 | 573 | 55 | 124 | - | 627 | - |
| 10 | 2.1 GS 0-10 kW | - | 5,787 | 12,049 | - | 31 | 2,007 | 489 | 143 | 211 | 347 | 314 | 143 | 324 | - | 344 | - |
| 11 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | 2.3 GS 110-1,000 kVa | 0 | 1,577 | 6,456 | - | 8 | 547 | 20 | 39 | 8 | 95 | 13 | 10 | 23 | - | 14 | - |
| 13 | 4.1 Street and Area Lighting | - | 41 | 68 | - | 0 | 14 | 60 | 1 | 26 | 2 | 39 | - | - | 170 | 42 | - |
| 14 | **Total** | **0** | **22,915** | **43,190** | **-** | **123** | **7,946** | **2,236** | **567** | **964** | **1,375** | **1,438** | **255** | **579** | **170** | **1,574** | **-** |
| | **Total Allocated Revenue Requirement** | | | | | | | | | | | | | | | | |
| 15 | 1.1 Domestic Diesel | 1,466,824 | 436,839 | 619,944 | - | 2,352 | 151,472 | 73,595 | 10,815 | 31,730 | 26,210 | 47,322 | 4,510 | 10,235 | - | 51,800 | - |
| 16 | 1.12 Domestic All Electric | 3,184,639 | 953,945 | 1,581,801 | - | 5,136 | 330,777 | 77,938 | 23,617 | 33,603 | 57,235 | 50,115 | 4,776 | 10,839 | - | 54,857 | - |
| 17 | 2.1 GS 0-10 kW | 1,674,643 | 436,749 | 909,319 | - | 2,351 | 151,441 | 36,898 | 10,812 | 15,908 | 26,204 | 23,726 | 10,786 | 24,477 | - | 25,971 | - |
| 18 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | 2.3 GS 110-1,000 kVa | 546,875 | 97,910 | 400,766 | - | 527 | 33,950 | 1,215 | 2,424 | 524 | 5,874 | 781 | 627 | 1,422 | - | 855 | - |
| 20 | 4.1 Street and Area Lighting | 49,442 | 4,352 | 7,297 | - | 23 | 1,509 | 6,404 | 108 | 2,761 | 261 | 4,118 | - | - | 18,102 | 4,508 | - |
| 21 | **Total** | **6,922,423** | **1,929,796** | **3,519,127** | **-** | **10,390** | **669,150** | **196,050** | **47,775** | **84,526** | **115,784** | **126,062** | **20,699** | **46,972** | **18,102** | **137,991** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**L'Anse au Loup**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Proration |
| | **Total Revenue Requirement** | | | |
| 1 | 1.1 Domestic Diesel | 14,453 | 1,027 | |
| 2 | 1.12 Domestic All Electric | 33,975 | 2,413 | |
| 3 | 2.1 GS 0-10 kW | 20,719 | 1,472 | |
| 4 | 2.2 GS 10-100 kW | - | - | |
| 5 | 2.3 GS 110-1,000 kVa | 8,226 | 584 | |
| 6 | 4.1 Street and Area Lighting | 433 | 31 | |
| 7 | **Total** | **77,806** | **5,526** | |
| | **Re-classification of Revenue-Related** | | | |
| 8 | 1.1 Domestic Diesel | (14,453) | (1,027) | Re-classification to demand, energy and customer is based on rate class revenue |
| 9 | 1.12 Domestic All Electric | (33,975) | (2,413) | requirements excluding revenue-related items. |
| 10 | 2.1 GS 0-10 kW | (20,719) | (1,472) | |
| 11 | 2.2 GS 10-100 kW | - | - | |
| 12 | 2.3 GS 110-1,000 kVa | (8,226) | (584) | |
| 13 | 4.1 Street and Area Lighting | (433) | (31) | |
| 14 | **Total** | **(77,806)** | **(5,526)** | |
| | **Total Allocated Revenue Requirement** | | | |
| 15 | 1.1 Domestic Diesel | - | - | |
| 16 | 1.12 Domestic All Electric | - | - | |
| 17 | 2.1 GS 0-10 kW | - | - | |
| 18 | 2.2 GS 10-100 kW | - | - | |
| 19 | 2.3 GS 110-1,000 kVa | - | - | |
| 20 | 4.1 Street and Area Lighting | - | - | |
| 21 | **Total** | **-** | **-** | |

Schedule 4.1
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Functionalization & Classification Ratios**

| Line No. | 1<br>Description | 2<br>Total Amount (%) | 3<br>Production Demand (%) | 4<br>Production & Transmission Energy (%) | 5<br>Transmission Network Demand (%) | 6<br>Rural Prod & Transmission Demand (%) | 7<br>Distribution: Substations Demand (%) | 8<br>Distribution: Primary Lines Demand (%) | 9<br>Distribution: Primary Lines Customer (%) | 10<br>Distribution: Line Transformers Demand (%) | 11<br>Distribution: Line Transformers Customer (%) | 12<br>Distribution: Secondary Lines Demand (%) | 13<br>Distribution: Secondary Lines Customer (%) | 14<br>Distribution: Services Customer (%) | 15<br>Distribution: Meters Customer (%) | 16<br>Distribution: Street Lighting Customer (%) | 17<br>Accounting Customer (%) | 18<br>Specifically Assigned Customer (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Generation** | | | | | | | | | | | | | | | | | |
| 1 | Hydraulic | 100% | 45.60% | 54.40% | | | | | | | | | | | | | | |
| 2 | Hydraulic - GNP | 100% | 45.60% | 54.40% | | | | | | | | | | | | | | |
| 3 | Holyrood | 100% | 84.26% | 15.74% | 0 | | | | | | | | | | | | | |
| 4 | Gas Tur Island Intercnctd | 100% | 100.00% | 0.00% | | | | | | | | | | | | | | |
| 5 | Diesel Island Intercnctd - GNP | 100% | 100.00% | 0.00% | | | | | | | | | | | | | | |
| 6 | Dsl / Gas Tur Island Isolated | 100% | 56.42% | 43.58% | | | | | | | | | | | | | | |
| 7 | Dsl / Gas Tur Labrador Isolated | 100% | 40.35% | 59.65% | | | | | | | | | | | | | | |
| 8 | Dsl / Gas Tur L'Anse au Loup | 100% | 100.00% | 0.00% | | | | | | | | | | | | | | |
| 9 | Dsl / Gas Tur Labrador Intercnctd | 100% | 100.00% | 0.00% | | | | | | | | | | | | | | |
| | **Fuel** | | | | | | | | | | | | | | | | | |
| 10 | No. 6 Fuel | 100% | 0.00% | 100.00% | | | | | | | | | | | | | | |
| 11 | Gas Tur Island Intercnctd | 100% | 100.00% | 0.00% | | | | | | | | | | | | | | |
| 12 | Diesel Island Intercnctd - GNP | 100% | 100.00% | 0.00% | | | | | | | | | | | | | | |
| 13 | Dsl / Gas Tur Island / Lab Isolated | 100% | 0.00% | 100.00% | | | | | | | | | | | | | | |
| 14 | Dsl / Gas Tur L'Anse au Loup | 100% | 0.00% | 100.00% | | | | | | | | | | | | | | |
| 15 | Dsl / Gas Tur Labrador Intercnctd | 100% | 100.00% | 0.00% | | | | | | | | | | | | | | |
| | **Transmission Lines & Terminals** | | | | | | | | | | | | | | | | | |
| 16 | Lines Network | 100% | | 0.00% | 100% | | | | | | | | | | | | | |
| 17 | Lines - Hydraulic | 100% | 45.60% | 54.40% | | | | | | | | | | | | | | |
| 18 | Lines - Customer Specific | 100% | | | | | | | | | | | | | | | | 100% |
| 19 | Terminal Stations Network | 100% | | 0 | 100% | | | | | | | | | | | | | |
| 20 | Term Stns - Hydraulic | 100% | 45.60% | 54.40% | | | | | | | | | | | | | | |
| 21 | Term Stns - Holyrood | 100% | 84.26% | 15.74% | | | | | | | | | | | | | | |
| 22 | Term Stns - Gas Tur | 100% | 100% | | | | | | | | | | | | | | | |
| 23 | Term Stns - Diesel GNP | 100% | 100.00% | 0.00% | | | | | | | | | | | | | | |
| 24 | Terminal Stations - Distribution | 100% | | | | | 100% | | | | | | | | | | | |
| 25 | Term Stns - Custmr Specific | 100% | | | | | | | | | | | | | | | | 100% |
| 26 | Rural Lines | 100% | | | | 100.0% | | | | | | | | | | | | |
| 27 | Rural Terminal Stations | 100% | | | | 100.0% | | | | | | | | | | | | |

Schedule 4.1
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Functionalization & Classification Ratios (CONT'D.)**

| Line No. | 1<br>Description | 2<br>Total Amount (%) | 3<br>Production Demand (%) | 4<br>Production & Transmission Energy (%) | 5<br>Transmission Network Demand (%) | 7<br>Rural Prod & Transmission Demand (%) | 8<br>Distribution: Substations Demand (%) | 9<br>Distribution: Primary Lines Demand (%) | 10<br>Distribution: Primary Lines Customer (%) | 11<br>Distribution: Line Transformers Demand (%) | 12<br>Distribution: Line Transformers Customer (%) | 13<br>Distribution: Secondary Lines Demand (%) | 14<br>Distribution: Secondary Lines Customer (%) | 15<br>Distribution: Services Customer (%) | 16<br>Distribution: Meters Customer (%) | 17<br>Distribution: Street Lighting Customer (%) | 18<br>Accounting Customer (%) | 19<br>Specifically Assigned Customer (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Distribution** | | | | | | | | | | | | | | | | | |
| 28 | Substation Structures & Equipment | | | | | | 100% | | | | | | | | | | | |
| 29 | Land & Land Improvements - by Sub-function: | | | | | | | | | | | | | | | | | |
| 30 | Primary | 85% | | | | | | 88.7% | 11.3% | | | | | | | | | |
| 31 | Secondary | 15% | | | | | | | | | | 58.3% | 41.7% | | | | | |
| 32 | Land & Land Improvements | 100% | | | | | | 75.4% | 9.6% | | | 8.7% | 6.3% | | | | | |
| 33 | Poles - by Subfunction: | | | | | | | | | | | | | | | | | |
| 34 | 3 phase - Primary | 41.2% | | | | | | 100.0% | | | | | | | | | | |
| 35 | Other Primary | 36.4% | | | | | | 45.7% | 54.3% | | | | | | | | | |
| 36 | Secondary | 22.4% | | | | | | | | | | 45.7% | 54.3% | | | | | |
| 37 | Poles | 100% | | | | | | 57.8% | 19.8% | | | 10.2% | 12.2% | | | | | |
| 38 | Primary Condctr & Equip | 100% | | | | | | 88.7% | 11.3% | | | | | | | | | |
| 39 | Submarine Conductor | 100% | | | | | | 100.0% | | | | | | | | | | |
| 40 | Transformers | 100% | | | | | | | | 36.1% | 63.9% | | | | | | | |
| 41 | Secondary Condctr & Equip | 100% | | | | | | | | | | 58.3% | 41.7% | | | | | |
| 42 | Services | 100% | | | | | | | | | | | | 100.0% | | | | |
| 43 | Meters | 100% | | | | | | | | | | | | | 100.0% | | | |
| 44 | Street Lighting | 100% | | | | | | | | | | | | | | 100.0% | | |
| 45 | Customer Accounting | 100% | | | | | | | | | | | | | | | 100.0% | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**

**System Load Factor**

| Line No. | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| | | **Island Interconnected** | **Island Isolated** | **Labrador Isolated** | **L'Anse au Loup** | **Labrador Interconnected** |
| 1 | Sales+Losses for System Load Factor (MWh) | 7,221,555 | 7,545 | 45,922 | 26,826 | 2,613,345 |
| 2 | Hours in Year | 8,760 | 8,760 | 8,760 | 8,760 | 8,760 |
| 3 | Average Demand (kW) | 824,378 | 861 | 5,242 | 3,062 | 298,327 |
| 4 | Coincident Peak at Generation (kW) | 1,515,447 | 1,976 | 8,788 | 6,045 | 418,317 |
| 5 | System Load Factors | 54.40% | 43.58% | 59.65% | 50.66% | 71.32% |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Holyrood Capacity Factor**

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Line No. | Year | Net Production (kWh) | Net Capacity (MW) | Net Production Hours | Net Capacity Factor |
| 1 | 2012 Actual | 855,826,207 | 466 | 8,760 | 20.97% |
| 2 | 2013 Actual | 957,442,307 | 466 | 8,760 | 23.48% |
| 3 | 2014 Actual | 1,315,311,289 | 466 | 8,760 | 32.26% |
| 4 | 2015 Actual | 1,458,455,118 | 466 | 8,760 | 35.77% |
| 5 | 2016 Actual | 1,620,931,383 | 466 | 8,760 | 39.75% |
| 6 | 5-Year Average | 1,241,593,261 | 466 | 8,760 | 30.44% |
| 7 | Current Year | 641,731,000 | 465.5 | 8,760 | 15.74% |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2018 Test Year Compliance Cost of Service Study - For Revenue Deficiency**
**Total System**
**Power Purchases**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |
|---|---|---|---|---|---|---|---|---|---|
| Line No. | | Total ($) | Production Demand ($) | Production & Transmission Energy ($) | Transmission Export Demand ($) | Transmission Network Demand ($) | Rural Transmission Demand ($) | Distribution Demand ($) | Basis of Functional Classification |
| | **Island Interconnected:** | | | | | | | | |
| 1 | DLP Secondary | 0 | | 0 | | | | | Production - Energy (Same as RSP Sec Load Var) |
| 2 | AP Secondary | - | | - | | | | | Production - Energy (Secondary) |
| 3 | Wheeling | 766,983 | | | | | 766,983 | | Rural Transmission |
| 4 | Interruptible Demand | 3,130,400 | 3,130,400 | | | | | | Production - Demand |
| 5 | Interruptible Energy | - | | - | | | | | Production - Energy |
| 6 | Non-utility Generation excluding wind | 42,305,930 | 19,292,202 | 23,013,728 | | | | | Energy: System Load Factor |
| 7 | Wind Purchases | 13,038,187 | - | 13,038,187 | | | | | Production - Energy |
| 8 | Power Purchases - LTA Costs | - | - | - | - | | | | Energy: System Load Factor |
| 9 | Power Purchases - LIL Costs | - | - | - | - | | | | Energy: System Load Factor |
| 10 | Power Purchases - Off Island | 5,040,379 | - | 5,040,379 | - | | | | Energy: System Load Factor |
| 11 | Recapture | 329,594 | - | 329,594 | - | | | | Energy: System Load Factor |
| 12 | **Subtotal** | **64,611,473** | **22,422,602** | **41,421,888** | **-** | **-** | **766,983** | **-** | |
| 13 | | | | | | | | | |
| | **Labrador Interconnected:** | | | | | | | | |
| 14 | CF(L)Co | 1,507,956 | 432,543 | 1,075,413 | | | | | Energy: System Load Factor |
| 15 | Other | - | - | | | | | | |
| 16 | **Subtotal** | **1,507,956** | **432,543** | **1,075,413** | **-** | **-** | **-** | **-** | |
| | **Isolated Systems:** | | | | | | | | |
| 17 | Mary's Harbour | - | | - | | | | | Production - Energy |
| 18 | L'Anse au Loup | 2,837,205 | | 2,837,205 | | | | | Production - Energy |
| 19 | Ramea Wind | 176,972 | - | 176,972 | | | | | Production - Energy |
| 20 | **Subtotal** | **3,014,178** | **0** | **3,014,178** | **0** | **0** | **0** | **0** | |
| 21 | **Total** | **69,133,606** | **22,855,144** | **45,511,479** | **-** | **-** | **766,983** | **-** | |

**Exhibit 14: 2019 TY COS for Rate Setting**

# 2017 GRA Compliance Application
# Exhibit 14: 2019 Test Year Cost of Service for Rate Setting

**July 2019**

Schedule 1.1
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Total System Revenue Requirement**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|
| Line No. | Description | Total Amount ($) | Island Interconnected ($) | Island Isolated ($) | Labrador Isolated ($) | L'Anse au Loup ($) | Labrador Interconnected ($) | Basis of Proration |
| | Revenue Requirement | | | | | | | |
| | **Expenses** | | | | | | | |
| 1 | Operating, Maintenance and Admin. | 136,132,270 | 102,306,376 | 6,744,799 | 14,870,185 | 1,481,175 | 10,729,734 | Detailed Analysis |
| 2 | Fuels - No. 6 Fuel | 194,685,983 | 194,685,983 | - | - | - | - | Detailed Analysis |
| 3 | Fuels - Diesel | 18,296,540 | 59,579 | 2,085,061 | 15,446,413 | 668,701 | 36,786 | Detailed Analysis |
| 4 | Fuels - Gas Turbine | 6,874,401 | 6,648,385 | - | - | - | 226,016 | |
| 5 | Fuel Supply Deferral | - | - | | | | | |
| 6 | Power Purchases -CF(L)Co | 1,569,103 | - | - | - | - | 1,569,103 | Detailed Analysis |
| 7 | Power Purchases - Other | 65,803,124 | 62,290,328 | 164,000 | - | 3,348,796 | - | Detailed Analysis |
| 8 | Power Purchases - MF | - | - | | | | | |
| 8 | Power Purchases - LIL & LTA Costs | - | - | | | | | |
| 9 | Power Purchases - Off Island | 14,289,941 | 14,289,941 | | | | | |
| 10 | Depreciation | 81,745,761 | 72,321,429 | 754,457 | 3,361,364 | 890,369 | 4,418,141 | Detailed Analysis |
| | **Expense Credits:** | | | | | | | |
| 11 | Sundry | (456,000) | (342,694) | (22,593) | (49,810) | (4,961) | (35,941) | Total O&M Expenses |
| 12 | Building Rental Income | (15,600) | (15,600) | - | - | - | 0 | Detailed Analysis |
| 13 | Tax Refunds | - | - | - | - | - | - | Total O&M Expenses |
| 14 | Suppliers' Discounts | (39,600) | (29,760) | (1,962) | (4,326) | (431) | (3,121) | Total O&M Expenses |
| 15 | Pole Attachments | (1,598,389) | (1,151,878) | (23,750) | (103,327) | (68,522) | (250,912) | Detailed Analysis |
| 16 | Wheeling Revenues | - | 0 | - | - | - | - | Island Interconnected |
| 17 | Application Fees | (24,680) | (12,200) | (300) | (1,654) | (406) | (10,120) | Detailed Analysis |
| 18 | Meter Test Revenues | - | 0 | - | - | - | - | Weighted Customers |
| 19 | **Total Expense Credits** | **(2,134,269)** | **(1,552,132)** | **(48,605)** | **(159,117)** | **(74,320)** | **(300,094)** | |
| 20 | **Subtotal Expenses** | **517,262,853** | **451,049,889** | **9,699,712** | **33,518,845** | **6,314,721** | **16,679,686** | |
| 21 | Disposal Gain/Loss | - | - | - | - | - | - | Detailed Analysis |
| 22 | **Subtotal Rev Reqt Excl Return** | **517,262,853** | **451,049,889** | **9,699,712** | **33,518,845** | **6,314,721** | **16,679,686** | |
| 23 | Return on Debt | 87,326,744 | 78,356,721 | 673,582 | 3,074,213 | 759,575 | 4,462,654 | Rate Base |
| 24 | Return on Equity | 38,451,564 | 34,501,898 | 296,590 | 1,353,632 | 334,455 | 1,964,988 | Rate Base |
| 25 | **Total Revenue Requirement** | **643,041,161** | **563,908,508** | **10,669,884** | **37,946,689** | **7,408,751** | **23,107,328** | |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Total System**
**Return on Rate Base**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|
| Line No | | Total $ | Island Interconnected $ | Island Isolated $ | Labrador Isolated $ | L'Anse au Loup $ | Labrador Interconnected $ | Basis of Proration |
| | **Rate Base:** | | | | | | | |
| 1 | Average Net Book Value | 2,108,069,471 | 1,891,030,131 | 16,262,332 | 72,421,862 | 18,511,015 | 109,844,131 | Schedule 2.3 |
| 2 | Cash Working Capital | 2,022,000 | 1,813,822 | 15,598 | 69,465 | 17,755 | 105,359 | Prorated on Average Net Book Value - L. 1 |
| 3 | Fuel Inventory - No. 6 Fuel | 50,022,009 | 50,022,009 | - | - | - | - | Specifically Assigned - Holyrood |
| 4 | Fuel Inventory - Diesel | 3,362,238 | 71,102 | 357,698 | 2,779,174 | 91,407 | 62,856 | Detailed Fuel Analysis |
| 5 | Fuel Inventory - Gas Turbine | 3,765,460 | 3,413,282 | - | - | - | 352,179 | Detailed Fuel Analysis |
| 6 | Inventory/Supplies | 32,883,501 | 29,263,501 | 181,453 | 1,216,699 | 318,394 | 1,903,454 | Prorated on Total Plant in Service, Schedule 2.2 |
| 7 | Deferred Charges: Holyrood | - | - | | | | | Detailed Analysis |
| 8 | Deferred Charges: Foreign Exchange Loss and Regulatory Costs | 102,422,300 | 91,877,264 | 790,119 | 3,518,676 | 899,373 | 5,336,868 | Prorated on Average Net Book Value - L. 1 |
| 9 | Retired Asset Pool | 13,812,273 | 10,936,496 | 259,686 | 1,538,224 | 309,932 | 767,936 | Prorated on Average Net Book Value - L. 1 |
| 10 | Total Rate Base | **2,316,359,252** | **2,078,427,607** | **17,866,886** | **81,544,100** | **20,147,876** | **118,372,783** | |
| 11 | Less: Rural Portion | - | - | - | - | - | - | Schedule 2.6, L. 9 |
| 12 | Rate Base Available for Equity Return | **2,316,359,252** | **2,078,427,607** | **17,866,886** | **81,544,100** | **20,147,876** | **118,372,783** | |
| | **Corporate Targets:** | | | | | | | |
| 13 | Capital Structure: Percent of Debt | 76.80% (1) | | | | | | |
| 14 | Return | 4.91% | | | | | | |
| 15 | Weighted Average Return: Debt | **3.77%** | | | | | | |
| 16 | Capital Structure: Percent of Equity | 19.48% (1) | | | | | | |
| 17 | Return | 8.50% | | | | | | |
| 18 | Weighted Average Return: Equity | **1.66%** | | | | | | |
| 19 | Weighted Average Cost of Capital | **5.43%** | | | | | | |
| | **Return on Rate Base by System (%):** | | | | | | | |
| 20 | Return on Rate Base - Debt Component | - | 3.77% | 3.77% | 3.77% | 3.77% | 3.77% | |
| 21 | Return on Rate Base - Equity Component | - | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | |
| | **Return on Rate Base ($):** | | | | | | | |
| 22 | Return on Debt | 87,326,744 | 78,356,721 | 673,582 | 3,074,213 | 759,575 | 4,462,654 | Schedule 2.6, L.12 |
| 23 | Return on Equity | 38,451,564 | 34,501,898 | 296,590 | 1,353,632 | 334,455 | 1,964,988 | Schedule 2.6, L.13 |
| 24 | Return on Rate Base ($) | **125,778,307** | **112,858,619** | **970,172** | **4,427,845** | **1,094,030** | **6,427,642** | Schedule 2.6, L.14 |
| | **Return on Total Rate Base (%):** | | | | | | | |
| 25 | Return on Rate Base - Debt Component | 3.77% | 3.77% | 3.77% | 3.77% | 3.77% | 3.77% | L. 22 divided by L.10 |
| 26 | Return on Rate Base - Equity Component | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | L. 23 divided by L.10 |
| 27 | Return on Rate Base (%) | **5.43%** | **5.43%** | **5.43%** | **5.43%** | **5.43%** | **5.43%** | L. 24 divided by L.10 |

(1) Debt and equity weightings reflect a 0.61% funded ARO and 3.12% component for Employee Future Benefits at 0% cost.

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Total System**
**Comparison of Revenue & Allocated Revenue Requirement**

| Line No. | 1<br>Rate Class | 2<br>Revenues<br>($) | 3<br>Cost of Service Before Deficit and Revenue Credit Allocation<br>($) | 4<br>Revenue Credits<br>($) | 5<br>Deficit<br>($) | 6<br>Revenue Requirement After Deficit and Revenue Credit Allocation (Col.3+4+5)<br>($) | 7<br>Revenue to Cost Coverage (Col.2/3) |
|---|---|---|---|---|---|---|---|
| | **Total System** | | | | | | |
| 1 | Newfoundland Power | 506,966,895 | 445,213,935 | - | 61,762,933 | 506,976,868 | |
| 2 | Subtotal Newfoundland Power | **506,966,895** | **445,213,935** | **-** | **61,762,933** | **506,976,868** | **1.14** |
| 3 | Island Industrial | 45,656,794 | 45,661,771 | - | - | 45,661,771 | 1.00 |
| 4 | Labrador Industrial | 4,998,957 | 4,984,962 | - | - | 4,984,962 | 1.00 |
| 5 | CFB - Goose Bay Secondary | - | - | - | - | - | - |
| 6 | Rural Labrador Interconnected | 20,636,427 | 18,122,366 | - | 2,514,051 | 20,636,417 | 1.14 |
| | **Rural Deficit Areas** | | | | | | |
| 7 | Island Interconnected | 51,030,303 | 73,032,803 | - | (22,002,500) | 51,030,303 | 0.70 |
| 8 | Island Isolated | 1,603,531 | 10,669,884 | - | (9,066,353) | 1,603,531 | 0.15 |
| 9 | Labrador Isolated | 9,024,313 | 37,946,689 | - | (28,922,376) | 9,024,313 | 0.24 |
| 10 | L'Anse au Loup | 3,122,996 | 7,408,751 | - | (4,285,755) | 3,122,996 | 0.42 |
| 11 | CFB Revenue Credit Applied to Deficit | - | - | - | - | - | - |
| 12 | **Subtotal** | **64,781,143** | **129,058,127** | **-** | **(64,276,984)** | **64,781,143** | **0.50** |
| 13 | **Total** | **643,040,215** | **643,041,161** | **-** | **-** | **643,041,161** | **1.00** |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Comparison of Revenue & Allocated Revenue Requirement**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| Line No. | Rate Class | Revenues ($) | Cost of Service Before Deficit and Revenue Credit Allocation ($) | Revenue Credit ($) | Deficit Allocation ($) | Revenue Requirement After Deficit and Revenue Credit Allocation (Col.3+4+5) ($) | Revenue to Cost Coverage (Col.2/3) |
| | **Island Interconnected** | | | | | | |
| 1 | Newfoundland Power | 506,966,895 | 445,213,935 | - | 61,762,933 | 506,976,868 | |
| 2 | **Subtotal Newfoundland Power** | **506,966,895** | **445,213,935** | **-** | **61,762,933** | **506,976,868** | **1.14** |
| 3 | Industrial - Firm | 45,656,794 | 45,661,771 | - | | 45,661,771 | |
| 4 | Industrial - Non-Firm | - | - | - | | - | |
| 5 | **Subtotal Industrial** | **45,656,794** | **45,661,771** | **-** | **-** | **45,661,771** | **1.00** |
| | **Rural** | | | | | | |
| 6 | 1.1 Domestic | 13,971,118 | 22,999,749 | - | (9,028,631) | 13,971,118 | 0.61 |
| 7 | 1.12 Domestic All Electric | 17,687,892 | 26,168,579 | - | (8,480,687) | 17,687,892 | 0.68 |
| 8 | 1.3 Special | 19,223 | 71,749 | - | (52,526) | 19,223 | 0.27 |
| 9 | 2.1 General Service 0-100 kW | 9,173,778 | 11,931,399 | - | (2,757,621) | 9,173,778 | 0.77 |
| 10 | 2.3 General Service 110-1,000 kVa | 5,918,841 | 6,923,375 | - | (1,004,534) | 5,918,841 | 0.85 |
| 11 | 2.4 General Service Over 1,000 kVa | 3,265,765 | 3,675,838 | - | (410,073) | 3,265,765 | 0.89 |
| 12 | 4.1 Street and Area Lighting | 993,685 | 1,262,113 | - | (268,428) | 993,685 | 0.79 |
| 13 | **Subtotal Rural** | **51,030,303** | **73,032,803** | **-** | **(22,002,500)** | **51,030,303** | **0.70** |
| 14 | **Total Island Interconnected** | **603,653,992** | **563,908,508** | **-** | **39,760,433** | **603,668,941** | **1.07** |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Comparison of Revenue & Allocated Revenue Requirement**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| Line No. | Rate Class | Revenues ($) | Cost of Service Before Deficit and Revenue Credit Allocation ($) | Revenue Credit ($) | Deficit ($) | Revenue Requirement After Deficit and Revenue Credit Allocation (Col.3+4+5) ($) | Revenue to Cost Coverage (Col.2/3) |
| | **Island Isolated** | | | | | | |
| 1 | 1.2 Domestic Diesel | 803,486 | 8,181,046 | | (7,377,559) | 803,486 | 0.10 |
| 2 | 1.2G Government Domestic Diesel | - | - | | - | - | - |
| 2 | 1.23 Churches, Schools & Com Halls | 65,268 | 335,069 | | (269,801) | 65,268 | 0.19 |
| 3 | 2.1 General Service 0-10 kW | 212,410 | 845,856 | | (633,447) | 212,410 | 0.25 |
| 4 | 2.2 GS 10-100 kW | 478,004 | 1,090,702 | | (612,698) | 478,004 | 0.44 |
| 5 | 4.1 Street and Area Lighting | 38,040 | 206,841 | | (168,800) | 38,040 | 0.18 |
| 6 | 4.1G Gov't Street and Area Lighting | 6,323 | 10,370 | | (4,047) | 6,323 | 0.61 |
| 7 | **Total** | **1,603,531** | **10,669,884** | | **(9,066,353)** | **1,603,531** | **0.15** |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Comparison of Revenue & Allocated Revenue Requirement**

| Line No. | 1<br>Rate Class | 2<br>Revenues<br>($) | 3<br>Cost of Service Before Deficit and Revenue Credit Allocation<br>($) | 4<br>Revenue Credit<br>($) | 5<br>Deficit<br>($) | 6<br>Revenue Requirement After Deficit and Revenue Credit Allocation (Col.3+4+5)<br>($) | 7<br>Revenue to Cost Coverage (Col.2/3) |
|---|---|---|---|---|---|---|---|
| | **Labrador Isolated** | | | | | | |
| 1 | 1.2 Domestic Diesel | 3,159,756 | 20,383,381 | | (17,223,625) | 3,159,756 | 0.16 |
| 2 | 1.2G Government Domestic Diesel | 571,396 | 545,557 | | 25,839 | 571,396 | 1.05 |
| 3 | 1.23 Churches, Schools & Com Halls | 287,095 | 1,144,986 | | (857,891) | 287,095 | 0.25 |
| 4 | 2.1 General Service 0-10 kW | 1,293,558 | 3,744,686 | | (2,451,127) | 1,293,558 | 0.35 |
| 5 | 2.2 GS 10-100 kW | 3,117,128 | 8,749,932 | | (5,632,804) | 3,117,128 | 0.36 |
| 6 | 2.3 GS 110-1,000 kVa | 248,445 | 1,394,499 | | (1,146,053) | 248,445 | 0.18 |
| 7 | 2.4 General Service Over 1,000 kVa | 227,199 | 1,606,924 | | (1,379,726) | 227,199 | 0.14 |
| 8 | 4.1 Street and Area Lighting | 110,871 | 367,875 | | (257,003) | 110,871 | 0.30 |
| 9 | 4.1G Gov't Street and Area Lighting | 8,864 | 8,849 | | 14 | 8,864 | 1.00 |
| 10 | **Total** | **9,024,313** | **37,946,689** | | **(28,922,376)** | **9,024,313** | **0.24** |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Comparison of Revenue & Allocated Revenue Requirement**

| Line No. | 1<br>Rate Class | 2<br>Revenues<br>($) | 3<br>Cost of Service Before Deficit and Revenue Credit Allocation<br>($) | 4<br>Revenue Credit<br>($) | 5<br>Deficit<br>($) | 6<br>Revenue Requirement After Deficit and Revenue Credit Allocation (Col.3+4+5)<br>($) | 7<br>Revenue to Cost Coverage (Col.2/3) |
|---|---|---|---|---|---|---|---|
| | **L'Anse au Loup** | | | | | | |
| 1 | 1.1 Domestic | 567,418 | 1,524,956 | | (957,538) | 567,418 | 0.37 |
| 2 | 1.12 Domestic All Electric | 1,369,640 | 3,428,682 | | (2,059,042) | 1,369,640 | 0.40 |
| 3 | 2.1 General Service 0-100 kW | 850,378 | 1,802,652 | | (952,274) | 850,378 | 0.47 |
| 3 | 2.3 General Service 110-1,000 kVa | 316,636 | 601,815 | | (285,179) | 316,636 | 0.53 |
| 4 | 4.1 Street and Area Lighting | 18,925 | 50,646 | | (31,721) | 18,925 | 0.37 |
| 5 | **Total L'Anse Au Loup** | **3,122,996** | **7,408,751** | | **(4,285,755)** | **3,122,996** | **0.42** |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Interconnected**
**Comparison of Revenue & Allocated Revenue Requirement**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| Line No. | Rate Class | Revenues ($) | Cost of Service Before Deficit and Revenue Credit Allocation ($) | Revenue Credit ($) | Deficit Allocation ($) | Revenue Requirement After Deficit and Revenue Credit Allocation (Col.3+4+5) ($) | Revenue to Cost Coverage (Col.2/7) |
| | **Labrador Interconnected** | | | | | | |
| 1 | Labrador Industrial Firm | 4,998,957 | 4,984,962 | | - | 4,984,962 | 1.00 |
| 2 | Labrador Industrial Non-Firm | - | - | | - | - | - |
| 3 | **Subtotal Industrial** | **4,998,957** | **4,984,962** | **-** | **-** | **4,984,962** | |
| 4 | CFB - Goose Bay Secondary | - | - | - | - | - | - |
| | **Rural** | | | | | | |
| 5 | 1.1 Domestic | 94,059 | 195,457 | - | 27,115.02 | 222,572 | 0.42 |
| 6 | 1.1A Domestic All Electric | 10,597,193 | 10,546,221 | - | 1,463,039 | 12,009,260 | 0.88 |
| 7 | 2.1 General Service 0-10 kW | 388,888 | 344,207 | - | 47,751 | 391,958 | 0.99 |
| 8 | 2.2 General Service 10-100 kW | 2,176,279 | 1,620,859 | - | 224,856 | 1,845,715 | 1.18 |
| 9 | 2.3 General Service 110-1,000 kVa | 3,682,016 | 2,381,366 | - | 330,358 | 2,711,724 | 1.36 |
| 10 | 2.4 General Service Over 1,000 kVa | 3,351,138 | 2,738,025 | - | 379,836 | 3,117,862 | 1.07 |
| 11 | 4.1 Street and Area Lighting | 346,854 | 296,231 | - | 41,095 | 337,326 | 1.03 |
| 12 | **Subtotal Rural** | **20,636,427** | **18,122,366** | **-** | **2,514,051** | **20,636,417** | |
| 13 | **Total Labrador Interconnected** | **25,635,384** | **23,107,328** | **-** | **2,514,051** | **25,621,379** | |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Total System**
**Rural Deficit Allocation**

| Line No. | 1 | 2<br>Deficit Allocation<br>Allocated on Revenue Requirment ($) | | |
|---|---|---|---|---|
| | ALLOCATION OF DEFICIT: | | | |
| 1 | Island Interconnected | 61,762,933 | | |
| 2 | Labrador Interconnected | 2,514,051 | | |
| 3 | **Allocated Totals** | **64,276,984** | | |
| | CUSTOMER DEFICIT ALLOCATION: | Amount | Revenue Requirement | Percent |
| | **Island Interconnected:** | | | |
| 4 | Newfoundland Power | 61,762,933 | 445,213,935 | 96.1% |
| | **Labrador Interconnected:** | | | |
| 5 | Rural Labrador Interconnected | 2,514,051 | 18,122,366 | 3.9% |
| 6 | **Total** | **64,276,984** | | 100.0% |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Unit Demand, Energy & Customer Amounts**

| Line No. | 1<br>Rate Class | 2<br>Before Deficit and Revenue Credit Allocation<br>Demand<br>Demand ($/kW) | 3<br><br>Non-Demand ($/kWh) | 4<br><br>Energy ($/kWh) | 5<br><br>Non-Demand<br>Demand & Energy ($/kWh) | 6<br><br>Customer ($/Bill) | 7<br>After Deficit and Revenue Credit Allocation<br>Demand<br>Demand ($/kW) | 8<br><br>Non-Demand ($/kWh) | 9<br><br>Energy ($/kWh) | 10<br><br>Non-Demand<br>Demand & Energy ($/kWh) | 11<br><br>Customer ($/Bill) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Island Interconnected** | | | | | | | | | | |
| 1 | Newfoundland Power | 12.21 | - | 0.04430 | - | 256,178.94 | 13.90 | - | 0.05045 | - | 291,717.72 |
| 2 | Industrial - Firm | 10.73 | - | 0.04428 | - | 5,302.16 | 10.73 | - | 0.04428 | - | 5,302.16 |
| 3 | Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | - | - | | |
| 4 | 1.1 Domestic | - | 0.11844 | 0.04909 | 0.16753 | 40.16 | - | - | - | - | - |
| 5 | 1.12 Domestic All Electric | - | 0.10588 | 0.04918 | 0.15506 | 40.24 | - | - | - | - | - |
| 6 | 1.3 Special | - | 0.15793 | 0.04866 | 0.20658 | 39.81 | - | - | - | - | - |
| 7 | 2.1 General Service 0-10 kW | 30.27 | - | 0.04934 | - | 54.88 | - | - | - | - | - |
| 8 | 2.2 General Service 10-100 kW | - | - | - | - | - | - | - | - | - | - |
| 9 | 2.3 General Service 110-1,000 kVa | 22.64 | - | 0.04947 | - | 69.13 | - | - | - | - | - |
| 10 | 2.4 General Service Over 1,000 kVa | 19.98 | - | 0.04871 | - | 69.14 | - | - | - | - | - |
| 11 | 4.1 Street and Area Lighting | - | 0.12353 | 0.04937 | 0.17290 | 68.03 | - | - | - | - | - |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Unit Demand, Energy & Customer Amounts**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Rate Class | Before Deficit and Revenue Credit Allocation | | | | | After Deficit and Revenue Credit Allocation | | | | |
| Line | | Demand | | | Non-Demand | | Demand | | | Non-Demand | |
| No. | | Demand ($/kW) | Non-Demand ($/kWh) | Energy ($/kWh) | Demand & Energy ($/kWh) | Customer ($/Bill) | Demand ($/kW) | Non-Demand ($/kWh) | Energy ($/kWh) | Demand & Energy ($/kWh) | Customer ($/Bill) |
| | **Isolated Systems:** | | | | | | | | | | |
| 1 | 1.2 Domestic Diesel | - | 0.35117 | 0.63257 | 0.98374 | 57.91 | | | | | |
| 2 | 2.1 General Service 0-10 kW | - | 0.21034 | 0.63019 | 0.84054 | 58.76 | | | | | |
| 3 | 2.2 GS 10-100 kW | 64.08 | - | 0.62273 | - | 70.51 | | | | | |
| 4 | 2.3 GS 110-1,000 kVa | 12.22 | - | 0.61138 | - | 84.08 | | | | | |
| 5 | 2.4 General Service Over 1,000 kVa | 25.15 | - | 0.61067 | - | 83.99 | | | | | |
| 6 | **Subtotal Metered Demand Classes** | 50.90 | - | 0.61946 | - | 71.12 | | | | | |
| 7 | 4.1 Street and Area Lighting | - | 0.42225 | 0.64312 | 1.06538 | 103.71 | | | | | |
| | **Island Isolated** | | | | | | | | | | |
| 8 | 1.2 Domestic Diesel | - | 0.71889 | 0.72489 | 1.44378 | 79.47 | - | - | - | - | - |
| 9 | 2.1 General Service 0-10 kW | - | 0.33949 | 0.72777 | 1.06726 | 87.26 | - | - | - | - | - |
| 10 | 2.2 GS 10-100 kW | 158.05 | - | 0.73116 | - | 119.61 | - | - | - | - | - |
| 11 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - | - | - |
| 12 | 2.4 General Service Over 1,000 kVa | - | - | - | - | - | - | - | - | - | - |
| 13 | 4.1 Street and Area Lighting | - | 0.70448 | 0.72687 | 1.43135 | 143.71 | - | - | - | - | - |
| | **Labrador Isolated** | | | | | | | | | | |
| 14 | 1.2 Domestic Diesel | - | 0.26658 | 0.61133 | 0.87791 | 50.90 | - | - | - | - | - |
| 15 | 2.1 General Service 0-10 kW | - | 0.18896 | 0.61404 | 0.80299 | 53.50 | - | - | - | - | - |
| 16 | 2.2 GS 10-100 kW | 56.57 | - | 0.61424 | - | 67.21 | - | - | - | - | - |
| 17 | 2.3 GS 110-1,000 kVa | 12.22 | - | 0.61138 | - | 84.08 | - | - | - | - | - |
| 18 | 2.4 General Service Over 1,000 kVa | 25.15 | - | 0.61067 | - | 83.99 | - | - | - | - | - |
| 19 | 4.1 Street and Area Lighting | - | 0.32322 | 0.61374 | 0.93696 | 86.82 | - | - | - | - | - |

Schedule 1.3
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Unit Demand, Energy & Customer Amounts**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Rate Class | Before Deficit and Revenue Credit Allocation | | | | | After Deficit and Revenue Credit Allocation | | | | |
| | | Demand | | | Non-Demand | | Demand | | | Non-Demand | |
| Line No. | | Demand ($/kW) | Non-Demand ($/kWh) | Energy ($/kWh) | Demand & Energy ($/kWh) | Customer ($/Bill) | Demand ($/kW) | Non-Demand ($/kWh) | Energy ($/kWh) | Demand & Energy ($/kWh) | Customer ($/Bill) |
| | **L'Anse au Loup** | | | | | | | | | | |
| 1 | 1.1 Domestic | - | 0.13811 | 0.16163 | 0.29974 | 45.81 | - | - | - | - | - |
| 2 | 1.12 Domestic All Electric | - | 0.11829 | 0.16171 | 0.27999 | 45.83 | - | - | - | - | - |
| 3 | 2.1 General Service 0-10 kW | 24.45 | - | 0.16198 | - | 58.23 | - | - | - | - | - |
| 4 | 2.2 General Service 10-100 kW | - | - | - | - | - | - | - | - | - | - |
| 5 | 2.3 General Service 110-1,000 kVa | 12.35 | - | 0.16237 | - | 70.33 | - | - | - | - | - |
| 6 | 4.1 Street and Area Lighting | - | 0.12393 | 0.16147 | 0.28540 | 84.57 | - | - | - | - | - |
| | **Labrador Interconnected** | | | | | | | | | | |
| 7 | Labrador Industrial - Firm | 1.49 | - | - | - | - | 1.49 | - | - | - | - |
| 8 | Labrador Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - |
| 9 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | - | - | | |
| 10 | 1.1 Domestic | - | 0.02062 | 0.00173 | 0.02235 | 36.28 | - | 0.02349 | 0.00197 | 0.02546 | 41.31 |
| 11 | 1.1A Domestic All Electric | - | 0.01843 | 0.00176 | 0.02018 | 36.81 | - | 0.02099 | 0.00200 | 0.02298 | 41.92 |
| 12 | **Subtotal Domestic** | - | 0.01844 | 0.00176 | 0.02020 | 36.79 | - | 0.02100 | 0.00200 | 0.02300 | 41.90 |
| | | | | | | | | - | - | | |
| 13 | 2.1 General Service 0-10 kW | - | 0.01394 | 0.00176 | 0.01570 | 39.98 | - | 0.01587 | 0.00201 | 0.01788 | 45.52 |
| 14 | 2.2 General Service 10-100 kW | 4.33 | - | 0.00177 | - | 50.26 | 4.93 | - | 0.00202 | - | 57.23 |
| 15 | 2.3 General Service 110-1,000 kVa | 4.63 | - | 0.00177 | - | 63.07 | 5.27 | - | 0.00202 | - | 71.82 |
| 16 | 2.4 General Service Over 1,000 kVa | 7.35 | - | 0.00174 | - | 62.21 | 8.36 | - | 0.00198 | - | 70.84 |
| 17 | 4.1 Street and Area Lighting | - | 0.01741 | 0.00178 | 0.01919 | 56.44 | - | 0.01983 | 0.00202 | 0.02185 | 64.28 |

Schedule 1.3.1
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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Total Demand, Energy & Customer Amounts**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|
| Line | Rate Class | Before Deficit and Revenue Credit Allocation | | | | After Deficit and Revenue Credit Allocation | | | |
| No. | | Total ($) | Demand ($) | Energy ($) | Customer ($) | Total ($) | Demand ($) | Energy ($) | Customer ($) |
| | **Island Interconnected** | | | | | | | | |
| 1 | Newfoundland Power | 445,213,935 | 185,151,698 | 256,988,089 | 3,074,147 | 506,976,868 | 210,837,130 | 292,639,126 | 3,500,613 |
| 2 | Industrial - Firm | 45,661,771 | 12,430,306 | 32,913,335 | 318,130 | 45,661,771 | 12,430,306 | 32,913,335 | 318,130 |
| 3 | Industrial - Non-Firm | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | |
| 4 | 1.1 Domestic | 22,999,749 | 12,370,549 | 5,127,309 | 5,501,892 | - | - | - | - |
| 5 | 1.12 Domestic All Electric | 26,168,579 | 15,055,430 | 6,993,170 | 4,119,979 | - | - | - | - |
| 6 | 1.3 Special | 71,749 | 54,484 | 16,787 | 478 | - | - | - | - |
| 7 | 2.1 General Service 0-10 kW | 11,931,399 | 6,406,543 | 3,638,182 | 1,886,674 | | | | |
| 8 | 2.2 General Service 10-100 kW | - | - | - | - | - | - | - | - |
| 9 | 2.3 General Service 110-1,000 kVa | 6,923,375 | 4,109,259 | 2,736,141 | 77,976 | - | - | - | - |
| 10 | 2.4 General Service Over 1,000 kVa | 3,675,838 | 1,984,176 | 1,684,194 | 7,467 | - | - | - | - |
| 11 | 4.1 Street and Area Lighting | 1,262,113 | 345,894 | 138,225 | 777,994 | - | - | - | - |
| 12 | **Subtotal Rural** | **73,032,803** | **40,326,334** | **20,334,008** | **12,372,460** | | | | |
| 13 | **Total Island Interconnected** | **563,908,508** | **237,908,338** | **310,235,433** | **15,764,737** | | | | |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Total Demand, Energy & Customer Amounts**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|
| Line No. | Rate Class | Before Deficit and Revenue Credit Allocation | | | | After Deficit and Revenue Credit Allocation | | | |
| | | Total ($) | Demand ($) | Energy ($) | Customer ($) | Total ($) | Demand ($) | Energy ($) | Customer ($) |
| | **Isolated Systems:** | | | | | | | | |
| 1 | 1.2 Domestic Diesel | 30,590,039 | 10,233,515 | 18,433,601 | 1,922,923 | | | | |
| 2 | 2.1 General Service 0-10 kW | 4,590,542 | 1,061,599 | 3,180,591 | 348,352 | | | | |
| 3 | 2.2 GS 10-100 kW | 9,840,634 | 2,562,451 | 7,170,729 | 107,455 | | | | |
| 4 | 2.3 GS 110-1,000 kVa | 1,394,499 | 116,571 | 1,272,883 | 5,045 | | | | |
| 5 | 2.4 General Service Over 1,000 kVa | 1,606,924 | 154,346 | 1,451,570 | 1,008 | | | | |
| 6 | **Subtotal Metered Demand Classes** | 12,842,057 | 2,833,368 | 9,895,182 | 113,507 | | | | |
| 7 | 4.1 Street and Area Lighting | 593,935 | 172,267 | 262,375 | 159,293 | | | | |
| 8 | **Total Isolated Systems** | **48,616,574** | **14,300,749** | **31,771,749** | **2,544,075** | | | | |
| | **Island Isolated** | | | | | | | | |
| 9 | 1.2 Domestic Diesel | 8,516,115 | 3,917,926 | 3,950,651 | 647,537 | - | - | - | - |
| 10 | 2.1 General Service 0-10 kW | 845,856 | 243,414 | 521,811 | 80,632 | - | - | - | - |
| 11 | 2.2 GS 10-100 kW | 1,090,702 | 467,965 | 611,254 | 11,483 | - | - | - | - |
| 12 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - |
| 13 | 2.4 General Service Over 1,000 kVa | - | - | - | - | - | - | - | - |
| 14 | 4.1 Street and Area Lighting | 217,211 | 74,653 | 77,026 | 65,531 | - | - | - | - |
| 15 | **Total Island Isolated** | **10,669,884** | **4,703,959** | **5,160,742** | **805,183** | | | | |
| | **Labrador Isolated** | | | | | | | | |
| 16 | 1.2 Domestic Diesel | 22,073,924 | 6,315,589 | 14,482,950 | 1,275,385 | - | - | - | - |
| 17 | 2.1 General Service 0-10 kW | 3,744,686 | 818,185 | 2,658,781 | 267,720 | - | - | - | - |
| 18 | 2.2 GS 10-100 kW | 8,749,932 | 2,094,486 | 6,559,475 | 95,972 | - | - | - | - |
| 19 | 2.3 GS 110-1,000 kVa | 1,394,499 | 116,571 | 1,272,883 | 5,045 | - | - | - | - |
| 20 | 2.4 General Service Over 1,000 kVa | 1,606,924 | 154,346 | 1,451,570 | 1,008 | - | - | - | - |
| 21 | 4.1 Street and Area Lighting | 376,724 | 97,614 | 185,349 | 93,762 | - | - | - | - |
| 22 | **Total Labrador Isolated** | **37,946,689** | **9,596,791** | **26,611,007** | **1,738,892** | | | | |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Total Demand, Energy & Customer Amounts**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|---|
| Line No. | Rate Class | Before Deficit and Revenue Credit Allocation | | | | After Deficit and Revenue Credit Allocation | | | |
| | | Total ($) | Demand ($) | Energy ($) | Customer ($) | Total ($) | Demand ($) | Energy ($) | Customer ($) |
| | **L'Anse au Loup** | | | | | | | | |
| 1 | 1.1 Domestic | 1,524,956 | 604,390 | 707,293 | 213,273 | - | - | - | - |
| 2 | 1.12 Domestic All Electric | 3,428,682 | 1,348,609 | 1,843,604 | 236,470 | - | - | - | - |
| 3 | 2.1 General Service 0-10 kW | 1,802,652 | 611,673 | 1,049,827 | 141,152 | - | - | - | - |
| 4 | 2.2 General Service 10-100 kW | - | - | - | - | - | - | - | - |
| 5 | 2.3 General Service 110-1,000 kVa | 601,815 | 136,249 | 459,659 | 5,907 | - | - | - | - |
| 6 | 4.1 Street and Area Lighting | 50,646 | 6,569 | 8,558 | 35,519 | - | - | - | - |
| 7 | **Total L'Anse au Loup** | **7,408,751** | **2,707,489** | **4,068,940** | **632,322** | | | | |
| | **Labrador Interconnected** | | | | | | | | |
| 8 | Labrador Industrial - Firm | 4,984,962 | 4,984,962 | - | - | 4,984,962 | 4,984,962 | - | - |
| 9 | Labrador Industrial - Non-Firm | - | - | - | - | - | - | - | - |
| 10 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | |
| 11 | 1.1 Domestic | 195,457 | 43,777 | 3,672 | 148,008 | 222,572 | 49,850 | 4,182 | 168,540 |
| 12 | 1.1A Domestic All Electric | 10,546,221 | 5,784,589 | 551,083 | 4,210,549 | 12,009,260 | 6,587,064 | 627,533 | 4,794,663 |
| 13 | **Subtotal Domestic** | **10,741,678** | **5,828,366** | **554,755** | **4,358,556** | **12,231,832** | **6,636,914** | **631,715** | **4,963,203** |
| 14 | 2.1 General Service 0-10 kW | 344,207 | 91,776 | 11,602 | 240,829 | 391,958 | 104,508 | 13,212 | 274,238 |
| 15 | 2.2 General Service 10-100 kW | 1,620,859 | 1,054,385 | 126,211 | 440,263 | 1,845,715 | 1,200,656 | 143,720 | 501,339 |
| 16 | 2.3 General Service 110-1,000 kVa | 2,381,366 | 1,993,999 | 253,407 | 133,960 | 2,711,724 | 2,270,619 | 288,561 | 152,543 |
| 17 | 2.4 General Service Over 1,000 kVa | 2,738,025 | 2,423,251 | 309,548 | 5,226 | 3,117,862 | 2,759,420 | 352,491 | 5,951 |
| 18 | 4.1 Street and Area Lighting | 296,231 | 31,560 | 3,218 | 261,453 | 337,326 | 35,938 | 3,665 | 297,723 |
| 19 | **Subtotal Rural** | **18,122,366** | **11,423,337** | **1,258,742** | **5,440,287** | **20,636,417** | **13,008,056** | **1,433,363** | **6,194,998** |
| 20 | **Total Labrador Interconnected** | **23,107,328** | **16,408,300** | **1,258,742** | **5,440,287** | **25,621,379** | **17,993,018** | **1,433,363** | **6,194,998** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Demands, Sales, & Number of Bills**

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| | | Units | | | |
| Line No. | Rate Class | Billing Demands (kW) | Sales (MWh) | Customers | Bills (Total No) |
| | **Island Interconnected** | | | | |
| 1 | Newfoundland Power | 15,164,268 | 5,800,700 | 1 | 12 |
| 2 | Industrial - Firm | 1,158,000 | 743,300 | 5 | 60 |
| 3 | Industrial - Non-Firm | - | - | - | - |
| | **Rural** | | | | |
| 4 | 1.1 Domestic | - | 104,446 | 11,416 | 136,992 |
| 5 | 1.12 Domestic All Electric | - | 142,194 | 8,533 | 102,396 |
| 6 | 1.3 Special | - | 345 | 1 | 12 |
| 7 | 2.1 General Service 0-10 kW | 211,632 | 73,738 | 2,865 | 34,380 |
| 8 | 2.2 General Service 10-100 kW | - | - | - | - |
| 9 | 2.3 General Service 110-1,000 kVa | 181,512 | 55,306 | 94 | 1,128 |
| 10 | 2.4 General Service Over 1,000 kVa | 99,330 | 34,576 | 9 | 108 |
| 11 | 4.1 Street and Area Lighting | - | 2,800 | 953 | 11,436 |
| 12 | **Subtotal Rural** | **492,474** | **413,405** | **23,871** | **286,452** |
| 13 | **Total Island Interconnected** | **16,814,742** | **6,957,405** | **23,877** | **286,524** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Demands, Sales, & Number of Bills**

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| | | Units | | | |
| Line No. | Rate Class | Billing Demands (kW) | Sales (MWh) | Customers | Bills (Total No) |
| | **Isolated Systems:** | | | | |
| 1 | 1.2 Domestic Diesel | - | 29,141 | 2,862 | 33,204 |
| 2 | 2.1 General Service 0-10 kW | - | 5,047 | 494 | 5,928 |
| 3 | 2.2 GS 10-100 kW | 39,988 | 11,515 | 127 | 1,524 |
| 4 | 2.3 GS 110-1,000 kVa | 9,538 | 2,082 | 5 | 60 |
| 5 | 2.4 General Service Over 1,000 kVa | 6,138 | 2,377 | 1 | 12 |
| 6 | **Subtotal Metered Demand Classes** | 55,664 | 15,974 | 133 | 1,596 |
| 7 | 4.1 Street and Area Lighting | - | 408 | 133 | 1,536 |
| 8 | **Total Isolated Systems** | **55,664** | **50,570** | **3,622** | **42,264** |
| | **Island Isolated** | | | | |
| 9 | 1.2 Domestic Diesel | - | 5,450 | 698 | 8,148 |
| 10 | 2.1 General Service 0-10 kW | - | 717 | 77 | 924 |
| 11 | 2.2 GS 10-100 kW | 2,961 | 836 | 8 | 96 |
| 12 | 2.3 GS 110-1,000 kVa | - | - | - | - |
| 13 | 2.4 General Service Over 1,000 kVa | - | - | - | - |
| 14 | 4.1 Street and Area Lighting | - | 106 | 41 | 456 |
| 15 | **Total Island Isolated** | **2,961** | **7,109** | **824** | **9,624** |
| | **Labrador Isolated** | | | | |
| 16 | 1.2 Domestic Diesel | - | 23,691 | 2,164 | 25,056 |
| 17 | 2.1 General Service 0-10 kW | - | 4,330 | 417 | 5,004 |
| 18 | 2.2 GS 10-100 kW | 37,027 | 10,679 | 119 | 1,428 |
| 19 | 2.3 GS 110-1,000 kVa | 9,538 | 2,082 | 5 | 60 |
| 20 | 2.4 General Service Over 1,000 kVa | 6,138 | 2,377 | 1 | 12 |
| 21 | 4.1 Street and Area Lighting | - | 302 | 92 | 1,080 |
| 22 | **Total Labrador Isolated** | **52,703** | **43,461** | **2,798** | **32,640** |

Schedule 1.3.2
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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Demands, Sales, & Number of Bills**

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| | | Units | | | |
| Line No. | Rate Class | Billing Demands (kW) | Sales (MWh) | Customers | Bills (Total No) |
| | **L'Anse au Loup** | | | | |
| 1 | 1.1 Domestic | - | 4,376 | 388 | 4,656 |
| 2 | 1.12 Domestic All Electric | - | 11,401 | 430 | 5,160 |
| 3 | 2.1 General Service 0-10 kW | 25,013 | 6,481 | 202 | 2,424 |
| 4 | 2.2 General Service 10-100 kW | - | - | - | - |
| 5 | 2.3 General Service 110-1,000 kVa | 11,031 | 2,831 | 7 | 84 |
| 6 | 4.1 Street and Area Lighting | - | 53 | 35 | 420 |
| 7 | **Total L'Anse au Loup** | **36,045** | **25,142** | **1,062** | **12,744** |
| | **Labrador Interconnected** | | | | |
| 8 | Labrador Industrial - Firm | 3,352,000 | 2,026,000 | - | - |
| 9 | Labrador Industrial - Non-Firm | - | - | - | |
| 10 | CFB - Goose Bay Secondary | - | - | - | - |
| | **Rural** | | | | |
| 11 | 1.1 Domestic | - | 2,123 | 340 | 4,080 |
| 12 | 1.1A Domestic All Electric | - | 313,891 | 9,532 | 114,384 |
| 13 | **Subtotal Domestic** | - | **316,013** | **9,872** | **118,464** |
| 14 | 2.1 General Service 0-10 kW | - | 6,584 | 502 | 6,024 |
| 15 | 2.2 General Service 10-100 kW | 243,373 | 71,241 | 730 | 8,760 |
| 16 | 2.3 General Service 110-1,000 kVa | 430,581 | 142,793 | 177 | 2,124 |
| 17 | 2.4 General Service Over 1,000 kVa | 329,903 | 178,064 | 7 | 84 |
| 18 | 4.1 Street and Area Lighting | - | 1,812 | 386 | 4,632 |
| 19 | **Subtotal Rural** | **1,003,857** | **716,508** | **11,674** | **140,088** |
| 20 | **Total Labrador Interconnected** | **4,355,857** | **2,742,508** | **11,674** | **140,088** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Rate Calculations for Newfoundland Power**

| | 1 | 2 | 3 |
|---|---|---|---|
| Line No. | Description | Amount | Source |
| | **Newfoundland Power:** | | |
| | **Demand:** | | |
| 1 | Rate ($/kW/mo.) | **5.00** | |
| 2 | Billing Units (kW) | 15,164,268 | Sch 1.3.2, pg 1, Ln 1, Col 2 |
| 3 | **Demand Revenue** | $75,821,340 | Ln 1 * Ln 2 |
| | | | |
| | **Energy (First Block):** | | |
| 4 | Total Revenue Requirement | $506,976,868 | Sch 1.2, pg 1, Ln 1, Col 7 |
| 5 | Less: Demand Revenue | 75,821,340 | Ln 3 |
| 6 | Less: Second Block Energy Revenue | 334,363,155 | ((Sch 1.3.2, pg 1, Ln 1, Col 3) - Ln 8) * Ln 12 |
| 7 | First Block Energy Revenue | $96,792,373 | Ln 4 - Ln 5 - Ln 6 |
| 8 | First Block Energy Consumed (MWh) | 3,960,000 | |
| 9 | **Rate (¢/kWh)** | **2.444** | Ln 7 / Ln 8 |
| | | | |
| | **Energy (Second Block):** | | |
| 10 | Average No. 6 Fuel Cost per Barrel | $105.90 | |
| 11 | Efficiency Factor (kWh per Barrel) | 583 | |
| 12 | **Rate (¢/kWh)** | **18.165** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Value of Newfoundland Power Thermal Generation Credit**

| | 1 | 2 | 3 |
|---|---|---|---|
| Line No. | Description | Amount | Source |
| 1 | Island Interconnected System: | | |
| 2 | Generation demand costs ($) | 152,162,240 | Sch 2.1A, C. 3, Ln 26 |
| 3 | Coincident peak (kW) | 1,478,454 | Sch 3.1A, C. 3, Ln 13 |
| 4 | Generation demand costs ($/kW) | 102.92 | Ln 2 / Ln 3 |
| 5 | NP thermal generation capacity credit (kW) | 30,639 | [1] |
| 6 | Gross value of credit to NP ($) | 3,153,366 | Ln 4 x Ln 5 |
| 7 | Less NP's cost share: | | |
| 8 | Percentage | 88.08% | Sch 3.1A, C. 5, Ln 14 |
| 9 | Amount ($) | (2,777,465) | Ln 6 x Ln 8 |
| 10 | Net value of credit to NP ($) | 375,901 | Ln 6 - Ln 9 |

| | |
|---|---|
| [1] NP gas turbine and diesel generation capacity (kW) | 34,568 |
| ÷ System reserve | 1.13 |
| NP thermal generation capacity credit (kW) | 30,639 |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Calculation of Transmission Wheeling Charge**

| | 1 | 2 |
|---|---|---|
| Line No. | Description | |
| 1 | Island Interconnected Transmission Revenue Requirement | 58,115,500 |
| 2 | Transmission Energy Output (MWh) | 6,994,793 |
| 3 | Rate ($/kWh) | $0.00831 |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Functional Classification of Revenue Requirement**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Rural Prod & | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Expenses** | | | | | | | | | | | | | | | | | |
| 1 | Operating & Maintenance | 102,306,376 | 50,428,735 | 18,588,153 | 12,904,549 | 2,099,923 | 1,268,892 | 5,552,366 | 1,511,565 | 368,357 | 652,023 | 826,663 | 931,474 | 316,510 | 404,175 | 135,356 | 2,967,124 | 997,218 |
| 2 | Fuels-No. 6 Fuel | 194,685,983 | - | 194,685,983 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Fuels-Diesel | 59,579 | 59,579 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuels-Gas Turbine | 6,648,385 | 6,648,385 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Fuel Supply Deferral | - | - | - | | | | | | | | | | | | | | |
| 6 | Power Purchases -CF(L)Co | - | - | - | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Power Purchases-Other | 62,290,328 | 23,496,346 | 38,024,921 | - | 769,061 | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Power Purchases - LIL & LTA Costs | - | - | - | - | | | | | | | | | | | | | |
| 9 | Power Purchases - Off Island | 14,289,941 | - | 14,289,941 | - | | | | | | | | | | | | | |
| 10 | Depreciation | 72,321,429 | 34,103,891 | 14,272,847 | 13,249,544 | 2,232,656 | 632,381 | 3,373,408 | 981,445 | 252,370 | 446,716 | 520,352 | 599,013 | 125,785 | 307,577 | 143,591 | 197,351 | 882,502 |
| | **Expense Credits** | | | | | | | | | | | | | | | | | |
| 11 | Sundry | (342,694) | (168,920) | (62,264) | (43,226) | (7,034) | (4,250) | (18,599) | (5,063) | (1,234) | (2,184) | (2,769) | (3,120) | (1,060) | (1,354) | (453) | (9,939) | (3,340) |
| 12 | Building Rental Income | (15,600) | (5,613) | (3,617) | (3,943) | (690) | (185) | (621) | (169) | (41) | (73) | (92) | (104) | (35) | (36) | (15) | - | (363) |
| 13 | Tax Refunds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Suppliers' Discounts | (29,760) | (14,669) | (5,407) | (3,754) | (611) | (369) | (1,615) | (440) | (107) | (190) | (240) | (271) | (92) | (118) | (39) | (863) | (290) |
| 15 | Pole Attachments | (1,151,878) | - | - | - | - | - | (666,186) | (227,671) | - | - | (117,915) | (140,105) | - | - | - | - | - |
| 16 | Secondary Energy | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Wheeling Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18 | Application Fees | (12,200) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (12,200) | - |
| 19 | Meter Test Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | **Total Expense Credits** | **(1,552,132)** | **(189,203)** | **(71,289)** | **(50,923)** | **(8,335)** | **(4,805)** | **(687,021)** | **(233,343)** | **(1,382)** | **(2,447)** | **(121,017)** | **(143,601)** | **(1,188)** | **(1,508)** | **(508)** | **(23,002)** | **(3,993)** |
| 21 | **Subtotal Expenses** | **451,049,889** | **114,547,733** | **279,790,557** | **26,103,171** | **5,093,305** | **1,896,469** | **8,238,752** | **2,259,667** | **619,345** | **1,096,292** | **1,225,998** | **1,386,886** | **441,107** | **710,244** | **278,439** | **3,141,473** | **1,875,727** |
| 22 | Disposal Gain / Loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Subtotal Revenue Requirement Ex. Return** | **451,049,889** | **114,547,733** | **279,790,557** | **26,103,171** | **5,093,305** | **1,896,469** | **8,238,752** | **2,259,667** | **619,345** | **1,096,292** | **1,225,998** | **1,386,886** | **441,107** | **710,244** | **278,439** | **3,141,473** | **1,875,727** |
| 24 | Return on Debt | 78,356,721 | 26,115,413 | 20,474,139 | 22,225,871 | 2,501,452 | 839,388 | 2,603,511 | 748,272 | 183,966 | 325,636 | 398,057 | 454,840 | 102,929 | 179,807 | 51,239 | 103,796 | 1,048,405 |
| 25 | Return on Equity | 34,501,898 | 11,499,094 | 9,015,138 | 9,786,458 | 1,101,435 | 369,598 | 1,146,374 | 329,478 | 81,004 | 143,383 | 175,272 | 200,274 | 45,321 | 79,172 | 22,562 | 45,703 | 461,632 |
| 26 | **Total Revenue Reqmt** | **563,908,508** | **152,162,240** | **309,279,834** | **58,115,500** | **8,696,192** | **3,105,455** | **11,988,637** | **3,337,417** | **884,315** | **1,565,311** | **1,799,326** | **2,042,001** | **589,357** | **969,223** | **352,240** | **3,290,972** | **3,385,763** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Functional Classification of Revenue Requirement (CONT'D.)**

| | 1 | 19 | 20 | 21 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | Expenses | | | |
| 1 | Operating & Maintenance | 1,313,764 | 1,039,528 | Carryforward from Sch.2.4 L.30 |
| 2 | Fuels-No. 6 Fuel | - | - | Production - Demand, Energy ratios Sch.4.1 L.10 |
| 3 | Fuels-Diesel | - | - | Production - Demand, Energy ratios Sch.4.1 L.12 |
| 4 | Fuels-Gas Turbine | - | - | Production - Demand, Energy ratios Sch.4.1 L.11 |
| 5 | Fuel Supply Deferral | | | |
| 6 | Power Purchases -CF(L)Co | - | - | |
| 7 | Power Purchases-Other | - | - | Carryforward from Sch.4.4 L.1 - L.7 |
| 8 | Power Purchases - LIL & LTA Costs | | | Carryforward from Sch.4.4 L.8 |
| 9 | Power Purchases - Off Island | | | Carryforward from Sch.4.4 L.9 |
| 10 | Depreciation | - | - | Carryforward from Sch.2.5 L.42 |
| | **Expense Credits** | | | |
| 11 | Sundry | (4,401) | (3,482) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.30 |
| 12 | Building Rental Income | - | - | Prorated on Production, Transmission & Distribution Plant - Sch.2.2 L.35 |
| 13 | Tax Refunds | - | - | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.30 |
| 14 | Suppliers' Discounts | (382) | (302) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.30 |
| 15 | Pole Attachments | - | - | Prorated on Distribution Poles - Sch.4.1 L.37 |
| 16 | Secondary Energy | - | - | Production - Energy |
| 17 | Wheeling Revenues | - | - | Transmission - Demand |
| 18 | Application Fees | - | - | Accounting - Customer |
| 19 | Meter Test Revenues | - | - | Meters - Customer |
| 20 | **Total Expense Credits** | **(4,783)** | **(3,784)** | |
| 21 | **Subtotal Expenses** | **1,308,981** | **1,035,744** | |
| 22 | Disposal Gain / Loss | - | - | Prorated on Total Net Book Value - Sch.2.3 L.42 |
| 23 | **Subtotal Revenue Requirement Ex. Return** | **1,308,981** | **1,035,744** | |
| 24 | Return on Debt | - | - | Prorated on Rate Base - Sch.2.6 L.9 |
| 25 | Return on Equity | - | - | Prorated on Rate Base - Sch.2.6 L.11 |
| 26 | **Total Revenue Reqmt** | **1,308,981** | **1,035,744** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Functional Classification of Plant in Service for the Allocation of O&M Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Rural Prod & | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | **Production** | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Hydraulic** | | | | | | | | | | | | | | | | | |
| 1 | Bay D'Espoir | 277,600,154 | 126,764,593 | 150,835,561 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Upper Salmon | 175,371,740 | 80,082,547 | 95,289,194 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Hinds Lake | 84,826,537 | 38,735,575 | 46,090,963 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Cat Arm | 275,824,893 | 125,953,930 | 149,870,963 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Paradise River | 22,580,138 | 10,311,097 | 12,269,042 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Granite Canal | 113,027,574 | 51,613,424 | 61,414,150 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Exploits | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Star Lake | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Other Hydraulic | 5,376,975 | 2,455,366 | 2,921,608 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | **Subtotal Hydraulic** | **954,608,012** | **435,916,531** | **518,691,481** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 11 | Holyrood | 318,673,825 | 268,514,565 | 50,159,260 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | Gas Turbines | 189,799,764 | 189,799,764 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Roddickton | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Diesel | 11,120,633 | 11,120,633 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | **Subtotal Production** | **1,474,202,234** | **905,351,493** | **568,850,741** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | | |
| 16 | Lines | 627,716,017 | 15,354,378 | 18,269,977 | 465,735,836 | 91,188,513 | - | - | - | - | - | - | - | - | - | - | - | 37,167,313 |
| 17 | Terminal Stations | 256,239,055 | - | - | 205,324,596 | 26,310,811 | - | - | - | - | - | - | - | - | - | - | - | 24,603,648 |
| 18 | Term Stns - Hydraulic | 48,304,393 | 22,057,937 | 26,246,456 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | Term Stns - Holyrood | 14,201,537 | 11,966,215 | 2,235,322 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Term Stns - Gas Tur/Dsl | 590,673 | 590,673 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Term Stns - Distribution | 15,928,176 | - | - | - | - | 15,928,176 | - | - | - | - | - | - | - | - | - | - | - |
| 22 | **Subtotal Term Stns** | **335,263,834** | **34,614,825** | **28,481,778** | **205,324,596** | **26,310,811** | **15,928,176** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **24,603,648** |
| 23 | **Subtotal Transmission** | **962,979,850** | **49,969,203** | **46,751,755** | **671,060,433** | **117,499,324** | **15,928,176** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **61,770,961** |
| | **Distribution** | | | | | | | | | | | | | | | | | |
| 24 | Substations | 15,568,975 | - | - | - | - | 15,568,975 | - | - | - | - | - | - | - | - | - | - | - |
| 25 | Land & Land Improvements | 5,098,875 | - | - | - | - | - | 3,844,297 | 489,747 | - | - | 445,897 | 318,935 | - | - | - | - | - |
| 26 | Poles | 133,813,658 | - | - | - | - | - | 77,390,862 | 26,448,537 | - | - | 13,698,237 | 16,276,023 | - | - | - | - | - |
| 27 | Primary Conductor & Eqpt | 16,336,401 | - | - | - | - | - | 14,490,387 | 1,846,013 | - | - | - | - | - | - | - | - | - |
| 28 | Submarine Conductor | 10,006,571 | - | - | - | - | - | 10,006,571 | - | - | - | - | - | - | - | - | - | - |
| 29 | Transformers | 19,430,795 | - | - | - | - | - | - | - | 7,014,517 | 12,416,278 | - | - | - | - | - | - | - |
| 30 | Secondary Conductor&Eqpt | 2,740,622 | - | - | - | - | - | - | - | - | - | 1,597,783 | 1,142,840 | - | - | - | - | - |
| 31 | Services | 6,027,209 | - | - | - | - | - | - | - | - | - | - | - | 6,027,209 | - | - | - | - |
| 32 | Meters | 6,205,020 | - | - | - | - | - | - | - | - | - | - | - | - | 6,205,020 | - | - | - |
| 33 | Street Lighting | 2,577,545 | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,577,545 | - | - |
| 34 | **Subtotal Distribution** | **217,805,673** | **-** | **-** | **-** | **-** | **15,568,975** | **105,732,117** | **28,784,297** | **7,014,517** | **12,416,278** | **15,741,916** | **17,737,797** | **6,027,209** | **6,205,020** | **2,577,545** | **-** | **-** |
| 35 | **Subttl Prod, Trans, & Dist** | **2,654,987,757** | **955,320,696** | **615,602,496** | **671,060,433** | **117,499,324** | **31,497,151** | **105,732,117** | **28,784,297** | **7,014,517** | **12,416,278** | **15,741,916** | **17,737,797** | **6,027,209** | **6,205,020** | **2,577,545** | **-** | **61,770,961** |
| 36 | General | 180,793,604 | 94,572,812 | 32,769,525 | 20,549,974 | 3,295,489 | 2,216,787 | 9,987,109 | 2,718,870 | 662,568 | 1,172,801 | 1,486,930 | 1,675,454 | 569,310 | 755,114 | 243,466 | 6,519,000 | 1,598,395 |
| 37 | NLSO | 14,868,926 | 5,350,154 | 3,447,604 | 3,758,190 | 658,040 | 176,396 | 592,139 | 161,203 | 39,284 | 69,536 | 88,161 | 99,338 | 33,755 | 34,750 | 14,435 | - | 345,941 |
| 38 | Telecontrol - Custmr & Spec | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 39 | Feasibility Studies | 125,756 | 125,756 | - | - | - | 0 | - | - | - | - | - | - | - | - | - | - | - |
| 40 | Feasibility Studies - General | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 41 | Software - General | 1,302,042 | 468,502 | 301,900 | 329,097 | 57,623 | 15,447 | 51,852 | 14,116 | 3,440 | 6,089 | 7,720 | 8,699 | 2,956 | 3,043 | 1,264 | - | 30,293 |
| 42 | **Total Plant** | **2,852,078,083** | **1,055,837,919** | **652,121,524** | **695,697,694** | **121,510,476** | **33,905,781** | **116,363,218** | **31,678,487** | **7,719,809** | **13,664,704** | **17,324,726** | **19,521,288** | **6,633,230** | **6,997,928** | **2,836,711** | **6,519,000** | **63,745,589** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Functional Classification of Plant in Service for the Allocation of O&M Expense (CONT'D.)**

| Line No. | 1<br>Description | 19<br>Basis of Functional Classification |
|---|---|---|
| | **Production** | |
| | **Hydraulic** | |
| 1 | Bay D'Espoir | Production - Demand, Energy ratios Sch.4.1 L.1 |
| 2 | Upper Salmon | Production - Demand, Energy ratios Sch.4.1 L.1 |
| 3 | Hinds Lake | Production - Demand, Energy ratios Sch.4.1 L.1 |
| 4 | Cat Arm | Production - Demand, Energy ratios Sch.4.1 L.1 |
| 5 | Paradise River | Production - Demand, Energy ratios Sch.4.1 L.1 |
| 6 | Granite Canal | Production - Demand, Energy ratios Sch.4.1 L.1 |
| 7 | Exploits | Production - Demand, Energy ratios Sch.4.1 L.1 |
| 8 | Star Lake | |
| 9 | Other Hydraulic | Production - Demand, Energy ratios Sch.4.1 L.1, 2 |
| 10 | **Subtotal Hydraulic** | |
| 11 | Holyrood | Production - Demand, Energy ratios Sch.4.1 L.3 |
| 12 | Gas Turbines | Production - Demand, Energy ratios Sch.4.1 L.4 |
| 13 | Roddickton | Production - Demand, Energy ratios Sch.4.1 L.3 |
| 14 | Diesel | Production - Demand, Energy ratios Sch.4.1 L.5 |
| 15 | **Subtotal Production** | |
| | **Transmission** | |
| 16 | Lines | Production - Demand, Energy ratios Sch.4.1 L.17 Transmission - Demand; Distribution - Primary Demand; Spec Assigned - Custmr |
| 17 | Terminal Stations | Production - Demand, Energy subtotals, L. 15; Transmission - Demand; Spec Assigned - Custmr |
| 18 | Term Stns - Hydraulic | Production - Demand, Energy ratios Sch.4.1 L.20 |
| 19 | Term Stns - Holyrood | Production - Demand, Energy ratios Sch.4.1 L.21 |
| 20 | Term Stns - Gas Tur/Dsl | Production - Demand, Energy ratios Sch.4.1 L.22, 23 |
| 21 | Term Stns - Distribution | Distribution - Substations Demand |
| 22 | **Subtotal Term Stns** | |
| 23 | **Subtotal Transmission** | |
| | **Distribution** | |
| 24 | Substations | Production - Demand; Dist Substns - Demand |
| 25 | Land & Land Improvements | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.32 |
| 26 | Poles | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.37 |
| 27 | Primary Conductor & Eqpt | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.38 |
| 28 | Submarine Conductor | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.39 |
| 29 | Transformers | Transformers - Demand, Customer - zero intercept ratios Sch.4.1 L.40 |
| 30 | Secondary Conductor&Eqpt | Secondary - Demand, Customer - zero intercept ratios Sch. 4.1 L.41 |
| 31 | Services | Services Customer |
| 32 | Meters | Meters - Customer |
| 33 | Street Lighting | Street Lighting - Customer |
| 34 | **Subtotal Distribution** | |
| 35 | **Subttl Prod, Trans, & Dist** | |
| 36 | General | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - Sch.2.4 L.15, 16 |
| 37 | | |
| 38 | Telecontrol - Custmr & Spec | Specifically Assigned - Customer |
| 39 | Feasibility Studies | Production, Transmission - Demand |
| 40 | Feasibility Studies - General | Prorated on subtotal Production, Transmission, & Distribution plant - L.35 |
| 41 | Software - General | Prorated on subtotal Production, Transmission, & Distribution plant - L.35 |
| 42 | **Total Plant** | |

Schedule 2.3A
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Functional Classification of Net Book Value**

| Line No. | 1<br>Description | 2<br>Total Amount ($) | 3<br>Production Demand ($) | 4<br>Production Energy ($) | 5<br>Transmission Demand ($) | 6<br>Rural Prod & Transmission Demand ($) | 7<br>Distribution Substations Demand ($) | 8<br>Primary Lines Demand ($) | 9<br>Primary Lines Customer ($) | 10<br>Line Transformers Demand ($) | 11<br>Line Transformers Customer ($) | 12<br>Secondary Lines Demand ($) | 13<br>Secondary Lines Customer ($) | 14<br>Services Customer ($) | 15<br>Meters Customer ($) | 16<br>Street Lighting Customer ($) | 17<br>Accounting Customer ($) | 18<br>Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Production** | | | | | | | | | | | | | | | | | |
| | **Hydraulic** | | | | | | | | | | | | | | | | | |
| 1 | Bay D'Espoir | 204,984,945 | 93,605,255 | 111,379,690 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Upper Salmon | 140,012,816 | 63,936,087 | 76,076,729 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Hinds Lake | 65,100,654 | 29,727,858 | 35,372,796 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Cat Arm | 217,611,387 | 99,371,050 | 118,240,336 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Paradise River | 17,248,136 | 7,876,267 | 9,371,869 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Granite Canal | 90,949,545 | 41,531,613 | 49,417,933 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Exploits | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Star Lake | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Other Small Hydraulic | 3,085,733 | 1,409,083 | 1,676,650 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | **Subtotal Hydraulic** | **738,993,216** | **337,457,213** | **401,536,003** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 11 | Holyrood | 90,402,587 | 76,173,219 | 14,229,367 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | Gas Turbines | 154,246,444 | 154,246,444 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Roddickton | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Diesel | 4,092,335 | 4,092,335 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | **Subtotal Production** | **987,734,581** | **571,969,211** | **415,765,370** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | | |
| 16 | Lines | 472,386,896 | 10,954,509 | 13,034,629 | 388,756,512 | 44,021,137 | - | - | - | - | - | - | - | - | - | - | - | 15,620,110 |
| 17 | Terminal Stations | 180,175,400 | - | - | 154,411,739 | 16,307,919 | - | - | - | - | - | - | - | - | - | - | - | 9,455,742 |
| 18 | Term Stns - Hydraulic | 32,123,150 | 14,668,861 | 17,454,289 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | Term Stns - Holyrood | 7,990,496 | 6,732,792 | 1,257,704 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Term Stns - Gas Tur/Dsl | 694,575 | 694,575 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Term Stns - Distribution | 10,715,821 | - | - | - | - | 10,715,821 | - | - | - | - | - | - | - | - | - | - | - |
| 22 | **Subtotal Term Stns** | **231,699,442** | **22,096,228** | **18,711,993** | **154,411,739** | **16,307,919** | **10,715,821** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **9,455,742** |
| 23 | **Subtotal Trans & Term Stns** | **704,086,338** | **33,050,737** | **31,746,622** | **543,168,251** | **60,329,055** | **10,715,821** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **25,075,852** |
| | **Distribution** | | | | | | | | | | | | | | | | | |
| 24 | Substations | 9,161,667 | - | - | - | - | 9,161,667 | - | - | - | - | - | - | - | - | - | - | - |
| 25 | Land & Land Improvements | 3,360,943 | - | - | - | - | - | 2,533,983 | 322,819 | - | - | 293,914 | 210,227 | - | - | - | - | - |
| 26 | Poles | 81,855,490 | - | - | - | - | - | 47,340,959 | 16,178,901 | - | - | 8,379,383 | 9,956,247 | - | - | - | - | - |
| 27 | Primary Conductor & Eqpt | 8,091,183 | - | - | - | - | - | 7,176,880 | 914,304 | - | - | - | - | - | - | - | - | - |
| 28 | Submarine Conductor | 3,279,618 | - | - | - | - | - | 3,279,618 | - | - | - | - | - | - | - | - | - | - |
| 29 | Transformers | 11,869,169 | - | - | - | - | - | - | - | 4,284,770 | 7,584,399 | - | - | - | - | - | - | - |
| 30 | Secondary Conductor&Eqpt | 979,506 | - | - | - | - | - | - | - | - | - | 571,052 | 408,454 | - | - | - | - | - |
| 31 | Services | 2,297,398 | - | - | - | - | - | - | - | - | - | - | - | 2,297,398 | - | - | - | - |
| 32 | Meters | 4,151,277 | - | - | - | - | - | - | - | - | - | - | - | - | 4,151,277 | - | - | - |
| 33 | Street Lighting | 1,163,774 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,163,774 | - | - |
| 34 | **Subtotal Distribution** | **126,210,025** | **-** | **-** | **-** | **-** | **9,161,667** | **60,331,439** | **17,416,024** | **4,284,770** | **7,584,399** | **9,244,349** | **10,574,928** | **2,297,398** | **4,151,277** | **1,163,774** | **-** | **-** |
| 35 | **Subttl Prod, Trans, & Dist** | **1,818,030,945** | **605,019,948** | **447,511,992** | **543,168,251** | **60,329,055** | **19,877,488** | **60,331,439** | **17,416,024** | **4,284,770** | **7,584,399** | **9,244,349** | **10,574,928** | **2,297,398** | **4,151,277** | **1,163,774** | **-** | **25,075,852** |
| 36 | General | 70,594,506 | 36,927,861 | 12,795,521 | 8,024,152 | 1,286,790 | 865,589 | 3,899,668 | 1,061,638 | 258,713 | 457,944 | 580,602 | 654,215 | 222,299 | 294,849 | 95,066 | 2,545,475 | 624,125 |
| 37 | NLSO | 966,481 | 321,634 | 237,901 | 288,753 | 32,071 | 10,567 | 32,073 | 9,259 | 2,278 | 4,032 | 4,914 | 5,622 | 1,221 | 2,207 | 619 | - | 13,331 |
| 38 | Telecontrol - Custmr & Spec | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 39 | Feasibility Studies | 125,756 | 125,756 | - | - | - | 0 | - | - | - | - | - | - | - | - | - | - | - |
| 40 | Feasibility Studies - General | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 41 | Software - General | 1,312,443 | 436,766 | 323,060 | 392,115 | 43,552 | 14,350 | 43,553 | 12,573 | 3,093 | 5,475 | 6,674 | 7,634 | 1,658 | 2,997 | 840 | - | 18,102 |
| 42 | **Total Net Book Value** | **1,891,030,131** | **642,831,964** | **460,868,475** | **551,873,271** | **61,691,468** | **20,767,993** | **64,306,734** | **18,499,492** | **4,548,854** | **8,051,850** | **9,836,539** | **11,242,398** | **2,522,577** | **4,451,330** | **1,260,300** | **2,545,475** | **25,731,410** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Functional Classification of Operating & Maintenance Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Rural Prod & | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | **Production** | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| 1 | Hydraulic | 11,739,614 | 5,360,831 | 6,378,784 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Holyrood / Thermal | 19,508,579 | 16,437,929 | 3,070,650 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Roddickton | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Gas Turbine | 7,604,641 | 7,604,641 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Diesel | 313,537 | 313,537 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Other | 2,806,838 | 1,723,763 | 1,083,075 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | **Subtotal Production** | **41,973,209** | **31,440,700** | **10,532,509** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | | |
| 8 | Transmission Lines | 3,298,719 | 80,689 | 96,011 | 2,461,355 | 479,206 | - | - | - | - | - | - | - | - | - | - | - | 181,459 |
| 9 | Terminal Stations | 4,519,337 | 466,606 | 383,933 | 2,864,793 | 354,668 | 214,711 | - | - | - | - | - | - | - | - | - | - | 234,627 |
| 10 | Other | 2,335,788 | 121,204 | 113,400 | 1,650,944 | 285,004 | 38,635 | - | - | - | - | - | - | - | - | - | - | 126,599 |
| 11 | **Subtotal Transmission** | **10,153,844** | **668,499** | **593,344** | **6,977,092** | **1,118,879** | **253,346** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **542,684** |
| | **Distribution** | | | | | | | | | | | | | | | | | |
| 12 | Other | 6,785,987 | - | - | - | - | 499,294 | 3,390,806 | 923,106 | 224,954 | 398,187 | 504,840 | 568,847 | 193,291 | - | 82,661 | - | - |
| 13 | Meters | 256,375 | - | - | - | - | - | - | - | - | - | - | - | - | 256,375 | - | - | - |
| 14 | **Subtotal Distribution** | **7,042,362** | **-** | **-** | **-** | **-** | **499,294** | **3,390,806** | **923,106** | **224,954** | **398,187** | **504,840** | **568,847** | **193,291** | **256,375** | **82,661** | **-** | **-** |
| 15 | **Subttl Prod, Trans, & Dist** | **59,169,415** | **32,109,200** | **11,125,853** | **6,977,092** | **1,118,879** | **752,640** | **3,390,806** | **923,106** | **224,954** | **398,187** | **504,840** | **568,847** | **193,291** | **256,375** | **82,661** | **-** | **542,684** |
| 16 | Customer Accounting | 2,213,320 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,213,320 | - |
| | **Administrative & General:** | | | | | | | | | | | | | | | | | |
| | Plant-Related: | | | | | | | | | | | | | | | | | |
| 17 | Production | 6,615,274 | 4,062,637 | 2,552,637 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 18 | Prod - Gas Turb & Diesel | 1,141,472 | 1,141,472 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | Transmission | 3,610,434 | 187,346 | 175,283 | 2,551,870 | 440,532 | 59,718 | - | - | - | - | - | - | - | - | - | - | 195,684 |
| 20 | Distribution | 1,706,807 | - | - | - | - | 122,004 | 828,557 | 225,565 | 54,968 | 97,299 | 123,360 | 139,000 | 47,231 | 48,625 | 20,199 | - | - |
| 21 | Prod, Trans, Distn | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Prod, Trans, Distn and General Plant | 159,011 | 58,866 | 36,357 | 39,325 | 6,775 | 1,890 | 6,488 | 1,766 | 430 | 762 | 966 | 1,088 | 370 | 390 | 158 | 363 | 3,016 |
| 23 | Prod, Trans, Distn, Excl Hydraulic & Holyrood | 1,159,338 | 210,512 | 39,228 | 571,098 | 98,589 | 26,428 | 88,716 | 24,152 | 5,886 | 10,418 | 13,208 | 14,883 | 5,057 | 5,206 | 2,163 | - | 43,793 |
| 24 | Property Insurance | 2,015,668 | 1,037,301 | 631,973 | 237,343 | 30,189 | 33,806 | 10,553 | 2,873 | 700 | 1,239 | 1,571 | 1,770 | 602 | 788 | 257 | 6,503 | 18,200 |
| | Revenue-Related: | | | | | | | | | | | | | | | | | |
| 25 | Municipal Tax | 1,313,764 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 26 | PUB Assessment | 1,039,528 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 27 | All Expense-Related | 20,715,086 | 10,836,025 | 3,754,688 | 2,356,990 | 377,593 | 253,996 | 1,144,309 | 311,524 | 75,916 | 134,378 | 170,370 | 191,971 | 65,231 | 86,520 | 27,896 | 746,938 | 180,740 |
| 28 | Prod, Trans, and Distn Expense-Related | 1,447,260 | 785,378 | 272,134 | 170,831 | 27,367 | 18,409 | 82,938 | 22,579 | 5,502 | 9,740 | 12,348 | 13,914 | 4,728 | 6,271 | 2,022 | - | 13,100 |
| 29 | **Subtotal Admin & General** | **40,923,641** | **18,319,536** | **7,462,300** | **5,927,457** | **981,045** | **516,253** | **2,161,560** | **588,459** | **143,403** | **253,835** | **321,824** | **362,627** | **123,219** | **147,800** | **52,695** | **753,804** | **454,534** |
| 30 | **Total Operating & Maintenance Expenses** | **102,306,376** | **50,428,735** | **18,588,153** | **12,904,549** | **2,099,923** | **1,268,892** | **5,552,366** | **1,511,565** | **368,357** | **652,023** | **826,663** | **931,474** | **316,510** | **404,175** | **135,356** | **2,967,124** | **997,218** |

Schedule 2.4A
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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Functional Classification of Operating & Maintenance Expense (CONT'D.)**

| | 1 | 19 | 20 | 21 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | **Production** | | | |
| 1 | Hydraulic | - | - | Prorated on Hydraulic Plant in Service - Sch.2.2 L.10 |
| 2 | Holyrood / Thermal | - | - | Prorated on Holyrood Plant in Service - Sch.2.2 L.11 |
| 3 | Roddickton | - | - | Prorated on Roddickton Plant in Service - Sch.2.2 L.13 |
| 4 | Gas Turbine | - | - | Prorated on Gas Turbines Plant in Service - Sch.2.2 L.12 |
| 5 | Diesel | - | - | Prorated on Diesel Plant in Service - Sch.2.2 L.14 |
| 6 | Other | - | - | Prorated on Production Plant in Service - Sch.2.2 L.15 |
| 7 | **Subtotal Production** | **-** | **-** | |
| | **Transmission** | | | |
| 8 | Transmission Lines | - | - | Prorated on Transmission Lines Plant in Service - Sch.2.2 L.16 (C5 & 18 then prorated on indexed plant). |
| 9 | Terminal Stations | - | - | Prorated on Terminal Stations Plant in Service - Sch.2.2 L.22 (C5 & 18 then prorated on indexed plant). |
| 10 | Other | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.23 (C5 & 18 then prorated on indexed plant). |
| 11 | **Subtotal Transmission** | **-** | **-** | |
| | **Distribution** | | | |
| 12 | Other | - | - | Prorated on Distribution Plant, excluding Meters - Sch. 2.2 L. 34, less L. 32 |
| 13 | Meters | - | - | Meters - Customer |
| 14 | **Subtotal Distribution** | **-** | **-** | |
| 15 | **Subttl Prod, Trans, & Dist** | **-** | **-** | |
| 16 | Customer Accounting | - | - | Accounting - Customer |
| | **Administrative & General:** | | | |
| | Plant-Related: | | | |
| 17 | Production | - | - | Prorated on Production Plant in Service - Sch.2.2 L.15 |
| 18 | Prod - Gas Turb & Diesel | | - | Prorated on Gas Turbine & Diesel Production Plant in Service - Sch.2.2 L.12, 14 |
| 19 | Transmission | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.23 (C5 & 18 then prorated on indexed plant). |
| 20 | Distribution | - | - | Prorated on Distribution Plant in Service - Sch.2.2 L.34 |
| 21 | Prod, Trans, Distn | - | - | Prorated on Prod, Trans & Distribution Plant in Service - Sch.2.2 L.35 |
| 22 | Prod, Trans, Distn and General Plant | - | - | Prorated on Total Plant in Service, Sch. 2.2, L. 42 (C5 & 18 then prorated on indexed plant). |
| 23 | Prod, Trans, Distn, Excl Hydraulic & Holyrood | - | - | Prorated on Total Plant in Service, Sch. 2.2, L. 35 Less L. 10 and L. 11 (C5 & 18 then prorated on indexed plant). |
| 24 | Property Insurance | - | - | Prorated on Prod., Trans. Terminal, Dist. Sub & General Plant in Service - Sch.2.2 L.15, 22, 24, 36 - 38 (C5 & 18 then prorated on indexed plant). |
| | Revenue-Related: | | | |
| 25 | Municipal Tax | 1,313,764 | - | Revenue-related |
| 26 | PUB Assessment | - | 1,039,528 | Revenue-related |
| 27 | All Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - L 15, 16 |
| 28 | Prod, Trans, and Distn Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution Expenses - L 15 |
| 29 | **Subtotal Admin & General** | **1,313,764** | **1,039,528** | |
| 30 | **Total Operating & Maintenance Expenses** | **1,313,764** | **1,039,528** | |

Schedule 2.5A
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Functional Classification of Depreciation Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Rural Prod & | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | **Production** | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Hydraulic** | | | | | | | | | | | | | | | | | |
| 1 | Bay D'Espoir | 4,702,018 | 2,147,151 | 2,554,867 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Upper Salmon | 2,981,166 | 1,361,333 | 1,619,833 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Hinds Lake | 1,406,864 | 642,437 | 764,427 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Cat Arm | 5,175,996 | 2,363,590 | 2,812,406 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Paradise River | 398,089 | 181,785 | 216,304 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Granite Canal | 2,327,485 | 1,062,834 | 1,264,652 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Exploits | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Star Lake | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Other Small Hydraulic | 93,337 | 42,622 | 50,715 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | **Subtotal Hydraulic** | **17,084,956** | **7,801,752** | **9,283,204** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 11 | Holyrood | 18,496,844 | 15,585,440 | 2,911,403 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | Gas Turbines | 6,395,283 | 6,395,283 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Roddickton | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Diesel | 128,686 | 128,686 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | **Subtotal Production** | **42,105,769** | **29,911,161** | **12,194,607** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | | |
| 16 | Lines | 10,966,050 | 343,306 | 408,496 | 8,079,481 | 1,564,202 | - | - | - | - | - | - | - | - | - | - | - | 570,565 |
| 17 | Terminal Stations | 5,198,866 | - | - | 4,401,126 | 543,890 | - | - | - | - | - | - | - | - | - | - | - | 253,850 |
| 18 | Term Stns - Hydraulic | 911,021 | 416,013 | 495,008 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | Term Stns - Holyrood | 179,644 | 151,368 | 28,276 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Term Stns - Gas Tur/Dsl | 15,459 | 15,459 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Term Stns - Distribution | 343,637 | - | - | - | - | 343,637 | - | - | - | - | - | - | - | - | - | - | - |
| 22 | **Subtotal Term Stns** | **6,648,627** | **582,840** | **523,284** | **4,401,126** | **543,890** | **343,637** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **253,850** |
| 23 | **Subtotal Transmission** | **17,614,677** | **926,146** | **931,780** | **12,480,607** | **2,108,091** | **343,637** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **824,415** |
| | **Distribution** | | | | | | | | | | | | | | | | | |
| 24 | Substations | 215,062 | - | - | - | - | 215,062 | - | - | - | - | - | - | - | - | - | - | - |
| 25 | Land & Land Improvements | 98,991 | - | - | - | - | - | 74,634 | 9,508 | - | - | 8,657 | 6,192 | - | - | - | - | - |
| 26 | Poles | 4,252,630 | - | - | - | - | - | 2,459,500 | 840,541 | - | - | 435,333 | 517,256 | - | - | - | - | - |
| 27 | Primary Conductor & Eqpt | 341,880 | - | - | - | - | - | 303,248 | 38,632 | - | - | - | - | - | - | - | - | - |
| 28 | Submarine Conductor | 197,976 | - | - | - | - | - | 197,976 | - | - | - | - | - | - | - | - | - | - |
| 29 | Transformers | 636,041 | - | - | - | - | - | - | - | 229,611 | 406,430 | - | - | - | - | - | - | - |
| 30 | Secondary Conductor&Eqpt | 44,289 | - | - | - | - | - | - | - | - | - | 25,821 | 18,469 | - | - | - | - | - |
| 31 | Services | 107,288 | - | - | - | - | - | - | - | - | - | - | - | 107,288 | - | - | - | - |
| 32 | Meters | 281,406 | - | - | - | - | - | - | - | - | - | - | - | - | 281,406 | - | - | - |
| 33 | Street Lighting | 134,637 | - | - | - | - | - | - | - | - | - | - | - | - | - | 134,637 | - | - |
| 34 | **Subtotal Distribution** | **6,310,200** | **-** | **-** | **-** | **-** | **215,062** | **3,035,357** | **888,681** | **229,611** | **406,430** | **469,810** | **541,916** | **107,288** | **281,406** | **134,637** | **-** | **-** |
| 35 | **Subttl Prod, Trans, & Dist** | **66,030,646** | **30,837,308** | **13,126,388** | **12,480,607** | **2,108,091** | **558,699** | **3,035,357** | **888,681** | **229,611** | **406,430** | **469,810** | **541,916** | **107,288** | **281,406** | **134,637** | **-** | **824,415** |
| 36 | General | 5,473,210 | 2,863,026 | 992,040 | 622,115 | 99,765 | 67,109 | 302,342 | 82,309 | 20,058 | 35,504 | 45,014 | 50,721 | 17,235 | 22,860 | 7,371 | 197,351 | 48,389 |
| 37 | NLSO | 48,670 | 22,730 | 9,675 | 9,199 | 1,554 | 412 | 2,237 | 655 | 169 | 300 | 346 | 399 | 79 | 207 | 99 | - | 608 |
| 38 | Telecontrol - Custmr & Spec | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 39 | Feasibility Studies | 40,784 | 40,784 | - | - | - | 0 | - | - | - | - | - | - | - | - | - | - | - |
| 40 | Feasibility Studies - General | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 41 | Software - General | 728,119 | 340,043 | 144,745 | 137,624 | 23,246 | 6,161 | 33,471 | 9,799 | 2,532 | 4,482 | 5,181 | 5,976 | 1,183 | 3,103 | 1,485 | - | 9,091 |
| 42 | **Total Depreciation Expense** | **72,321,429** | **34,103,891** | **14,272,847** | **13,249,544** | **2,232,656** | **632,381** | **3,373,408** | **981,445** | **252,370** | **446,716** | **520,352** | **599,013** | **125,785** | **307,577** | **143,591** | **197,351** | **882,502** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Functional Classification of Rate Base**

| Line No. | 1 Description | 2 Total Amount ($) | 3 Production Demand ($) | 4 Production Energy ($) | 5 Transmission Demand ($) | 6 Rural Prod & Transmission Demand ($) | 7 Distribution Substations Demand ($) | 8 Distribution Primary Lines Demand ($) | 9 Distribution Primary Lines Customer ($) | 10 Distribution Line Transformers Demand ($) | 11 Distribution Line Transformers Customer ($) | 12 Distribution Secondary Lines Demand ($) | 13 Distribution Secondary Lines Customer ($) | 14 Distribution Services Customer ($) | 15 Distribution Meters Customer ($) | 16 Distribution Street Lighting Customer ($) | 17 Accounting Customer ($) | 18 Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Average Net Book Value | 1,891,030,131 | 642,831,964 | 460,868,475 | 551,873,271 | 61,691,468 | 20,767,993 | 64,306,734 | 18,499,492 | 4,548,854 | 8,051,850 | 9,836,539 | 11,242,398 | 2,522,577 | 4,451,330 | 1,260,300 | 2,545,475 | 25,731,410 |
| 2 | Cash Working Capital | 1,813,822 | 616,586 | 442,052 | 529,341 | 59,173 | 19,920 | 61,681 | 17,744 | 4,363 | 7,723 | 9,435 | 10,783 | 2,420 | 4,270 | 1,209 | 2,442 | 24,681 |
| 3 | Fuel Inventory - No. 6 Fuel | 50,022,009 | - | 50,022,009 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuel Inventory - Diesel | 71,102 | 71,102 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Fuel Inventory - Gas Turbine | 3,413,282 | 3,413,282 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Inventory/Supplies | 29,263,501 | 10,833,334 | 6,691,037 | 7,138,146 | 1,246,748 | 347,887 | 1,193,935 | 325,034 | 79,208 | 140,206 | 177,759 | 200,296 | 68,060 | 71,802 | 29,106 | 66,888 | 654,056 |
| 7 | Deferred Charges: Holyrood | - | - | - | | | | | | | | | | | | | | |
| 8 | Deferred Charges: Foreign Exchange Loss and Regulatory Costs | 91,877,264 | 31,232,523 | 22,391,676 | 26,813,220 | 2,997,331 | 1,009,030 | 3,124,396 | 898,813 | 221,010 | 391,206 | 477,916 | 546,221 | 122,561 | 216,272 | 61,233 | 123,674 | 1,250,182 |
| 9 | Retired Asset Pool | 10,936,496 | 3,717,724 | 2,665,365 | 3,191,678 | 356,784 | 120,109 | 371,909 | 106,989 | 26,308 | 46,567 | 56,888 | 65,019 | 14,589 | 25,744 | 7,289 | 14,721 | 148,814 |
| 10 | Total Rate Base | **2,078,427,607** | **692,716,516** | **543,080,615** | **589,545,656** | **66,351,503** | **22,264,940** | **69,058,654** | **19,848,073** | **4,879,743** | **8,637,551** | **10,558,537** | **12,064,718** | **2,730,207** | **4,769,417** | **1,359,136** | **2,753,200** | **27,809,143** |
| 11 | Less: Rural Asset Portion | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | Rate Base Available for Equity Return | **2,078,427,607** | **692,716,516** | **543,080,615** | **589,545,656** | **66,351,503** | **22,264,940** | **69,058,654** | **19,848,073** | **4,879,743** | **8,637,551** | **10,558,537** | **12,064,718** | **2,730,207** | **4,769,417** | **1,359,136** | **2,753,200** | **27,809,143** |
| 13 | Return on Debt | 78,356,721 | 26,115,413 | 20,474,139 | 22,225,871 | 2,501,452 | 839,388 | 2,603,511 | 748,272 | 183,966 | 325,636 | 398,057 | 454,840 | 102,929 | 179,807 | 51,239 | 103,796 | 1,048,405 |
| 14 | Return on Equity | 34,501,898 | 11,499,094 | 9,015,138 | 9,786,458 | 1,101,435 | 369,598 | 1,146,374 | 329,478 | 81,004 | 143,383 | 175,272 | 200,274 | 45,321 | 79,172 | 22,562 | 45,703 | 461,632 |
| 15 | Return on Rate Base | **112,858,619** | **37,614,507** | **29,489,277** | **32,012,329** | **3,602,887** | **1,208,986** | **3,749,885** | **1,077,750** | **264,970** | **469,019** | **573,329** | **655,114** | **148,250** | **258,979** | **73,801** | **149,499** | **1,510,036** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Functional Classification of Rate Base (CONT'D.)**

| | 1 | 19 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| 1 | Average Net Book Value | Sch. 2.3 , L. 42 |
| 2 | Cash Working Capital | Prorated on Average Net Book Value, L. 1 |
| 3 | Fuel Inventory - No. 6 Fuel | Production - Demand, Energy ratios Sch.4.1 L.10 |
| 4 | Fuel Inventory - Diesel | Production - Demand, Energy ratios Sch.4.1 L.12 |
| 5 | Fuel Inventory - Gas Turbine | Production - Demand, Energy ratios Sch.4.1 L.11 |
| 6 | Inventory/Supplies | Prorated on Total Plant in Service, Sch. 2.2, L. 42 |
| 7 | Deferred Charges: Holyrood | Production - Demand, Energy ratios Sch.4.1 L.3 |
| 8 | Deferred Charges: Foreign Exchange Loss and Regulatory Costs | Prorated on Average Net Book Value, L. 1 |
| 9 | Retired Asset Pool | Prorated on Average Net Book Value, L. 1 |
| 10 | Total Rate Base | |
| 11 | Less: Rural Asset Portion | N/A |
| 12 | Rate Base Available for Equity Return | |
| 13 | Return on Debt | L.10 x Sch.1.1,p2,L.15 |
| 14 | Return on Equity | L.12 x Sch.1.1,p2,L.18 |
| 15 | Return on Rate Base | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Basis of Allocation to Classes of Service**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Rural Prod & | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer | Customer |
| | | | (1 CP kW) | (MWh @ Gen) | (CP kW) | (CP kW) | (CP kW) | (CP kW) | (Rural Cust) | (CP kW) | (Rural Cust) | (CP kW) | (Rural Cust) | Wtd Rural Cust) | | | (Rural Cust) | |
| | **Amounts** | | | | | | | | | | | | | | | | | |
| 1 | Newfoundland Power | - | 1,298,092 | 5,972,262 | 1,288,585 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Industrial - Firm | - | 87,825 | 765,284 | 84,920 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | | |
| 4 | 1.1 Domestic | - | 28,436 | 117,420 | 27,495 | 27,495 | 26,083 | 26,083 | 11,416 | 23,989 | 11,416 | 23,989 | 11,416 | 11,416 | 11,416 | - | 11,416 | - |
| 5 | 1.12 Domestic All Electric | - | 34,544 | 159,857 | 33,402 | 33,402 | 31,685 | 31,685 | 8,533 | 29,142 | 8,533 | 29,142 | 8,533 | 8,533 | 8,533 | - | 8,533 | - |
| 6 | 1.3 Special | - | 126 | 388 | 122 | 122 | 116 | 116 | 1 | 107 | 1 | 107 | 1 | 1 | 1 | - | 1 | - |
| 7 | 2.1 GS 0-10 kW | - | 14,652 | 82,898 | 14,168 | 14,168 | 13,440 | 13,440 | 2,865 | 12,361 | 2,865 | 12,361 | 2,865 | 13,666 | 13,666 | - | 2,865 | - |
| 8 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | 2.3 GS 110-1,000 kVa | - | 9,373 | 62,161 | 9,063 | 9,063 | 8,598 | 8,598 | 94 | 7,874 | 94 | 7,874 | 94 | 791 | 791 | - | 94 | - |
| 10 | 2.4 GS Over 1,000 kVa | - | 4,614 | 38,254 | 4,462 | 4,462 | 4,232 | 4,232 | 9 | 2,781 | 9 | 2,781 | 9 | 76 | 76 | - | 9 | - |
| 11 | 4.1 Street and Area Lighting | - | 791 | 3,148 | 765 | 765 | 725 | 725 | 953 | 667 | 953 | 667 | 953 | - | - | 1 | 953 | - |
| 12 | **Subtotal Rural** | **-** | **92,537** | **464,125** | **89,477** | **89,477** | **84,879** | **84,879** | **23,871** | **76,920** | **23,871** | **76,920** | **23,871** | **34,484** | **34,484** | **1** | **23,871** | **-** |
| 13 | **Total** | **-** | **1,478,454** | **7,201,672** | **1,462,981** | **89,477** | **84,879** | **84,879** | **23,871** | **76,920** | **23,871** | **76,920** | **23,871** | **34,484** | **34,484** | **1** | **23,871** | **-** |
| | **Ratios Excluding Return on Equity** | | | | | | | | | | | | | | | | | |
| 14 | Newfoundland Power | - | 0.8780 | 0.8293 | 0.8808 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Industrial - Firm | - | 0.0594 | 0.1063 | 0.0580 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 16 | Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | | |
| 17 | 1.1 Domestic | - | 0.0192 | 0.0163 | 0.0188 | 0.3073 | 0.3073 | 0.3073 | 0.4782 | 0.3119 | 0.4782 | 0.3119 | 0.4782 | 0.3311 | 0.3311 | - | 0.4782 | - |
| 18 | 1.12 Domestic All Electric | - | 0.0234 | 0.0222 | 0.0228 | 0.3733 | 0.3733 | 0.3733 | 0.3575 | 0.3789 | 0.3575 | 0.3789 | 0.3575 | 0.2475 | 0.2475 | - | 0.3575 | - |
| 19 | 1.3 Special | - | 0.0001 | 0.0001 | 0.0001 | 0.0014 | 0.0014 | 0.0014 | 0.0000 | 0.0014 | 0.0000 | 0.0014 | 0.0000 | 0.0000 | 0.0000 | - | 0.0000 | - |
| 20 | 2.1 GS 0-10 kW | - | 0.0099 | 0.0115 | 0.0097 | 0.1583 | 0.1583 | 0.1583 | 0.1200 | 0.1607 | 0.1200 | 0.1607 | 0.1200 | 0.3963 | 0.3963 | - | 0.1200 | - |
| 21 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | 2.3 GS 110-1,000 kVa | - | 0.0063 | 0.0086 | 0.0062 | 0.1013 | 0.1013 | 0.1013 | 0.0039 | 0.1024 | 0.0039 | 0.1024 | 0.0039 | 0.0230 | 0.0230 | - | 0.0039 | - |
| 23 | 2.4 GS Over 1,000 kVa | - | 0.0031 | 0.0053 | 0.0030 | 0.0499 | 0.0499 | 0.0499 | 0.0004 | 0.0362 | 0.0004 | 0.0362 | 0.0004 | 0.0022 | 0.0022 | - | 0.0004 | - |
| 24 | 4.1 Street and Area Lighting | - | 0.0005 | 0.0004 | 0.0005 | 0.0085 | 0.0085 | 0.0085 | 0.0399 | 0.0087 | 0.0399 | 0.0087 | 0.0399 | - | - | 1.0000 | 0.0399 | - |
| 25 | **Subtotal Rural** | **-** | **0.0626** | **0.0644** | **0.0612** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** |
| 26 | **Total** | **-** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Basis of Allocation to Classes of Service (CONT'D.)**

| | 1 | 19 | 20 |
|---|---|---|---|
| | | Revenue Related | |
| Line No. | Description | Municipal Tax (Prior Year (Rural Revenues) | PUB Assessment (Prior Year (Revenues + RSP) |
| | **Amounts** | | |
| 1 | Newfoundland Power | - | 494,775,786 |
| 2 | Industrial - Firm | - | 37,423,580 |
| 3 | Industrial - Non-Firm | - | - |
| | **Rural** | | |
| 4 | 1.1 Domestic | 14,212,918 | 14,212,918 |
| 5 | 1.12 Domestic All Electric | 17,933,704 | 17,933,704 |
| 6 | 1.3 Special | 20,857 | 20,857 |
| 7 | 2.1 GS 0-10 kW | 9,586,586 | 9,586,586 |
| 8 | 2.2 GS 10-100 kW | - | - |
| 9 | 2.3 GS 110-1,000 kVa | 6,310,223 | 6,310,223 |
| 10 | 2.4 GS Over 1,000 kVa | 3,379,015 | 3,379,015 |
| 11 | 4.1 Street and Area Lighting | 1,039,403 | 1,039,403 |
| 12 | **Subtotal Rural** | **52,482,707** | **52,482,707** |
| 13 | **Total** | **52,482,707** | **584,682,072** |
| | **Ratios Excluding Return on Equity** | | |
| 14 | Newfoundland Power | - | 0.8462 |
| 15 | Industrial - Firm | - | 0.0640 |
| 16 | Industrial - Non-Firm | - | - |
| | **Rural** | | |
| 17 | 1.1 Domestic | 0.2708 | 0.0243 |
| 18 | 1.12 Domestic All Electric | 0.3417 | 0.0307 |
| 19 | 1.3 Special | 0.0004 | 0.0000 |
| 20 | 2.1 GS 0-10 kW | 0.1827 | 0.0164 |
| 21 | 2.2 GS 10-100 kW | - | - |
| 22 | 2.3 GS 110-1,000 kVa | 0.1202 | 0.0108 |
| 23 | 2.4 GS Over 1,000 kVa | 0.0644 | 0.0058 |
| 24 | 4.1 Street and Area Lighting | 0.0198 | 0.0018 |
| 25 | **Subtotal Rural** | **1.0000** | **0.0898** |
| 26 | **Total** | **1.0000** | **1.0000** |

Schedule 3.2A
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Allocation of Functionalized Amounts to Classes of Service**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Rural Prod & | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | **Allocated Rev Reqmt Excl Return** | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| 1 | Newfoundland Power | 358,109,670 | 100,573,653 | 232,027,051 | 22,991,507 | - | - | - | - | - | - | - | - | - | - | - | - | 1,640,981 |
| 2 | Industrial - Firm | 38,352,579 | 6,804,480 | 29,731,878 | 1,515,181 | - | - | - | - | - | - | - | - | - | - | - | - | 234,745 |
| 3 | Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | | |
| 4 | 1.1 Domestic | 17,042,107 | 2,203,159 | 4,561,861 | 490,586 | 1,565,131 | 582,769 | 2,531,701 | 1,080,657 | 193,152 | 524,288 | 382,346 | 663,261 | 146,031 | 235,130 | - | 1,502,369 | - |
| 5 | 1.12 Domestic All Electric | 19,449,231 | 2,676,424 | 6,210,569 | 595,970 | 1,901,339 | 707,955 | 3,075,540 | 807,747 | 234,643 | 391,884 | 464,478 | 495,761 | 109,152 | 175,750 | - | 1,122,961 | - |
| 6 | 1.3 Special | 51,310 | 9,790 | 15,068 | 2,180 | 6,955 | 2,590 | 11,250 | 95 | 858 | 46 | 1,699 | 58 | 13 | 21 | - | 132 | - |
| 7 | 2.1 GS 0-10 kW | 8,975,165 | 1,135,238 | 3,220,647 | 252,788 | 806,476 | 300,288 | 1,304,528 | 271,205 | 99,527 | 131,577 | 197,014 | 166,454 | 174,818 | 281,481 | - | 377,040 | - |
| 8 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | 2.3 GS 110-1,000 kVa | 5,260,391 | 726,225 | 2,414,990 | 161,711 | 515,912 | 192,098 | 834,522 | 8,898 | 63,400 | 4,317 | 125,500 | 5,461 | 10,124 | 16,301 | - | 12,371 | - |
| 10 | 2.4 GS Over 1,000 kVa | 2,845,155 | 357,506 | 1,486,196 | 79,607 | 253,973 | 94,566 | 410,818 | 852 | 22,394 | 413 | 44,329 | 523 | 969 | 1,561 | - | 1,184 | - |
| 11 | 4.1 Street and Area Lighting | 964,281 | 61,259 | 122,295 | 13,641 | 43,518 | 16,204 | 70,394 | 90,212 | 5,371 | 43,767 | 10,631 | 55,369 | - | - | 278,439 | 125,417 | - |
| 12 | **Subtotal Rural** | **54,587,640** | **7,169,600** | **18,031,627** | **1,596,483** | **5,093,305** | **1,896,469** | **8,238,752** | **2,259,667** | **619,345** | **1,096,292** | **1,225,998** | **1,386,886** | **441,107** | **710,244** | **278,439** | **3,141,473** | **-** |
| 13 | **Total** | **451,049,889** | **114,547,733** | **279,790,557** | **26,103,171** | **5,093,305** | **1,896,469** | **8,238,752** | **2,259,667** | **619,345** | **1,096,292** | **1,225,998** | **1,386,886** | **441,107** | **710,244** | **278,439** | **3,141,473** | **1,875,727** |
| | **Allocated Return on Debt** | | | | | | | | | | | | | | | | | |
| 14 | Newfoundland Power | 60,475,705 | 22,929,502 | 16,978,965 | 19,576,406 | - | - | - | - | - | - | - | - | - | - | - | - | 990,832 |
| 15 | Industrial - Firm | 5,074,706 | 1,551,334 | 2,175,680 | 1,290,120 | - | - | - | - | - | - | - | - | - | - | - | - | 57,572 |
| 16 | Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | | |
| 17 | 1.1 Domestic | 4,136,337 | 502,292 | 333,822 | 417,716 | 768,676 | 257,937 | 800,038 | 357,852 | 57,373 | 155,731 | 124,140 | 217,521 | 34,075 | 59,526 | - | 49,639 | - |
| 18 | 1.12 Domestic All Electric | 4,665,182 | 610,190 | 454,469 | 507,446 | 933,796 | 313,345 | 971,895 | 267,480 | 69,697 | 116,403 | 150,807 | 162,588 | 25,470 | 44,493 | - | 37,103 | - |
| 19 | 1.3 Special | 14,191 | 2,232 | 1,103 | 1,856 | 3,416 | 1,146 | 3,555 | 31 | 255 | 14 | 552 | 19 | 3 | 5 | - | 4 | - |
| 20 | 2.1 GS 0-10 kW | 2,052,487 | 258,820 | 235,676 | 215,239 | 396,081 | 132,909 | 412,241 | 89,808 | 29,563 | 39,083 | 63,967 | 54,590 | 40,792 | 71,260 | - | 12,458 | - |
| 21 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | 2.3 GS 110-1,000 kVa | 1,154,595 | 165,570 | 176,721 | 137,691 | 253,378 | 85,023 | 263,715 | 2,947 | 18,832 | 1,282 | 40,747 | 1,791 | 2,362 | 4,127 | - | 409 | - |
| 23 | 2.4 GS Over 1,000 kVa | 576,736 | 81,507 | 108,755 | 67,783 | 124,733 | 41,855 | 129,822 | 282 | 6,652 | 123 | 14,393 | 171 | 226 | 395 | - | 39 | - |
| 24 | 4.1 Street and Area Lighting | 206,782 | 13,966 | 8,949 | 11,615 | 21,373 | 7,172 | 22,245 | 29,873 | 1,595 | 13,000 | 3,452 | 18,159 | - | - | 51,239 | 4,144 | - |
| 25 | **Subtotal Rural** | **12,806,310** | **1,634,577** | **1,319,494** | **1,359,346** | **2,501,452** | **839,388** | **2,603,511** | **748,272** | **183,966** | **325,636** | **398,057** | **454,840** | **102,929** | **179,807** | **51,239** | **103,796** | **-** |
| 26 | **Total** | **78,356,721** | **26,115,413** | **20,474,139** | **22,225,871** | **2,501,452** | **839,388** | **2,603,511** | **748,272** | **183,966** | **325,636** | **398,057** | **454,840** | **102,929** | **179,807** | **51,239** | **103,796** | **1,048,405** |
| | **Allocated Return on Equity** | | | | | | | | | | | | | | | | | |
| 27 | Newfoundland Power | 26,628,560 | 10,096,279 | 7,476,149 | 8,619,850 | - | - | - | - | - | - | - | - | - | - | - | - | 436,282 |
| 28 | Industrial - Firm | 2,234,486 | 683,081 | 957,992 | 568,063 | - | - | - | - | - | - | - | - | - | - | - | - | 25,350 |
| 29 | Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | | |
| 30 | 1.1 Domestic | 1,821,305 | 221,168 | 146,988 | 183,928 | 338,462 | 113,574 | 352,271 | 157,569 | 25,262 | 68,571 | 54,661 | 95,779 | 15,004 | 26,210 | - | 21,857 | - |
| 31 | 1.12 Domestic All Electric | 2,054,165 | 268,678 | 200,111 | 223,438 | 411,168 | 137,972 | 427,943 | 117,776 | 30,689 | 51,254 | 66,403 | 71,591 | 11,215 | 19,591 | - | 16,337 | - |
| 32 | 1.3 Special | 6,248 | 983 | 486 | 817 | 1,504 | 505 | 1,565 | 14 | 112 | 6 | 243 | 8 | 1 | 2 | - | 2 | - |
| 33 | 2.1 GS 0-10 kW | 903,747 | 113,963 | 103,773 | 94,774 | 174,402 | 58,522 | 181,517 | 39,544 | 13,017 | 17,209 | 28,166 | 24,037 | 17,962 | 31,377 | - | 5,485 | - |
| 34 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 35 | 2.3 GS 110-1,000 kVa | 508,389 | 72,903 | 77,813 | 60,628 | 111,567 | 37,437 | 116,119 | 1,297 | 8,292 | 565 | 17,942 | 789 | 1,040 | 1,817 | - | 180 | - |
| 36 | 2.4 GS Over 1,000 kVa | 253,947 | 35,889 | 47,887 | 29,846 | 54,922 | 18,430 | 57,163 | 124 | 2,929 | 54 | 6,337 | 76 | 100 | 174 | - | 17 | - |
| 37 | 4.1 Street and Area Lighting | 91,050 | 6,150 | 3,940 | 5,114 | 9,411 | 3,158 | 9,795 | 13,154 | 702 | 5,724 | 1,520 | 7,996 | - | - | 22,562 | 1,825 | - |
| 38 | **Subtotal Rural** | **5,638,853** | **719,734** | **580,997** | **598,545** | **1,101,435** | **369,598** | **1,146,374** | **329,478** | **81,004** | **143,383** | **175,272** | **200,274** | **45,321** | **79,172** | **22,562** | **45,703** | **-** |
| 39 | **Total** | **34,501,898** | **11,499,094** | **9,015,138** | **9,786,458** | **1,101,435** | **369,598** | **1,146,374** | **329,478** | **81,004** | **143,383** | **175,272** | **200,274** | **45,321** | **79,172** | **22,562** | **45,703** | **461,632** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 19 | 20 |
|---|---|---|---|
| | | Revenue Related | |
| Line No. | Description | Municipal Tax | PUB Assessment |
| | **Allocated Rev Reqmt Excl Return** | | ($) |
| 1 | Newfoundland Power | - | 876,478 |
| 2 | Industrial - Firm | - | 66,295 |
| 3 | Industrial - Non-Firm | - | - |
| | **Rural** | | |
| 4 | 1.1 Domestic | 354,487 | 25,178 |
| 5 | 1.12 Domestic All Electric | 447,288 | 31,769 |
| 6 | 1.3 Special | 520 | 37 |
| 7 | 2.1 GS 0-10 kW | 239,101 | 16,982 |
| 8 | 2.2 GS 10-100 kW | - | - |
| 9 | 2.3 GS 110-1,000 kVa | 157,384 | 11,178 |
| 10 | 2.4 GS Over 1,000 kVa | 84,277 | 5,986 |
| 11 | 4.1 Street and Area Lighting | 25,924 | 1,841 |
| 12 | **Subtotal Rural** | **1,308,981** | **92,971** |
| 13 | **Total** | **1,308,981** | **1,035,744** |
| | **Allocated Return on Debt** | | |
| 14 | Newfoundland Power | - | - |
| 15 | Industrial - Firm | - | - |
| 16 | Industrial - Non-Firm | - | - |
| | **Rural** | | |
| 17 | 1.1 Domestic | - | - |
| 18 | 1.12 Domestic All Electric | - | - |
| 19 | 1.3 Special | - | - |
| 20 | 2.1 GS 0-10 kW | - | - |
| 21 | 2.2 GS 10-100 kW | - | - |
| 22 | 2.3 GS 110-1,000 kVa | - | - |
| 23 | 2.4 GS Over 1,000 kVa | - | - |
| 24 | 4.1 Street and Area Lighting | - | - |
| 25 | **Subtotal Rural** | **-** | **-** |
| 26 | **Total** | **-** | **-** |
| | **Allocated Return on Equity** | | |
| 27 | Newfoundland Power | - | - |
| 28 | Industrial - Firm | - | - |
| 29 | Industrial - Non-Firm | - | - |
| | **Rural** | | |
| 30 | 1.1 Domestic | - | - |
| 31 | 1.12 Domestic All Electric | - | - |
| 32 | 1.3 Special | - | - |
| 33 | 2.1 GS 0-10 kW | - | - |
| 34 | 2.2 GS 10-100 kW | - | - |
| 35 | 2.3 GS 110-1,000 kVa | - | - |
| 36 | 2.4 GS Over 1,000 kVa | - | - |
| 37 | 4.1 Street and Area Lighting | - | - |
| 38 | **Subtotal Rural** | **-** | **-** |
| 39 | **Total** | **-** | **-** |

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NEWFOUNDLAND AND LABRADOR HYDRO
2019 Test Year Compliance Cost of Service Study - for Rate Setting
Island Interconnected
Allocation of Functionalized Amounts to Classes of Service (CONT'D.)

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Rural Prod & | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | **Total Revenue Requiremt** | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| 40 | Newfoundland Power | 445,213,935 | 133,599,434 | 256,482,166 | 51,187,762 | - | - | - | - | - | - | - | - | - | - | - | - | 3,068,095 |
| 41 | Industrial - Firm | 45,661,771 | 9,038,895 | 32,865,550 | 3,373,363 | - | - | - | - | - | - | - | - | - | - | - | - | 317,668 |
| 42 | Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | | |
| 43 | 1.1 Domestic | 22,999,749 | 2,926,620 | 5,042,671 | 1,092,230 | 2,672,269 | 954,281 | 3,684,010 | 1,596,077 | 275,787 | 748,590 | 561,147 | 976,561 | 195,110 | 320,867 | - | 1,573,865 | - |
| 44 | 1.12 Domestic All Electric | 26,168,579 | 3,555,292 | 6,865,149 | 1,326,854 | 3,246,303 | 1,159,272 | 4,475,379 | 1,193,003 | 335,029 | 559,541 | 681,688 | 729,940 | 145,837 | 239,835 | - | 1,176,401 | - |
| 45 | 1.3 Special | 71,749 | 13,004 | 16,657 | 4,853 | 11,874 | 4,240 | 16,370 | 140 | 1,225 | 66 | 2,493 | 86 | 17 | 28 | - | 138 | - |
| 46 | 2.1 GS 0-10 kW | 11,931,399 | 1,508,020 | 3,560,096 | 562,801 | 1,376,959 | 491,719 | 1,898,286 | 400,557 | 142,107 | 187,869 | 289,146 | 245,081 | 233,572 | 384,119 | - | 394,983 | - |
| 47 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 48 | 2.3 GS 110-1,000 kVa | 6,923,375 | 964,698 | 2,669,524 | 360,030 | 880,857 | 314,558 | 1,214,356 | 13,142 | 90,523 | 6,164 | 184,189 | 8,041 | 13,526 | 22,244 | - | 12,959 | - |
| 49 | 2.4 GS Over 1,000 kVa | 3,675,838 | 474,902 | 1,642,838 | 177,236 | 433,628 | 154,851 | 597,803 | 1,258 | 31,975 | 590 | 65,059 | 770 | 1,295 | 2,130 | - | 1,241 | - |
| 50 | 4.1 Street and Area Lighting | 1,262,113 | 81,374 | 135,184 | 30,369 | 74,302 | 26,534 | 102,434 | 133,239 | 7,668 | 62,492 | 15,603 | 81,523 | - | - | 352,240 | 131,385 | - |
| 51 | **Subtotal Rural** | **73,032,803** | **9,523,911** | **19,932,119** | **3,554,374** | **8,696,192** | **3,105,455** | **11,988,637** | **3,337,417** | **884,315** | **1,565,311** | **1,799,326** | **2,042,001** | **589,357** | **969,223** | **352,240** | **3,290,972** | **-** |
| 52 | **Total** | **563,908,508** | **152,162,240** | **309,279,834** | **58,115,500** | **8,696,192** | **3,105,455** | **11,988,637** | **3,337,417** | **884,315** | **1,565,311** | **1,799,326** | **2,042,001** | **589,357** | **969,223** | **352,240** | **3,290,972** | **3,385,763** |
| | **Re-classification of Revenue-Related** | | | | | | | | | | | | | | | | | |
| 53 | Newfoundland Power | - | 263,532 | 505,924 | 100,970 | - | - | - | - | - | - | - | - | - | - | - | - | 6,052 |
| 54 | Industrial - Firm | - | 13,142 | 47,786 | 4,905 | - | - | - | - | - | - | - | - | - | - | - | - | 462 |
| 55 | Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | | |
| 56 | 1.1 Domestic | (0) | 49,122 | 84,638 | 18,332 | 44,852 | 16,017 | 61,834 | 26,789 | 4,629 | 12,565 | 9,419 | 16,391 | 3,275 | 5,386 | - | 26,416 | - |
| 57 | 1.12 Domestic All Electric | - | 66,299 | 128,021 | 24,743 | 60,537 | 21,618 | 83,457 | 22,247 | 6,248 | 10,434 | 12,712 | 13,612 | 2,720 | 4,472 | - | 21,937 | - |
| 58 | 1.3 Special | (0) | 102 | 130 | 38 | 93 | 33 | 128 | 1 | 10 | 1 | 20 | 1 | 0 | 0 | - | 1 | - |
| 59 | 2.1 GS 0-10 kW | - | 33,076 | 78,086 | 12,344 | 30,202 | 10,785 | 41,636 | 8,786 | 3,117 | 4,121 | 6,342 | 5,376 | 5,123 | 8,425 | - | 8,663 | - |
| 60 | 2.2 GS 10-100 kW | | | | | | | | | | | | | | | | | |
| 61 | 2.3 GS 110-1,000 kVa | (0) | 24,074 | 66,617 | 8,984 | 21,981 | 7,850 | 30,304 | 328 | 2,259 | 154 | 4,596 | 201 | 338 | 555 | - | 323 | - |
| 62 | 2.4 GS Over 1,000 kVa | - | 11,955 | 41,356 | 4,462 | 10,916 | 3,898 | 15,049 | 32 | 805 | 15 | 1,638 | 19 | 33 | 54 | - | 31 | - |
| 63 | 4.1 Street and Area Lighting | (0) | 1,830 | 3,041 | 683 | 1,671 | 597 | 2,304 | 2,997 | 172 | 1,406 | 351 | 1,834 | - | - | 7,923 | 2,955 | - |
| 64 | **Subtotal Rural** | **(0)** | **186,458** | **401,889** | **69,587** | **170,253** | **60,798** | **234,712** | **61,180** | **17,239** | **28,694** | **35,077** | **37,433** | **11,488** | **18,892** | **7,923** | **60,328** | **-** |
| 65 | **Total** | **(0)** | **463,132** | **955,599** | **175,462** | **170,253** | **60,798** | **234,712** | **61,180** | **17,239** | **28,694** | **35,077** | **37,433** | **11,488** | **18,892** | **7,923** | **60,328** | **6,514** |
| | **Total Allocated Revenue Requirement** | | | | | | | | | | | | | | | | | |
| 66 | Newfoundland Power | 445,213,935 | 133,862,965 | 256,988,089 | 51,288,733 | - | - | - | - | - | - | - | - | - | - | - | - | 3,074,147 |
| 67 | Industrial - Firm | 45,661,771 | 9,052,037 | 32,913,335 | 3,378,268 | - | - | - | - | - | - | - | - | - | - | - | - | 318,130 |
| 68 | Industrial - Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | | |
| 69 | 1.1 Domestic | 22,999,749 | 2,975,741 | 5,127,309 | 1,110,562 | 2,717,121 | 970,298 | 3,745,844 | 1,622,866 | 280,416 | 761,155 | 570,566 | 992,952 | 198,385 | 326,252 | - | 1,600,282 | - |
| 70 | 1.12 Domestic All Electric | 26,168,579 | 3,621,591 | 6,993,170 | 1,351,597 | 3,306,840 | 1,180,890 | 4,558,835 | 1,215,250 | 341,277 | 569,975 | 694,400 | 743,552 | 148,557 | 244,308 | - | 1,198,338 | - |
| 71 | 1.3 Special | 71,749 | 13,106 | 16,787 | 4,891 | 11,967 | 4,274 | 16,498 | 141 | 1,235 | 66 | 2,513 | 86 | 17 | 28 | - | 139 | - |
| 72 | 2.1 GS 0-10 kW | 11,931,399 | 1,541,097 | 3,638,182 | 575,146 | 1,407,161 | 502,504 | 1,939,923 | 409,343 | 145,224 | 191,989 | 295,488 | 250,457 | 238,695 | 392,544 | - | 403,646 | - |
| 73 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 74 | 2.3 GS 110-1,000 kVa | 6,923,375 | 988,772 | 2,736,141 | 369,015 | 902,838 | 322,408 | 1,244,659 | 13,470 | 92,782 | 6,318 | 188,785 | 8,242 | 13,864 | 22,800 | - | 13,283 | - |
| 75 | 2.4 GS Over 1,000 kVa | 3,675,838 | 486,857 | 1,684,194 | 181,697 | 444,544 | 158,749 | 612,852 | 1,290 | 32,780 | 605 | 66,697 | 789 | 1,328 | 2,183 | - | 1,272 | - |
| 76 | 4.1 Street and Area Lighting | 1,262,113 | 83,205 | 138,225 | 31,053 | 75,974 | 27,131 | 104,738 | 136,236 | 7,841 | 63,897 | 15,954 | 83,356 | - | - | 360,163 | 134,341 | - |
| 77 | **Subtotal Rural** | **73,032,803** | **9,710,368** | **20,334,008** | **3,623,961** | **8,866,445** | **3,166,253** | **12,223,349** | **3,398,597** | **901,554** | **1,594,005** | **1,834,403** | **2,079,434** | **600,845** | **988,115** | **360,163** | **3,351,301** | **-** |
| 78 | **Total** | **563,908,508** | **152,625,371** | **310,235,433** | **58,290,962** | **8,866,445** | **3,166,253** | **12,223,349** | **3,398,597** | **901,554** | **1,594,005** | **1,834,403** | **2,079,434** | **600,845** | **988,115** | **360,163** | **3,351,301** | **3,392,277** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 19 | 20 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Proration |
| | **Total Revenue Requiremt** | | | |
| 40 | Newfoundland Power | - | 876,478 | |
| 41 | Industrial - Firm | - | 66,295 | |
| 42 | Industrial - Non-Firm | - | - | |
| | **Rural** | | | |
| 43 | 1.1 Domestic | 354,487 | 25,178 | |
| 44 | 1.12 Domestic All Electric | 447,288 | 31,769 | |
| 45 | 1.3 Special | 520 | 37 | |
| 46 | 2.1 GS 0-10 kW | 239,101 | 16,982 | |
| 47 | 2.2 GS 10-100 kW | - | - | |
| 48 | 2.3 GS 110-1,000 kVa | 157,384 | 11,178 | |
| 49 | 2.4 GS Over 1,000 kVa | 84,277 | 5,986 | |
| 50 | 4.1 Street and Area Lighting | 25,924 | 1,841 | |
| 51 | **Subtotal Rural** | **1,308,981** | **92,971** | |
| 52 | **Total** | **1,308,981** | **1,035,744** | |
| | **Re-classification of Revenue-Related** | | | |
| 53 | Newfoundland Power | - | (876,478) | Re-classification to demand, energy and customer is based on rate class revenue requirements excluding revenue-related items. |
| 54 | Industrial - Firm | - | (66,295) | |
| 55 | Industrial - Non-Firm | - | - | |
| | **Rural** | | | |
| 56 | 1.1 Domestic | (354,487) | (25,178) | |
| 57 | 1.12 Domestic All Electric | (447,288) | (31,769) | |
| 58 | 1.3 Special | (520) | (37) | |
| 59 | 2.1 GS 0-10 kW | (239,101) | (16,982) | |
| 60 | 2.2 GS 10-100 kW | - | - | |
| 61 | 2.3 GS 110-1,000 kVa | (157,384) | (11,178) | |
| 62 | 2.4 GS Over 1,000 kVa | (84,277) | (5,986) | |
| 63 | 4.1 Street and Area Lighting | (25,924) | (1,841) | |
| 64 | **Subtotal Rural** | **(1,308,981)** | **(92,971)** | |
| 65 | **Total** | **(1,308,981)** | **(1,035,744)** | |
| | **Total Allocated Revenue Requirement** | | | |
| 66 | Newfoundland Power | - | - | |
| 67 | Industrial - Firm | - | - | |
| 68 | Industrial - Non-Firm | - | - | |
| | **Rural** | | | |
| 69 | 1.1 Domestic | - | - | |
| 70 | 1.12 Domestic All Electric | - | - | |
| 71 | 1.3 Special | - | - | |
| 72 | 2.1 GS 0-10 kW | - | - | |
| 73 | 2.2 GS 10-100 kW | - | - | |
| 74 | 2.3 GS 110-1,000 kVa | - | - | |
| 75 | 2.4 GS Over 1,000 kVa | - | - | |
| 76 | 4.1 Street and Area Lighting | - | - | |
| 77 | **Subtotal Rural** | **-** | **-** | |
| 78 | **Total** | **-** | **-** | |

Schedule 3.3A
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Interconnected**
**Allocation of Specifically Assigned Amounts to Classes of Service**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | OM&A | | | | Depreciation | | | | Expense Credits | | | | | | | |
| | | | Transmission | | | | Transmission | | | | | | | | | | | |
| Line No. | Description | Total Amount ($) | Lines ($) (Plant) | Terminals ($) (Plant) | Administrative & General ($) (C3 & C4) | Other ($) (C3 & C4) | Lines ($) (Direct) | Terminals ($) (Direct) | Telecontrol & Feasibility Study ($) (Direct) | General ($) (Exp C3,4,6) | Rental Income ($) (Plant) | Other ($) ( C6 ) | Gains/Losses ($) (NBV) | Subtotal Excluding Return ($) | Return on Debt ($) (NBV) | Return on Equity ($) (NBV) | Subtotal Excl Rev Related ($) | Revenue Related ($) |
| | **Basis of Allocation - Amounts** | | | | | | | | | | | | | | | | | |
| 1 | Newfoundland Power | | 77,115,979 | 49,660,733 | 126,776,711 | 126,776,711 | - | - | - | 443,100 | 126,776,711 | 126,776,711 | 23,698,829 | - | 23,698,829 | 23,698,829 | - | - |
| | **Industrial** | | | | | | | | | | | | | | | | | |
| 2 | Vale | | 11,633,839 | 4,427,434 | 16,061,273 | 16,061,273 | - | - | - | 52,412 | 16,061,273 | 16,061,273 | 444,852 | - | 444,852 | 444,852 | - | - |
| 3 | Corner Brook P& P - CB | | - | 145,479 | 145,479 | 145,479 | - | - | - | 685 | 145,479 | 145,479 | 48,820 | - | 48,820 | 48,820 | - | - |
| 4 | Corner Brook P& P - DL | | - | 449,183 | 449,183 | 449,183 | - | - | - | 2,116 | 449,183 | 449,183 | 17,720 | - | 17,720 | 17,720 | - | - |
| 5 | North Atlantic Refining Limited | | - | 4,067,222 | 4,067,222 | 4,067,222 | - | - | - | 19,158 | 4,067,222 | 4,067,222 | 865,630 | - | 865,630 | 865,630 | - | - |
| 6 | Teck Resources | | 6,776,794 | 1,450,148 | 8,226,943 | 8,226,943 | - | - | - | 25,213 | 8,226,943 | 8,226,943 | 0 | - | 0 | 0 | - | - |
| 7 | **Subtotal Industrial** | | **18,410,634** | **10,539,466** | **28,950,099** | **28,950,099** | **-** | **-** | **-** | **99,584** | **28,950,099** | **28,950,099** | **1,377,023** | **-** | **1,377,023** | **1,377,023** | **-** | **-** |
| 8 | **Total** | | **95,526,612** | **60,200,198** | **155,726,811** | **155,726,811** | **-** | **-** | **-** | **542,684** | **155,726,811** | **155,726,811** | **25,075,852** | **-** | **25,075,852** | **25,075,852** | **-** | **-** |
| 9 | **Basis of Allocation - Ratios** | | | | | | | | | | | | | | | | | |
| 10 | Newfoundland Power | | 0.8073 | 0.8249 | 0.8141 | 0.8141 | - | - | - | 0.8165 | 0.8141 | 0.8141 | 0.9451 | - | 0.9451 | 0.9451 | - | - |
| | **Industrial** | | | | | | | | | | | | | | | | | |
| 11 | Vale | | 0.1218 | 0.0735 | 0.1031 | 0.1031 | - | - | - | 0.0966 | 0.1031 | 0.1031 | 0.0177 | - | 0.0177 | 0.0177 | - | - |
| 12 | Corner Brook P& P - CB | | - | 0.0024 | 0.0009 | 0.0009 | - | - | - | 0.0013 | 0.0009 | 0.0009 | 0.0019 | - | 0.0019 | 0.0019 | - | - |
| 13 | Corner Brook P& P - DL | | - | 0.0075 | 0.0029 | 0.0029 | - | - | - | 0.0039 | 0.0029 | 0.0029 | 0.0007 | - | 0.0007 | 0.0007 | - | - |
| 14 | North Atlantic Refining Ltd. | | - | 0.0676 | 0.0261 | 0.0261 | - | - | - | 0.0353 | 0.0261 | 0.0261 | 0.0345 | - | 0.0345 | 0.0345 | - | - |
| 15 | Teck Resources | | 0.0709 | 0.0241 | 0.0528 | 0.0528 | - | - | - | 0.0465 | 0.0528 | 0.0528 | 0.0000 | - | 0.0000 | 0.0000 | - | - |
| 16 | **Subtotal Industrial** | | **0.1927** | **0.1751** | **0.1859** | **0.1859** | **-** | **-** | **-** | **0.1835** | **0.1859** | **0.1859** | **0.0549** | **-** | **0.0549** | **0.0549** | **-** | **-** |
| 17 | **Total** | | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** | **-** | **-** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** | **1.0000** | **1.0000** | **-** | **-** |
| | **Amounts Allocated** | | | | | | | | | | | | | | | | | |
| 18 | Newfoundland Power | 3,074,147 | 146,487 | 193,550 | 370,034 | 103,064 | 566,630 | 217,040 | - | 47,428 | (295) | (2,956) | - | 1,640,981 | 990,832 | 436,282 | 3,068,095 | 6,052 |
| | **Industrial** | | | | | | | | | | | | | | | | | |
| 19 | Vale | 145,352 | 22,099 | 17,256 | 46,879 | 13,057 | 3,935 | 9,928 | - | 5,610 | (37) | (374) | - | 118,353 | 18,599 | 8,189 | 145,141 | 211 |
| 20 | Corner Brook P& P - CB | 7,773 | - | 567 | 425 | 118 | - | 3,642 | - | 73 | (0) | (3) | - | 4,822 | 2,041 | 899 | 7,762 | 11 |
| 21 | Corner Brook P& P - DL | 5,538 | - | 1,751 | 1,311 | 365 | - | 821 | - | 226 | (1) | (10) | - | 4,463 | 741 | 326 | 5,530 | 8 |
| 22 | North Atlantic Refining Ltd. | 107,678 | - | 15,852 | 11,871 | 3,306 | - | 22,418 | - | 2,051 | (9) | (95) | - | 55,394 | 36,191 | 15,936 | 107,521 | 156 |
| 23 | Teck Resources | 51,789 | 12,873 | 5,652 | 24,013 | 6,688 | 0 | 0 | - | 2,699 | (19) | (192) | - | 51,713 | 0 | 0 | 51,713 | 75 |
| 24 | **Subtotal Industrial** | **318,130** | **34,972** | **41,077** | **84,499** | **23,535** | **3,935** | **36,810** | **-** | **10,659** | **(67)** | **(675)** | **-** | **234,745** | **57,572** | **25,350** | **317,668** | **462** |
| 25 | **Total** | **3,392,277** | **181,459** | **234,627** | **454,534** | **126,599** | **570,565** | **253,850** | **-** | **58,087** | **(363)** | **(3,630)** | **-** | **1,875,727** | **1,048,405** | **461,632** | **3,385,763** | **6,514** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Interconnected**
**Functional Classification of Revenue Requirement**

| Line No. | 1 Description | 2 Total Amount ($) | 3 Production Demand ($) | 4 Production Energy ($) | 5 Transmission Demand ($) | 6 Distribution: Substations Demand ($) | 7 Distribution: Primary Lines Demand ($) | 8 Distribution: Primary Lines Customer ($) | 9 Distribution: Line Transformers Demand ($) | 10 Distribution: Line Transformers Customer ($) | 11 Distribution: Secondary Lines Demand ($) | 12 Distribution: Secondary Lines Customer ($) | 13 Distribution: Services Customer ($) | 14 Distribution: Meters Customer ($) | 15 Distribution: Street Lighting Customer ($) | 16 Accounting Customer ($) | 17 Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Expenses** | | | | | | | | | | | | | | | | |
| 1 | Operating & Maintenance | 10,729,734 | 1,287,936 | - | 3,298,085 | 1,123,235 | 1,145,469 | 327,399 | 232,123 | 410,876 | 185,142 | 204,485 | 77,839 | 186,816 | 35,857 | 1,671,929 | - |
| 2 | Fuels | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Fuels-Diesel | 36,786 | 36,786 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuels-Gas Turbine | 226,016 | 226,016 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Power Purchases -CF(L)Co | 1,569,103 | 348,601 | 1,220,502 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Power Purchases-Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Depreciation | 4,418,141 | 317,759 | - | 901,865 | 598,130 | 1,006,077 | 299,071 | 216,813 | 383,776 | 161,425 | 183,393 | 49,429 | 141,870 | 43,334 | 115,199 | - |
| | **Expense Credits** | | | | | | | | | | | | | | | | |
| 8 | Sundry | (35,941) | (4,314) | - | (11,048) | (3,762) | (3,837) | (1,097) | (778) | (1,376) | (620) | (685) | (261) | (626) | (120) | (5,600) | - |
| 9 | Building Rental Income | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Tax Refunds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Suppliers' Discounts | (3,121) | (375) | - | (959) | (327) | (333) | (95) | (68) | (120) | (54) | (59) | (23) | (54) | (10) | (486) | - |
| 12 | Pole Attachments | (250,912) | - | - | - | - | (145,114) | (49,593) | - | - | (25,685) | (30,519) | - | - | - | - | - |
| 13 | Secondary Energy Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Wheeling Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Application Fees | (10,120) | - | - | - | - | - | - | - | - | - | - | - | - | - | (10,120) | - |
| 16 | Meter Test Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | **Total Expense Credits** | **(300,094)** | **(4,689)** | **-** | **(12,007)** | **(4,089)** | **(149,285)** | **(50,785)** | **(845)** | **(1,496)** | **(26,359)** | **(31,263)** | **(283)** | **(680)** | **(131)** | **(16,207)** | **-** |
| 18 | **Subtotal Expenses** | **16,679,686** | **2,212,410** | **1,220,502** | **4,187,943** | **1,717,276** | **2,002,262** | **575,685** | **448,090** | **793,157** | **320,207** | **356,614** | **126,985** | **328,006** | **79,060** | **1,770,921** | **-** |
| 19 | Disposal Gain / Loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | **Subtotal Revenue Requirement Ex. Return** | **16,679,686** | **2,212,410** | **1,220,502** | **4,187,943** | **1,717,276** | **2,002,262** | **575,685** | **448,090** | **793,157** | **320,207** | **356,614** | **126,985** | **328,006** | **79,060** | **1,770,921** | **-** |
| 21 | Return on Debt | 4,462,654 | 383,948 | - | 1,480,992 | 666,320 | 778,218 | 225,118 | 163,159 | 288,806 | 121,314 | 136,517 | 41,577 | 84,567 | 15,265 | 76,853 | - |
| 22 | Return on Equity | 1,964,988 | 169,059 | - | 652,108 | 293,393 | 342,664 | 99,124 | 71,842 | 127,166 | 53,417 | 60,111 | 18,307 | 37,237 | 6,721 | 33,840 | - |
| 23 | **Total Revenue Requirement** | **23,107,328** | **2,765,417** | **1,220,502** | **6,321,043** | **2,676,990** | **3,123,144** | **899,926** | **683,092** | **1,209,129** | **494,938** | **553,242** | **186,870** | **449,810** | **101,046** | **1,881,615** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Interconnected**
**Functional Classification of Revenue Requirement (CONT'D.)**

| | 1 | 18 | 19 | 20 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | **Expenses** | | | |
| 1 | Operating & Maintenance | 506,564 | 35,979 | Carryforward from Sch.2.4 L.24 |
| 2 | Fuels | - | - | |
| 3 | Fuels-Diesel | - | - | Production - Demand |
| 4 | Fuels-Gas Turbine | - | - | Production - Demand |
| 5 | Power Purchases -CF(L)Co | - | - | Carryforward from Sch.4.4 L.14 |
| 6 | Power Purchases-Other | - | - | Carryforward from Sch.4.4 L.15 |
| 7 | Depreciation | - | - | Carryforward from Sch.2.5 L.24 |
| | **Expense Credits** | | | |
| 8 | Sundry | (1,697) | (121) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 9 | Building Rental Income | - | - | Prorated on Production, Transmission & Distribution Plant - Sch.2.2 L.18 |
| 10 | Tax Refunds | - | - | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 11 | Suppliers' Discounts | (147) | (10) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 12 | Pole Attachments | - | - | Prorated on Distribution Poles - Sch.4.1 L.37 |
| 13 | Secondary Energy Revenues | - | - | Production - Energy |
| 14 | Wheeling Revenues | - | - | Transmission - Demand, Energy ratios Sch.4.1 L.16 |
| 15 | Application Fees | - | - | Accounting - Customer |
| 16 | Meter Test Revenues | - | - | Meters - Customer |
| 17 | **Total Expense Credits** | **(1,844)** | **(131)** | |
| 18 | **Subtotal Expenses** | **504,720** | **35,848** | |
| 19 | Disposal Gain / Loss | - | - | Prorated on Total Net Book Value - Sch.2.3 L.24 |
| 20 | **Subtotal Revenue Requirement Ex. Return** | **504,720** | **35,848** | |
| 21 | Return on Debt | - | - | Prorated on Rate Base - Sch.2.6 L.9 |
| 22 | Return on Equity | - | - | Prorated on Rate Base - Sch.2.6 L.11 |
| 23 | **Total Revenue Requirement** | **504,720** | **35,848** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Interconnected**
**Functional Classification of Plant in Service for the Allocation of O&M Expense**

| Line No. | 1<br>Description | 2<br>Total Amount ($) | 3<br>Production Demand ($) | 4<br>Production Energy ($) | 5<br>Transmission Demand ($) | 6<br>Distribution: Substations Demand ($) | 7<br>Distribution: Primary Lines Demand ($) | 8<br>Distribution: Primary Lines Customer ($) | 9<br>Distribution: Line Transformers Demand ($) | 10<br>Distribution: Line Transformers Customer ($) | 11<br>Distribution: Secondary Lines Demand ($) | 12<br>Distribution: Secondary Lines Customer ($) | 13<br>Distribution: Services Customer ($) | 14<br>Distribution: Meters Customer ($) | 15<br>Distribution: Street Lighting Customer ($) | 16<br>Accounting Customer ($) | 17<br>Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Gas Turbines | 24,562,244 | 24,562,244 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Diesel | 3,341,091 | 3,341,091 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Subtotal Production** | **27,903,335** | **27,903,335** | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 4 | Lines | 21,129,561 | - | - | 17,898,222 | 3,231,339 | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Terminal Stations | 38,706,472 | - | - | 22,094,069 | 16,612,403 | - | - | - | - | - | - | - | - | - | - | - |
| 6 | **Subtotal Transmission** | **59,836,033** | - | - | **39,992,291** | 19,843,742 | - | - | - | - | - | - | - | - | - | - | - |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 7 | Substations | 7,347,364 | - | - | - | 7,347,364 | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Land & Land Improvements | 1,576,013 | - | - | - | - | 1,188,235 | 151,376 | - | - | 137,822 | 98,580 | - | - | - | - | - |
| 9 | Poles | 38,440,086 | - | - | - | - | 22,231,747 | 7,597,760 | - | - | 3,935,035 | 4,675,545 | - | - | - | - | - |
| 10 | Primary Conductor & Eqpt | 6,247,919 | - | - | - | - | 5,541,904 | 706,015 | - | - | - | - | - | - | - | - | - |
| 11 | Submarine Conductor | 620,108 | - | - | - | - | 620,108 | - | - | - | - | - | - | - | - | - | - |
| 12 | Transformers | 16,605,584 | - | - | - | - | - | - | 5,994,616 | 10,610,968 | - | - | - | - | - | - | - |
| 13 | Secondary Conductor&Eqpt | 1,215,205 | - | - | - | - | - | - | - | - | 708,464 | 506,740 | - | - | - | - | - |
| 14 | Services | 2,010,213 | - | - | - | - | - | - | - | - | - | - | 2,010,213 | - | - | - | - |
| 15 | Meters | 2,851,322 | - | - | - | - | - | - | - | - | - | - | - | 2,851,322 | - | - | - |
| 16 | Street Lighting | 926,010 | - | - | - | - | - | - | - | - | - | - | - | - | 926,010 | - | - |
| 17 | **Subtotal Distribution** | **77,839,824** | - | - | - | 7,347,364 | **29,581,994** | **8,455,151** | **5,994,616** | **10,610,968** | **4,781,321** | **5,280,865** | **2,010,213** | **2,851,322** | **926,010** | - | - |
| 18 | **Subttl Prod, Trans, & Dist** | **165,579,193** | **27,903,335** | - | **39,992,291** | **27,191,106** | **29,581,994** | **8,455,151** | **5,994,616** | **10,610,968** | **4,781,321** | **5,280,865** | **2,010,213** | **2,851,322** | **926,010** | - | - |
| 19 | General | 19,853,989 | 2,295,231 | - | 6,717,093 | 2,018,953 | 2,037,807 | 582,448 | 412,949 | 730,955 | 329,370 | 363,781 | 138,477 | 366,868 | 63,790 | 3,796,267 | - |
| 20 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Software - General | 81,202 | 13,684 | - | 19,613 | 13,335 | 14,507 | 4,147 | 2,940 | 5,204 | 2,345 | 2,590 | 986 | 1,398 | 454 | - | - |
| 23 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 24 | **Total Plant** | **185,514,384** | **30,212,251** | - | **46,728,997** | **29,223,394** | **31,634,308** | **9,041,745** | **6,410,505** | **11,347,127** | **5,113,036** | **5,647,236** | **2,149,676** | **3,219,589** | **990,253** | **3,796,267** | - |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Interconnected**
**Functional Classification of Plant in Service for the Allocation of O&M Expense (CONT'D.)**

| | 1 | 18 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| | **Production** | |
| 1 | Gas Turbines | Production - Demand, Energy ratios Sch.4.1 L.9 |
| 2 | Diesel | Production - Demand, Energy ratios Sch.4.1 L.9 |
| 3 | **Subtotal Production** | |
| | **Transmission** | |
| 4 | Lines | Production, Transmission - Demand; Distribution - Primary Demand; Spec Assigned - Custmr |
| 5 | Terminal Stations | Production, Transmission - Demand; Spec Assigned - Custmr |
| 6 | **Subtotal Transmission** | |
| | **Distribution** | |
| 7 | Substations | Production - Demand; Dist Substns - Demand |
| 8 | Land & Land Improvements | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.32 |
| 9 | Poles | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.37 |
| 10 | Primary Conductor & Eqpt | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.38 |
| 11 | Submarine Conductor | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.39 |
| 12 | Transformers | Transformers - Demand, Customer - zero intercept ratios Sch.4.1 L.40 |
| 13 | Secondary Conductor&Eqpt | Secondary - Demand, Customer - zero intercept ratios Sch. 4.1 L.41 |
| 14 | Services | Services Customer |
| 15 | Meters | Meters - Customer |
| 16 | Street Lighting | Street Lighting - Customer |
| 17 | **Subtotal Distribution** | |
| 18 | **Subttl Prod, Trans, & Dist** | |
| 19 | General | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - Sch2.4 L.11, 12 |
| 20 | Telecontrol - Specific | Specifically Assigned - Customer |
| 21 | Feasibility Studies | Production, Transmission - Demand |
| 22 | Software - General | Prorated on subtotal Production, Transmission, & Distribution plant - L.18 |
| 23 | Software - Cust Acctng | |
| 24 | **Total Plant** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Interconnected**
**Functional Classification of Net Book Value**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount ($) | Demand ($) | Energy ($) | Demand ($) | Demand ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Gas Turbines | 7,291,859 | 7,291,859 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Diesel | 511,332 | 511,332 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Subtotal Production** | **7,803,190** | **7,803,190** | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 4 | Lines | 11,289,776 | - | - | 11,289,776 | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Terminal Stations | 35,375,236 | - | - | 22,065,090 | 13,310,146 | - | - | - | - | - | - | - | - | - | - | - |
| 6 | **Subtotal Transmission** | **46,665,012** | **-** | **-** | **33,354,866** | **13,310,146** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 7 | Substations | 2,116,896 | - | - | - | 2,116,896 | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Land & Land Improvements | 797,638 | - | - | - | - | 601,379 | 76,613 | - | - | 69,753 | 49,892 | - | - | - | - | - |
| 9 | Poles | 24,060,453 | - | - | - | - | 13,915,315 | 4,755,597 | - | - | 2,463,020 | 2,926,521 | - | - | - | - | - |
| 10 | Primary Conductor & Eqpt | 3,872,367 | - | - | - | - | 3,434,790 | 437,578 | - | - | - | - | - | - | - | - | - |
| 11 | Submarine Conductor | 250,028 | - | - | - | - | 250,028 | - | - | - | - | - | - | - | - | - | - |
| 12 | Transformers | 10,596,563 | - | - | - | - | - | - | 3,825,359 | 6,771,204 | - | - | - | - | - | - | - |
| 13 | Secondary Conductor&Eqpt | 509,448 | - | - | - | - | - | - | - | - | 297,008 | 212,440 | - | - | - | - | - |
| 14 | Services | 953,226 | - | - | - | - | - | - | - | - | - | - | 953,226 | - | - | - | - |
| 15 | Meters | 1,907,589 | - | - | - | - | - | - | - | - | - | - | - | 1,907,589 | - | - | - |
| 16 | Street Lighting | 341,573 | - | - | - | - | - | - | - | - | - | - | - | - | 341,573 | - | - |
| 17 | **Subtotal Distribution** | **45,405,782** | **-** | **-** | **-** | **2,116,896** | **18,201,512** | **5,269,787** | **3,825,359** | **6,771,204** | **2,829,782** | **3,188,853** | **953,226** | **1,907,589** | **341,573** | **-** | **-** |
| 18 | **Subttl Prod, Trans, & Dist** | **99,873,984** | **7,803,190** | **-** | **33,354,866** | **15,427,042** | **18,201,512** | **5,269,787** | **3,825,359** | **6,771,204** | **2,829,782** | **3,188,853** | **953,226** | **1,907,589** | **341,573** | **-** | **-** |
| 19 | General | 9,898,048 | 1,144,269 | - | 3,348,753 | 1,006,533 | 1,015,932 | 290,375 | 205,873 | 364,412 | 164,205 | 181,360 | 69,037 | 182,899 | 31,802 | 1,892,599 | - |
| 20 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Software - General | 72,099 | 5,633 | - | 24,079 | 11,137 | 13,140 | 3,804 | 2,762 | 4,888 | 2,043 | 2,302 | 688 | 1,377 | 247 | - | - |
| 23 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 24 | **Total Net Book Value** | **109,844,131** | **8,953,093** | **-** | **36,727,698** | **16,444,712** | **19,230,584** | **5,563,966** | **4,033,994** | **7,140,504** | **2,996,029** | **3,372,515** | **1,022,951** | **2,091,865** | **373,621** | **1,892,599** | **-** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Interconnected**
**Functional Classification of Operating & Maintenance Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Gas Turbine / Diesel | 656,128 | 656,128 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Other | 80,920 | 80,920 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Subtotal Production** | **737,048** | **737,048** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 4 | Transmission Lines | 2,280,520 | - | - | 1,931,761 | 348,759.45 | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Terminal Stations | 173,173 | - | - | 98,849 | 74,324 | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Other | 189,106 | - | - | 126,392 | 62,714 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | **Subtotal Transmission** | **2,642,799** | **-** | **-** | **2,157,002** | **485,798** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 8 | Other | 1,658,820 | - | - | - | 162,531 | 654,383 | 187,036 | 132,607 | 234,725 | 105,768 | 116,818 | 44,468 | - | 20,484 | - | - |
| 9 | Meters | 117,809 | - | - | - | - | - | - | - | - | - | - | - | 117,809 | - | - | - |
| 10 | **Subtotal Distribution** | **1,776,629** | **-** | **-** | **-** | **162,531** | **654,383** | **187,036** | **132,607** | **234,725** | **105,768** | **116,818** | **44,468** | **117,809** | **20,484** | **-** | **-** |
| 11 | **Subttl Prod, Trans, & Dist** | **5,156,476** | **737,048** | **-** | **2,157,002** | **648,329** | **654,383** | **187,036** | **132,607** | **234,725** | **105,768** | **116,818** | **44,468** | **117,809** | **20,484** | **-** | **-** |
| 12 | Customer Accounting | 1,219,062 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,219,062 | - |
| | **Administrative & General:** | | | | | | | | | | | | | | | | |
| | Plant-Related: | | | | | | | | | | | | | | | | |
| 13 | Production | 117,917 | 117,917 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Transmission | 164,210 | - | - | 109,752 | 54,458 | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Distribution | 325,494 | - | - | - | 30,724 | 123,700 | 35,356 | 25,067 | 44,371 | 19,993 | 22,082 | 8,406 | 11,923 | 3,872 | - | - |
| 16 | Prod, Trans, Distn Plant | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Prod, Trans, Distn & General Plt | 678,747 | 110,538 | - | 170,969 | 106,921 | 115,741 | 33,081 | 23,454 | 41,516 | 18,707 | 20,662 | 7,865 | 11,780 | 3,623 | 13,890 | - |
| 18 | Property Insurance | 131,116 | 42,207 | - | 40,268 | 36,309 | 2,848 | 814 | 577 | 1,022 | 460 | 508 | 194 | 513 | 89 | 5,306 | - |
| | Revenue-Related: | | | | | | | | | | | | | | | | |
| 19 | Municipal Tax | 506,564 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | PUB Assessment | 35,979 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | All Expense-Related | 2,268,044 | 262,199 | - | 767,335 | 230,637 | 232,791 | 66,537 | 47,174 | 83,502 | 37,626 | 41,557 | 15,819 | 41,910 | 7,287 | 433,671 | - |
| 22 | Prod,Trans & Distn Expense-Related | 126,125 | 18,028 | - | 52,759 | 15,858 | 16,006 | 4,575 | 3,244 | 5,741 | 2,587 | 2,857 | 1,088 | 2,882 | 501 | - | - |
| 23 | **Subtotal Admin & General** | **4,354,196** | **550,889** | **-** | **1,141,084** | **474,907** | **491,086** | **140,363** | **99,516** | **176,151** | **79,374** | **87,667** | **33,371** | **69,007** | **15,373** | **452,867** | **-** |
| 24 | **Total Operating & Maintenance Expenses** | **10,729,734** | **1,287,936** | **-** | **3,298,085** | **1,123,235** | **1,145,469** | **327,399** | **232,123** | **410,876** | **185,142** | **204,485** | **77,839** | **186,816** | **35,857** | **1,671,929** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Interconnected**
**Functional Classification of Operating & Maintenance Expense (CONT'D.)**

| | 1 | 18 | 19 | 20 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | **Production** | | | |
| 1 | Gas Turbine / Diesel | - | - | Production - Demand, Energy ratios Sch.4.1 L.9 |
| 2 | Other | - | - | Production - Demand, Energy ratios Sch.4.1 L.9 |
| 3 | **Subtotal Production** | **-** | **-** | |
| | **Transmission** | | | |
| 4 | Transmission Lines | - | - | Prorated on Transmission Lines Plant in Service - Sch.2.2 L.4 |
| 5 | Terminal Stations | - | - | Prorated on Transmission Terminal Stations Plant in Service - Sch.2.2 L.5 |
| 6 | Other | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.6 |
| 7 | **Subtotal Transmission** | **-** | **-** | |
| | **Distribution** | | | |
| 8 | Other | - | - | Prorated on Distribution Plant, excluding Meters - Sch. 2.2 L. 17, less L. 15 |
| 9 | Meters | - | - | Meters - Customer |
| 10 | **Subtotal Distribution** | **-** | **-** | |
| 11 | **Subttl Prod, Trans, & Dist** | **-** | **-** | |
| 12 | Customer Accounting | - | - | Accounting - Customer |
| | **Administrative & General:** | | | |
| | Plant-Related: | | | |
| 13 | Production | - | - | Prorated on Production Plant in Service - Sch.2.2 L.3 |
| 14 | Transmission | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L. 6 |
| 15 | Distribution | - | - | Prorated on Distribution Plant in Service - Sch.2.2 L.17 |
| 16 | Prod, Trans, Distn Plant | - | - | Prorated on Production, Transmission, Distribution Plant in Service - Sch.2.2 L. 18 |
| 17 | Prod, Trans, Distn & General Plt | - | - | Prorated on Production, Transmission, Distribution & General Plant in Service - Sch.2.2 L.24 |
| 18 | Property Insurance | - | - | Prorated on Prod., Trans. Terminal, Dist. Sub & General Plant in Service - Sch.2.2 L.3, 5, 7, 19 - 20 |
| | Revenue-Related: | | | |
| 19 | Municipal Tax | 506,564 | - | Revenue-related |
| 20 | PUB Assessment | - | 35,979 | Revenue-related |
| 21 | All Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - L 11, 12 |
| 22 | Prod,Trans & Distn Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution Expenses - L.11 |
| 23 | **Subtotal Admin & General** | **506,564** | **35,979** | |
| 24 | **Total Operating & Maintenance Expenses** | **506,564** | **35,979** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Interconnected**
**Functional Classification of Depreciation Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| | | | | | | | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Specifically Assigned |
| Line No. | Description | Total Amount ($) | Production Demand ($) | Production Energy ($) | Transmission Demand ($) | Substations Demand ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Gas Turbines | 226,346.24 | 226,346 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Diesel | 19,057 | 19,057 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Subtotal Production** | **245,403** | **245,403** | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 4 | Lines | 310,815 | - | - | 290,894 | 19,921 | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Terminal Stations | 858,297 | - | - | 399,525 | 458,772 | - | - | - | - | - | - | - | - | - | - | - |
| 6 | **Subtotal Transmission** | **1,169,111** | **-** | **-** | **690,419** | **478,692** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 7 | Substations | 52,316 | - | - | - | 52,316 | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Land & Land Improvements | 23,008 | - | - | - | - | 17,347 | 2,210 | - | - | 2,012 | 1,439 | - | - | - | - | - |
| 9 | Poles | 1,308,414 | - | - | - | - | 756,718 | 258,611 | - | - | 133,940 | 159,145 | - | - | - | - | - |
| 10 | Primary Conductor & Equip | 154,924 | - | - | - | - | 137,418 | 17,506 | - | - | - | - | - | - | - | - | - |
| 11 | Submarine Conductor | 22,457 | - | - | - | - | 22,457 | - | - | - | - | - | - | - | - | - | - |
| 12 | Transformers | 559,705 | - | - | - | - | - | - | 202,053 | 357,651 | - | - | - | - | - | - | - |
| 13 | Secondary Conductor & Equip | 23,717 | - | - | - | - | - | - | - | - | 13,827 | 9,890 | - | - | - | - | - |
| 14 | Services | 44,734 | - | - | - | - | - | - | - | - | - | - | 44,734 | - | - | - | - |
| 15 | Meters | 129,311 | - | - | - | - | - | - | - | - | - | - | - | 129,311 | - | - | - |
| 16 | Street Lighting | 40,947 | - | - | - | - | - | - | - | - | - | - | - | - | 40,947 | - | - |
| 17 | **Subtotal Distribution** | **2,359,533** | **-** | **-** | **-** | **52,316** | **933,941** | **278,327** | **202,053** | **357,651** | **149,779** | **170,474** | **44,734** | **129,311** | **40,947** | **-** | **-** |
| 18 | **Subttl Prod, Trans, & Dist** | **3,774,048** | **245,403** | **-** | **690,419** | **531,009** | **933,941** | **278,327** | **202,053** | **357,651** | **149,779** | **170,474** | **44,734** | **129,311** | **40,947** | **-** | **-** |
| 19 | General | 602,477 | 69,650 | - | 203,833 | 61,266 | 61,838 | 17,675 | 12,531 | 22,181 | 9,995 | 11,039 | 4,202 | 11,133 | 1,936 | 115,199 | - |
| 20 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | Software - General | 41,616 | 2,706 | - | 7,613 | 5,855 | 10,299 | 3,069 | 2,228 | 3,944 | 1,652 | 1,880 | 493 | 1,426 | 452 | - | - |
| 23 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 24 | **Total Depreciation Expense** | **4,418,141** | **317,759** | **-** | **901,865** | **598,130** | **1,006,077** | **299,071** | **216,813** | **383,776** | **161,425** | **183,393** | **49,429** | **141,870** | **43,334** | **115,199** | **-** |

Schedule 2.6E
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Interconnected**
**Functional Classification of Rate Base**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| 1 | Average Net Book Value | 109,844,131 | 8,953,093 | - | 36,727,698 | 16,444,712 | 19,230,584 | 5,563,966 | 4,033,994 | 7,140,504 | 2,996,029 | 3,372,515 | 1,022,951 | 2,091,865 | 373,621 | 1,892,599 | - |
| 2 | Cash Working Capital | 105,359 | 8,588 | - | 35,228 | 15,773 | 18,445 | 5,337 | 3,869 | 6,849 | 2,874 | 3,235 | 981 | 2,006 | 358 | 1,815 | - |
| 3 | Fuel Inventory - No. 6 Fuel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuel Inventory - Diesel | 62,856 | 62,856 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Fuel Inventory - Gas Turbine | 352,179 | 352,179 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Inventory/Supplies | 1,903,454 | 309,990 | - | 479,459 | 299,844 | 324,581 | 92,772 | 65,774 | 116,426 | 52,462 | 57,943 | 22,057 | 33,034 | 10,160 | 38,951 | - |
| | Deferred Charges: | | | | | | | | | | | | | | | | |
| | Foreign Exchange Loss and Regulatory | | | | | | | | | | | | | | | | |
| 7 | Costs | 5,336,868 | 434,993 | - | 1,784,446 | 798,980 | 934,334 | 270,330 | 195,995 | 346,927 | 145,565 | 163,856 | 49,701 | 101,635 | 18,153 | 91,953 | - |
| 8 | Retire Asset Pool | 767,936 | 62,592 | - | 256,768 | 114,967 | 134,444 | 38,898 | 28,202 | 49,920 | 20,946 | 23,578 | 7,152 | 14,625 | 2,612 | 13,231 | - |
| 9 | Total Rate Base | **118,372,783** | **10,184,291** | **-** | **39,283,599** | **17,674,277** | **20,642,388** | **5,971,303** | **4,327,834** | **7,660,627** | **3,217,875** | **3,621,127** | **1,102,841** | **2,243,166** | **404,905** | **2,038,550** | **-** |
| 10 | Less: Rural Portion | - | | | | | | | | | | | | | | | |
| 11 | Rate Base Available for Equity Return | **118,372,783** | **10,184,291** | **-** | **39,283,599** | **17,674,277** | **20,642,388** | **5,971,303** | **4,327,834** | **7,660,627** | **3,217,875** | **3,621,127** | **1,102,841** | **2,243,166** | **404,905** | **2,038,550** | **-** |
| 12 | Return on Debt | 4,462,654 | 383,948 | - | 1,480,992 | 666,320 | 778,218 | 225,118 | 163,159 | 288,806 | 121,314 | 136,517 | 41,577 | 84,567 | 15,265 | 76,853 | - |
| 13 | Return on Equity | 1,964,988 | 169,059 | - | 652,108 | 293,393 | 342,664 | 99,124 | 71,842 | 127,166 | 53,417 | 60,111 | 18,307 | 37,237 | 6,721 | 33,840 | - |
| 14 | Return on Rate Base | **6,427,642** | **553,007** | **-** | **2,133,099** | **959,713** | **1,120,882** | **324,242** | **235,001** | **415,972** | **174,731** | **196,627** | **59,884** | **121,804** | **21,986** | **110,693** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Interconnected**
**Functional Classification of Rate Base (CONT'D.)**

| | 1 | 18 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| 1 | Average Net Book Value | Sch. 2.3 , L. 24 |
| 2 | Cash Working Capital | Prorated on Average Net Book Value, L. 1 |
| 3 | Fuel Inventory - No. 6 Fuel | |
| 4 | Fuel Inventory - Diesel | Production - Demand |
| 5 | Fuel Inventory - Gas Turbine | Production - Demand |
| 6 | Inventory/Supplies | Prorated on Total Plant in Service, Sch. 2.2, L. 24 |
| | Deferred Charges: | |
| 7 | Foreign Exchange Loss and Regulatory Costs | Prorated on Average Net Book Value, L. 1 |
| 8 | Retire Asset Pool | Prorated on Average Net Book Value, L. 1 |
| 9 | Total Rate Base | |
| 10 | Less:  Rural Portion | |
| 11 | Rate Base Available for Equity Return | |
| 12 | Return on Debt | L.9 x Sch.1.1,p2,L.15 |
| 13 | Return on Equity | L.11 x Sch.1.1,p2,L.18 |
| 14 | Return on Rate Base | |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Interconnected**
**Basis of Allocation to Classes of Service**

| Line No. | 1<br>Description | 2<br>Total Amount | 3<br>Production Demand | 4<br>Production Energy | 5<br>Transmission Demand | 6<br>Distribution: Substations Demand | 7<br>Distribution: Primary Lines Demand | 8<br>Distribution: Primary Lines Customer | 9<br>Distribution: Line Transformers Demand | 10<br>Distribution: Line Transformers Customer | 11<br>Distribution: Secondary Lines Demand | 12<br>Distribution: Secondary Lines Customer | 13<br>Distribution: Services Customer | 14<br>Distribution: Meters Customer | 15<br>Distribution: Street Lighting Customer | 16<br>Accounting Customer | 17<br>Specifically Assigned Customer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Amounts** | | (CP kW) | (MWh @ Gen) | (CP kW) | (CP kW) | (CP kW) | (Rural Cust) | (CP kW) | (Rural Cust) | (CP kW) | (Rural Cust) | (Wtd Rural Cust) | | | (Rural Cust) | |
| 1 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Labrador Industrial Firm | - | 248,639 | 2,165,918 | 229,500 | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Labrador Industrial Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | |
| 4 | 1.1Domestic | - | 725 | 2,386 | 669 | 648 | 648 | 340 | 615 | 340 | 615 | 340 | 340 | 340 | - | 340 | - |
| 5 | 1.1A Domestic All Electric | - | 94,430 | 352,780 | 87,161 | 84,345 | 84,345 | 9,532 | 80,086 | 9,532 | 80,086 | 9,532 | 9,532 | 9,532 | | 9,532 | |
| 6 | 2.1GS 0-10 kW | - | 1,493 | 7,400 | 1,378 | 1,333 | 1,333 | 502 | 1,266 | 502 | 1,266 | 502 | 942 | 942 | - | 502 | - |
| 7 | 2.2GS 10-100 kW | - | 17,066 | 80,052 | 15,752 | 15,243 | 15,243 | 730 | 14,385 | 730 | 14,385 | 730 | 3,482 | 3,482 | - | 730 | - |
| 8 | 2.3GS 110-1,000 kVa | - | 32,240 | 160,409 | 29,758 | 28,797 | 28,797 | 177 | 26,944 | 177 | 26,944 | 177 | 1,490 | 1,490 | - | 177 | - |
| 9 | 2.4GS Over 1,000 kVa | - | 40,723 | 198,656 | 37,589 | 36,374 | 36,374 | 7 | 26,443 | 7 | 26,443 | 7 | 59 | 59 | - | 7 | - |
| 10 | 4.1Street and Area Lighting | - | 509 | 2,037 | 470 | 455 | 455 | 386 | 432 | 386 | 432 | 386 | - | - | 1 | 386 | - |
| 11 | **Subtotal Rural** | | **187,186** | **803,719** | **172,778** | **167,194** | **167,194** | **11,674** | **150,171** | **11,674** | **150,171** | **11,674** | **15,846** | **15,846** | **1** | **11,674** | **-** |
| 12 | **Total Labrador Interconnected** | | **435,825** | **2,969,637** | **402,278** | **167,194** | **167,194** | **11,674** | **150,171** | **11,674** | **150,171** | **11,674** | **15,846** | **15,846** | **1** | **11,674** | **-** |
| | **Ratios** | | | | | | | | | | | | | | | | |
| 13 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Labrador Industrial Firm | - | 0.5705 | 0.7294 | 0.5705 | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Labrador Industrial Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | |
| 16 | 1.1Domestic | - | 0.0017 | 0.0008 | 0.0017 | 0.0039 | 0.0039 | 0.0291 | 0.0041 | 0.0291 | 0.0041 | 0.0291 | 0.0215 | 0.0215 | - | 0.0291 | - |
| 17 | 1.1A Domestic All Electric | - | 0.2167 | 0.1188 | 0.2167 | 0.5045 | 0.5045 | 0.8165 | 0.5333 | 0.8165 | 0.5333 | 0.8165 | 0.6015 | 0.6015 | - | 0.8165 | - |
| 18 | 2.1GS 0-10 kW | - | 0.0034 | 0.0025 | 0.0034 | 0.0080 | 0.0080 | 0.0430 | 0.0084 | 0.0430 | 0.0084 | 0.0430 | 0.0595 | 0.0595 | - | 0.0430 | - |
| 19 | 2.2GS 10-100 kW | - | 0.0392 | 0.0270 | 0.0392 | 0.0912 | 0.0912 | 0.0625 | 0.0958 | 0.0625 | 0.0958 | 0.0625 | 0.2198 | 0.2198 | - | 0.0625 | - |
| 20 | 2.3GS 110-1,000 kVa | - | 0.0740 | 0.0540 | 0.0740 | 0.1722 | 0.1722 | 0.0152 | 0.1794 | 0.0152 | 0.1794 | 0.0152 | 0.0940 | 0.0940 | - | 0.0152 | - |
| 21 | 2.4GS Over 1,000 kVa | - | 0.0934 | 0.0669 | 0.0934 | 0.2176 | 0.2176 | 0.0006 | 0.1761 | 0.0006 | 0.1761 | 0.0006 | 0.0037 | 0.0037 | - | 0.0006 | - |
| 22 | 4.1Street and Area Lighting | - | 0.0012 | 0.0007 | 0.0012 | 0.0027 | 0.0027 | 0.0331 | 0.0029 | 0.0331 | 0.0029 | 0.0331 | - | - | 1.0000 | 0.0331 | - |
| 23 | **Subtotal Rural** | | **0.4295** | **0.2706** | **0.4295** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** |
| 24 | **Total Labrador Interconnected** | | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** |
| | **Ratios Excluding Labrador Industrial** | | | | | | | | | | | | | | | | |
| 25 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural** | | | | | | | | | | | | | | | | |
| 26 | 1.1Domestic | - | 0.0039 | 0.0030 | 0.0039 | 0.0039 | 0.0039 | 0.0291 | 0.0041 | 0.0291 | 0.0041 | 0.0291 | 0.0215 | 0.0215 | - | 0.0291 | - |
| 27 | 1.1A Domestic All Electric | - | 0.5045 | 0.4389 | 0.5045 | 0.5045 | 0.5045 | 0.8165 | 0.5333 | 0.8165 | 0.5333 | 0.8165 | 0.6015 | 0.6015 | - | 0.8165 | - |
| 28 | 2.1GS 0-10 kW | - | 0.0080 | 0.0092 | 0.0080 | 0.0080 | 0.0080 | 0.0430 | 0.0084 | 0.0430 | 0.0084 | 0.0430 | 0.0595 | 0.0595 | - | 0.0430 | - |
| 29 | 2.2GS 10-100 kW | - | 0.0912 | 0.0996 | 0.0912 | 0.0912 | 0.0912 | 0.0625 | 0.0958 | 0.0625 | 0.0958 | 0.0625 | 0.2198 | 0.2198 | - | 0.0625 | - |
| 30 | 2.3GS 110-1,000 kVa | - | 0.1722 | 0.1996 | 0.1722 | 0.1722 | 0.1722 | 0.0152 | 0.1794 | 0.0152 | 0.1794 | 0.0152 | 0.0940 | 0.0940 | - | 0.0152 | - |
| 31 | 2.4GS Over 1,000 kVa | - | 0.2176 | 0.2472 | 0.2176 | 0.2176 | 0.2176 | 0.0006 | 0.1761 | 0.0006 | 0.1761 | 0.0006 | 0.0037 | 0.0037 | - | 0.0006 | - |
| 32 | 4.1Street and Area Lighting | - | 0.0027 | 0.0025 | 0.0027 | 0.0027 | 0.0027 | 0.0331 | 0.0029 | 0.0331 | 0.0029 | 0.0331 | - | - | 1.0000 | 0.0331 | - |
| 33 | **Subtotal Rural** | | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** |
| 34 | **Total Labrador Interconnected** | | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** |

Schedule 3.1E
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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Interconnected**
**Basis of Allocation to Classes of Service (CONT'D.)**

| Line No. | 1 | 18 Revenue Related: Municipal Tax (Prior Year (Rural Revenues) | 19 Revenue Related: PUB Assessment (Prior Year (Revenues + RSP) |
|---|---|---|---|
| | **Amounts** | | |
| 1 | CFB - Goose Bay Secondary | - | - |
| 2 | Labrador Industrial Firm | - | - |
| 3 | Labrador Industrial Non-Firm | - | - |
| | | - | - |
| | **Rural** | | |
| 4 | 1.1Domestic | 99,239 | 99,239 |
| 5 | 1.1A Domestic All Electric | 11,006,553 | 11,006,553 |
| 6 | 2.1GS 0-10 kW | 404,754 | 404,754 |
| 7 | 2.2GS 10-100 kW | 2,234,077 | 2,234,077 |
| 8 | 2.3GS 110-1,000 kVa | 3,452,666 | 3,452,666 |
| 9 | 2.4GS Over 1,000 kVa | 2,608,075 | 2,608,075 |
| 10 | 4.1Street and Area Lighting | 431,030 | 431,030 |
| 11 | **Subtotal Rural** | **20,236,394** | **20,236,394** |
| 12 | **Total Labrador Interconnected** | **20,236,394** | **20,236,394** |
| | **Ratios** | | |
| 13 | CFB - Goose Bay Secondary | - | - |
| 14 | Labrador Industrial Firm | - | - |
| 15 | Labrador Industrial Non-Firm | - | - |
| | | - | - |
| | **Rural** | | |
| 16 | 1.1Domestic | 0.0049 | 0.0049 |
| 17 | 1.1A Domestic All Electric | 0.5439 | 0.5439 |
| 18 | 2.1GS 0-10 kW | 0.0200 | 0.0200 |
| 19 | 2.2GS 10-100 kW | 0.1104 | 0.1104 |
| 20 | 2.3GS 110-1,000 kVa | 0.1706 | 0.1706 |
| 21 | 2.4GS Over 1,000 kVa | 0.1289 | 0.1289 |
| 22 | 4.1Street and Area Lighting | 0.0213 | 0.0213 |
| 23 | **Subtotal Rural** | **1.0000** | **1.0000** |
| 24 | **Total Labrador Interconnected** | **1.0000** | **1.0000** |
| | **Ratios Excluding Labrador Industrial** | | |
| 25 | CFB - Goose Bay Secondary | - | - |
| | | - | - |
| | **Rural** | | |
| 26 | 1.1Domestic | 0.0049 | 0.0049 |
| 27 | 1.1A Domestic All Electric | 0.5439 | 0.5439 |
| 28 | 2.1GS 0-10 kW | 0.0200 | 0.0200 |
| 29 | 2.2GS 10-100 kW | 0.1104 | 0.1104 |
| 30 | 2.3GS 110-1,000 kVa | 0.1706 | 0.1706 |
| 31 | 2.4GS Over 1,000 kVa | 0.1289 | 0.1289 |
| 32 | 4.1Street and Area Lighting | 0.0213 | 0.0213 |
| 33 | **Subtotal Rural** | **1.0000** | **1.0000** |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Interconnected**
**Allocation of Functionalized Amounts to Classes of Service**

| Line No. | 1<br>Description | 2<br>Total Amount ($) | 3<br>Production Demand ($) | 4<br>Production Energy ($) | 5<br>Transmission Demand ($) | 6<br>Distribution: Substations Demand ($) | 7<br>Distribution: Primary Lines Demand ($) | 8<br>Distribution: Primary Lines Customer ($) | 9<br>Distribution: Line Transformers Demand ($) | 10<br>Distribution: Line Transformers Customer ($) | 11<br>Distribution: Secondary Lines Demand ($) | 12<br>Distribution: Secondary Lines Customer ($) | 13<br>Distribution: Services Customer ($) | 14<br>Distribution: Meters Customer ($) | 15<br>Distribution: Street Lighting Customer ($) | 16<br>Accounting Customer ($) | 17<br>Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Allocated Rev Reqmt Excl Return** | | | | | | | | | | | | | | | | |
| 1 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Labrador Industrial Firm | 3,452,534 | 1,063,306 | - | 2,389,228 | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Labrador Industrial Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural:** | | | | | | | | | | | | | | | | |
| 4 | 1.1Domestic | 146,842 | 4,452 | 3,623 | 6,968 | 6,653 | 7,757 | 16,767 | 1,835 | 23,100 | 1,311 | 10,386 | 2,725 | 7,038 | - | 51,577 | - |
| 5 | 1.1A Domestic All Electric | 7,731,494 | 579,689 | 535,720 | 907,398 | 866,315 | 1,010,082 | 470,055 | 238,967 | 647,625 | 170,767 | 291,181 | 76,387 | 197,310 | - | 1,445,984 | - |
| 6 | 2.1GS 0-10 kW | 259,109 | 9,164 | 11,238 | 14,344 | 13,695 | 15,967 | 24,755 | 3,778 | 34,107 | 2,699 | 15,335 | 7,553 | 19,509 | - | 76,152 | - |
| 7 | 2.2GS 10-100 kW | 1,181,314 | 104,763 | 121,564 | 163,987 | 156,562 | 182,544 | 35,999 | 42,923 | 49,598 | 30,673 | 22,300 | 27,906 | 72,081 | - | 110,739 | - |
| 8 | 2.3GS 110-1,000 kVa | 1,717,826 | 197,916 | 243,593 | 309,802 | 295,775 | 344,860 | 8,728 | 80,397 | 12,026 | 57,452 | 5,407 | 11,942 | 30,848 | - | 26,851 | - |
| 9 | 2.4GS Over 1,000 kVa | 1,960,938 | 249,994 | 301,672 | 391,321 | 373,604 | 435,604 | 345 | 78,902 | 476 | 56,384 | 214 | 472 | 1,220 | - | 1,062 | - |
| 10 | 4.1Street and Area Lighting | 229,628 | 3,127 | 3,093 | 4,895 | 4,673 | 5,449 | 19,035 | 1,289 | 26,226 | 921 | 11,791 | - | - | 79,060 | 58,555 | - |
| 11 | **Subtotal Rural** | **13,227,152** | **1,149,104** | **1,220,502** | **1,798,715** | **1,717,276** | **2,002,262** | **575,685** | **448,090** | **793,157** | **320,207** | **356,614** | **126,985** | **328,006** | **79,060** | **1,770,921** | **-** |
| 12 | **Total** | **16,679,686** | **2,212,410** | **1,220,502** | **4,187,943** | **1,717,276** | **2,002,262** | **575,685** | **448,090** | **793,157** | **320,207** | **356,614** | **126,985** | **328,006** | **79,060** | **1,770,921** | **-** |
| | **Allocated Return on Debt** | | | | | | | | | | | | | | | | |
| 13 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Labrador Industrial Firm | 1,063,951 | 219,043 | - | 844,908 | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Labrador Industrial Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural:** | | | | | | | | | | | | | | | | |
| 17 | 1.1Domestic | 33,753 | 639 | - | 2,464 | 2,581 | 3,015 | 6,556 | 668 | 8,411 | 497 | 3,976 | 892 | 1,815 | - | 2,238 | - |
| 18 | 1.1A Domestic All Electric | 1,954,239 | 83,190 | - | 320,885 | 336,139 | 392,588 | 183,812 | 87,013 | 235,814 | 64,697 | 111,468 | 25,011 | 50,871 | - | 62,752 | - |
| 19 | 2.1GS 0-10 kW | 59,083 | 1,315 | - | 5,073 | 5,314 | 6,206 | 9,680 | 1,376 | 12,419 | 1,023 | 5,870 | 2,473 | 5,030 | - | 3,305 | - |
| 20 | 2.2GS 10-100 kW | 305,172 | 15,034 | - | 57,991 | 60,748 | 70,949 | 14,077 | 15,629 | 18,060 | 11,621 | 8,537 | 9,137 | 18,584 | - | 4,806 | - |
| 21 | 2.3GS 110-1,000 kVa | 460,690 | 28,402 | - | 109,556 | 114,764 | 134,036 | 3,413 | 29,274 | 4,379 | 21,766 | 2,070 | 3,910 | 7,953 | - | 1,165 | - |
| 22 | 2.4GS Over 1,000 kVa | 539,525 | 35,876 | - | 138,384 | 144,962 | 169,306 | 135 | 28,730 | 173 | 21,362 | 82 | 155 | 315 | - | 46 | - |
| 23 | 4.1Street and Area Lighting | 46,242 | 449 | - | 1,731 | 1,813 | 2,118 | 7,444 | 469 | 9,549 | 349 | 4,514 | - | - | 15,265 | 2,541 | - |
| 24 | **Subtotal Rural** | **3,398,703** | **164,905** | **-** | **636,084** | **666,320** | **778,218** | **225,118** | **163,159** | **288,806** | **121,314** | **136,517** | **41,577** | **84,567** | **15,265** | **76,853** | **-** |
| 25 | **Total** | **4,462,654** | **383,948** | **-** | **1,480,992** | **666,320** | **778,218** | **225,118** | **163,159** | **288,806** | **121,314** | **136,517** | **41,577** | **84,567** | **15,265** | **76,853** | **-** |
| | **Allocated Return on Equity** | | | | | | | | | | | | | | | | |
| 26 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 27 | Labrador Industrial Firm | 468,477 | 96,449 | - | 372,029 | - | - | - | - | - | - | - | - | - | - | - | - |
| 28 | Labrador Industrial Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural:** | | | | | | | | | | | | | | | | |
| 30 | 1.1Domestic | 14,862 | 281 | - | 1,085 | 1,137 | 1,327 | 2,887 | 294 | 3,704 | 219 | 1,751 | 393 | 799 | - | 986 | - |
| 31 | 1.1A Domestic All Electric | 860,487 | 36,630 | - | 141,292 | 148,008 | 172,864 | 80,936 | 38,313 | 103,833 | 28,487 | 49,081 | 11,013 | 22,399 | - | 27,631 | - |
| 32 | 2.1GS 0-10 kW | 26,015 | 579 | - | 2,234 | 2,340 | 2,733 | 4,262 | 606 | 5,468 | 450 | 2,585 | 1,089 | 2,215 | - | 1,455 | - |
| 33 | 2.2GS 10-100 kW | 134,373 | 6,620 | - | 25,535 | 26,748 | 31,240 | 6,198 | 6,882 | 7,952 | 5,117 | 3,759 | 4,023 | 8,183 | - | 2,116 | - |
| 34 | 2.3GS 110-1,000 kVa | 202,850 | 12,506 | - | 48,239 | 50,533 | 59,019 | 1,503 | 12,890 | 1,928 | 9,584 | 911 | 1,722 | 3,502 | - | 513 | - |
| 35 | 2.4GS Over 1,000 kVa | 237,563 | 15,797 | - | 60,933 | 63,829 | 74,548 | 59 | 12,650 | 76 | 9,406 | 36 | 68 | 138 | - | 20 | - |
| 36 | 4.1Street and Area Lighting | 20,361 | 198 | - | 762 | 798 | 932 | 3,278 | 207 | 4,205 | 154 | 1,988 | - | - | 6,721 | 1,119 | - |
| 37 | **Subtotal Rural** | **1,496,511** | **72,611** | **-** | **280,079** | **293,393** | **342,664** | **99,124** | **71,842** | **127,166** | **53,417** | **60,111** | **18,307** | **37,237** | **6,721** | **33,840** | **-** |
| 38 | **Total** | **1,964,988** | **169,059** | **-** | **652,108** | **293,393** | **342,664** | **99,124** | **71,842** | **127,166** | **53,417** | **60,111** | **18,307** | **37,237** | **6,721** | **33,840** | **-** |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Interconnected**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Proration |
| | **Allocated Rev Reqmt Excl Return** | | | |
| 1 | CFB - Goose Bay Secondary | - | - | |
| 2 | Labrador Industrial Firm | - | - | |
| 3 | Labrador Industrial Non-Firm | - | - | |
| | | - | - | |
| | **Rural:** | | | |
| 4 | 1.1Domestic | 2,475 | 176 | |
| 5 | 1.1A Domestic All Electric | 274,516 | 19,498 | |
| 6 | 2.1GS 0-10 kW | 10,095 | 717 | |
| 7 | 2.2GS 10-100 kW | 55,721 | 3,958 | |
| 8 | 2.3GS 110-1,000 kVa | 86,114 | 6,116 | |
| 9 | 2.4GS Over 1,000 kVa | 65,048 | 4,620 | |
| 10 | 4.1Street and Area Lighting | 10,750 | 764 | |
| 11 | **Subtotal Rural** | **504,720** | **35,848** | |
| 12 | **Total** | **504,720** | **35,848** | |
| | **Allocated Return on Debt** | | | |
| 13 | CFB - Goose Bay Secondary | - | - | |
| 14 | Labrador Industrial Firm | - | - | |
| 15 | Labrador Industrial Non-Firm | - | - | |
| | **Rural:** | | | |
| 17 | 1.1Domestic | - | - | |
| 18 | 1.1A Domestic All Electric | - | - | |
| 19 | 2.1GS 0-10 kW | - | - | |
| 20 | 2.2GS 10-100 kW | - | - | |
| 21 | 2.3GS 110-1,000 kVa | - | - | |
| 22 | 2.4GS Over 1,000 kVa | - | - | |
| 23 | 4.1Street and Area Lighting | - | - | |
| 24 | **Subtotal Rural** | **-** | **-** | |
| 25 | **Total** | **-** | **-** | |
| | **Allocated Return on Equity** | | | |
| 26 | CFB - Goose Bay Secondary | - | - | |
| 27 | Labrador Industrial Firm | - | - | |
| 28 | Labrador Industrial Non-Firm | - | - | |
| | **Rural:** | | | |
| 30 | 1.1Domestic | - | - | |
| 31 | 1.1A Domestic All Electric | - | - | |
| 32 | 2.1GS 0-10 kW | - | - | |
| 33 | 2.2GS 10-100 kW | - | - | |
| 34 | 2.3GS 110-1,000 kVa | - | - | |
| 35 | 2.4GS Over 1,000 kVa | - | - | |
| 36 | 4.1Street and Area Lighting | - | - | |
| 37 | **Subtotal Rural** | **-** | **-** | |
| 38 | **Total** | **-** | **-** | |

Schedule 3.2E
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NEWFOUNDLAND AND LABRADOR HYDRO
2019 Test Year Compliance Cost of Service Study - for Rate Setting
Labrador Interconnected
Allocation of Functionalized Amounts to Classes of Service (CONT'D.)

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | **Total Revenue Requirement** | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| 39 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 40 | Labrador Industrial Firm | 4,984,962 | 1,378,797 | - | 3,606,165 | - | - | - | - | - | - | - | - | - | - | - | - |
| 41 | Labrador Industrial Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural:** | | | | | | | | | | | | | | | | |
| 43 | 1.1Domestic | 195,457 | 5,372 | 3,623 | 10,517 | 10,371 | 12,099 | 26,210 | 2,797 | 35,215 | 2,027 | 16,113 | 4,010 | 9,651 | - | 54,801 | - |
| 44 | 1.1A Domestic All Electric | 10,546,221 | 699,509 | 535,720 | 1,369,575 | 1,350,462 | 1,575,533 | 734,804 | 364,293 | 987,272 | 263,951 | 451,730 | 112,410 | 270,581 | - | 1,536,367 | - |
| 45 | 2.1GS 0-10 kW | 344,207 | 11,058 | 11,238 | 21,650 | 21,348 | 24,906 | 38,698 | 5,759 | 51,994 | 4,173 | 23,790 | 11,115 | 26,754 | - | 80,912 | - |
| 46 | 2.2GS 10-100 kW | 1,620,859 | 126,417 | 121,564 | 247,512 | 244,058 | 284,733 | 56,274 | 65,433 | 75,609 | 47,410 | 34,595 | 41,065 | 98,847 | - | 117,661 | - |
| 47 | 2.3GS 110-1,000 kVa | 2,381,366 | 238,825 | 243,593 | 467,597 | 461,072 | 537,915 | 13,645 | 122,561 | 18,333 | 88,802 | 8,388 | 17,574 | 42,303 | - | 28,529 | - |
| 48 | 2.4GS Over 1,000 kVa | 2,738,025 | 301,667 | 301,672 | 590,637 | 582,395 | 679,458 | 540 | 120,283 | 725 | 87,152 | 332 | 695 | 1,673 | - | 1,128 | - |
| 49 | 4.1Street and Area Lighting | 296,231 | 3,773 | 3,093 | 7,388 | 7,285 | 8,499 | 29,756 | 1,965 | 39,980 | 1,424 | 18,293 | - | - | 101,046 | 62,215 | - |
| 50 | **Subtotal Rural** | **18,122,366** | **1,386,620** | **1,220,502** | **2,714,878** | **2,676,990** | **3,123,144** | **899,926** | **683,092** | **1,209,129** | **494,938** | **553,242** | **186,870** | **449,810** | **101,046** | **1,881,615** | **-** |
| 51 | **Total** | **23,107,328** | **2,765,417** | **1,220,502** | **6,321,043** | **2,676,990** | **3,123,144** | **899,926** | **683,092** | **1,209,129** | **494,938** | **553,242** | **186,870** | **449,810** | **101,046** | **1,881,615** | **-** |
| | **Re-classification of Revenue-Related** | | | | | | | | | | | | | | | | |
| 52 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 53 | Labrador Industrial Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 54 | Labrador Industrial Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural:** | | | | | | | | | | | | | | | | |
| 56 | 1.1Domestic | 0 | 74 | 50 | 145 | 143 | 166 | 360 | 38 | 484 | 28 | 222 | 55 | 133 | - | 753 | - |
| 57 | 1.1A Domestic All Electric | (0) | 20,061 | 15,363 | 39,277 | 38,729 | 45,183 | 21,073 | 10,447 | 28,313 | 7,570 | 12,955 | 3,224 | 7,760 | - | 44,060 | - |
| 58 | 2.1GS 0-10 kW | 0 | 359 | 364 | 702 | 692 | 808 | 1,255 | 187 | 1,686 | 135 | 772 | 360 | 868 | - | 2,624 | - |
| 59 | 2.2GS 10-100 kW | 0 | 4,832 | 4,647 | 9,461 | 9,329 | 10,884 | 2,151 | 2,501 | 2,890 | 1,812 | 1,322 | 1,570 | 3,779 | - | 4,498 | - |
| 60 | 2.3GS 110-1,000 kVa | (0) | 9,622 | 9,814 | 18,840 | 18,577 | 21,673 | 550 | 4,938 | 739 | 3,578 | 338 | 708 | 1,704 | - | 1,149 | - |
| 61 | 2.4GS Over 1,000 kVa | (0) | 7,876 | 7,876 | 15,421 | 15,206 | 17,740 | 14 | 3,140 | 19 | 2,275 | 9 | 18 | 44 | - | 29 | - |
| 62 | 4.1Street and Area Lighting | (0) | 153 | 125 | 299 | 295 | 344 | 1,203 | 79 | 1,617 | 58 | 740 | - | - | 4,086 | 2,516 | - |
| 63 | **Subtotal Rural** | **-** | **42,977** | **38,241** | **84,144** | **82,970** | **96,798** | **26,606** | **21,332** | **35,748** | **15,456** | **16,357** | **5,935** | **14,287** | **4,086** | **55,630** | **-** |
| 64 | **Total** | **(0)** | **42,977** | **38,241** | **84,144** | **82,970** | **96,798** | **26,606** | **21,332** | **35,748** | **15,456** | **16,357** | **5,935** | **14,287** | **4,086** | **55,630** | **-** |
| | **Total Allocated Revenue Requirement** | | | | | | | | | | | | | | | | |
| 65 | CFB - Goose Bay Secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 66 | Labrador Industrial Firm | 4,984,962 | 1,378,797 | - | 3,606,165 | - | - | - | - | - | - | - | - | - | - | - | - |
| 67 | Labrador Industrial Non-Firm | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Rural:** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 69 | 1.1Domestic | 195,457 | 5,446 | 3,672 | 10,662 | 10,513 | 12,265 | 26,570 | 2,836 | 35,700 | 2,055 | 16,334 | 4,065 | 9,784 | - | 55,555 | - |
| 70 | 1.1A Domestic All Electric | 10,546,221 | 719,569 | 551,083 | 1,408,852 | 1,389,191 | 1,620,717 | 755,876 | 374,740 | 1,015,585 | 271,520 | 464,685 | 115,634 | 278,340 | - | 1,580,427 | - |
| 71 | 2.1GS 0-10 kW | 344,207 | 11,416 | 11,602 | 22,352 | 22,040 | 25,714 | 39,953 | 5,946 | 53,681 | 4,308 | 24,562 | 11,475 | 27,622 | - | 83,536 | - |
| 72 | 2.2GS 10-100 kW | 1,620,859 | 131,249 | 126,211 | 256,974 | 253,387 | 295,618 | 58,425 | 67,935 | 78,500 | 49,222 | 35,918 | 42,635 | 102,626 | - | 122,159 | - |
| 73 | 2.3GS 110-1,000 kVa | 2,381,366 | 248,447 | 253,407 | 486,437 | 479,648 | 559,588 | 14,194 | 127,499 | 19,071 | 92,380 | 8,726 | 18,282 | 44,007 | - | 29,678 | - |
| 74 | 2.4GS Over 1,000 kVa | 2,738,025 | 309,543 | 309,548 | 606,059 | 597,601 | 697,198 | 554 | 123,423 | 744 | 89,427 | 340 | 713 | 1,717 | - | 1,158 | - |
| 75 | 4.1Street and Area Lighting | 296,231 | 3,926 | 3,218 | 7,687 | 7,579 | 8,842 | 30,959 | 2,045 | 41,597 | 1,481 | 19,033 | - | - | 105,133 | 64,731 | - |
| 76 | **Subtotal Rural** | **18,122,366** | **1,429,596** | **1,258,742** | **2,799,022** | **2,759,960** | **3,219,942** | **926,533** | **704,423** | **1,244,877** | **510,394** | **569,598** | **192,805** | **464,096** | **105,133** | **1,937,245** | **-** |
| 77 | **Total** | **23,107,328** | **2,808,394** | **1,258,742** | **6,405,187** | **2,759,960** | **3,219,942** | **926,533** | **704,423** | **1,244,877** | **510,394** | **569,598** | **192,805** | **464,096** | **105,133** | **1,937,245** | **-** |

Schedule 3.2E
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Interconnected**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Proration |
| | **Total Revenue Requirement** | ($) | ($) | |
| 39 | CFB - Goose Bay Secondary | - | - | |
| 40 | Labrador Industrial Firm | - | - | |
| 41 | Labrador Industrial Non-Firm | - | - | |
| | **Rural:** | | | |
| 43 | 1.1Domestic | 2,475 | 176 | |
| 44 | 1.1A Domestic All Electric | 274,516 | 19,498 | |
| 45 | 2.1GS 0-10 kW | 10,095 | 717 | |
| 46 | 2.2GS 10-100 kW | 55,721 | 3,958 | |
| 47 | 2.3GS 110-1,000 kVa | 86,114 | 6,116 | |
| 48 | 2.4GS Over 1,000 kVa | 65,048 | 4,620 | |
| 49 | 4.1Street and Area Lighting | 10,750 | 764 | |
| 50 | **Subtotal Rural** | **504,720** | **35,848** | |
| 51 | **Total** | **504,720** | **35,848** | |
| | **Re-classification of Revenue-Related** | | | |
| 52 | CFB - Goose Bay Secondary | - | - | Re-classification to demand, energy and customer is based on rate class revenue |
| 53 | Labrador Industrial Firm | - | - | requirements excluding revenue-related items. |
| 54 | Labrador Industrial Non-Firm | - | - | |
| | **Rural:** | | | |
| 56 | 1.1Domestic | (2,475) | (176) | |
| 57 | 1.1A Domestic All Electric | (274,516) | (19,498) | |
| 58 | 2.1GS 0-10 kW | (10,095) | (717) | |
| 59 | 2.2GS 10-100 kW | (55,721) | (3,958) | |
| 60 | 2.3GS 110-1,000 kVa | (86,114) | (6,116) | |
| 61 | 2.4GS Over 1,000 kVa | (65,048) | (4,620) | |
| 62 | 4.1Street and Area Lighting | (10,750) | (764) | |
| 63 | **Subtotal Rural** | **(504,720)** | **(35,848)** | |
| 64 | **Total** | **(504,720)** | **(35,848)** | |
| | **Total Allocated Revenue Requirement** | | | |
| 65 | CFB - Goose Bay Secondary | - | - | |
| 66 | Labrador Industrial Firm | - | - | |
| 67 | Labrador Industrial Non-Firm | - | - | |
| | **Rural:** | - | - | |
| 69 | 1.1Domestic | - | - | |
| 70 | 1.1A Domestic All Electric | - | - | |
| 71 | 2.1GS 0-10 kW | - | - | |
| 72 | 2.2GS 10-100 kW | - | - | |
| 73 | 2.3GS 110-1,000 kVa | - | - | |
| 74 | 2.4GS Over 1,000 kVa | - | - | |
| 75 | 4.1Street and Area Lighting | - | - | |
| 76 | **Subtotal Rural** | **-** | **-** | |
| 77 | **Total** | **-** | **-** | |

Schedule 2.1B
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Functional Classification of Revenue Requirement**

| Line No. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Specifically Assigned |
| | Description | Amount ($) | Demand ($) | Energy ($) | Demand ($) | Demand ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) |
| | **Expenses** | | | | | | | | | | | | | | | | |
| 1 | Operating & Maintenance | 6,744,799 | 3,049,257 | 2,321,624 | - | 10,675 | 531,135 | 167,615 | 44,891 | 79,461 | 108,011 | 116,287 | 60,052 | 23,148 | 22,467 | 167,076 | - |
| 2 | Fuels | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Fuels-Diesel | 2,085,061 | - | 2,085,061 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuels-Gas Turbine | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Power Purchases -CF(L)Co | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Power Purchases-Other | 164,000 | - | 164,000 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Depreciation | 754,457 | 319,433 | 242,087 | - | 1,178 | 83,823 | 26,595 | 7,603 | 13,458 | 15,623 | 17,390 | 7,990 | 7,550 | 6,307 | 5,419 | - |
| | **Expense Credits** | | | | | | | | | | | | | | | | |
| 8 | Sundry | (22,593) | (10,214) | (7,777) | - | (36) | (1,779) | (561) | (150) | (266) | (362) | (390) | (201) | (78) | (75) | (560) | - |
| 9 | Building Rental Income | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Tax Refunds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Suppliers' Discounts | (1,962) | (887) | (675) | - | (3) | (155) | (49) | (13) | (23) | (31) | (34) | (17) | (7) | (7) | (49) | - |
| 12 | Pole Attachments | (23,750) | - | - | - | - | (13,736) | (4,694) | - | - | (2,431) | (2,889) | - | - | - | - | - |
| 13 | Secondary Energy Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Wheeling Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Application Fees | (300) | - | - | - | - | - | - | - | - | - | - | - | - | - | (300) | - |
| 16 | Meter Test Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | **Total Expense Credits** | **(48,605)** | **(11,101)** | **(8,452)** | **-** | **(39)** | **(15,669)** | **(5,304)** | **(163)** | **(289)** | **(2,824)** | **(3,312)** | **(219)** | **(84)** | **(82)** | **(908)** | **-** |
| 18 | **Subtotal Expenses** | **9,699,712** | **3,357,589** | **4,804,320** | **-** | **11,814** | **599,288** | **188,906** | **52,331** | **92,630** | **120,809** | **130,365** | **67,823** | **30,614** | **28,693** | **171,586** | **-** |
| 19 | Disposal Gain / Loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | **Subtotal Revenue Requirement Ex. Return** | **9,699,712** | **3,357,589** | **4,804,320** | **-** | **11,814** | **599,288** | **188,906** | **52,331** | **92,630** | **120,809** | **130,365** | **67,823** | **30,614** | **28,693** | **171,586** | **-** |
| 21 | Return on Debt | 673,582 | 287,090 | 232,213 | - | 1,244 | 70,793 | 22,328 | 5,326 | 9,428 | 13,226 | 14,657 | 7,285 | 4,471 | 2,707 | 2,814 | - |
| 22 | Return on Equity | 296,590 | 126,411 | 102,247 | - | 548 | 31,171 | 9,831 | 2,345 | 4,151 | 5,824 | 6,454 | 3,208 | 1,969 | 1,192 | 1,239 | - |
| 23 | **Total Revenue Requirement** | **10,669,884** | **3,771,090** | **5,138,780** | **-** | **13,606** | **701,253** | **221,065** | **60,002** | **106,208** | **139,859** | **151,476** | **78,316** | **37,054** | **32,591** | **175,639** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Functional Classification of Revenue Requirement (CONT'D.)**

| | 1 | 18 | 19 | 20 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | **Expenses** | | | |
| 1 | Operating & Maintenance | 40,243 | 2,858 | Carryforward from Sch.2.4 L.25 |
| 2 | Fuels | - | - | Production - Energy |
| 3 | Fuels-Diesel | - | - | Production - Energy |
| 4 | Fuels-Gas Turbine | - | - | Production - Energy |
| 5 | Power Purchases -CF(L)Co | - | - | |
| 6 | Power Purchases-Other | - | - | |
| 7 | Depreciation | - | - | Carryforward from Sch.2.5 L.23 |
| | **Expense Credits** | | | |
| 8 | Sundry | (135) | (10) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.25 |
| 9 | Building Rental Income | - | - | Prorated on Production, Transmission & Distribution Plant - Sch.2.2 L.17 |
| 10 | Tax Refunds | - | - | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.25 |
| 11 | Suppliers' Discounts | (12) | (1) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.25 |
| 12 | Pole Attachments | - | - | Prorated on Distribution Poles - Sch.4.1 L.37 |
| 13 | Secondary Energy Revenues | - | - | Production - Energy |
| 14 | Wheeling Revenues | - | - | Transmission - Demand, Energy ratios Sch.4.1 L.16 |
| 15 | Application Fees | - | - | Accounting - Customer |
| 16 | Meter Test Revenues | - | - | Meters - Customer |
| 17 | **Total Expense Credits** | **(147)** | **(10)** | |
| 18 | **Subtotal Expenses** | **40,096** | **2,848** | |
| 19 | Disposal Gain / Loss | - | - | Prorated on Total Net Book Value - Sch.2.3 L.23 |
| 20 | **Subtotal Revenue Requirement Ex. Return** | **40,096** | **2,848** | |
| 21 | Return on Debt | - | - | Prorated on Rate Base - Sch.2.6 L.9 |
| 22 | Return on Equity | - | - | Prorated on Rate Base - Sch.2.6 L.11 |
| 23 | **Total Revenue Requirement** | **40,096** | **2,848** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Functional Classification of Plant in Service for the Allocation of O&M Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| | | | | | | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Specifically Assigned |
| Line No. | Description | Total Amount ($) | Production Demand ($) | Production Energy ($) | Transmission Demand ($) | Demand ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 6,820,122 | 3,845,936 | 2,974,186 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **6,820,122** | **3,845,936** | **2,974,186** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substation Structures & Equipment | 281,540 | 229,567 | - | - | 51,973 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 79,920 | - | - | - | - | 60,255 | 7,676 | - | - | 6,989 | 4,999 | - | - | - | - | - |
| 8 | Poles | 3,945,275 | - | - | - | - | 2,281,742 | 779,791 | - | - | 403,870 | 479,872 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 289,852 | - | - | - | - | 257,099 | 32,753 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 608,512 | - | - | - | - | - | - | 219,673 | 388,839 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 201,867 | - | - | - | - | - | - | - | - | 117,689 | 84,179 | - | - | - | - | - |
| 13 | Services | 293,863 | - | - | - | - | - | - | - | - | - | - | 293,863 | - | - | - | - |
| 14 | Meters | 158,479 | - | - | - | - | - | - | - | - | - | - | - | 158,479 | - | - | - |
| 15 | Street Lighting | 109,944 | - | - | - | - | - | - | - | - | - | - | - | - | 109,944 | - | - |
| 16 | **Subtotal Distribution** | **5,969,252** | **229,567** | **-** | **-** | **51,973** | **2,599,096** | **820,221** | **219,673** | **388,839** | **528,547** | **569,049** | **293,863** | **158,479** | **109,944** | **-** | **-** |
| 17 | **Subttl Prod, Trans, & Dist** | **12,789,373** | **4,075,503** | **2,974,186** | **-** | **51,973** | **2,599,096** | **820,221** | **219,673** | **388,839** | **528,547** | **569,049** | **293,863** | **158,479** | **109,944** | **-** | **-** |
| 18 | General | 4,889,129 | 2,359,489 | 1,806,705 | - | 5,259 | 262,990 | 82,994 | 22,228 | 39,345 | 53,481 | 57,579 | 29,735 | 7,874 | 11,125 | 150,325 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 6,272 | 1,999 | 1,459 | - | 25 | 1,275 | 402 | 108 | 191 | 259 | 279 | 144 | 78 | 54 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Plant** | **17,684,774** | **6,436,991** | **4,782,349** | **-** | **57,257** | **2,863,361** | **903,618** | **242,008** | **428,375** | **582,288** | **626,908** | **323,742** | **166,430** | **121,122** | **150,325** | **-** |

Schedule 2.2B
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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Functional Classification of Plant in Service for the Allocation of O&M Expense (CONT'D.)**

| | 1 | 18 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| | **Production** | |
| 1 | Diesel | Production - Demand, Energy ratios Sch.4.1 L.6 |
| 2 | **Subtotal Production** | |
| | **Transmission** | |
| 3 | Lines | Production, Transmission - Demand; Distribution - Primary Demand; Spec Assigned - Custmr |
| 4 | Terminal Stations | Production, Transmission - Demand; Spec Assigned - Custmr |
| 5 | **Subtotal Transmission** | |
| | **Distribution** | |
| 6 | Substation Structures & Equipment | Production - Demand; Dist Substns - Demand |
| 7 | Land & Land Improvements | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.32 |
| 8 | Poles | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.37 |
| 9 | Primary Conductor & Equipment | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.38 |
| 10 | Submarine Conductor | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.39 |
| 11 | Transformers | Transformers - Demand, Customer - zero intercept ratios Sch.4.1 L.40 |
| 12 | Secondary Conductors & Equipment | Secondary - Demand, Customer - zero intercept ratios Sch. 4.1 L.41 |
| 13 | Services | Services Customer |
| 14 | Meters | Meters - Customer |
| 15 | Street Lighting | Street Lighting - Customer |
| 16 | **Subtotal Distribution** | |
| 17 | **Subttl Prod, Trans, & Dist** | |
| 18 | General | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - Sch.2.4 L.11, 12 |
| 19 | Telecontrol - Specific | Specifically Assigned - Customer |
| 20 | Feasibility Studies | Production, Transmission - Demand |
| 21 | Software - General | Prorated on subtotal Production, Transmission, & Distribution plant - L.17 |
| 22 | Software - Cust Acctng | Customer Accounting |
| 23 | **Total Plant** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Functional Classification of Net Book Value**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| | | | | | | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Specifically Assigned |
| Line No. | Description | Total Amount ($) | Production Demand ($) | Production Energy ($) | Transmission Demand ($) | Demand ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 10,482,185 | 5,911,011 | 4,571,174 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **10,482,185** | **5,911,011** | **4,571,174** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substation Structures & Equipment | 120,766 | 92,761 | - | - | 28,005 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 50,652 | - | - | - | - | 38,189 | 4,865 | - | - | 4,430 | 3,168 | - | - | - | - | - |
| 8 | Poles | 2,446,713 | - | - | - | - | 1,415,052 | 483,598 | - | - | 250,465 | 297,599 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 180,769 | - | - | - | - | 160,342 | 20,427 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 332,488 | - | - | - | - | - | - | 120,028 | 212,460 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 75,681 | - | - | - | - | - | - | - | - | 44,122 | 31,559 | - | - | - | - | - |
| 13 | Services | 164,555 | - | - | - | - | - | - | - | - | - | - | 164,555 | - | - | - | - |
| 14 | Meters | 106,025 | - | - | - | - | - | - | - | - | - | - | - | 106,025 | - | - | - |
| 15 | Street Lighting | 61,095 | - | - | - | - | - | - | - | - | - | - | - | - | 61,095 | - | - |
| 16 | **Subtotal Distribution** | **3,538,745** | **92,761** | **-** | **-** | **28,005** | **1,613,583** | **508,890** | **120,028** | **212,460** | **299,017** | **332,326** | **164,555** | **106,025** | **61,095** | **-** | **-** |
| 17 | **Subttl Prod, Trans, & Dist** | **14,020,930** | **6,003,772** | **4,571,174** | **-** | **28,005** | **1,613,583** | **508,890** | **120,028** | **212,460** | **299,017** | **332,326** | **164,555** | **106,025** | **61,095** | **-** | **-** |
| 18 | General | 2,231,280 | 1,076,813 | 824,536 | - | 2,400 | 120,022 | 37,877 | 10,144 | 17,956 | 24,408 | 26,278 | 13,570 | 3,593 | 5,077 | 68,605 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 10,122 | 4,334 | 3,300 | - | 20 | 1,165 | 367 | 87 | 153 | 216 | 240 | 119 | 77 | 44 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Net Book Value** | **16,262,332** | **7,084,919** | **5,399,010** | **-** | **30,425** | **1,734,770** | **547,134** | **130,259** | **230,569** | **323,640** | **358,844** | **178,244** | **109,695** | **66,216** | **68,605** | **-** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Functional Classification of Operating & Maintenance Expense**

| Line No. | 1<br>Description | 2<br>Total Amount ($) | 3<br>Production Demand ($) | 4<br>Production Energy ($) | 5<br>Transmission Demand ($) | 6<br>Distribution<br>Substations Demand ($) | 7<br>Distribution<br>Primary Lines Demand ($) | 8<br>Distribution<br>Primary Lines Customer ($) | 9<br>Distribution<br>Line Transformers Demand ($) | 10<br>Distribution<br>Line Transformers Customer ($) | 11<br>Distribution<br>Secondary Lines Demand ($) | 12<br>Distribution<br>Secondary Lines Customer ($) | 13<br>Distribution<br>Services Customer ($) | 14<br>Distribution<br>Meters Customer ($) | 15<br>Distribution<br>Street Lighting Customer ($) | 16<br>Accounting Customer ($) | 17<br>Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 3,068,312 | 1,730,252 | 1,338,060 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Other | 377,119 | 212,661 | 164,458 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Subtotal Production** | **3,445,431** | **1,942,913** | **1,502,517** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 4 | Transmission Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | **Subtotal Transmission** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 8 | Other | 488,971 | 19,318 | - | - | 4,373 | 218,712 | 69,021 | 18,485 | 32,720 | 44,477 | 47,885 | 24,728 | - | 9,252 | - | - |
| 9 | Meters | 6,548 | - | - | - | - | - | - | - | - | - | - | - | 6,548 | - | - | - |
| 10 | **Subtotal Distribution** | **495,519** | **19,318** | **-** | **-** | **4,373** | **218,712** | **69,021** | **18,485** | **32,720** | **44,477** | **47,885** | **24,728** | **6,548** | **9,252** | **-** | **-** |
| 11 | **Subttl Prod, Trans, & Dist** | **3,940,950** | **1,962,231** | **1,502,517** | **-** | **4,373** | **218,712** | **69,021** | **18,485** | **32,720** | **44,477** | **47,885** | **24,728** | **6,548** | **9,252** | **-** | **-** |
| 12 | Customer Accounting | 125,016 | - | - | - | - | - | - | - | - | - | - | - | - | - | 125,016 | - |
| | **Administrative & General:** | | | | | | | | | | | | | | | | |
| | Plant-Related: | | | | | | | | | | | | | | | | |
| 13 | Production | 472,809 | 266,622 | 206,187 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Transmission | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Distribution | 400,642 | 15,408 | - | - | 3,488 | 174,445 | 55,051 | 14,744 | 26,098 | 35,475 | 38,193 | 19,723 | 10,637 | 7,379 | - | - |
| 16 | Prod, Trans, Distn Plant | 289,834 | 92,360 | 67,401 | - | 1,178 | 58,901 | 18,588 | 4,978 | 8,812 | 11,978 | 12,896 | 6,660 | 3,591 | 2,492 | - | - |
| 17 | Prod, Trans, Distn and Gen Plt | 986 | 359 | 267 | - | 3 | 160 | 50 | 13 | 24 | 32 | 35 | 18 | 9 | 7 | 8 | - |
| 18 | Property Insurance | 12,499 | 6,708 | 4,984 | - | 60 | 274 | 87 | 23 | 41 | 56 | 60 | 31 | 8 | 12 | 157 | - |
| 19 | Revenue Related: | | | | | | | | | | | | | | | | |
| 20 | Municipal Tax | 40,243 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | PUB Assessment | 2,858 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | All Expense-Related | 1,362,567 | 657,574 | 503,516 | - | 1,466 | 73,294 | 23,130 | 6,195 | 10,965 | 14,905 | 16,047 | 8,287 | 2,194 | 3,100 | 41,895 | - |
| 23 | Prod, Trans, and Distn Expense-Related | 96,394 | 47,995 | 36,751 | - | 107 | 5,350 | 1,688 | 452 | 800 | 1,088 | 1,171 | 605 | 160 | 226 | - | - |
| 24 | **Subtotal Admin & General** | **2,678,833** | **1,087,025** | **819,106** | **-** | **6,302** | **312,423** | **98,594** | **26,406** | **46,740** | **63,534** | **68,402** | **35,324** | **16,600** | **13,216** | **42,060** | **-** |
| 25 | **Total Operating & Maintenance Expenses** | **6,744,799** | **3,049,257** | **2,321,624** | **-** | **10,675** | **531,135** | **167,615** | **44,891** | **79,461** | **108,011** | **116,287** | **60,052** | **23,148** | **22,467** | **167,076** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Functional Classification of Operating & Maintenance Expense (CONT'D.)**

| | 1 | 18 | 19 | 20 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | **Production** | | | |
| 1 | Diesel | - | - | Production - Demand, Energy ratios Sch.4.1 L6 |
| 2 | Other | - | | Production - Demand, Energy ratios Sch.4.1 L6 |
| 3 | **Subtotal Production** | **-** | **-** | |
| | **Transmission** | | | |
| 4 | Transmission Lines | - | - | Prorated on Transmission Lines Plant in Service - Sch.2.2 L.3 |
| 5 | Terminal Stations | - | - | Prorated on Transmission Terminal Stations Plant in Service - Sch.2.2 L.4 |
| 6 | Other | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.5 |
| 7 | **Subtotal Transmission** | **-** | **-** | |
| | **Distribution** | | | |
| 8 | Other | - | - | Prorated on Distribution Plant, excluding Meters - Sch. 2.2 L. 16, less L. 14 |
| 9 | Meters | - | - | Meters - Customer |
| 10 | **Subtotal Distribution** | **-** | **-** | |
| 11 | **Subttl Prod, Trans, & Dist** | **-** | **-** | |
| 12 | Customer Accounting | - | - | Accounting - Customer |
| | **Administrative & General:** | | | |
| | Plant-Related: | | | |
| 13 | Production | - | - | Prorated on Production Plant in Service - Sch.2.2 L.2 |
| 14 | Transmission | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.5 |
| 15 | Distribution | - | - | Prorated on Distribution Plant in Service - Sch.2.2 L.16 |
| 16 | Prod, Trans, Distn Plant | - | - | Prorated on Production, Transmission & Distribution Plant in Service - Sch.2.2 L.17 |
| 17 | Prod, Trans, Distn and Gen Plt | - | - | Prorated on Production, Transmission, Distribution & General Plant in Service - Sch.2.2 L.23 |
| 18 | Property Insurance | - | - | Prorated on Prod., Trans. Terminal, Dist. Sub & General Plant in Service - Sch.2.2 L.2, 4, 6, 18 - 19 |
| 19 | Revenue Related: | | | |
| 20 | Municipal Tax | 40,243 | - | Revenue-related |
| 21 | PUB Assessment | - | 2,858 | Revenue-related |
| 22 | All Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - L.11, 12 |
| 23 | Prod, Trans, and Distn Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution Expenses - L.11 |
| 24 | **Subtotal Admin & General** | **40,243** | **2,858** | |
| 25 | **Total Operating & Maintenance Expenses** | **40,243** | **2,858** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Functional Classification of Depreciation Expense**

| Line No. | 1<br>Description | 2<br>Total Amount ($) | 3<br>Production Demand ($) | 4<br>Production Energy ($) | 5<br>Transmission Demand ($) | 6<br>Distribution<br>Substations Demand ($) | 7<br>Distribution<br>Primary Lines Demand ($) | 8<br>Distribution<br>Primary Lines Customer ($) | 9<br>Distribution<br>Line Transformers Demand ($) | 10<br>Distribution<br>Line Transformers Customer ($) | 11<br>Distribution<br>Secondary Lines Demand ($) | 12<br>Distribution<br>Secondary Lines Customer ($) | 13<br>Distribution<br>Services Customer ($) | 14<br>Distribution<br>Meters Customer ($) | 15<br>Distribution<br>Street Lighting Customer ($) | 16<br>Accounting Customer ($) | 17<br>Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 401,361 | 226,331 | 175,029 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **401,361** | **226,331** | **175,029** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substn Struct & Eqpt | 6,468 | 5,491 | - | - | 978 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 1,726 | - | - | - | - | 1,301 | 166 | - | - | 151 | 108 | - | - | - | - | - |
| 8 | Poles | 112,753 | - | - | - | - | 65,211 | 22,286 | - | - | 11,542 | 13,714 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 7,914 | - | - | - | - | 7,020 | 894 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 18,636 | - | - | - | - | - | - | 6,728 | 11,909 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 3,178 | - | - | - | - | - | - | - | - | 1,853 | 1,325 | - | - | - | - | - |
| 13 | Services | 6,842 | - | - | - | - | - | - | - | - | - | - | 6,842 | - | - | - | - |
| 14 | Meters | 7,187 | - | - | - | - | - | - | - | - | - | - | - | 7,187 | - | - | - |
| 15 | Street Lighting | 5,841 | - | - | - | - | - | - | - | - | - | - | - | - | 5,841 | - | - |
| 16 | **Subtotal Distribution** | **170,547** | **5,491** | **-** | **-** | **978** | **73,532** | **23,346** | **6,728** | **11,909** | **13,546** | **15,148** | **6,842** | **7,187** | **5,841** | **-** | **-** |
| 17 | **Subtotal Prod Tran & Dist** | **571,908** | **231,822** | **175,029** | **-** | **978** | **73,532** | **23,346** | **6,728** | **11,909** | **13,546** | **15,148** | **6,842** | **7,187** | **5,841** | **-** | **-** |
| 18 | General | 176,243 | 85,055 | 65,128 | - | 190 | 9,480 | 2,992 | 801 | 1,418 | 1,928 | 2,076 | 1,072 | 284 | 401 | 5,419 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 6,306 | 2,556 | 1,930 | - | 11 | 811 | 257 | 74 | 131 | 149 | 167 | 75 | 79 | 64 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Depreciation Expense** | **754,457** | **319,433** | **242,087** | **-** | **1,178** | **83,823** | **26,595** | **7,603** | **13,458** | **15,623** | **17,390** | **7,990** | **7,550** | **6,307** | **5,419** | **-** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Functional Classification of Rate Base**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| 1 | Average Net Book Value | 16,262,332 | 7,084,919 | 5,399,010 | - | 30,425 | 1,734,770 | 547,134 | 130,259 | 230,569 | 323,640 | 358,844 | 178,244 | 109,695 | 66,216 | 68,605 | - |
| 2 | Cash Working Capital | 15,598 | 6,796 | 5,179 | - | 29 | 1,664 | 525 | 125 | 221 | 310 | 344 | 171 | 105 | 64 | 66 | - |
| 3 | Fuel Inventory - No. 6 Fuel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuel Inventory - Diesel | 357,698 | - | 357,698 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Fuel Inventory - Gas Turbine | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Inventory/Supplies | 181,453 | 66,046 | 49,069 | - | 587 | 29,379 | 9,271 | 2,483 | 4,395 | 5,975 | 6,432 | 3,322 | 1,708 | 1,243 | 1,542 | - |
| | Deferred Charges: | | | | | | | | | | | | | | | | |
| | Foreign Exchange Loss and Regulatory | | | | | | | | | | | | | | | | |
| 7 | Costs | 790,119 | 344,227 | 262,315 | - | 1,478 | 84,285 | 26,583 | 6,329 | 11,202 | 15,724 | 17,435 | 8,660 | 5,330 | 3,217 | 3,333 | - |
| 8 | Retired Asset Pool | 259,686 | 113,136 | 86,214 | - | 486 | 27,702 | 8,737 | 2,080 | 3,682 | 5,168 | 5,730 | 2,846 | 1,752 | 1,057 | 1,096 | - |
| 9 | Total Rate Base | **17,866,886** | **7,615,124** | **6,159,486** | **-** | **33,006** | **1,877,800** | **592,250** | **141,276** | **250,070** | **350,818** | **388,785** | **193,243** | **118,590** | **71,797** | **74,642** | **-** |
| 10 | Less: Rural Portion | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Rate Base Available for Equity Return | **17,866,886** | **7,615,124** | **6,159,486** | **-** | **33,006** | **1,877,800** | **592,250** | **141,276** | **250,070** | **350,818** | **388,785** | **193,243** | **118,590** | **71,797** | **74,642** | **-** |
| 12 | Return on Debt | 673,582 | 287,090 | 232,213 | - | 1,244 | 70,793 | 22,328 | 5,326 | 9,428 | 13,226 | 14,657 | 7,285 | 4,471 | 2,707 | 2,814 | - |
| 13 | Return on Equity | 296,590 | 126,411 | 102,247 | - | 548 | 31,171 | 9,831 | 2,345 | 4,151 | 5,824 | 6,454 | 3,208 | 1,969 | 1,192 | 1,239 | - |
| 14 | Return on Rate Base | **970,172** | **413,501** | **334,460** | **-** | **1,792** | **101,965** | **32,159** | **7,671** | **13,579** | **19,049** | **21,111** | **10,493** | **6,439** | **3,899** | **4,053** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Functional Classification of Rate Base (CONT'D.)**

| | 1 | 18 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| 1 | Average Net Book Value | Sch. 2.3 , L. 23 |
| 2 | Cash Working Capital | Prorated on Average Net Book Value, L. 1 |
| 3 | Fuel Inventory - No. 6 Fuel | |
| 4 | Fuel Inventory - Diesel | Production - Energy |
| 5 | Fuel Inventory - Gas Turbine | |
| 6 | Inventory/Supplies | Prorated on Total Plant in Service, Sch. 2.2, L. 23 |
| | Deferred Charges: | |
| 7 | Foreign Exchange Loss and Regulatory Costs | Prorated on Average Net Book Value, L. 1 |
| 8 | Retired Asset Pool | Prorated on Average Net Book Value, L. 1 |
| 9 | Total Rate Base | |
| 10 | Less: Rural Portion | |
| 11 | Rate Base Available for Equity Return | |
| 12 | Return on Debt | L.9 x Sch.1.1,p2,L.15 |
| 13 | Return on Equity | L.11 x Sch.1.1,p2,L.18 |
| 14 | Return on Rate Base | |

Schedule 3.1B
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Basis of Allocation to Classes of Service**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| | | | | | | | Primary Lines | | Line Transformers | | Secondary Lines | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | | | | | | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | | (CP kW) | (MWh @ Gen) | (CP kW) | (CP kW) | (CP kW) | (Rural Cust) | (CP kW) | (Rural Cust) | (CP kW) | (Rural Cust) | (Wtd Rural Cust) | | (Rural Cust) | (Rural Cust) | |
| | **Amounts** | | | | | | | | | | | | | | | | |
| 1 | 1.2 Domestic Diesel | - | 1,593 | 5,468 | 1,593 | 1,538 | 1,538 | 679 | 1,455 | 679 | 1,455 | 679 | 679 | 679 | - | 679 | - |
| 2 | 1.2G Government Domestic Diesel | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | 1.23 Churches, Schools & Com Halls | - | 48 | 296 | 48 | 46 | 46 | 19 | 44 | 19 | 44 | 19 | 19 | 19 | - | 19 | - |
| 4 | 2.1 GS 0-10 kW | - | 102 | 758 | 102 | 98 | 98 | 77 | 93 | 77 | 93 | 77 | 145 | 145 | - | 77 | - |
| 5 | 2.2 GS 10-100 kW | - | 194 | 884 | 194 | 188 | 188 | 8 | 177 | 8 | 177 | 8 | 38 | 38 | - | 8 | - |
| 6 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | 2.4 GS Over 1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | 2.5G Gov't General Service Diesel | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | 4.1 Street and Area Lighting | - | 30 | 108 | 30 | 29 | 29 | 38 | 27 | 38 | 27 | 38 | - | - | 38 | 38 | - |
| 11 | 4.1G Gov't Street and Area Lighting | | 1 | 4 | 1 | 1 | 1 | 3 | 1 | 3 | 1 | 3 | - | - | 3 | 3 | - |
| 12 | **Total** | **-** | **1,968** | **7,518** | **1,968** | **1,900** | **1,900** | **824** | **1,797** | **824** | **1,797** | **824** | **881** | **881** | **41** | **824** | **-** |
| | **Ratios** | | | | | | | | | | | | | | | | |
| 13 | 1.2 Domestic Diesel | - | 0.8096 | 0.7273 | 0.8096 | 0.8096 | 0.8096 | 0.8240 | 0.8096 | 0.8240 | 0.8096 | 0.8240 | 0.7710 | 0.7710 | - | 0.8240 | - |
| 14 | 1.2G Government Domestic Diesel | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | 1.23 Churches, Schools & Com Halls | - | 0.0242 | 0.0394 | 0.0242 | 0.0242 | 0.0242 | 0.0231 | 0.0242 | 0.0231 | 0.0242 | 0.0231 | 0.0216 | 0.0216 | - | 0.0231 | - |
| 16 | 2.1 GS 0-10 kW | - | 0.0516 | 0.1009 | 0.0516 | 0.0516 | 0.0516 | 0.0934 | 0.0516 | 0.0934 | 0.0516 | 0.0934 | 0.1641 | 0.1641 | - | 0.0934 | - |
| 17 | 2.2 GS 10-100 kW | - | 0.0987 | 0.1176 | 0.0987 | 0.0987 | 0.0987 | 0.0097 | 0.0987 | 0.0097 | 0.0987 | 0.0097 | 0.0433 | 0.0433 | - | 0.0097 | - |
| 18 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | 2.4 GS Over 1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | 2.5G Gov't General Service Diesel | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | 4.1 Street and Area Lighting | - | 0.0153 | 0.0143 | 0.0153 | 0.0153 | 0.0153 | 0.0461 | 0.0153 | 0.0461 | 0.0153 | 0.0461 | - | - | 0.9268 | 0.0461 | - |
| 23 | 4.1G Gov't Street and Area Lighting | | 0.0006 | 0.0006 | 0.0006 | 0.0006 | 0.0006 | 0.0036 | 0.0006 | 0.0036 | 0.0006 | 0.0036 | - | - | 0.0732 | 0.0036 | - |
| 24 | **Total** | **-** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** |

Schedule 3.1B
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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Basis of Allocation to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 |
|---|---|---|---|
| | | Revenue Related | |
| Line No. | Description | Municipal Tax (Prior Year (Rural Revenues) | PUB Assessment (Prior Year (Revenues + RSP) |
| | **Amounts** | | |
| 1 | 1.2 Domestic Diesel | 822,205 | 822,205 |
| 2 | 1.2G Government Domestic Diesel | - | - |
| 3 | 1.23 Churches, Schools & Com Halls | 62,409 | 62,409 |
| 4 | 2.1 GS 0-10 kW | 213,662 | 213,662 |
| 5 | 2.2 GS 10-100 kW | 463,859 | 463,859 |
| 6 | 2.3 GS 110-1,000 kVa | - | - |
| 7 | 2.4 GS Over 1,000 kVa | - | - |
| 8 | 2.5 GS Diesel | - | - |
| 9 | 2.5G Gov't General Service Diesel | - | - |
| 10 | 4.1 Street and Area Lighting | 40,488 | 40,488 |
| 11 | 4.1G Gov't Street and Area Lighting | 5,007 | 5,007 |
| 12 | **Total** | **1,607,630** | **1,607,630** |
| | **Ratios** | | |
| 13 | 1.2 Domestic Diesel | 0.5114 | 0.5114 |
| 14 | 1.2G Government Domestic Diesel | - | - |
| 15 | 1.23 Churches, Schools & Com Halls | 0.0388 | 0.0388 |
| 16 | 2.1 GS 0-10 kW | 0.1329 | 0.1329 |
| 17 | 2.2 GS 10-100 kW | 0.2885 | 0.2885 |
| 18 | 2.3 GS 110-1,000 kVa | - | - |
| 19 | 2.4 GS Over 1,000 kVa | - | - |
| 20 | 2.5 GS Diesel | - | - |
| 21 | 2.5G Gov't General Service Diesel | - | - |
| 22 | 4.1 Street and Area Lighting | 0.0252 | 0.0252 |
| 23 | 4.1G Gov't Street and Area Lighting | 0.0031 | 0.0031 |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Allocation of Functionalized Amounts to Classes of Service**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Allocated Revenue Requirement Excluding Return** | | | | | | | | | | | | | | | | |
| 1 | 1.2 Domestic Diesel | 7,425,914 | 2,718,369 | 3,493,943 | - | 9,565 | 485,196 | 155,664 | 42,368 | 76,330 | 97,810 | 107,425 | 52,289 | 23,602 | - | 141,392 | - |
| 2 | 1.2G Government Domestic Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | 1.23 Churches, Schools & Com Halls | 306,728 | 81,273 | 189,227 | - | 286 | 14,506 | 4,356 | 1,267 | 2,136 | 2,924 | 3,006 | 1,463 | 660 | - | 3,956 | - |
| 4 | 2.1 GS 0-10 kW | 774,651 | 173,240 | 484,556 | - | 610 | 30,921 | 17,653 | 2,700 | 8,656 | 6,233 | 12,182 | 11,133 | 5,025 | - | 16,034 | - |
| 5 | 2.2 GS 10-100 kW | 996,239 | 331,508 | 564,978 | - | 1,166 | 59,170 | 1,834 | 5,167 | 899 | 11,928 | 1,266 | 2,939 | 1,326 | - | 1,666 | - |
| 6 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | 2.4 GS Over 1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 8 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | 4.1 Street and Area Lighting | 186,842 | 51,330 | 68,939 | - | 181 | 9,162 | 8,712 | 800 | 4,272 | 1,847 | 6,012 | - | - | 26,593 | 7,913 | - |
| 11 | 4.1G Gov't Street and Area Lighting | 9,338 | 1,868 | 2,676 | - | 7 | 333 | 688 | 29 | 337 | 67 | 475 | - | - | 2,099 | 625 | - |
| 12 | **Total** | **9,699,712** | **3,357,589** | **4,804,320** | **-** | **11,814** | **599,288** | **188,906** | **52,331** | **92,630** | **120,809** | **130,365** | **67,823** | **30,614** | **28,693** | **171,586** | **-** |
| | **Allocated Return on Debt and Equity** | | | | | | | | | | | | | | | | |
| 13 | 1.2 Domestic Diesel | 755,131 | 334,779 | 243,236 | - | 1,451 | 82,552 | 26,500 | 6,211 | 11,189 | 15,423 | 17,396 | 8,090 | 4,964 | - | 3,340 | - |
| 14 | 1.2G Government Domestic Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | 1.23 Churches, Schools & Com Halls | 28,341 | 10,009 | 13,173 | - | 43 | 2,468 | 742 | 186 | 313 | 461 | 487 | 226 | 139 | - | 93 | - |
| 16 | 2.1 GS 0-10 kW | 71,205 | 21,335 | 33,733 | - | 92 | 5,261 | 3,005 | 396 | 1,269 | 983 | 1,973 | 1,722 | 1,057 | - | 379 | - |
| 17 | 2.2 GS 10-100 kW | 94,463 | 40,827 | 39,332 | - | 177 | 10,067 | 312 | 757 | 132 | 1,881 | 205 | 455 | 279 | - | 39 | - |
| 18 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | 2.4 GS Over 1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | 4.1 Street and Area Lighting | 19,999 | 6,322 | 4,799 | - | 27 | 1,559 | 1,483 | 117 | 626 | 291 | 974 | - | - | 3,613 | 187 | - |
| 23 | 4.1G Gov't Street and Area Lighting | 1,032 | 230 | 186 | - | 1 | 57 | 117 | 4 | 49 | 11 | 77 | - | - | 285 | 15 | - |
| 24 | **Total** | **970,172** | **413,501** | **334,460** | **-** | **1,792** | **101,965** | **32,159** | **7,671** | **13,579** | **19,049** | **21,111** | **10,493** | **6,439** | **3,899** | **4,053** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Proration |
| | **Allocated Revenue Requirement Excluding Return** | | | |
| 1 | 1.2 Domestic Diesel | 20,507 | 1,457 | |
| 2 | 1.2G Government Domestic Diesel | - | - | |
| 3 | 1.23 Churches, Schools & Com Halls | 1,557 | 111 | |
| 4 | 2.1 GS 0-10 kW | 5,329 | 378 | |
| 5 | 2.2 GS 10-100 kW | 11,569 | 822 | |
| 6 | 2.3 GS 110-1,000 kVa | - | - | |
| 7 | 2.4 GS Over 1,000 kVa | - | - | |
| 8 | 2.5 GS Diesel | - | - | |
| 9 | 2.5G Gov't General Service Diesel | - | - | |
| 10 | 4.1 Street and Area Lighting | 1,010 | 72 | |
| 11 | 4.1G Gov't Street and Area Lighting | 125 | 9 | |
| 12 | **Total** | **40,096** | **2,848** | |
| | **Allocated Return on Debt and Equity** | | | |
| 13 | 1.2 Domestic Diesel | - | - | |
| 14 | 1.2G Government Domestic Diesel | - | - | |
| 15 | 1.23 Churches, Schools & Com Halls | - | - | |
| 16 | 2.1 GS 0-10 kW | - | - | |
| 17 | 2.2 GS 10-100 kW | - | - | |
| 18 | 2.3 GS 110-1,000 kVa | - | - | |
| 19 | 2.4 GS Over 1,000 kVa | - | - | |
| 20 | 2.5 GS Diesel | - | - | |
| 21 | 2.5G Gov't General Service Diesel | - | - | |
| 22 | 4.1 Street and Area Lighting | - | - | |
| 23 | 4.1G Gov't Street and Area Lighting | - | - | |
| 24 | **Total** | **-** | **-** | |

Schedule 3.2B
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| | | | | | | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Specifically Assigned |
| Line No. | Description | Total Amount ($) | Production Demand ($) | Production Energy ($) | Transmission Demand ($) | Demand ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) |
| | **Total Revenue Requirement** | | | | | | | | | | | | | | | | |
| 25 | 1.2 Domestic Diesel | 8,181,046 | 3,053,148 | 3,737,179 | - | 11,016 | 567,748 | 182,164 | 48,579 | 87,519 | 113,232 | 124,821 | 60,378 | 28,567 | - | 144,732 | - |
| 26 | 1.2G Government Domestic Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 27 | 1.23 Churches, Schools & Com Halls | 335,069 | 91,282 | 202,400 | - | 329 | 16,974 | 5,097 | 1,452 | 2,449 | 3,385 | 3,493 | 1,690 | 799 | - | 4,050 | - |
| 28 | 2.1 GS 0-10 kW | 845,856 | 194,575 | 518,290 | - | 702 | 36,182 | 20,658 | 3,096 | 9,925 | 7,216 | 14,155 | 12,855 | 6,082 | - | 16,413 | - |
| 29 | 2.2 GS 10-100 kW | 1,090,702 | 372,335 | 604,310 | - | 1,343 | 69,238 | 2,146 | 5,924 | 1,031 | 13,809 | 1,471 | 3,393 | 1,605 | - | 1,705 | - |
| 30 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 31 | 2.4 GS Over 1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 32 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 33 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 34 | 4.1 Street and Area Lighting | 206,841 | 57,652 | 73,739 | - | 208 | 10,721 | 10,195 | 917 | 4,898 | 2,138 | 6,986 | - | - | 30,206 | 8,100 | - |
| 35 | 4.1G Gov't Street and Area Lighting | 10,370 | 2,098 | 2,863 | - | 8 | 390 | 805 | 33 | 387 | 78 | 551 | - | - | 2,385 | 639 | - |
| 36 | **Total** | **10,669,884** | **3,771,090** | **5,138,780** | **-** | **13,606** | **701,253** | **221,065** | **60,002** | **106,208** | **139,859** | **151,476** | **78,316** | **37,054** | **32,591** | **175,639** | **-** |
| | **Re-classification of Revenue-Related** | | | | | | | | | | | | | | | | |
| 37 | 1.2 Domestic Diesel | - | 8,219 | 10,060 | - | 30 | 1,528 | 490 | 131 | 236 | 305 | 336 | 163 | 77 | - | 390 | - |
| 38 | 1.2G Government Domestic Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 39 | 1.23 Churches, Schools & Com Halls | - | 456 | 1,012 | - | 2 | 85 | 25 | 7 | 12 | 17 | 17 | 8 | 4 | - | 20 | - |
| 40 | 2.1 GS 0-10 kW | (0) | 1,322 | 3,521 | - | 5 | 246 | 140 | 21 | 67 | 49 | 96 | 87 | 41 | - | 111 | - |
| 41 | 2.2 GS 10-100 kW | 0 | 4,279 | 6,944 | - | 15 | 796 | 25 | 68 | 12 | 159 | 17 | 39 | 18 | - | 20 | - |
| 42 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 43 | 2.4 GS Over 1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 44 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 45 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 46 | 4.1 Street and Area Lighting | - | 303 | 388 | - | 1 | 56 | 54 | 5 | 26 | 11 | 37 | - | - | 159 | 43 | - |
| 47 | 4.1G Gov't Street and Area Lighting | (0) | 27 | 37 | - | 0 | 5 | 11 | 0 | 5 | 1 | 7 | - | - | 31 | 8 | - |
| 48 | **Total** | **0** | **14,606** | **21,962** | **-** | **53** | **2,716** | **745** | **232** | **358** | **542** | **510** | **297** | **141** | **190** | **592** | **-** |
| | **Total Allocated Revenue Requirement** | | | | | | | | | | | | | | | | |
| 49 | 1.2 Domestic Diesel | 8,181,046 | 3,061,366 | 3,747,239 | - | 11,046 | 569,276 | 182,654 | 48,710 | 87,754 | 113,537 | 125,157 | 60,541 | 28,643 | - | 145,121 | - |
| 50 | 1.2G Government Domestic Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 51 | 1.23 Churches, Schools & Com Halls | 335,069 | 91,739 | 203,412 | - | 331 | 17,059 | 5,123 | 1,460 | 2,461 | 3,402 | 3,510 | 1,698 | 803 | - | 4,070 | - |
| 52 | 2.1 GS 0-10 kW | 845,856 | 195,897 | 521,811 | - | 707 | 36,428 | 20,798 | 3,117 | 9,992 | 7,265 | 14,251 | 12,942 | 6,123 | - | 16,524 | - |
| 53 | 2.2 GS 10-100 kW | 1,090,702 | 376,614 | 611,254 | - | 1,359 | 70,033 | 2,171 | 5,992 | 1,043 | 13,968 | 1,488 | 3,432 | 1,624 | - | 1,725 | - |
| 54 | 2.3 GS 110-1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 55 | 2.4 GS Over 1,000 kVa | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 56 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 57 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 58 | 4.1 Street and Area Lighting | 206,841 | 57,955 | 74,126 | - | 209 | 10,777 | 10,248 | 922 | 4,924 | 2,149 | 7,022 | - | - | 30,365 | 8,142 | - |
| 59 | 4.1G Gov't Street and Area Lighting | 10,370 | 2,125 | 2,900 | - | 8 | 395 | 815 | 34 | 392 | 79 | 559 | - | - | 2,416 | 648 | - |
| 60 | **Total** | **10,669,884** | **3,785,696** | **5,160,742** | **-** | **13,659** | **703,969** | **221,810** | **60,234** | **106,566** | **140,400** | **151,987** | **78,614** | **37,194** | **32,781** | **176,231** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Island Isolated**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| Line No. | 1<br>Description | 18<br>Revenue Related<br>Municipal Tax ($) | 19<br>Revenue Related<br>PUB Assessment ($) | Basis of Proration |
|---|---|---|---|---|
| | **Total Revenue Requirement** | | | |
| 25 | 1.2 Domestic Diesel | 20,507 | 1,457 | |
| 26 | 1.2G Government Domestic Diesel | - | - | |
| 27 | 1.23 Churches, Schools & Com Halls | 1,557 | 111 | |
| 28 | 2.1 GS 0-10 kW | 5,329 | 378 | |
| 29 | 2.2 GS 10-100 kW | 11,569 | 822 | |
| 30 | 2.3 GS 110-1,000 kVa | - | - | |
| 31 | 2.4 GS Over 1,000 kVa | - | - | |
| 32 | 2.5 GS Diesel | - | - | |
| 33 | 2.5G Gov't General Service Diesel | - | - | |
| 34 | 4.1 Street and Area Lighting | 1,010 | 72 | |
| 35 | 4.1G Gov't Street and Area Lighting | 125 | 9 | |
| 36 | **Total** | **40,096** | **2,848** | |
| | **Re-classification of Revenue-Related** | | | |
| 37 | 1.2 Domestic Diesel | (20,507) | (1,457) | Re-classification to demand, energy and customer is based on rate class revenue requirements excluding revenue-related items. |
| 38 | 1.2G Government Domestic Diesel | - | - | |
| 39 | 1.23 Churches, Schools & Com Halls | (1,557) | (111) | |
| 40 | 2.1 GS 0-10 kW | (5,329) | (378) | |
| 41 | 2.2 GS 10-100 kW | (11,569) | (822) | |
| 42 | 2.3 GS 110-1,000 kVa | - | - | |
| 43 | 2.4 GS Over 1,000 kVa | - | - | |
| 44 | 2.5 GS Diesel | - | - | |
| 45 | 2.5G Gov't General Service Diesel | - | - | |
| 46 | 4.1 Street and Area Lighting | (1,010) | (72) | |
| 47 | 4.1G Gov't Street and Area Lighting | (125) | (9) | |
| 48 | **Total** | **(40,096)** | **(2,848)** | |
| | **Total Allocated Revenue Requirement** | | | |
| 49 | 1.2 Domestic Diesel | - | - | |
| 50 | 1.2G Government Domestic Diesel | - | - | |
| 51 | 1.23 Churches, Schools & Com Halls | - | - | |
| 52 | 2.1 GS 0-10 kW | - | - | |
| 53 | 2.2 GS 10-100 kW | - | - | |
| 54 | 2.3 GS 110-1,000 kVa | - | - | |
| 55 | 2.4 GS Over 1,000 kVa | - | - | |
| 56 | 2.5 GS Diesel | - | - | |
| 57 | 2.5G Gov't General Service Diesel | - | - | |
| 58 | 4.1 Street and Area Lighting | - | - | |
| 59 | 4.1G Gov't Street and Area Lighting | - | - | |
| 60 | **Total** | **-** | **-** | |

Schedule 2.1C
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Functional Classification of Revenue Requirement**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Expenses** | | | | | | | | | | | | | | | | |
| 1 | Operating & Maintenance | 14,870,185 | 5,119,708 | 7,175,091 | - | 79,436 | 820,919 | 239,088 | 64,614 | 114,373 | 129,971 | 145,489 | 56,201 | 47,497 | 23,879 | 611,322 | - |
| 2 | Fuels | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Fuels-Diesel | 15,446,413 | - | 15,446,413 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuels-Gas Turbine | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Power Purchases -CF(L)Co | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Power Purchases-Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Depreciation | 3,361,364 | 1,150,342 | 1,596,581 | - | 19,457 | 264,313 | 77,653 | 28,579 | 50,588 | 41,004 | 46,503 | 17,914 | 30,810 | 13,653 | 23,966 | - |
| | **Expense Credits** | | | | | | | | | | | | | | | | |
| 8 | Sundry | (49,810) | (17,149) | (24,034) | - | (266) | (2,750) | (801) | (216) | (383) | (435) | (487) | (188) | (159) | (80) | (2,048) | - |
| 9 | Building Rental Income | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Tax Refunds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Suppliers' Discounts | (4,326) | (1,489) | (2,087) | - | (23) | (239) | (70) | (19) | (33) | (38) | (42) | (16) | (14) | (7) | (178) | - |
| 12 | Pole Attachments | (103,327) | - | - | - | - | (59,759) | (20,423) | - | - | (10,577) | (12,568) | - | - | - | - | - |
| 13 | Secondary Energy Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Wheeling Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Application Fees | (1,654) | - | - | - | - | - | - | - | - | - | - | - | - | - | (1,654) | - |
| 16 | Meter Test Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | **Total Expense Credits** | **(159,117)** | **(18,639)** | **(26,121)** | **-** | **(289)** | **(62,748)** | **(21,293)** | **(235)** | **(416)** | **(11,051)** | **(13,098)** | **(205)** | **(173)** | **(87)** | **(3,880)** | **-** |
| 18 | **Subtotal Expenses** | **33,518,845** | **6,251,412** | **24,191,964** | **-** | **98,604** | **1,022,485** | **295,448** | **92,959** | **164,545** | **159,925** | **178,895** | **73,911** | **78,134** | **37,445** | **631,408** | **-** |
| 19 | Disposal Gain / Loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | **Subtotal Revenue Requirement Ex. Return** | **33,518,845** | **6,251,412** | **24,191,964** | **-** | **98,604** | **1,022,485** | **295,448** | **92,959** | **164,545** | **159,925** | **178,895** | **73,911** | **78,134** | **37,445** | **631,408** | **-** |
| 21 | Return on Debt | 3,074,213 | 1,046,929 | 1,560,350 | - | 17,998 | 207,681 | 60,107 | 22,399 | 39,649 | 32,009 | 36,035 | 15,313 | 18,330 | 4,646 | 12,768 | - |
| 22 | Return on Equity | 1,353,632 | 460,982 | 687,051 | - | 7,925 | 91,446 | 26,466 | 9,863 | 17,458 | 14,094 | 15,867 | 6,743 | 8,071 | 2,046 | 5,622 | - |
| 23 | **Total Revenue Requirement** | **37,946,689** | **7,759,323** | **26,439,364** | **-** | **124,526** | **1,321,611** | **382,021** | **125,221** | **221,651** | **206,028** | **230,797** | **95,967** | **104,535** | **44,137** | **649,798** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Functional Classification of Revenue Requirement (CONT'D.)**

| | 1 | 18 | 19 | 20 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | **Expenses** | | | |
| 1 | Operating & Maintenance | 226,507 | 16,088 | Carryforward from Sch.2.4 L.24 |
| 2 | Fuels | - | - | Production - Energy |
| 3 | Fuels-Diesel | - | - | Production - Energy |
| 4 | Fuels-Gas Turbine | - | - | Production - Energy |
| 5 | Power Purchases -CF(L)Co | - | - | |
| 6 | Power Purchases-Other | - | - | Carryforward from Sch.4.4 L.17 |
| 7 | Depreciation | - | - | Carryforward from Sch.2.5 L.23 |
| | **Expense Credits** | | | |
| 8 | Sundry | (759) | (54) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 9 | Building Rental Income | - | - | Prorated on Production, Transmission & Distribution Plant - Sch.2.2 L.17 |
| 10 | Tax Refunds | - | - | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 11 | Suppliers' Discounts | (66) | (5) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 12 | Pole Attachments | - | - | Prorated on Distribution Poles - Sch.4.1 L.37 |
| 13 | Secondary Energy Revenues | - | - | Production - Energy |
| 14 | Wheeling Revenues | - | - | Transmission - Demand, Energy ratios Sch.4.1 L.16 |
| 15 | Application Fees | - | - | Accounting - Customer |
| 16 | Meter Test Revenues | - | - | Meters - Customer |
| 17 | **Total Expense Credits** | **(825)** | **(59)** | |
| 18 | **Subtotal Expenses** | **225,682** | **16,029** | |
| 19 | Disposal Gain / Loss | - | - | Prorated on Total Net Book Value - Sch.2.3 L.23 |
| 20 | **Subtotal Revenue Requirement Ex. Return** | **225,682** | **16,029** | |
| 21 | Return on Debt | - | - | Prorated on Rate Base - Sch.2.6 L.9 |
| 22 | Return on Equity | - | - | Prorated on Rate Base - Sch.2.6 L.11 |
| 23 | **Total Revenue Requirement** | **225,682** | **16,029** | |

Schedule 2.2C
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Functional Classification of Plant in Service for the Allocation of O&M Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 81,631,646 | 33,169,456 | 48,462,190 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **81,631,646** | **33,169,456** | **48,462,190** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substation Structures & Equipment | 3,363,619 | 2,436,592 | - | - | 927,027 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 256,304 | - | - | - | - | 193,240 | 24,618 | - | - | 22,414 | 16,032 | - | - | - | - | - |
| 8 | Poles | 12,787,863 | - | - | - | - | 7,395,835 | 2,527,547 | - | - | 1,309,068 | 1,555,413 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 2,352,449 | - | - | - | - | 2,086,622 | 265,827 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 2,109,621 | - | - | - | - | - | - | 761,573 | 1,348,048 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 343,765 | - | - | - | - | - | - | - | - | 200,415 | 143,350 | - | - | - | - | - |
| 13 | Services | 662,414 | - | - | - | - | - | - | - | - | - | - | 662,414 | - | - | - | - |
| 14 | Meters | 641,503 | - | - | - | - | - | - | - | - | - | - | - | 641,503 | - | - | - |
| 15 | Street Lighting | 281,449 | - | - | - | - | - | - | - | - | - | - | - | - | 281,449 | - | - |
| 16 | **Subtotal Distribution** | **22,798,987** | **2,436,592** | **-** | **-** | **927,027** | **9,675,697** | **2,817,991** | **761,573** | **1,348,048** | **1,531,897** | **1,714,795** | **662,414** | **641,503** | **281,449** | **-** | **-** |
| 17 | **Subttl Prod, Trans, & Dist** | **104,430,633** | **35,606,048** | **48,462,190** | **-** | **927,027** | **9,675,697** | **2,817,991** | **761,573** | **1,348,048** | **1,531,897** | **1,714,795** | **662,414** | **641,503** | **281,449** | **-** | **-** |
| 18 | General | 14,100,038 | 4,970,966 | 7,006,738 | - | 66,685 | 696,015 | 202,710 | 54,783 | 96,971 | 110,196 | 123,353 | 47,650 | 38,742 | 20,246 | 664,982 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 51,214 | 17,462 | 23,767 | - | 455 | 4,745 | 1,382 | 373 | 661 | 751 | 841 | 325 | 315 | 138 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Plant** | **118,581,885** | **40,594,476** | **55,492,694** | **-** | **994,167** | **10,376,458** | **3,022,084** | **816,730** | **1,445,680** | **1,642,844** | **1,838,989** | **710,389** | **680,559** | **301,833** | **664,982** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Functional Classification of Plant in Service for the Allocation of O&M Expense (CONT'D.)**

| | 1 | 18 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| | **Production** | |
| 1 | Diesel | Production - Demand, Energy ratios Sch.4.1 L.7 |
| 2 | **Subtotal Production** | |
| | **Transmission** | |
| 3 | Lines | Production, Transmission - Demand; Distribution - Primary Demand; Spec Assigned - Custmr |
| 4 | Terminal Stations | Production, Transmission - Demand; Spec Assigned - Custmr |
| 5 | **Subtotal Transmission** | |
| | **Distribution** | |
| 6 | Substation Structures & Equipment | Production - Demand; Dist Substns - Demand |
| 7 | Land & Land Improvements | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.32 |
| 8 | Poles | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.37 |
| 9 | Primary Conductor & Equipment | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.38 |
| 10 | Submarine Conductor | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.39 |
| 11 | Transformers | Transformers - Demand, Customer - zero intercept ratios Sch.4.1 L.40 |
| 12 | Secondary Conductors & Equipment | Secondary - Demand, Customer - zero intercept ratios Sch. 4.1 L.41 |
| 13 | Services | Services Customer |
| 14 | Meters | Meters - Customer |
| 15 | Street Lighting | Street Lighting - Customer |
| 16 | **Subtotal Distribution** | |
| 17 | **Subttl Prod, Trans, & Dist** | |
| 18 | General | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - Sch 2.4 L.11, 12 |
| 19 | Telecontrol - Specific | Specifically Assigned - Customer |
| 20 | Feasibility Studies | Production, Transmission - Demand |
| 21 | Software - General | Prorated on subtotal Production, Transmission, & Distribution plant - L.17 |
| 22 | Software - Cust Acctng | Customer Accounting |
| 23 | **Total Plant** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Functional Classification of Net Book Value**

| Line No. | 1<br>Description | 2<br>Total Amount ($) | 3<br>Production Demand ($) | 4<br>Production Energy ($) | 5<br>Transmission Demand ($) | 6<br>Distribution<br>Substations Demand ($) | 7<br>Distribution<br>Primary Lines Demand ($) | 8<br>Distribution<br>Primary Lines Customer ($) | 9<br>Distribution<br>Line Transformers Demand ($) | 10<br>Distribution<br>Line Transformers Customer ($) | 11<br>Distribution<br>Secondary Lines Demand ($) | 12<br>Distribution<br>Secondary Lines Customer ($) | 13<br>Distribution<br>Services Customer ($) | 14<br>Distribution<br>Meters Customer ($) | 15<br>Distribution<br>Street Lighting Customer ($) | 16<br>Accounting Customer ($) | 17<br>Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 54,300,754 | 22,064,071 | 32,236,682 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **54,300,754** | **22,064,071** | **32,236,682** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substation Structures & Equipment | 1,552,700 | 1,147,767 | - | - | 404,933 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 127,367 | - | - | - | - | 96,028 | 12,234 | - | - | 11,138 | 7,967 | - | - | - | - | - |
| 8 | Poles | 6,159,080 | - | - | - | - | 3,562,092 | 1,217,355 | - | - | 630,493 | 749,141 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 1,194,232 | - | - | - | - | 1,059,284 | 134,948 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 1,443,586 | - | - | - | - | - | - | 521,135 | 922,452 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 143,513 | - | - | - | - | - | - | - | - | 83,668 | 59,845 | - | - | - | - | - |
| 13 | Services | 350,065 | - | - | - | - | - | - | - | - | - | - | 350,065 | - | - | - | - |
| 14 | Meters | 429,178 | - | - | - | - | - | - | - | - | - | - | - | 429,178 | - | - | - |
| 15 | Street Lighting | 102,689 | - | - | - | - | - | - | - | - | - | - | - | - | 102,689 | - | - |
| 16 | **Subtotal Distribution** | **11,502,411** | **1,147,767** | **-** | **-** | **404,933** | **4,717,404** | **1,364,536** | **521,135** | **922,452** | **725,299** | **816,953** | **350,065** | **429,178** | **102,689** | **-** | **-** |
| 17 | **Subttl Prod, Trans, & Dist** | **65,803,165** | **23,211,838** | **32,236,682** | **-** | **404,933** | **4,717,404** | **1,364,536** | **521,135** | **922,452** | **725,299** | **816,953** | **350,065** | **429,178** | **102,689** | **-** | **-** |
| 18 | General | 6,571,194 | 2,316,673 | 3,265,426 | - | 31,078 | 324,372 | 94,471 | 25,531 | 45,192 | 51,356 | 57,487 | 22,207 | 18,055 | 9,435 | 309,909 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 47,504 | 16,757 | 23,272 | - | 292 | 3,406 | 985 | 376 | 666 | 524 | 590 | 253 | 310 | 74 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Net Book Value** | **72,421,862** | **25,545,268** | **35,525,380** | **-** | **436,303** | **5,045,181** | **1,459,993** | **547,042** | **968,310** | **777,179** | **875,030** | **372,524** | **447,543** | **112,199** | **309,909** | **-** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Functional Classification of Operating & Maintenance Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| Line No. | Description | Total Amount ($) | Production Demand ($) | Production Energy ($) | Transmission Demand ($) | Substations Demand ($) | Primary Lines Demand ($) | Primary Lines Customer ($) | Line Transformers Demand ($) | Line Transformers Customer ($) | Secondary Lines Demand ($) | Secondary Lines Customer ($) | Services Customer ($) | Meters Customer ($) | Street Lighting Customer ($) | Accounting Customer ($) | Specifically Assigned Customer ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 7,670,430 | 3,116,732 | 4,553,698 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Other | 404,204 | 164,241 | 239,963 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Subtotal Production** | **8,074,634** | **3,280,973** | **4,793,661** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 4 | Transmission Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | **Subtotal Transmission** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 8 | Other | 1,090,457 | 119,914 | - | - | 45,623 | 476,179 | 138,684 | 37,480 | 66,343 | 75,391 | 84,392 | 32,600 | - | 13,851 | - | - |
| 9 | Meters | 26,505 | - | - | - | - | - | - | - | - | - | - | - | 26,505 | - | - | - |
| 10 | **Subtotal Distribution** | **1,116,962** | **119,914** | **-** | **-** | **45,623** | **476,179** | **138,684** | **37,480** | **66,343** | **75,391** | **84,392** | **32,600** | **26,505** | **13,851** | **-** | **-** |
| 11 | **Subttl Prod, Trans, & Dist** | **9,191,596** | **3,400,887** | **4,793,661** | **-** | **45,623** | **476,179** | **138,684** | **37,480** | **66,343** | **75,391** | **84,392** | **32,600** | **26,505** | **13,851** | **-** | **-** |
| 12 | Customer Accounting | 454,948 | - | - | - | - | - | - | - | - | - | - | - | - | - | 454,948 | - |
| | **Administrative & General:** | | | | | | | | | | | | | | | | |
| | Plant-Related: | | | | | | | | | | | | | | | | |
| 13 | Production | 619,608 | 251,766 | 367,842 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Transmission | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Distribution | 301,508 | 32,223 | - | - | 12,260 | 127,958 | 37,267 | 10,072 | 17,827 | 20,259 | 22,678 | 8,760 | 8,484 | 3,722 | - | - |
| 16 | Prod, Trans, Distn Plant | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Prod, Trans, Distn and General Plt | 507,914 | 173,876 | 237,688 | - | 4,258 | 44,445 | 12,944 | 3,498 | 6,192 | 7,037 | 7,877 | 3,043 | 2,915 | 1,293 | 2,848 | - |
| 18 | Property Insurance | 83,810 | 34,318 | 46,913 | - | 840 | 589 | 171 | 46 | 82 | 93 | 104 | 40 | 33 | 17 | 562 | - |
| | Revenue Related: | | | | | | | | | | | | | | | | |
| 19 | Municipal Tax | 226,507 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | PUB Assessment | 16,088 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | All Expense-Related | 3,243,383 | 1,143,454 | 1,611,735 | - | 15,339 | 160,102 | 46,629 | 12,602 | 22,306 | 25,348 | 28,374 | 10,961 | 8,912 | 4,657 | 152,964 | - |
| 22 | Prod, Trans, and Distn Expense-Related | 224,823 | 83,184 | 117,251 | - | 1,116 | 11,647 | 3,392 | 917 | 1,623 | 1,844 | 2,064 | 797 | 648 | 339 | - | - |
| 23 | **Subtotal Admin & General** | **5,223,641** | **1,718,821** | **2,381,430** | **-** | **33,814** | **344,740** | **100,404** | **27,134** | **48,030** | **54,581** | **61,097** | **23,601** | **20,991** | **10,028** | **156,374** | **-** |
| 24 | **Total Operating & Maintenance Expenses** | **14,870,185** | **5,119,708** | **7,175,091** | **-** | **79,436** | **820,919** | **239,088** | **64,614** | **114,373** | **129,971** | **145,489** | **56,201** | **47,497** | **23,879** | **611,322** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Functional Classification of Operating & Maintenance Expense (CONT'D.)**

| | 1 | 18 | 19 | 20 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | **Production** | | | |
| 1 | Diesel | - | - | Production - Demand, Energy ratios Sch.4.1 L7 |
| 2 | Other | - | - | Production - Demand, Energy ratios Sch.4.1 L7 |
| 3 | **Subtotal Production** | **-** | **-** | |
| | **Transmission** | | | |
| 4 | Transmission Lines | - | - | Prorated on Transmission Lines Plant in Service - Sch.2.2 L.3 |
| 5 | Terminal Stations | - | - | Prorated on Transmission Terminal Stations Plant in Service - Sch.2.2 L.4 |
| 6 | Other | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.5 |
| 7 | **Subtotal Transmission** | **-** | **-** | |
| | **Distribution** | | | |
| 8 | Other | - | - | Prorated on Distribution Plant, excluding Meters - Sch. 2.2 L. 16, less L. 14 |
| 9 | Meters | - | - | Meters - Customer |
| 10 | **Subtotal Distribution** | **-** | **-** | |
| 11 | **Subttl Prod, Trans, & Dist** | **-** | **-** | |
| 12 | Customer Accounting | - | - | Accounting - Customer |
| | **Administrative & General:** | | | |
| | Plant-Related: | | | |
| 13 | Production | - | - | Prorated on Production Plant in Service - Sch.2.2 L.2 |
| 14 | Transmission | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.5 |
| 15 | Distribution | - | - | Prorated on Distribution Plant in Service - Sch.2.2 L.16 |
| 16 | Prod, Trans, Distn Plant | - | - | Prorated on Production, Transmission & Distribution Plant in Service - Sch.2.2 L.17 |
| 17 | Prod, Trans, Distn and General Plt | - | - | Prorated on Production, Transmission, Distribution & General Plant in Service - Sch.2.2 L.23 |
| 18 | Property Insurance | - | - | Prorated on Prod., Trans. Terminal, Dist. Sub & General Plant in Service - Sch.2.2 L.2, 4, 6, 18 - 19 |
| | Revenue Related: | | | |
| 19 | Municipal Tax | 226,507 | - | Revenue-related |
| 20 | PUB Assessment | - | 16,088 | Revenue-related |
| 21 | All Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - L.11, 12 |
| 22 | Prod, Trans, and Distn Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution Expenses - L.11 |
| 23 | **Subtotal Admin & General** | **226,507** | **16,088** | |
| 24 | **Total Operating & Maintenance Expenses** | **226,507** | **16,088** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Functional Classification of Depreciation Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| | | | | | | | Primary Lines | | Line Transformers | | Secondary Lines | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | | | | | | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 2,239,299 | 909,896 | 1,329,403 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **2,239,299** | **909,896** | **1,329,403** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substn Struct & Eqpt | 67,570 | 50,702 | - | - | 16,868 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 4,614 | - | - | - | - | 3,478 | 443 | - | - | 403 | 289 | - | - | - | - | - |
| 8 | Poles | 318,104 | - | - | - | - | 183,975 | 62,874 | - | - | 32,564 | 38,692 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 55,430 | - | - | - | - | 49,167 | 6,264 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 72,894 | - | - | - | - | - | - | 26,315 | 46,580 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 6,280 | - | - | - | - | - | - | - | - | 3,661 | 2,619 | - | - | - | - | - |
| 13 | Services | 16,020 | - | - | - | - | - | - | - | - | - | - | 16,020 | - | - | - | - |
| 14 | Meters | 29,093 | - | - | - | - | - | - | - | - | - | - | - | 29,093 | - | - | - |
| 15 | Street Lighting | 12,782 | - | - | - | - | - | - | - | - | - | - | - | - | 12,782 | - | - |
| 16 | **Subtotal Distribution** | **582,788** | **50,702** | **-** | **-** | **16,868** | **236,620** | **69,581** | **26,315** | **46,580** | **36,628** | **41,599** | **16,020** | **29,093** | **12,782** | **-** | **-** |
| 17 | **Subtotal Prod Tran & Dist** | **2,822,087** | **960,598** | **1,329,403** | **-** | **16,868** | **236,620** | **69,581** | **26,315** | **46,580** | **36,628** | **41,599** | **16,020** | **29,093** | **12,782** | **-** | **-** |
| 18 | General | 508,158 | 179,151 | 252,519 | - | 2,403 | 25,084 | 7,306 | 1,974 | 3,495 | 3,971 | 4,446 | 1,717 | 1,396 | 730 | 23,966 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 31,119 | 10,593 | 14,659 | - | 186 | 2,609 | 767 | 290 | 514 | 404 | 459 | 177 | 321 | 141 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Depreciation Expense** | **3,361,364** | **1,150,342** | **1,596,581** | **-** | **19,457** | **264,313** | **77,653** | **28,579** | **50,588** | **41,004** | **46,503** | **17,914** | **30,810** | **13,653** | **23,966** | **-** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Functional Classification of Rate Base**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| 1 | Average Net Book Value | 72,421,862 | 25,545,268 | 35,525,380 | - | 436,303 | 5,045,181 | 1,459,993 | 547,042 | 968,310 | 777,179 | 875,030 | 372,524 | 447,543 | 112,199 | 309,909 | - |
| 2 | Cash Working Capital | 69,465 | 24,502 | 34,075 | - | 418 | 4,839 | 1,400 | 525 | 929 | 745 | 839 | 357 | 429 | 108 | 297 | - |
| 3 | Fuel Inventory - No. 6 Fuel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuel Inventory - Diesel | 2,779,174 | - | 2,779,174 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Fuel Inventory - Gas Turbine | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Inventory/Supplies | 1,216,699 | 416,516 | 569,378 | - | 10,201 | 106,467 | 31,008 | 8,380 | 14,833 | 16,856 | 18,869 | 7,289 | 6,983 | 3,097 | 6,823 | - |
| | Deferred Charges: | | | | | | | | | | | | | | | | |
| | Foreign Exchange Loss and Regulatory | | | | | | | | | | | | | | | | |
| 7 | Costs | 3,518,676 | 1,241,138 | 1,726,030 | - | 21,198 | 245,124 | 70,935 | 26,578 | 47,046 | 37,760 | 42,514 | 18,099 | 21,744 | 5,451 | 15,057 | - |
| 8 | Retired Asset Pool | 1,538,224 | 542,576 | 754,551 | - | 9,267 | 107,159 | 31,010 | 11,619 | 20,567 | 16,507 | 18,585 | 7,912 | 9,506 | 2,383 | 6,582 | - |
| 9 | Total Rate Base | **81,544,100** | **27,770,000** | **41,388,588** | **-** | **477,388** | **5,508,770** | **1,594,346** | **594,144** | **1,051,685** | **849,047** | **955,838** | **406,182** | **486,205** | **123,238** | **338,669** | **-** |
| 10 | Less: Rural Portion | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Rate Base Available for Equity Return | **81,544,100** | **27,770,000** | **41,388,588** | **-** | **477,388** | **5,508,770** | **1,594,346** | **594,144** | **1,051,685** | **849,047** | **955,838** | **406,182** | **486,205** | **123,238** | **338,669** | **-** |
| 12 | Return on Debt | 3,074,213 | 1,046,929 | 1,560,350 | - | 17,998 | 207,681 | 60,107 | 22,399 | 39,649 | 32,009 | 36,035 | 15,313 | 18,330 | 4,646 | 12,768 | - |
| 13 | Return on Equity | 1,353,632 | 460,982 | 687,051 | - | 7,925 | 91,446 | 26,466 | 9,863 | 17,458 | 14,094 | 15,867 | 6,743 | 8,071 | 2,046 | 5,622 | - |
| 14 | Return on Rate Base | **4,427,845** | **1,507,911** | **2,247,400** | **-** | **25,922** | **299,126** | **86,573** | **32,262** | **57,106** | **46,103** | **51,902** | **22,056** | **26,401** | **6,692** | **18,390** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Functional Classification of Rate Base (CONT'D.)**

| | 1 | 18 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| 1 | Average Net Book Value | Sch. 2.3 , L. 23 |
| 2 | Cash Working Capital | Prorated on Average Net Book Value, L. 1 |
| 3 | Fuel Inventory - No. 6 Fuel | |
| 4 | Fuel Inventory - Diesel | Production - Energy |
| 5 | Fuel Inventory - Gas Turbine | |
| 6 | Inventory/Supplies | Prorated on Total Plant in Service, Sch. 2.2, L. 23 |
| | Deferred Charges: | |
| 7 | Foreign Exchange Loss and Regulatory Costs | Prorated on Average Net Book Value, L. 1 |
| 8 | Retired Asset Pool | Prorated on Average Net Book Value, L. 1 |
| 9 | Total Rate Base | |
| 10 | Less: Rural Portion | |
| 11 | Rate Base Available for Equity Return | |
| 12 | Return on Debt | L.9 x Sch.1.1,p2,L.15 |
| 13 | Return on Equity | L.11 x Sch.1.1,p2,L.18 |
| 14 | Return on Rate Base | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Basis of Allocation to Classes of Service**

| Line No. | 1<br>Description | 2<br>Total Amount | 3<br>Production Demand | 4<br>Production Energy | 5<br>Transmission Demand | 6<br>Distribution: Substations Demand | 7<br>Distribution: Primary Lines Demand | 8<br>Distribution: Primary Lines Customer | 9<br>Distribution: Line Transformers Demand | 10<br>Distribution: Line Transformers Customer | 11<br>Distribution: Secondary Lines Demand | 12<br>Distribution: Secondary Lines Customer | 13<br>Distribution: Services Customer | 14<br>Distribution: Meters Customer | 15<br>Distribution: Street Lighting Customer | 16<br>Accounting Customer | 17<br>Specifically Assigned Customer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | (CP kW) | (MWh @ Gen) | (CP kW) | (CP kW) | (CP kW) | (Rural Cust) | (CP kW) | (Rural Cust) | (CP kW) | (Rural Cust) | (Wtd Rural Cust) | | (Rural Cust) | (Rural Cust) | |
| | **Amounts** | | | | | | | | | | | | | | | | |
| 1 | 1.2 Domestic Diesel | - | 5,602 | 22,768 | 5,602 | 5,420 | 5,420 | 2,088 | 5,145 | 2,088 | 5,145 | 2,088 | 2,088 | 2,088 | - | 2,088 | - |
| 2 | 1.2G Government Domestic Diesel | - | 162 | 598 | 162 | 157 | 157 | 26 | 149 | 26 | 149 | 26 | 26 | 26 | - | 26 | - |
| 3 | 1.23 Churches, Schools & Com Halls | - | 82 | 1,780 | 82 | 79 | 79 | 50 | 75 | 50 | 75 | 50 | 50 | 50 | - | 50 | - |
| 4 | 2.1 GS 0-10 kW | - | 754 | 4,596 | 754 | 729 | 729 | 417 | 692 | 417 | 692 | 417 | 783 | 783 | - | 417 | - |
| 5 | 2.2 GS 10-100 kW | - | 1,929 | 11,335 | 1,929 | 1,867 | 1,867 | 119 | 1,772 | 119 | 1,772 | 119 | 568 | 568 | - | 119 | - |
| 6 | 2.3 GS 110-1,000 kVa | - | 108 | 2,210 | 108 | 104 | 104 | 5 | 99 | 5 | 99 | 5 | 42 | 42 | - | 5 | - |
| 7 | 2.4 GS Over 1,000 kVa | - | 143 | 2,523 | 143 | 138 | 138 | 1 | 131 | 1 | 131 | 1 | 8 | 8 | - | 1 | - |
| 8 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | 4.1 Street and Area Lighting | - | 88 | 313 | 88 | 85 | 85 | 90 | 81 | 90 | 81 | 90 | - | - | 90 | 90 | - |
| 11 | 4.1G Gov't Street and Area Lighting | | 2 | 7 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | - | - | 2 | 2 | - |
| 12 | **Total** | **-** | **8,870** | **46,129** | **8,870** | **8,582** | **8,582** | **2,798** | **8,146** | **2,798** | **8,146** | **2,798** | **3,565** | **3,565** | **92** | **2,798** | **-** |
| | **Ratios** | | | | | | | | | | | | | | | | |
| 13 | 1.2 Domestic Diesel | - | 0.6316 | 0.4936 | 0.6316 | 0.6316 | 0.6316 | 0.7462 | 0.6316 | 0.7462 | 0.6316 | 0.7462 | 0.5857 | 0.5857 | - | 0.7462 | - |
| 14 | 1.2G Government Domestic Diesel | - | 0.0182 | 0.0130 | 0.0182 | 0.0182 | 0.0182 | 0.0093 | 0.0182 | 0.0093 | 0.0182 | 0.0093 | 0.0073 | 0.0073 | - | 0.0093 | - |
| 15 | 1.23 Churches, Schools & Com Halls | - | 0.0092 | 0.0386 | 0.0092 | 0.0092 | 0.0092 | 0.0179 | 0.0092 | 0.0179 | 0.0092 | 0.0179 | 0.0140 | 0.0140 | - | 0.0179 | - |
| 16 | 2.1 GS 0-10 kW | - | 0.0850 | 0.0996 | 0.0850 | 0.0850 | 0.0850 | 0.1490 | 0.0850 | 0.1490 | 0.0850 | 0.1490 | 0.2196 | 0.2196 | - | 0.1490 | - |
| 17 | 2.2 GS 10-100 kW | - | 0.2175 | 0.2457 | 0.2175 | 0.2175 | 0.2175 | 0.0425 | 0.2175 | 0.0425 | 0.2175 | 0.0425 | 0.1592 | 0.1592 | - | 0.0425 | - |
| 18 | 2.3 GS 110-1,000 kVa | - | 0.0122 | 0.0479 | 0.0122 | 0.0122 | 0.0122 | 0.0018 | 0.0122 | 0.0018 | 0.0122 | 0.0018 | 0.0118 | 0.0118 | - | 0.0018 | - |
| 19 | 2.4 GS Over 1,000 kVa | - | 0.0161 | 0.0547 | 0.0161 | 0.0161 | 0.0161 | 0.0004 | 0.0161 | 0.0004 | 0.0161 | 0.0004 | 0.0024 | 0.0024 | - | 0.0004 | - |
| 20 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | 4.1 Street and Area Lighting | - | 0.0099 | 0.0068 | 0.0099 | 0.0099 | 0.0099 | 0.0322 | 0.0099 | 0.0322 | 0.0099 | 0.0322 | - | - | 0.9783 | 0.0322 | - |
| 23 | 4.1G Gov't Street and Area Lighting | | 0.0002 | 0.0002 | 0.0002 | 0.0002 | 0.0002 | 0.0007 | 0.0002 | 0.0007 | 0.0002 | 0.0007 | - | - | 0.0217 | 0.0007 | - |
| 24 | **Total** | **-** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Basis of Allocation to Classes of Service (CONT'D.)**

| Line No. | 1<br>Description | 18<br>Revenue Related<br>Municipal Tax (Prior Year (Rural Revenues) | 19<br>Revenue Related<br>PUB Assessment (Prior Year (Revenues + RSP) |
|---|---|---|---|
| | **Amounts** | | |
| 1 | 1.2 Domestic Diesel | 3,186,506 | 3,186,506 |
| 2 | 1.2G Government Domestic Diesel | 517,117 | 517,117 |
| 3 | 1.23 Churches, Schools & Com Halls | 291,382 | 291,382 |
| 4 | 2.1 GS 0-10 kW | 1,299,064 | 1,299,064 |
| 5 | 2.2 GS 10-100 kW | 3,142,914 | 3,142,914 |
| 6 | 2.3 GS 110-1,000 kVa | 258,576 | 258,576 |
| 7 | 2.4 GS Over 1,000 kVa | 229,154 | 229,154 |
| 8 | 2.5 GS Diesel | - | - |
| 9 | 2.5G Gov't General Service Diesel | - | - |
| 10 | 4.1 Street and Area Lighting | 115,286 | 115,286 |
| 11 | 4.1G Gov't Street and Area Lighting | 8,571 | 8,571 |
| 12 | **Total** | **9,048,570** | **9,048,570** |
| | **Ratios** | | |
| 13 | 1.2 Domestic Diesel | 0.3522 | 0.3522 |
| 14 | 1.2G Government Domestic Diesel | 0.0571 | 0.0571 |
| 15 | 1.23 Churches, Schools & Com Halls | 0.0322 | 0.0322 |
| 16 | 2.1 GS 0-10 kW | 0.1436 | 0.1436 |
| 17 | 2.2 GS 10-100 kW | 0.3473 | 0.3473 |
| 18 | 2.3 GS 110-1,000 kVa | 0.0286 | 0.0286 |
| 19 | 2.4 GS Over 1,000 kVa | 0.0253 | 0.0253 |
| 20 | 2.5 GS Diesel | - | - |
| 21 | 2.5G Gov't General Service Diesel | - | - |
| 22 | 4.1 Street and Area Lighting | 0.0127 | 0.0127 |
| 23 | 4.1G Gov't Street and Area Lighting | 0.0009 | 0.0009 |
| 24 | **Total** | **1.0000** | **1.0000** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Allocation of Functionalized Amounts to Classes of Service**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Allocated Revenue Requirement Excluding Return** | | | | | | | | | | | | | | | | |
| 1 | 1.2 Domestic Diesel | 17,878,852 | 3,948,500 | 11,940,402 | - | 62,280 | 645,819 | 220,477 | 58,714 | 122,791 | 101,011 | 133,500 | 43,289 | 45,762 | - | 471,187 | - |
| 2 | 1.2G Government Domestic Diesel | 479,232 | 114,052 | 313,386 | - | 1,799 | 18,654 | 2,745 | 1,696 | 1,529 | 2,918 | 1,662 | 539 | 570 | - | 5,867 | - |
| 3 | 1.23 Churches, Schools & Com Halls | 1,036,194 | 57,468 | 933,479 | - | 906 | 9,400 | 5,280 | 855 | 2,940 | 1,470 | 3,197 | 1,037 | 1,096 | - | 11,283 | - |
| 4 | 2.1 GS 0-10 kW | 3,315,789 | 531,359 | 2,410,235 | - | 8,381 | 86,909 | 44,032 | 7,901 | 24,523 | 13,593 | 26,662 | 16,231 | 17,159 | - | 94,102 | - |
| 5 | 2.2 GS 10-100 kW | 7,765,153 | 1,359,784 | 5,944,318 | - | 21,448 | 222,407 | 12,566 | 20,220 | 6,998 | 34,786 | 7,608 | 11,768 | 12,441 | - | 26,854 | - |
| 6 | 2.3 GS 110-1,000 kVa | 1,262,635 | 76,035 | 1,158,916 | - | 1,199 | 12,436 | 528 | 1,131 | 294 | 1,945 | 320 | 873 | 923 | - | 1,128 | - |
| 7 | 2.4 GS Over 1,000 kVa | 1,453,001 | 100,790 | 1,323,124 | - | 1,590 | 16,485 | 106 | 1,499 | 59 | 2,578 | 64 | 175 | 185 | - | 226 | - |
| 8 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | 4.1 Street and Area Lighting | 320,269 | 61,889 | 164,208 | - | 976 | 10,123 | 9,503 | 920 | 5,293 | 1,583 | 5,754 | - | - | 36,631 | 20,310 | - |
| 11 | 4.1G Gov't Street and Area Lighting | 7,720 | 1,535 | 3,896 | - | 24 | 251 | 211 | 23 | 118 | 39 | 128 | - | - | 814 | 451 | - |
| 12 | **Total** | **33,518,845** | **6,251,412** | **24,191,964** | **-** | **98,604** | **1,022,485** | **295,448** | **92,959** | **164,545** | **159,925** | **178,895** | **73,911** | **78,134** | **37,445** | **631,408** | **-** |
| | **Allocated Return on Debt and Equity** | | | | | | | | | | | | | | | | |
| 13 | 1.2 Domestic Diesel | 2,504,529 | 952,423 | 1,109,247 | - | 16,373 | 188,933 | 64,605 | 20,377 | 42,616 | 29,120 | 38,732 | 12,918 | 15,463 | - | 13,723 | - |
| 14 | 1.2G Government Domestic Diesel | 66,325 | 27,511 | 29,113 | - | 473 | 5,457 | 804 | 589 | 531 | 841 | 482 | 161 | 193 | - | 171 | - |
| 15 | 1.23 Churches, Schools & Com Halls | 108,793 | 13,862 | 86,719 | - | 238 | 2,750 | 1,547 | 297 | 1,020 | 424 | 927 | 309 | 370 | - | 329 | - |
| 16 | 2.1 GS 0-10 kW | 428,897 | 128,170 | 223,907 | - | 2,203 | 25,425 | 12,902 | 2,742 | 8,511 | 3,919 | 7,735 | 4,844 | 5,798 | - | 2,741 | - |
| 17 | 2.2 GS 10-100 kW | 984,779 | 327,995 | 552,219 | - | 5,638 | 65,065 | 3,682 | 7,018 | 2,429 | 10,028 | 2,207 | 3,512 | 4,204 | - | 782 | - |
| 18 | 2.3 GS 110-1,000 kVa | 131,863 | 18,340 | 107,662 | - | 315 | 3,638 | 155 | 392 | 102 | 561 | 93 | 260 | 312 | - | 33 | - |
| 19 | 2.4 GS Over 1,000 kVa | 153,923 | 24,312 | 122,916 | - | 418 | 4,823 | 31 | 520 | 20 | 743 | 19 | 52 | 62 | - | 7 | - |
| 20 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | 4.1 Street and Area Lighting | 47,606 | 14,928 | 15,255 | - | 257 | 2,961 | 2,785 | 319 | 1,837 | 456 | 1,669 | - | - | 6,546 | 592 | - |
| 23 | 4.1G Gov't Street and Area Lighting | 1,130 | 370 | 362 | - | 6 | 73 | 62 | 8 | 41 | 11 | 37 | - | - | 145 | 13 | - |
| 24 | **Total** | **4,427,845** | **1,507,911** | **2,247,400** | **-** | **25,922** | **299,126** | **86,573** | **32,262** | **57,106** | **46,103** | **51,902** | **22,056** | **26,401** | **6,692** | **18,390** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Proration |
| | **Allocated Revenue Requirement Excluding Return** | | | |
| 1 | 1.2 Domestic Diesel | 79,475 | 5,645 | |
| 2 | 1.2G Government Domestic Diesel | 12,898 | 916 | |
| 3 | 1.23 Churches, Schools & Com Halls | 7,267 | 516 | |
| 4 | 2.1 GS 0-10 kW | 32,400 | 2,301 | |
| 5 | 2.2 GS 10-100 kW | 78,388 | 5,568 | |
| 6 | 2.3 GS 110-1,000 kVa | 6,449 | 458 | |
| 7 | 2.4 GS Over 1,000 kVa | 5,715 | 406 | |
| 8 | 2.5 GS Diesel | - | - | |
| 9 | 2.5G Gov't General Service Diesel | - | - | |
| 10 | 4.1 Street and Area Lighting | 2,875 | 204 | |
| 11 | 4.1G Gov't Street and Area Lighting | 214 | 15 | |
| 12 | **Total** | **225,682** | **16,029** | |
| | **Allocated Return on Debt and Equity** | | | |
| 13 | 1.2 Domestic Diesel | - | - | |
| 14 | 1.2G Government Domestic Diesel | - | - | |
| 15 | 1.23 Churches, Schools & Com Halls | - | - | |
| 16 | 2.1 GS 0-10 kW | - | - | |
| 17 | 2.2 GS 10-100 kW | - | - | |
| 18 | 2.3 GS 110-1,000 kVa | - | - | |
| 19 | 2.4 GS Over 1,000 kVa | - | - | |
| 20 | 2.5 GS Diesel | - | - | |
| 21 | 2.5G Gov't General Service Diesel | - | - | |
| 22 | 4.1 Street and Area Lighting | - | - | |
| 23 | 4.1G Gov't Street and Area Lighting | - | - | |
| 24 | **Total** | **-** | **-** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Total Revenue Requirement** | | | | | | | | | | | | | | | | |
| 1 | 1.2 Domestic Diesel | 20,383,381 | 4,900,923 | 13,049,649 | - | 78,653 | 834,752 | 285,082 | 79,092 | 165,406 | 130,131 | 172,232 | 56,206 | 61,224 | - | 484,910 | - |
| 2 | 1.2G Government Domestic Diesel | 545,557 | 141,563 | 342,499 | - | 2,272 | 24,112 | 3,550 | 2,285 | 2,060 | 3,759 | 2,145 | 700 | 762 | - | 6,038 | - |
| 3 | 1.23 Churches, Schools & Com Halls | 1,144,986 | 71,330 | 1,020,198 | - | 1,145 | 12,149 | 6,827 | 1,151 | 3,961 | 1,894 | 4,124 | 1,346 | 1,466 | - | 11,612 | - |
| 4 | 2.1 GS 0-10 kW | 3,744,686 | 659,529 | 2,634,142 | - | 10,585 | 112,335 | 56,935 | 10,644 | 33,034 | 17,512 | 34,397 | 21,075 | 22,956 | - | 96,843 | - |
| 5 | 2.2 GS 10-100 kW | 8,749,932 | 1,687,779 | 6,496,536 | - | 27,086 | 287,472 | 16,248 | 27,238 | 9,427 | 44,814 | 9,816 | 15,280 | 16,644 | - | 27,636 | - |
| 6 | 2.3 GS 110-1,000 kVa | 1,394,499 | 94,375 | 1,266,578 | - | 1,515 | 16,074 | 683 | 1,523 | 396 | 2,506 | 412 | 1,133 | 1,234 | - | 1,161 | - |
| 7 | 2.4 GS Over 1,000 kVa | 1,606,924 | 125,102 | 1,446,041 | - | 2,008 | 21,308 | 137 | 2,019 | 79 | 3,322 | 82 | 227 | 247 | - | 232 | - |
| 8 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | 4.1 Street and Area Lighting | 367,875 | 76,817 | 179,462 | - | 1,233 | 13,084 | 12,288 | 1,240 | 7,130 | 2,040 | 7,424 | - | - | 43,177 | 20,901 | - |
| 11 | 4.1G Gov't Street and Area Lighting | 8,849 | 1,905 | 4,258 | - | 31 | 324 | 273 | 31 | 158 | 51 | 165 | - | - | 959 | 464 | - |
| 12 | **Total** | **37,946,689** | **7,759,323** | **26,439,364** | **-** | **124,526** | **1,321,611** | **382,021** | **125,221** | **221,651** | **206,028** | **230,797** | **95,967** | **104,535** | **44,137** | **649,798** | **-** |
| | **Re-classification of Revenue-Related** | | | | | | | | | | | | | | | | |
| 13 | 1.2 Domestic Diesel | (0) | 20,552 | 54,723 | - | 330 | 3,501 | 1,195 | 332 | 694 | 546 | 722 | 236 | 257 | - | 2,033 | - |
| 14 | 1.2G Government Domestic Diesel | 0 | 3,677 | 8,897 | - | 59 | 626 | 92 | 59 | 54 | 98 | 56 | 18 | 20 | - | 157 | - |
| 15 | 1.23 Churches, Schools & Com Halls | - | 488 | 6,983 | - | 8 | 83 | 47 | 8 | 27 | 13 | 28 | 9 | 10 | - | 79 | - |
| 16 | 2.1 GS 0-10 kW | 0 | 6,169 | 24,639 | - | 99 | 1,051 | 533 | 100 | 309 | 164 | 322 | 197 | 215 | - | 906 | - |
| 17 | 2.2 GS 10-100 kW | 0 | 16,351 | 62,938 | - | 262 | 2,785 | 157 | 264 | 91 | 434 | 95 | 148 | 161 | - | 268 | - |
| 18 | 2.3 GS 110-1,000 kVa | - | 470 | 6,305 | - | 8 | 80 | 3 | 8 | 2 | 12 | 2 | 6 | 6 | - | 6 | - |
| 19 | 2.4 GS Over 1,000 kVa | (0) | 478 | 5,530 | - | 8 | 81 | 1 | 8 | 0 | 13 | 0 | 1 | 1 | - | 1 | - |
| 20 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 22 | 4.1 Street and Area Lighting | 0 | 648 | 1,515 | - | 10 | 110 | 104 | 10 | 60 | 17 | 63 | - | - | 365 | 176 | - |
| 23 | 4.1G Gov't Street and Area Lighting | 0 | 51 | 113 | - | 1 | 9 | 7 | 1 | 4 | 1 | 4 | - | - | 25 | 12 | - |
| 24 | **Total** | **0** | **48,885** | **171,643** | **-** | **785** | **8,326** | **2,139** | **789** | **1,241** | **1,298** | **1,292** | **615** | **670** | **390** | **3,639** | **-** |
| | **Total Allocated Revenue Requirement** | | | | | | | | | | | | | | | | |
| 25 | 1.2 Domestic Diesel | 20,383,381 | 4,921,475 | 13,104,372 | - | 78,983 | 838,253 | 286,278 | 79,423 | 166,100 | 130,676 | 172,954 | 56,442 | 61,481 | - | 486,943 | - |
| 26 | 1.2G Government Domestic Diesel | 545,557 | 145,240 | 351,397 | - | 2,331 | 24,738 | 3,642 | 2,344 | 2,113 | 3,856 | 2,200 | 718 | 782 | - | 6,195 | - |
| 27 | 1.23 Churches, Schools & Com Halls | 1,144,986 | 71,818 | 1,027,180 | - | 1,153 | 12,232 | 6,873 | 1,159 | 3,988 | 1,907 | 4,153 | 1,355 | 1,476 | - | 11,691 | - |
| 28 | 2.1 GS 0-10 kW | 3,744,686 | 665,698 | 2,658,781 | - | 10,684 | 113,385 | 57,467 | 10,743 | 33,343 | 17,676 | 34,719 | 21,272 | 23,171 | - | 97,748 | - |
| 29 | 2.2 GS 10-100 kW | 8,749,932 | 1,704,130 | 6,559,475 | - | 27,349 | 290,257 | 16,405 | 27,501 | 9,518 | 45,249 | 9,911 | 15,428 | 16,806 | - | 27,904 | - |
| 30 | 2.3 GS 110-1,000 kVa | 1,394,499 | 94,845 | 1,272,883 | - | 1,522 | 16,155 | 686 | 1,531 | 398 | 2,518 | 414 | 1,139 | 1,241 | - | 1,167 | - |
| 31 | 2.4 GS Over 1,000 kVa | 1,606,924 | 125,580 | 1,451,570 | - | 2,015 | 21,390 | 137 | 2,027 | 80 | 3,334 | 83 | 228 | 248 | - | 233 | - |
| 32 | 2.5 GS Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 33 | 2.5G Gov't General Service Diesel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 34 | 4.1 Street and Area Lighting | 367,875 | 77,465 | 180,977 | - | 1,243 | 13,194 | 12,392 | 1,250 | 7,190 | 2,057 | 7,486 | - | - | 43,542 | 21,078 | - |
| 35 | 4.1G Gov't Street and Area Lighting | 8,849 | 1,956 | 4,372 | - | 31 | 333 | 280 | 32 | 163 | 52 | 169 | - | - | 985 | 477 | - |
| 36 | **Total** | **37,946,689** | **7,808,207** | **26,611,007** | **-** | **125,311** | **1,329,937** | **384,161** | **126,010** | **222,892** | **207,326** | **232,089** | **96,582** | **105,204** | **44,527** | **653,437** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Labrador Isolated**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Proration |
| | **Total Revenue Requirement** | | | |
| 1 | 1.2 Domestic Diesel | 79,475 | 5,645 | |
| 2 | 1.2G Government Domestic Diesel | 12,898 | 916 | |
| 3 | 1.23 Churches, Schools & Com Halls | 7,267 | 516 | |
| 4 | 2.1 GS 0-10 kW | 32,400 | 2,301 | |
| 5 | 2.2 GS 10-100 kW | 78,388 | 5,568 | |
| 6 | 2.3 GS 110-1,000 kVa | 6,449 | 458 | |
| 7 | 2.4 GS Over 1,000 kVa | 5,715 | 406 | |
| 8 | 2.5 GS Diesel | - | - | |
| 9 | 2.5G Gov't General Service Diesel | - | - | |
| 10 | 4.1 Street and Area Lighting | 2,875 | 204 | |
| 11 | 4.1G Gov't Street and Area Lighting | 214 | 15 | |
| 12 | **Total** | **225,682** | **16,029** | |
| | **Re-classification of Revenue-Related** | | | |
| 13 | 1.2 Domestic Diesel | (79,475) | (5,645) | Re-classification to demand, energy and customer is based on rate class revenue |
| 14 | 1.2G Government Domestic Diesel | (12,898) | (916) | requirements excluding revenue-related items. |
| 15 | 1.23 Churches, Schools & Com Halls | (7,267) | (516) | |
| 16 | 2.1 GS 0-10 kW | (32,400) | (2,301) | |
| 17 | 2.2 GS 10-100 kW | (78,388) | (5,568) | |
| 18 | 2.3 GS 110-1,000 kVa | (6,449) | (458) | |
| 19 | 2.4 GS Over 1,000 kVa | (5,715) | (406) | |
| 20 | 2.5 GS Diesel | - | - | |
| 21 | 2.5G Gov't General Service Diesel | - | - | |
| 22 | 4.1 Street and Area Lighting | (2,875) | (204) | |
| 23 | 4.1G Gov't Street and Area Lighting | (214) | (15) | |
| 24 | **Total** | **(225,682)** | **(16,029)** | |
| | **Total Allocated Revenue Requirement** | | | |
| 25 | 1.2 Domestic Diesel | - | - | |
| 26 | 1.2G Government Domestic Diesel | - | - | |
| 27 | 1.23 Churches, Schools & Com Halls | - | - | |
| 28 | 2.1 GS 0-10 kW | - | - | |
| 29 | 2.2 GS 10-100 kW | - | - | |
| 30 | 2.3 GS 110-1,000 kVa | - | - | |
| 31 | 2.4 GS Over 1,000 kVa | - | - | |
| 32 | 2.5 GS Diesel | - | - | |
| 33 | 2.5G Gov't General Service Diesel | - | - | |
| 34 | 4.1 Street and Area Lighting | - | - | |
| 35 | 4.1G Gov't Street and Area Lighting | - | - | |
| 36 | **Total** | **-** | **-** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Functional Classification of Revenue Requirement**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lightin | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Expenses** | | | | | | | | | | | | | | | | |
| 1 | Operating & Maintenance | 1,481,175 | 690,111 | - | - | 3,897 | 296,610 | 86,292 | 17,384 | 30,771 | 50,728 | 55,225 | 9,964 | 21,092 | 6,214 | 129,244 | - |
| 2 | Fuels | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | Fuels-Diesel | 668,701 | - | 668,701 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuels-Gas Turbine | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Power Purchases -CF(L)Co | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Power Purchases-Other | 3,348,796 | - | 3,348,796 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Depreciation | 890,369 | 504,456 | - | - | 2,493 | 184,111 | 56,543 | 13,770 | 24,374 | 32,131 | 35,903 | 4,777 | 16,377 | 7,095 | 8,339 | - |
| | **Expense Credits** | | | | | | | | | | | | | | | | |
| 8 | Sundry | (4,961) | (2,312) | - | - | (13) | (994) | (289) | (58) | (103) | (170) | (185) | (33) | (71) | (21) | (433) | - |
| 9 | Building Rental Income | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Tax Refunds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Suppliers' Discounts | (431) | (201) | - | - | (1) | (86) | (25) | (5) | (9) | (15) | (16) | (3) | (6) | (2) | (38) | - |
| 12 | Pole Attachments | (68,522) | - | - | - | - | (39,630) | (13,544) | - | - | (7,014) | (8,334) | - | - | - | - | - |
| 13 | Secondary Energy Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Wheeling Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Application Fees | (406) | - | - | - | - | - | - | - | - | - | - | - | - | - | (406) | - |
| 16 | Meter Test Revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | **Total Expense Credits** | **(74,320)** | **(2,512)** | **-** | **-** | **(14)** | **(40,709)** | **(13,858)** | **(63)** | **(112)** | **(7,199)** | **(8,536)** | **(36)** | **(77)** | **(23)** | **(877)** | **-** |
| 18 | **Subtotal Expenses** | **6,314,721** | **1,192,054** | **4,017,497** | **-** | **6,376** | **440,011** | **128,978** | **31,090** | **55,032** | **75,660** | **82,593** | **14,705** | **37,393** | **13,287** | **136,706** | **-** |
| 19 | Disposal Gain / Loss | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | **Subtotal Revenue Requirement Ex. Return** | **6,314,721** | **1,192,054** | **4,017,497** | **-** | **6,376** | **440,011** | **128,978** | **31,090** | **55,032** | **75,660** | **82,593** | **14,705** | **37,393** | **13,287** | **136,706** | **-** |
| 21 | Return on Debt | 759,575 | 462,236 | 3,446 | - | 2,584 | 146,182 | 42,719 | 10,663 | 18,874 | 25,597 | 27,719 | 3,829 | 9,511 | 2,930 | 3,285 | - |
| 22 | Return on Equity | 334,455 | 203,531 | 1,517 | - | 1,138 | 64,367 | 18,810 | 4,695 | 8,311 | 11,271 | 12,205 | 1,686 | 4,188 | 1,290 | 1,446 | - |
| 23 | **Total Revenue Requirement** | **7,408,751** | **1,857,821** | **4,022,460** | **-** | **10,098** | **650,560** | **190,508** | **46,448** | **82,217** | **112,528** | **122,517** | **20,220** | **51,092** | **17,507** | **141,438** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Functional Classification of Revenue Requirement (CONT'D.)**

| | 1 | 18 | 19 | 20 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Functional Classification |
| | **Expenses** | | | |
| 1 | Operating & Maintenance | 78,095 | 5,547 | Carryforward from Sch.2.4 L.24 |
| 2 | Fuels | - | - | Production - Energy |
| 3 | Fuels-Diesel | - | - | Production - Energy |
| 4 | Fuels-Gas Turbine | - | - | Production - Energy |
| 5 | Power Purchases -CF(L)Co | - | - | |
| 6 | Power Purchases-Other | - | - | Carryforward from Sch.4.4 L.18 |
| 7 | Depreciation | - | - | Carryforward from Sch.2.5 L.23 |
| | **Expense Credits** | | | |
| 8 | Sundry | (262) | (19) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 9 | Building Rental Income | - | - | Prorated on Production, Transmission & Distribution Plant - Sch.2.2 L.17 |
| 10 | Tax Refunds | - | - | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 11 | Suppliers' Discounts | (23) | (2) | Prorated on Total Operating & Maintenance Expenses - Sch 2.4 L.24 |
| 12 | Pole Attachments | - | - | Prorated on Distribution Poles - Sch.4.1 L.37 |
| 13 | Secondary Energy Revenues | - | - | Production - Energy |
| 14 | Wheeling Revenues | - | - | Transmission - Demand, Energy ratios Sch.4.1 L.16 |
| 15 | Application Fees | - | - | Accounting - Customer |
| 16 | Meter Test Revenues | - | - | Meters - Customer |
| 17 | **Total Expense Credits** | **(284)** | **(20)** | |
| 18 | **Subtotal Expenses** | **77,811** | **5,527** | |
| 19 | Disposal Gain / Loss | - | - | Prorated on Total Net Book Value - Sch.2.3 L.23 |
| 20 | **Subtotal Revenue Requirement Ex. Return** | **77,811** | **5,527** | |
| 21 | Return on Debt | - | - | Prorated on Rate Base - Sch.2.6 L.9 |
| 22 | Return on Equity | - | - | Prorated on Rate Base - Sch.2.6 L.11 |
| 23 | **Total Revenue Requirement** | **77,811** | **5,527** | |

**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Functional Classification of Plant in Service for the Allocation of O&M Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lightin | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 15,814,910 | 15,814,910 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **15,814,910** | **15,814,910** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substation Structures & Equipment | 153,816 | 66,299 | - | - | 87,518 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 507,554 | - | - | - | - | 382,671 | 48,751 | - | - | 44,386 | 31,748 | - | - | - | - | - |
| 8 | Poles | 9,035,118 | - | - | - | - | 5,225,442 | 1,785,809 | - | - | 924,907 | 1,098,959 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 1,399,447 | - | - | - | - | 1,241,310 | 158,138 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 1,111,996 | - | - | - | - | - | - | 401,430 | 710,565 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 346,715 | - | - | - | - | - | - | - | - | 202,135 | 144,580 | - | - | - | - | - |
| 13 | Services | 230,095 | - | - | - | - | - | - | - | - | - | - | 230,095 | - | - | - | - |
| 14 | Meters | 331,182 | - | - | - | - | - | - | - | - | - | - | - | 331,182 | - | - | - |
| 15 | Street Lighting | 143,507 | - | - | - | - | - | - | - | - | - | - | - | - | 143,507 | - | - |
| 16 | **Subtotal Distribution** | **13,259,430** | **66,299** | **-** | **-** | **87,518** | **6,849,422** | **1,992,697** | **401,430** | **710,565** | **1,171,427** | **1,275,287** | **230,095** | **331,182** | **143,507** | **-** | **-** |
| 17 | **Subttl Prod, Trans, & Dist** | **29,074,340** | **15,881,209** | **-** | **-** | **87,518** | **6,849,422** | **1,992,697** | **401,430** | **710,565** | **1,171,427** | **1,275,287** | **230,095** | **331,182** | **143,507** | **-** | **-** |
| 18 | General | 1,942,682 | 955,669 | - | - | 5,084 | 397,894 | 115,759 | 23,320 | 41,278 | 68,050 | 74,084 | 13,367 | 30,004 | 8,337 | 209,837 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 14,258 | 7,788 | - | - | 43 | 3,359 | 977 | 197 | 348 | 574 | 625 | 113 | 162 | 70 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Plant** | **31,031,280** | **16,844,667** | **-** | **-** | **92,645** | **7,250,676** | **2,109,433** | **424,947** | **752,192** | **1,240,052** | **1,349,996** | **243,574** | **361,348** | **151,914** | **209,837** | **-** |

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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Functional Classification of Plant in Service for the Allocation of O&M Expense (CONT'D.)**

| | 1 | 18 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| | **Production** | |
| 1 | Diesel | Production - Demand, Energy ratios Sch.4.1 L.8 |
| 2 | **Subtotal Production** | |
| | **Transmission** | |
| 3 | Lines | Production, Transmission - Demand; Distribution - Primary Demand; Spec Assigned - Custmr |
| 4 | Terminal Stations | Production, Transmission - Demand; Spec Assigned - Custmr |
| 5 | **Subtotal Transmission** | |
| | **Distribution** | |
| 6 | Substation Structures & Equipment | Production - Demand; Dist Substns - Demand |
| 7 | Land & Land Improvements | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.32 |
| 8 | Poles | Primary, Secondary - Demand, Customer - zero intercept ratios Sch.4.1 L.37 |
| 9 | Primary Conductor & Equipment | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.38 |
| 10 | Submarine Conductor | Primary - Demand, Customer - zero intercept ratios Sch.4.1 L.39 |
| 11 | Transformers | Transformers - Demand, Customer - zero intercept ratios Sch.4.1 L.40 |
| 12 | Secondary Conductors & Equipment | Secondary - Demand, Customer - zero intercept ratios Sch. 4.1 L.41 |
| 13 | Services | Services Customer |
| 14 | Meters | Meters - Customer |
| 15 | Street Lighting | Street Lighting - Customer |
| 16 | **Subtotal Distribution** | |
| 17 | **Subttl Prod, Trans, & Dist** | |
| 18 | General | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - Sch.2.4 L.11, 12 |
| 19 | Telecontrol - Specific | Specifically Assigned - Customer |
| 20 | Feasibility Studies | Production, Transmission - Demand |
| 21 | Software - General | Prorated on subtotal Production, Transmission, & Distribution plant - L.17 |
| 22 | Software - Cust Acctng | Customer Accounting |
| 23 | **Total Plant** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Functional Classification of Net Book Value**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| | | | | | | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lightin | Accounting | Specifically Assigned |
| Line No. | Description | Total Amount ($) | Production Demand ($) | Production Energy ($) | Transmission Demand ($) | Demand ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 10,953,880 | 10,953,880 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **10,953,880** | **10,953,880** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substation Structures & Equipment | 73,249 | 11,834 | - | - | 61,415 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 420,286 | - | - | - | - | 316,875 | 40,369 | - | - | 36,754 | 26,289 | - | - | - | - | - |
| 8 | Poles | 4,540,511 | - | - | - | - | 2,625,996 | 897,441 | - | - | 464,803 | 552,271 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 530,143 | - | - | - | - | 470,237 | 59,906 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 698,394 | - | - | - | - | - | - | 252,120 | 446,274 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 166,370 | - | - | - | - | - | - | - | - | 96,994 | 69,376 | - | - | - | - | - |
| 13 | Services | 87,768 | - | - | - | - | - | - | - | - | - | - | 87,768 | - | - | - | - |
| 14 | Meters | 221,567 | - | - | - | - | - | - | - | - | - | - | - | 221,567 | - | - | - |
| 15 | Street Lighting | 68,210 | - | - | - | - | - | - | - | - | - | - | - | - | 68,210 | - | - |
| 16 | **Subtotal Distribution** | **6,806,499** | **11,834** | **-** | **-** | **61,415** | **3,413,108** | **997,716** | **252,120** | **446,274** | **598,551** | **647,937** | **87,768** | **221,567** | **68,210** | **-** | **-** |
| 17 | **Subttl Prod, Trans, & Dist** | **17,760,379** | **10,965,714** | **-** | **-** | **61,415** | **3,413,108** | **997,716** | **252,120** | **446,274** | **598,551** | **647,937** | **87,768** | **221,567** | **68,210** | **-** | **-** |
| 18 | General | 737,815 | 362,956 | - | - | 1,931 | 151,117 | 43,964 | 8,857 | 15,677 | 25,845 | 28,136 | 5,077 | 11,395 | 3,166 | 79,694 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 12,821 | 7,916 | - | - | 44 | 2,464 | 720 | 182 | 322 | 432 | 468 | 63 | 160 | 49 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Net Book Value** | **18,511,015** | **11,336,586** | **-** | **-** | **63,390** | **3,566,689** | **1,042,400** | **261,159** | **462,273** | **624,828** | **676,541** | **92,908** | **233,122** | **71,425** | **79,694** | **-** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Functional Classification of Operating & Maintenance Expense**

| Line No. | 1 Description | 2 Total Amount ($) | 3 Production Demand ($) | 4 Production Energy ($) | 5 Transmission Demand ($) | 6 Distribution: Substations Demand ($) | 7 Distribution: Primary Lines Demand ($) | 8 Distribution: Primary Lines Customer ($) | 9 Distribution: Line Transformers Demand ($) | 10 Distribution: Line Transformers Customer ($) | 11 Distribution: Secondary Lines Demand ($) | 12 Distribution: Secondary Lines Customer ($) | 13 Distribution: Services Customer ($) | 14 Distribution: Meters Customer ($) | 15 Distribution: Street Lightin Customer ($) | 16 Accounting Customer ($) | 17 Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 381,332 | 381,332 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Other | 52,755 | 52,755 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3 | **Subtotal Production** | **434,087** | **434,087** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 4 | Transmission Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | **Subtotal Transmission** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 8 | Other | 342,512 | 1,756 | - | - | 2,319 | 181,464 | 52,793 | 10,635 | 18,825 | 31,035 | 33,787 | 6,096 | - | 3,802 | - | - |
| 9 | Meters | 13,684 | - | - | - | - | - | - | - | - | - | - | - | 13,684 | - | - | - |
| 10 | **Subtotal Distribution** | **356,196** | **1,756** | **-** | **-** | **2,319** | **181,464** | **52,793** | **10,635** | **18,825** | **31,035** | **33,787** | **6,096** | **13,684** | **3,802** | **-** | **-** |
| 11 | **Subttl Prod, Trans, & Dist** | **790,283** | **435,843** | **-** | **-** | **2,319** | **181,464** | **52,793** | **10,635** | **18,825** | **31,035** | **33,787** | **6,096** | **13,684** | **3,802** | **-** | **-** |
| 12 | Customer Accounting | 95,698 | - | - | - | - | - | - | - | - | - | - | - | - | - | 95,698 | - |
| | **Administrative & General:** | | | | | | | | | | | | | | | | |
| | Plant-Related: | | | | | | | | | | | | | | | | |
| 13 | Production | 70,043 | 70,043 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Transmission | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Distribution | 90,433 | 452 | - | - | 597 | 46,715 | 13,591 | 2,738 | 4,846 | 7,989 | 8,698 | 1,569 | 2,259 | 979 | - | - |
| 16 | Prod, Trans, Distn Plant | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 17 | Prod,Trans, Distn & General Plt | 1,730 | 939 | - | - | 5 | 404 | 118 | 24 | 42 | 69 | 75 | 14 | 20 | 8 | 12 | - |
| 18 | Property Insurance | 21,932 | 20,616 | - | - | 113 | 487 | 142 | 29 | 51 | 83 | 91 | 16 | 37 | 10 | 257 | - |
| | Revenue Related: | | | | | | | | | | | | | | | | |
| 19 | Municipal Tax | 78,095 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | PUB Assessment | 5,547 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | All Expense-Related | 308,083 | 151,556 | - | - | 806 | 63,101 | 18,358 | 3,698 | 6,546 | 10,792 | 11,749 | 2,120 | 4,758 | 1,322 | 33,277 | - |
| 22 | Prod, Trans, and Distn Expense-Related | 19,330 | 10,661 | - | - | 57 | 4,439 | 1,291 | 260 | 460 | 759 | 826 | 149 | 335 | 93 | - | - |
| 23 | **Subtotal Admin & General** | **595,194** | **254,268** | **-** | **-** | **1,578** | **115,146** | **33,499** | **6,748** | **11,945** | **19,693** | **21,439** | **3,868** | **7,409** | **2,413** | **33,546** | **-** |
| 24 | **Total Operating & Maintenance Expenses** | **1,481,175** | **690,111** | **-** | **-** | **3,897** | **296,610** | **86,292** | **17,384** | **30,771** | **50,728** | **55,225** | **9,964** | **21,092** | **6,214** | **129,244** | **-** |

Schedule 2.4D
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**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Functional Classification of Operating & Maintenance Expense (CONT'D.)**

| | 1 | 18 | 19 | 20 |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax | PUB Assessment | Basis of Functional Classification |
| | **Production** | | | |
| 1 | Diesel | - | - | Production - Demand, Energy ratios Sch.4.1 L8 |
| 2 | Other | - | - | Production - Demand, Energy ratios Sch.4.1 L8 |
| 3 | **Subtotal Production** | **-** | **-** | |
| | **Transmission** | | | |
| 4 | Transmission Lines | - | - | Prorated on Transmission Lines Plant in Service - Sch.2.2 L.3 |
| 5 | Terminal Stations | - | - | Prorated on Transmission Terminal Stations Plant in Service - Sch.2.2 L.4 |
| 6 | Other | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.5 |
| 7 | **Subtotal Transmission** | **-** | **-** | |
| | **Distribution** | | | |
| 8 | Other | - | - | Prorated on Distribution Plant, excluding Meters - Sch. 2.2 L. 16, less L. 14 |
| 9 | Meters | - | - | Meters - Customer |
| 10 | **Subtotal Distribution** | **-** | **-** | |
| 11 | **Subttl Prod, Trans, & Dist** | **-** | **-** | |
| 12 | Customer Accounting | - | - | Accounting - Customer |
| | **Administrative & General:** | | | |
| | Plant-Related: | | | |
| 13 | Production | - | - | Prorated on Production Plant in Service - Sch.2.2 L.2 |
| 14 | Transmission | - | - | Prorated on Transmission Plant in Service - Sch.2.2 L.5 |
| 15 | Distribution | - | - | Prorated on Distribution Plant in Service - Sch.2.2 L.16 |
| 16 | Prod, Trans, Distn Plant | - | - | Prorated on Production, Transmission & Distribution Plant in Service - Sch.2.2 L.17 |
| 17 | Prod,Trans, Distn & General Plt | - | - | Prorated on Production, Transmission, Distribution & General Plant in Service - Sch.2.2 L.23 |
| 18 | Property Insurance | - | - | Prorated on Prod., Trans. Terminal, Dist. Sub & General Plant in Service - Sch.2.2 L.2, 4, 6, 18 - 19 |
| | Revenue Related: | | | |
| 19 | Municipal Tax | 78,095 | - | Revenue-related |
| 20 | PUB Assessment | - | 5,547 | Revenue-related |
| 21 | All Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution, Accounting Expenses - L.11, 12 |
| 22 | Prod, Trans, and Distn Expense-Related | - | - | Prorated on Subtotal Production, Transmission, Distribution Expenses - L.11 |
| 23 | **Subtotal Admin & General** | **78,095** | **5,547** | |
| 24 | **Total Operating & Maintenance Expenses** | **78,095** | **5,547** | |

Schedule 2.5D
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Functional Classification of Depreciation Expense**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | |
| | | | | | | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lightin | Accounting | Specifically Assigned |
| Line No. | Description | Total Amount ($) | Production Demand ($) | Production Energy ($) | Transmission Demand ($) | Demand ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Demand ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) | Customer ($) |
| | **Production** | | | | | | | | | | | | | | | | |
| 1 | Diesel | 461,043 | 461,043 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | **Subtotal Production** | **461,043** | **461,043** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Transmission** | | | | | | | | | | | | | | | | |
| 3 | Lines | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Terminal Stations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | **Subtotal Transmission** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Distribution** | | | | | | | | | | | | | | | | |
| 6 | Substation Structures & Equipment | 2,615 | 348 | - | - | 2,266 | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Land & Land Improvements | 9,424 | - | - | - | - | 7,105 | 905 | - | - | 824 | 589 | - | - | - | - | - |
| 8 | Poles | 243,360 | - | - | - | - | 140,747 | 48,101 | - | - | 24,912 | 29,600 | - | - | - | - | - |
| 9 | Primary Conductor & Equipment | 20,982 | - | - | - | - | 18,611 | 2,371 | - | - | - | - | - | - | - | - | - |
| 10 | Submarine Conductor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Transformers | 35,188 | - | - | - | - | - | - | 12,703 | 22,485 | - | - | - | - | - | - | - |
| 12 | Secondary Conductors & Equipment | 5,779 | - | - | - | - | - | - | - | - | 3,369 | 2,410 | - | - | - | - | - |
| 13 | Services | 4,200 | - | - | - | - | - | - | - | - | - | - | 4,200 | - | - | - | - |
| 14 | Meters | 15,020 | - | - | - | - | - | - | - | - | - | - | - | 15,020 | - | - | - |
| 15 | Street Lighting | 6,690 | - | - | - | - | - | - | - | - | - | - | - | - | 6,690 | - | - |
| 16 | **Subtotal Distribution** | **343,258** | **348** | **-** | **-** | **2,266** | **166,463** | **51,377** | **12,703** | **22,485** | **29,106** | **32,600** | **4,200** | **15,020** | **6,690** | **-** | **-** |
| 17 | **Subtotal Prod Tran & Dist** | **804,301** | **461,391** | **-** | **-** | **2,266** | **166,463** | **51,377** | **12,703** | **22,485** | **29,106** | **32,600** | **4,200** | **15,020** | **6,690** | **-** | **-** |
| 18 | General | 77,199 | 37,977 | - | - | 202 | 15,812 | 4,600 | 927 | 1,640 | 2,704 | 2,944 | 531 | 1,192 | 331 | 8,339 | - |
| 19 | Telecontrol - Specific | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 20 | Feasibility Studies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 21 | Software - General | 8,869 | 5,088 | - | - | 25 | 1,836 | 567 | 140 | 248 | 321 | 359 | 46 | 166 | 74 | - | - |
| 22 | Software - Cust Acctng | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **Total Depreciation Expense** | **890,369** | **504,456** | **-** | **-** | **2,493** | **184,111** | **56,543** | **13,770** | **24,374** | **32,131** | **35,903** | **4,777** | **16,377** | **7,095** | **8,339** | **-** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Functional Classification of Rate Base**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lightin | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| 1 | Average Net Book Value | 18,511,015 | 11,336,586 | - | - | 63,390 | 3,566,689 | 1,042,400 | 261,159 | 462,273 | 624,828 | 676,541 | 92,908 | 233,122 | 71,425 | 79,694 | - |
| 2 | Cash Working Capital | 17,755 | 10,874 | - | - | 61 | 3,421 | 1,000 | 250 | 443 | 599 | 649 | 89 | 224 | 69 | 76 | - |
| 3 | Fuel Inventory - No. 6 Fuel | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 4 | Fuel Inventory - Diesel | 91,407 | - | 91,407 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | Fuel Inventory - Gas Turbine | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 6 | Inventory/Supplies | 318,394 | 172,833 | - | - | 951 | 74,395 | 21,644 | 4,360 | 7,718 | 12,723 | 13,852 | 2,499 | 3,708 | 1,559 | 2,153 | - |
| | Deferred Charges: | | | | | | | | | | | | | | | | |
| | Foreign Exchange Loss and | | | | | | | | | | | | | | | | |
| 7 | Regulatory Costs | 899,373 | 550,797 | - | - | 3,080 | 173,291 | 50,646 | 12,689 | 22,460 | 30,358 | 32,870 | 4,514 | 11,326 | 3,470 | 3,872 | - |
| 8 | Retired Asset Pool | 309,932 | 189,810 | - | - | 1,061 | 59,717 | 17,453 | 4,373 | 7,740 | 10,462 | 11,327 | 1,556 | 3,903 | 1,196 | 1,334 | - |
| 9 | Total Rate Base | **20,147,876** | **12,260,900** | **91,407** | **-** | **68,543** | **3,877,513** | **1,133,143** | **282,831** | **500,634** | **678,970** | **735,239** | **101,566** | **252,283** | **77,718** | **87,130** | **-** |
| 10 | Less: Rural Portion | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Rate Base Available for Equity Return | **20,147,876** | **12,260,900** | **91,407** | **-** | **68,543** | **3,877,513** | **1,133,143** | **282,831** | **500,634** | **678,970** | **735,239** | **101,566** | **252,283** | **77,718** | **87,130** | **-** |
| 12 | Return on Debt | 759,575 | 462,236 | 3,446 | - | 2,584 | 146,182 | 42,719 | 10,663 | 18,874 | 25,597 | 27,719 | 3,829 | 9,511 | 2,930 | 3,285 | - |
| 13 | Return on Equity | 334,455 | 203,531 | 1,517 | - | 1,138 | 64,367 | 18,810 | 4,695 | 8,311 | 11,271 | 12,205 | 1,686 | 4,188 | 1,290 | 1,446 | - |
| 14 | Return on Rate Base | **1,094,030** | **665,767** | **4,963** | **-** | **3,722** | **210,549** | **61,530** | **15,358** | **27,184** | **36,868** | **39,923** | **5,515** | **13,699** | **4,220** | **4,731** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Functional Classification of Rate Base (CONT'D.)**

| | 1 | 18 |
|---|---|---|
| Line No. | Description | Basis of Functional Classification |
| 1 | Average Net Book Value | Sch. 2.3 , L. 23 |
| 2 | Cash Working Capital | Prorated on Average Net Book Value, L. 1 |
| 3 | Fuel Inventory - No. 6 Fuel | |
| 4 | Fuel Inventory - Diesel | Production - Energy |
| 5 | Fuel Inventory - Gas Turbine | |
| 6 | Inventory/Supplies | Prorated on Total Plant in Service, Sch. 2.2, L. 23 |
| | Deferred Charges: | |
| | Foreign Exchange Loss and | |
| 7 | Regulatory Costs | Prorated on Average Net Book Value, L. 1 |
| 8 | Retired Asset Pool | Prorated on Average Net Book Value, L. 1 |
| 9 | Total Rate Base | |
| 10 | Less: Rural Portion | |
| 11 | Rate Base Available for Equity Return | |
| 12 | Return on Debt | L.9 x Sch.1.1,p2,L.15 |
| 13 | Return on Equity | L.11 x Sch.1.1,p2,L.18 |
| 14 | Return on Rate Base | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Basis of Allocation to Classes of Service**

| Line No. | 1<br>Description | 2<br>Total Amount | 3<br>Production Demand | 4<br>Production Energy | 5<br>Transmission Demand | 6<br>Distribution<br>Substations Demand | 7<br>Primary Lines Demand | 8<br>Primary Lines Customer | 9<br>Line Transformers Demand | 10<br>Line Transformers Customer | 11<br>Secondary Lines Demand | 12<br>Secondary Lines Customer | 13<br>Services Customer | 14<br>Meters Customer | 15<br>Street Lightin Customer | 16<br>Accounting Customer | 17<br>Specifically Assigned Customer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | (CP kW) | (MWh @ Gen) | (CP kW) | (CP kW) | (CP kW) | (Rural Cust) | (CP kW) | (Rural Cust) | (CP kW) | (Rural Cust) | (Wtd Rural Cust) | | | (Rural Cust) | |
| | **Amounts** | | | | | | | | | | | | | | | | |
| 1 | 1.1 Domestic Diesel | - | 1,361 | 4,704 | 1,361 | 1,294 | 1,294 | 388 | 1,195 | 388 | 1,195 | 388 | 388 | 388 | - | 388 | - |
| 2 | 1.12 Domestic All Electric | - | 3,035 | 12,256 | 3,035 | 2,886 | 2,886 | 430 | 2,665 | 430 | 2,665 | 430 | 430 | 430 | - | 430 | - |
| 3 | 2.1 GS 0-10 kW | - | 1,374 | 6,967 | 1,374 | 1,307 | 1,307 | 202 | 1,207 | 202 | 1,207 | 202 | 964 | 964 | - | 202 | - |
| 4 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | 2.3 GS 110-1,000 kVa | - | 305 | 3,043 | 305 | 290 | 290 | 7 | 268 | 7 | 268 | 7 | 59 | 59 | - | 7 | - |
| 6 | 4.1 Street and Area Lighting | - | 15 | 57 | 15 | 14 | 14 | 35 | 13 | 35 | 13 | 35 | - | - | 1 | 35 | - |
| 7 | **Total** | **-** | **6,090** | **27,027** | **6,090** | **5,792** | **5,792** | **1,062** | **5,348** | **1,062** | **5,348** | **1,062** | **1,841** | **1,841** | **1** | **1,062** | **0** |
| | **Ratios** | | | | | | | | | | | | | | | | |
| 8 | 1.1 Domestic Diesel | - | 0.2234 | 0.1741 | 0.2234 | 0.2234 | 0.2234 | 0.3653 | 0.2234 | 0.3653 | 0.2234 | 0.3653 | 0.2108 | 0.2108 | - | 0.3653 | - |
| 9 | 1.12 Domestic All Electric | - | 0.4983 | 0.4535 | 0.4983 | 0.4983 | 0.4983 | 0.4049 | 0.4983 | 0.4049 | 0.4983 | 0.4049 | 0.2336 | 0.2336 | - | 0.4049 | - |
| 10 | 2.1 GS 0-10 kW | - | 0.2256 | 0.2578 | 0.2256 | 0.2256 | 0.2256 | 0.1902 | 0.2256 | 0.1902 | 0.2256 | 0.1902 | 0.5235 | 0.5235 | - | 0.1902 | - |
| 11 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | 2.3 GS 110-1,000 kVa | - | 0.0501 | 0.1126 | 0.0501 | 0.0501 | 0.0501 | 0.0066 | 0.0501 | 0.0066 | 0.0501 | 0.0066 | 0.0320 | 0.0320 | - | 0.0066 | - |
| 13 | 4.1 Street and Area Lighting | - | 0.0024 | 0.0021 | 0.0024 | 0.0024 | 0.0024 | 0.0330 | 0.0024 | 0.0330 | 0.0024 | 0.0330 | - | - | 1.0000 | 0.0330 | - |
| 14 | **Total** | **-** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **1.0000** | **0.0000** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Basis of Allocation to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 |
|---|---|---|---|
| | | Revenue Related | |
| Line No. | Description | Municipal Tax (Prior Year (Rural Revenues) | PUB Assessment (Prior Year (Revenues + RSP) |
| | **Amounts** | | |
| 1 | 1.1 Domestic Diesel | 579,527 | 579,527 |
| 2 | 1.12 Domestic All Electric | 1,362,285 | 1,362,285 |
| 3 | 2.1 GS 0-10 kW | 830,777 | 830,777 |
| 4 | 2.2 GS 10-100 kW | - | - |
| 5 | 2.3 GS 110-1,000 kVa | 329,837 | 329,837 |
| 6 | 4.1 Street and Area Lighting | 17,348 | 17,348 |
| 7 | **Total** | **3,119,775** | **3,119,775** |
| | **Ratios** | | |
| 8 | 1.1 Domestic Diesel | 0.1858 | 0.1858 |
| 9 | 1.12 Domestic All Electric | 0.4367 | 0.4367 |
| 10 | 2.1 GS 0-10 kW | 0.2663 | 0.2663 |
| 11 | 2.2 GS 10-100 kW | - | - |
| 12 | 2.3 GS 110-1,000 kVa | 0.1057 | 0.1057 |
| 13 | 4.1 Street and Area Lighting | 0.0056 | 0.0056 |
| 14 | **Total** | **1.0000** | **1.0000** |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Allocation of Functionalized Amounts to Classes of Service**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | Production | Transmsn | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lightin | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) | ($) |
| | **Allocated Revenue Requirement Excluding Return** | | | | | | | | | | | | | | | | |
| 1 | 1.1 Domestic Diesel | 1,263,009 | 266,354 | 699,249 | - | 1,425 | 98,317 | 47,122 | 6,947 | 20,106 | 16,905 | 30,175 | 3,100 | 7,883 | - | 49,945 | - |
| 2 | 1.12 Domestic All Electric | 2,903,354 | 594,054 | 1,821,786 | - | 3,178 | 219,277 | 52,223 | 15,494 | 22,282 | 37,705 | 33,442 | 3,436 | 8,736 | - | 55,352 | - |
| 3 | 2.1 GS 0-10 kW | 1,555,589 | 268,976 | 1,035,623 | - | 1,439 | 99,284 | 24,533 | 7,015 | 10,468 | 17,072 | 15,710 | 7,699 | 19,576 | - | 26,003 | - |
| 4 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | 2.3 GS 110-1,000 kVa | 553,016 | 59,772 | 452,370 | - | 320 | 22,063 | 850 | 1,559 | 363 | 3,794 | 544 | 471 | 1,197 | - | 901 | - |
| 6 | 4.1 Street and Area Lighting | 39,754 | 2,898 | 8,469 | - | 15 | 1,070 | 4,251 | 76 | 1,814 | 184 | 2,722 | - | - | 13,287 | 4,505 | - |
| 7 | **Total** | **6,314,721** | **1,192,054** | **4,017,497** | **-** | **6,376** | **440,011** | **128,978** | **31,090** | **55,032** | **75,660** | **82,593** | **14,705** | **37,393** | **13,287** | **136,706** | **-** |
| | **Allocated Return on Debt and Equity** | | | | | | | | | | | | | | | | |
| 8 | 1.1 Domestic Diesel | 261,947 | 148,760 | 864 | - | 832 | 47,045 | 22,480 | 3,432 | 9,932 | 8,238 | 14,586 | 1,163 | 2,888 | - | 1,729 | - |
| 9 | 1.12 Domestic All Electric | 525,329 | 331,781 | 2,251 | - | 1,855 | 104,926 | 24,913 | 7,653 | 11,007 | 18,373 | 16,165 | 1,288 | 3,201 | - | 1,916 | - |
| 10 | 2.1 GS 0-10 kW | 247,063 | 150,224 | 1,279 | - | 840 | 47,508 | 11,703 | 3,465 | 5,171 | 8,319 | 7,594 | 2,887 | 7,172 | - | 900 | - |
| 11 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | 2.3 GS 110-1,000 kVa | 48,799 | 33,383 | 559 | - | 187 | 10,557 | 406 | 770 | 179 | 1,849 | 263 | 177 | 439 | - | 31 | - |
| 13 | 4.1 Street and Area Lighting | 10,892 | 1,618 | 10 | - | 9 | 512 | 2,028 | 37 | 896 | 90 | 1,316 | - | - | 4,220 | 156 | - |
| 14 | **Total** | **1,094,030** | **665,767** | **4,963** | **-** | **3,722** | **210,549** | **61,530** | **15,358** | **27,184** | **36,868** | **39,923** | **5,515** | **13,699** | **4,220** | **4,731** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Proration |
| | **Allocated Revenue Requirement Excluding Return** | | | |
| 1 | 1.1 Domestic Diesel | 14,454 | 1,027 | |
| 2 | 1.12 Domestic All Electric | 33,977 | 2,413 | |
| 3 | 2.1 GS 0-10 kW | 20,721 | 1,472 | |
| 4 | 2.2 GS 10-100 kW | - | - | |
| 5 | 2.3 GS 110-1,000 kVa | 8,227 | 584 | |
| 6 | 4.1 Street and Area Lighting | 433 | 31 | |
| 7 | **Total** | **77,811** | **5,527** | |
| | **Allocated Return on Debt and Equity** | | | |
| 8 | 1.1 Domestic Diesel | - | - | |
| 9 | 1.12 Domestic All Electric | - | - | |
| 10 | 2.1 GS 0-10 kW | - | - | |
| 11 | 2.2 GS 10-100 kW | - | - | |
| 12 | 2.3 GS 110-1,000 kVa | - | - | |
| 13 | 4.1 Street and Area Lighting | - | - | |
| 14 | **Total** | **-** | **-** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| Line No. | 1<br>Description | 2<br>Total Amount ($) | 3<br>Production Demand ($) | 4<br>Production Energy ($) | 5<br>Transmsn Demand ($) | 6<br>Distribution<br>Substations Demand ($) | 7<br>Primary Lines Demand ($) | 8<br>Primary Lines Customer ($) | 9<br>Line Transformers Demand ($) | 10<br>Line Transformers Customer ($) | 11<br>Secondary Lines Demand ($) | 12<br>Secondary Lines Customer ($) | 13<br>Services Customer ($) | 14<br>Meters Customer ($) | 15<br>Street Lightin Customer ($) | 16<br>Accounting Customer ($) | 17<br>Specifically Assigned Customer ($) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Total Revenue Requirement** | | | | | | | | | | | | | | | | |
| 1 | 1.1 Domestic Diesel | 1,524,956 | 415,114 | 700,113 | - | 2,256 | 145,362 | 69,602 | 10,378 | 30,038 | 25,143 | 44,761 | 4,263 | 10,771 | - | 51,674 | - |
| 2 | 1.12 Domestic All Electric | 3,428,682 | 925,835 | 1,824,036 | - | 5,032 | 324,203 | 77,136 | 23,147 | 33,289 | 56,078 | 49,607 | 4,724 | 11,937 | - | 57,268 | - |
| 3 | 2.1 GS 0-10 kW | 1,802,652 | 419,200 | 1,036,903 | - | 2,279 | 146,793 | 36,236 | 10,481 | 15,638 | 25,391 | 23,304 | 10,586 | 26,748 | - | 26,902 | - |
| 4 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 5 | 2.3 GS 110-1,000 kVa | 601,815 | 93,156 | 452,929 | - | 506 | 32,621 | 1,256 | 2,329 | 542 | 5,642 | 808 | 647 | 1,636 | - | 932 | - |
| 6 | 4.1 Street and Area Lighting | 50,646 | 4,516 | 8,479 | - | 25 | 1,581 | 6,279 | 113 | 2,710 | 274 | 4,038 | - | - | 17,507 | 4,661 | - |
| 7 | **Total** | **7,408,751** | **1,857,821** | **4,022,460** | **-** | **10,098** | **650,560** | **190,508** | **46,448** | **82,217** | **112,528** | **122,517** | **20,220** | **51,092** | **17,507** | **141,438** | **-** |
| | **Re-classification of Revenue-Related** | | | | | | | | | | | | | | | | |
| 8 | 1.1 Domestic Diesel | (0) | 4,257 | 7,180 | - | 23 | 1,491 | 714 | 106 | 308 | 258 | 459 | 44 | 110 | - | 530 | - |
| 9 | 1.12 Domestic All Electric | 0 | 9,932 | 19,567 | - | 54 | 3,478 | 827 | 248 | 357 | 602 | 532 | 51 | 128 | - | 614 | - |
| 10 | 2.1 GS 0-10 kW | (0) | 5,225 | 12,924 | - | 28 | 1,830 | 452 | 131 | 195 | 316 | 290 | 132 | 333 | - | 335 | - |
| 11 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 12 | 2.3 GS 110-1,000 kVa | (0) | 1,384 | 6,730 | - | 8 | 485 | 19 | 35 | 8 | 84 | 12 | 10 | 24 | - | 14 | - |
| 13 | 4.1 Street and Area Lighting | - | 42 | 78 | - | 0 | 15 | 58 | 1 | 25 | 3 | 37 | - | - | 162 | 43 | - |
| 14 | **Total** | **0** | **20,840** | **46,479** | **-** | **113** | **7,298** | **2,070** | **521** | **893** | **1,262** | **1,331** | **236** | **596** | **162** | **1,536** | **-** |
| | **Total Allocated Revenue Requirement** | | | | | | | | | | | | | | | | |
| 15 | 1.1 Domestic Diesel | 1,524,956 | 419,372 | 707,293 | - | 2,279 | 146,853 | 70,316 | 10,485 | 30,346 | 25,401 | 45,220 | 4,306 | 10,881 | - | 52,204 | - |
| 16 | 1.12 Domestic All Electric | 3,428,682 | 935,767 | 1,843,604 | - | 5,086 | 327,681 | 77,963 | 23,395 | 33,646 | 56,679 | 50,139 | 4,775 | 12,065 | - | 57,882 | - |
| 17 | 2.1 GS 0-10 kW | 1,802,652 | 424,425 | 1,049,827 | - | 2,307 | 148,622 | 36,688 | 10,611 | 15,833 | 25,707 | 23,594 | 10,718 | 27,082 | - | 27,238 | - |
| 18 | 2.2 GS 10-100 kW | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 19 | 2.3 GS 110-1,000 kVa | 601,815 | 94,540 | 459,659 | - | 514 | 33,105 | 1,274 | 2,364 | 550 | 5,726 | 820 | 657 | 1,660 | - | 946 | - |
| 20 | 4.1 Street and Area Lighting | 50,646 | 4,558 | 8,558 | - | 25 | 1,596 | 6,336 | 114 | 2,735 | 276 | 4,075 | - | - | 17,669 | 4,704 | - |
| 21 | **Total** | **7,408,751** | **1,878,661** | **4,068,940** | **-** | **10,211** | **657,858** | **192,577** | **46,969** | **83,110** | **113,790** | **123,848** | **20,456** | **51,688** | **17,669** | **142,974** | **-** |

**NEWFOUNDLAND & LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**L'Anse au Loup**
**Allocation of Functionalized Amounts to Classes of Service (CONT'D.)**

| | 1 | 18 | 19 | |
|---|---|---|---|---|
| | | Revenue Related | | |
| Line No. | Description | Municipal Tax ($) | PUB Assessment ($) | Basis of Proration |
| | **Total Revenue Requirement** | | | |
| 1 | 1.1 Domestic Diesel | 14,454 | 1,027 | |
| 2 | 1.12 Domestic All Electric | 33,977 | 2,413 | |
| 3 | 2.1 GS 0-10 kW | 20,721 | 1,472 | |
| 4 | 2.2 GS 10-100 kW | - | - | |
| 5 | 2.3 GS 110-1,000 kVa | 8,227 | 584 | |
| 6 | 4.1 Street and Area Lighting | 433 | 31 | |
| 7 | **Total** | **77,811** | **5,527** | |
| | **Re-classification of Revenue-Related** | | | |
| 8 | 1.1 Domestic Diesel | (14,454) | (1,027) | Re-classification to demand, energy and customer is based on rate class revenue |
| 9 | 1.12 Domestic All Electric | (33,977) | (2,413) | requirements excluding revenue-related items. |
| 10 | 2.1 GS 0-10 kW | (20,721) | (1,472) | |
| 11 | 2.2 GS 10-100 kW | - | - | |
| 12 | 2.3 GS 110-1,000 kVa | (8,227) | (584) | |
| 13 | 4.1 Street and Area Lighting | (433) | (31) | |
| 14 | **Total** | **(77,811)** | **(5,527)** | |
| | **Total Allocated Revenue Requirement** | | | |
| 15 | 1.1 Domestic Diesel | - | - | |
| 16 | 1.12 Domestic All Electric | - | - | |
| 17 | 2.1 GS 0-10 kW | - | - | |
| 18 | 2.2 GS 10-100 kW | - | - | |
| 19 | 2.3 GS 110-1,000 kVa | - | - | |
| 20 | 4.1 Street and Area Lighting | - | - | |
| 21 | **Total** | **-** | **-** | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Functionalization & Classification Ratios**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Distribution | | | | | | | | | | | |
| | | | | Production | Transmission | Rural Prod & | | Primary Lines | | Line Transformers | | Secondary Lines | | | | | | Specifically |
| Line No. | Description | Total Amount (%) | Production Demand (%) | & Transmission Energy (%) | Network Demand (%) | Transmission Demand (%) | Substations Demand (%) | Demand (%) | Customer (%) | Demand (%) | Customer (%) | Demand (%) | Customer (%) | Services Customer (%) | Meters Customer (%) | Street Lighting Customer (%) | Accounting Customer (%) | Assigned Customer (%) |
| | **Generation** | | | | | | | | | | | | | | | | | |
| 1 | Hydraulic | 100% | 45.66% | 54.34% | | | | | | | | | | | | | | |
| 2 | Hydraulic - GNP | 100% | 45.66% | 54.34% | | | | | | | | | | | | | | |
| 3 | Holyrood | 100% | 84.26% | 15.74% | 0 | | | | | | | | | | | | | |
| 4 | Gas Tur Island Intercnctd | 100% | 100.00% | 0.00% | | | | | | | | | | | | | | |
| 5 | Diesel Island Intercnctd - GNP | 100% | 100.00% | 0.00% | | | | | | | | | | | | | | |
| 6 | Dsl / Gas Tur Island Isolated | 100% | 56.39% | 43.61% | | | | | | | | | | | | | | |
| 7 | Dsl / Gas Tur Labrador Isolated | 100% | 40.63% | 59.37% | | | | | | | | | | | | | | |
| 8 | Dsl / Gas Tur L'Anse au Loup | 100% | 100.00% | 0.00% | | | | | | | | | | | | | | |
| 9 | Dsl / Gas Tur Labrador Intercnctd | 100% | 100.00% | 0.00% | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| | **Fuel** | | | | | | | | | | | | | | | | | |
| 10 | No. 6 Fuel | 100% | 0.00% | 100.00% | | | | | | | | | | | | | | |
| 11 | Gas Tur Island Intercnctd | 100% | 100.00% | 0.00% | | | | | | | | | | | | | | |
| 12 | Diesel Island Intercnctd - GNP | 100% | 100.00% | 0.00% | | | | | | | | | | | | | | |
| 13 | Dsl / Gas Tur Island / Lab Isolated | 100% | 0.00% | 100.00% | | | | | | | | | | | | | | |
| 14 | Dsl / Gas Tur L'Anse au Loup | 100% | 0.00% | 100.00% | | | | | | | | | | | | | | |
| 15 | Dsl / Gas Tur Labrador Intercnctd | 100% | 100.00% | 0.00% | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | |
| | **Transmission Lines & Terminals** | | | | | | | | | | | | | | | | | |
| 16 | Lines Network | 100% | | 0.00% | 100% | | | | | | | | | | | | | |
| 17 | Lines - Hydraulic | 100% | 45.66% | 54.34% | | | | | | | | | | | | | | |
| 18 | Lines - Customer Specific | 100% | | | | | | | | | | | | | | | | 100% |
| 19 | Terminal Stations Network | 100% | | 0 | 100% | | | | | | | | | | | | | |
| 20 | Term Stns - Hydraulic | 100% | 45.66% | 54.34% | | | | | | | | | | | | | | |
| 21 | Term Stns - Holyrood | 100% | 84.26% | 15.74% | | | | | | | | | | | | | | |
| 22 | Term Stns - Gas Tur | 100% | 100% | | | | | | | | | | | | | | | |
| 23 | Term Stns - Diesel GNP | 100% | 100.00% | 0.00% | | | | | | | | | | | | | | |
| 24 | Terminal Stations - Distribution | 100% | | | | | 100% | | | | | | | | | | | |
| 25 | Term Stns - Custmr Specific | 100% | | | | | | | | | | | | | | | | 100% |
| 26 | Rural Lines | 100% | | | | 100.0% | | | | | | | | | | | | |
| 27 | Rural Terminal Stations | 100% | | | | 100.0% | | | | | | | | | | | | |

Schedule 4.1
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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Functionalization & Classification Ratios (CONT'D.)**

| | 1 | 2 | 3 | 4 | 5 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Production | Transmission | Rural Prod & | Distribution | | | | | | | | | | | Specifically |
| Line | | Total | Production | & Transmission | Network | Transmission | Substations | Primary Lines | | Line Transformers | | Secondary Lines | | Services | Meters | Street Lighting | Accounting | Assigned |
| No. | Description | Amount | Demand | Energy | Demand | Demand | Demand | Demand | Customer | Demand | Customer | Demand | Customer | Customer | Customer | Customer | Customer | Customer |
| | | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) | (%) |
| | **Distribution** | | | | | | | | | | | | | | | | | |
| 28 | Substation Structures & Equipment | | | | | | 100% | | | | | | | | | | | |
| 29 | Land & Land Improvements - by Sub-function: | | | | | | | | | | | | | | | | | |
| 30 | Primary | 85% | | | | | | 88.7% | 11.3% | | | | | | | | | |
| 31 | Secondary | 15% | | | | | | | | | | 58.3% | 41.7% | | | | | |
| 32 | Land & Land Improvements | 100% | | | | | | 75.4% | 9.6% | | | 8.7% | 6.3% | | | | | |
| 33 | Poles - by Subfunction: | | | | | | | | | | | | | | | | | |
| 34 | 3 phase - Primary | 41.2% | | | | | | 100.0% | | | | | | | | | | |
| 35 | Other Primary | 36.4% | | | | | | 45.7% | 54.3% | | | | | | | | | |
| 36 | Secondary | 22.4% | | | | | | | | | | 45.7% | 54.3% | | | | | |
| 37 | Poles | 100% | | | | | | 57.8% | 19.8% | | | 10.2% | 12.2% | | | | | |
| 38 | Primary Condctr & Equip | 100% | | | | | | 88.7% | 11.3% | | | | | | | | | |
| 39 | Submarine Conductor | 100% | | | | | | 100.0% | | | | | | | | | | |
| 40 | Transformers | 100% | | | | | | | | 36.1% | 63.9% | | | | | | | |
| 41 | Secondary Condctr & Equip | 100% | | | | | | | | | | 58.3% | 41.7% | | | | | |
| 42 | Services | 100% | | | | | | | | | | | | 100.0% | | | | |
| 43 | Meters | 100% | | | | | | | | | | | | | 100.0% | | | |
| 44 | Street Lighting | 100% | | | | | | | | | | | | | | 100.0% | | |
| 45 | Customer Accounting | 100% | | | | | | | | | | | | | | | 100.0% | |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**

**System Load Factor**

| Line No. | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| | | **Island Interconnected** | **Island Isolated** | **Labrador Isolated** | **L'Anse au Loup** | **Labrador Interconnected** |
| 1 | Sales+Losses for System Load Factor (MWh) | 7,201,672 | 7,518 | 46,129 | 27,027 | 2,969,637 |
| 2 | Hours in Year | 8,760 | 8,760 | 8,760 | 8,760 | 8,760 |
| 3 | Average Demand (kW) | 822,109 | 858 | 5,266 | 3,085 | 339,000 |
| 4 | Coincident Peak at Generation (kW) | 1,513,022 | 1,968 | 8,870 | 6,090 | 435,825 |
| 5 | System Load Factors | 54.34% | 43.61% | 59.37% | 50.66% | 77.78% |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Holyrood Capacity Factor**

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Line No. | Year | Net Production (kWh) | Net Capacity (MW) | Net Production Hours | Net Capacity Factor |
| 1 | 2012 Actual | 855,826,207 | 466 | 8,760 | 20.97% |
| 2 | 2013 Actual | 957,442,307 | 466 | 8,760 | 23.48% |
| 3 | 2014 Actual | 1,315,311,289 | 466 | 8,760 | 32.26% |
| 4 | 2015 Actual | 1,458,455,118 | 466 | 8,760 | 35.77% |
| 5 | 2016 Actual | 1,620,931,383 | 466 | 8,760 | 39.75% |
| 6 | 5-Year Average | 1,241,593,261 | 466 | 8,760 | 30.44% |
| 7 | Current Year | 641,731,000 | 465.5 | 8,760 | 15.74% |

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**NEWFOUNDLAND AND LABRADOR HYDRO**
**2019 Test Year Compliance Cost of Service Study - for Rate Setting**
**Total System**
**Power Purchases**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |
|---|---|---|---|---|---|---|---|---|---|
| Line No. | | Total ($) | Production Demand ($) | Production & Transmission Energy ($) | Transmission Export Demand ($) | Transmission Network Demand ($) | Rural Transmission Demand ($) | Distribution Demand ($) | Basis of Functional Classification |
| | **Island Interconnected:** | | | | | | | | |
| 1 | DLP Secondary | 0 | | 0 | | | | | Production - Energy (Same as RSP Sec Load Var) |
| 2 | AP Secondary | - | | - | | | | | Production - Energy (Secondary) |
| 3 | Wheeling | 769,061 | | | | | 769,061 | | Rural Transmission |
| 4 | Interruptible Demand | 3,373,300 | 3,373,300 | | | | | | Production - Demand |
| 5 | Interruptible Energy | - | | - | | | | | Production - Energy |
| 6 | Non-utility Generation excluding wind | 44,067,199 | 20,123,046 | 23,944,153 | | | | | Energy: System Load Factor |
| 7 | Wind Purchases | 14,080,768 | - | 14,080,768 | | | | | Production - Energy |
| 8 | Power Purchases - LTA Costs | - | - | - | - | | | | Energy: System Load Factor |
| 9 | Power Purchases - LIL Costs | - | - | - | - | | | | Energy: System Load Factor |
| 10 | Power Purchases - Off Island | 13,492,735 | - | 13,492,735 | - | | | | Energy: System Load Factor |
| 11 | Recapture | 797,206 | - | 797,206 | - | | | | Energy: System Load Factor |
| 12 | **Subtotal** | **76,580,269** | **23,496,346** | **52,314,862** | **-** | **-** | **769,061** | **-** | |
| 13 | | | | | | | | | |
| | **Labrador Interconnected:** | | | | | | | | |
| 14 | CF(L)Co | 1,569,103 | 348,601 | 1,220,502 | | | | | Energy: System Load Factor |
| 15 | Other | - | - | | | | | | Labrador Lynx Interuptible |
| 16 | **Subtotal** | **1,569,103** | **348,601** | **1,220,502** | **-** | **-** | **-** | **-** | |
| | **Isolated Systems:** | | | | | | | | |
| 17 | Mary's Harbour | - | | - | | | | | Production - Energy |
| 18 | L'Anse au Loup | 3,348,796 | | 3,348,796 | | | | | Production - Energy |
| 19 | Ramea Wind | 164,000 | - | 164,000 | | | | | Production - Energy |
| 20 | **Subtotal** | **3,512,796** | **0** | **3,512,796** | **0** | **0** | **0** | **0** | |
| 21 | **Total** | **81,662,168** | **23,844,947** | **57,048,160** | **-** | **-** | **769,061** | **-** | |

# Exhibit 15: Schedule of Rates, Rules, and Regulations

# 2017 GRA Compliance Application Exhibit 15: Schedule of Rates, Rules, and Regulations

July 2019

**NEWFOUNDLAND AND LABRADOR HYDRO**

**UTILITY**

**Availability:**

This rate is applicable to service to Newfoundland Power (NP).

**Definitions:**

"Billing Demand"

The Curtailable Credit shall apply to determine the billing demand as an adjustment to the highest Native Load established during the winter period. The computation of the adjustment to reflect the Curtailable Credit is provided in the definitions below.

In the Months of January through March, billing demand shall be the greater of:

(a) the highest Native Load less the Generation Credit and the Curtailable Credit, beginning in the previous December and ending in the current Month; and
(b) the Minimum Billing Demand.

In the Months of April through December, billing demand shall be the greater of:

(a) the Weather-Adjusted Native Load less the Generation Credit and the Curtailable Credit, plus the Weather Adjustment True-up; and
(b) the Minimum Billing Demand.

If at the time of establishing its Maximum Native Load, NP has been requested by Hydro to reduce its Native Load by shedding curtailable load, the calculation of Billing Demand for each month shall not deduct the Curtailable Credit.

"Generation Credit" refers to NP's net generation capacity less allowance for system reserve, as follows:

| | kW |
|---|---|
| Hydraulic Generation Credit | 83,486 |
| Thermal Generation Credit | 34,568 |
| Newfoundland Power Generation Credit | 118,054 |

In order to continue to avail of the Generation Credit, NP must demonstrate the capability to operate its generation to the level of the Generation Credit. This will be verified in a test by operating the generation at a minimum of this level for a period of one hour as measured by the generation demand metering used to determine the Native Load. The test will be carried out at

**NEWFOUNDLAND AND LABRADOR HYDRO**

**UTILITY**

a mutually agreed time between December 1 and March 31 each year. If the level is not sustained, Newfoundland Power will be provided an opportunity to repeat the test at another mutually agreed time during the same December 1 to March 31 period. If the level is not sustained in the second test, the Generation Credit will be reduced in calculating the associated billing demands for January to December to the highest level that could be sustained.

“Curtailable Credit” is determined based upon NP's forecast curtailable load available for the period in accordance with the terms and conditions set forth in NP’s Curtailable Service Option. NP will notify Hydro of its available curtailable load with its forecast of annual and monthly electricity requirements.

In order to receive the Curtailable Credit, NP must demonstrate the capability to curtail its customer load requirements to the level of the Curtailable Credit. This will be verified in a test by curtailing load at a minimum of this level for a period of one hour. The test will be carried out at a mutually agreed time in December. If the level is not sustained, the Curtailable Credit will be reduced to the level sustained. If Hydro requests NP to curtail load before a test is completed and NP demonstrates the capability to curtail to the level of the Curtailment Credit, no test will be required.

NP will be required to provide a report to Hydro not later than April 15 to demonstrate the amount of load curtailed for each request of Hydro during the previous winter season. If the load curtailed is less than forecast for either request during the winter season, the annual Curtailable Credit will be adjusted to reflect the average load curtailed for the winter season. If NP is not requested to curtail during the winter season, the Curtailment Credit will established based upon the lesser of the load reduction achieved in the test or the forecast curtailable load (as provided in the previous two paragraphs).

“Maximum Native Load” means the maximum Native Load of NP in the four-Month period beginning in December of the preceding year and ending in March of the current year.

“Minimum Billing Demand” means ninety-nine percent (99%) of:

NP’s test year Native Load less the Generation Credit and the Curtailable Credit.

The Curtailable Credit reflected in the Minimum Billing Demand will be set to equal the curtailable load used to determine the Maximum Native Load for NP for the most recently approved Test Year.

“Month” means for billing purposes, the period commencing at 12:01 hours on the last day of the previous month and ending at 12:00 hours on the last day of the month for which the bill applies.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**UTILITY (continued)**

"Native Load" is the sum of:

(a) the amount of electrical power, delivered at any time and measured in kilowatts, supplied by Hydro to NP, averaged over each consecutive period of fifteen minutes duration, commencing on the hour and ending each fifteen minute period thereafter;
(b) the total generation by NP averaged over the same fifteen-minute periods.

"Weather-Adjusted Native Load" means the Maximum Native Load adjusted to normal weather conditions, calculated as:

Maximum Native Load
plus (Weather Adjustment, rounded to 3 decimal places, x 1000)

Weather Adjustment is further described and defined in the Weather Adjustment section.

"Weather Adjustment True-up" means one-ninth of the difference between:

(a) the greater of:
 - the Weather Adjusted Native Load less the Generation Credit and the Curtailable Credit (if applicable), times three; and
 - the Minimum Billing Demand, times three; and
(b) the sum of the actual billed demands in the Months of January, February and March of the current year.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**UTILITY (continued)**

**Monthly Rates:**

**Billing Demand Charge:**
Billing Demand, as set out in the Definitions section, shall be charged at the following rate:

Demand Charge…………………………………………………………………….$5.00 per kW of Billing Demand

**Energy Charge:**
November - April
First 410,000,000 kilowatt-hours*............................................................ @ 2.444 ¢ per kWh
All excess kilowatt-hours* ........................................................................ @ 18.165 ¢ per kWh

May - October
First 250,000,000 kilowatt-hours*............................................................ @ 2.444 ¢ per kWh
All excess kilowatt-hours* ........................................................................ @ 18.165 ¢ per kWh

**Firming-up Charge:**
Secondary energy supplied by
Corner Brook Pulp and Paper Limited* ..................................................... @ 2.882 ¢ per kWh

**RSP Adjustment:**

Current Plan .....................................@ (0.188) ¢ per kWh
Fuel Rider .............................................@ 0.00 ¢ per kWh

Total RSP Adjustment – All kilowatt-hours.................................. @ (0.188) ¢ per kWh

**CDM Cost Recovery Adjustment**…………………………………………………………. @ 0.026 ¢ per kWh

**2017 GRA Cost Recovery Rider** (to conclude May 31, 2021)……………..@ $892,219 per month

***Subject to RSP Adjustment:**

RSP Adjustment refers to all applicable adjustments arising from the operation of Hydro's Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

**Adjustment for Losses:**

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year, shall be applied to metered demand and energy.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**UTILITY (continued)**

**Adjustment for Station Services and Step-Up Transformer Losses:**

If the metering point is not on the generator output terminals of NP's generators, an adjustment for Newfoundland Power's power consumption between the generator output terminals and the metering point as determined in consultation with the customer prior to the implementation of the metering, shall be applied to the metered demand.

**Weather Adjustment:** This section outlines procedures and calculations related to the weather adjustment applied to NP's Maximum Native Load.

(a) Weather adjustment shall be undertaken for use in determining NP's Billing Demand.

(b) Weather adjustment shall be derived from Hydro's NP native peak demand model.

(c) By September 30$^{th}$ of each year, Hydro shall provide NP with updated weather adjustment coefficient incorporating the latest year of actuals.

(d) The underlying temperature and wind speed data utilized to derive weather adjustment shall be sourced to weather station data for the St. John's, Gander, and Stephenville airports reported by Environment Canada. NP's regional energy sales shall be used to weight regional weather data. Hydro shall consult with NP to resolve any circumstances arising from the availability of, or revisions to, weather data from Environment Canada and/or wind chill formulation.

(e) The primary definition for the temperature weather variable is the average temperature for the peak demand hour and the preceding seven hours. The primary definition for the wind weather data is the average wind speed for the peak demand hour and the preceding seven hours. Hydro will consult with NP should data anomalies indicate a departure from the primary definition on underlying weather data.

(f) Subject to the availability of weather data from Environment Canada, Hydro shall prepare a preliminary estimate of the Weather-Adjusted Native Load by March 15$^{th}$ of each year, and a final calculation of Weather-Adjusted Native Load by April 5$^{th}$ of each year.

**General:**

**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

With respect to all matters where the customer and Hydro consult on resolution but are unable to reach mutual agreement, the billing will be based on Hydro's best estimate.

# NEWFOUNDLAND AND LABRADOR HYDRO

## INDUSTRIAL – FIRM

**Availability:**

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

**Base Rate*:**

**Demand Charge:**

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be $10.73 per kilowatt (kW) per month of billing demand.

**Firm Energy Charge:**

Base Rate ........................................................................................................ @ 4.428 ¢ per kWh

2017 GRA Cost Recovery Rider (to conclude May 31, 2021).............................@ 0.042 ¢ per kWh

**RSP Adjustment:**

**RSP Adjustment:**

Current Plan .......................................... @ 0.000 ¢ per kWh
Fuel Rider ............................................... @ 0.000 ¢ per kWh

Total RSP Adjustment – All kilowatt-hours ........................................ @ 0.000 ¢ per kWh

**CDM Cost Recovery Adjustment**...........................................................................@ 0.011 ¢ per kWh

**NEWFOUNDLAND AND LABRADOR HYDRO**

**INDUSTRIAL – FIRM**

**Specifically Assigned Charges:**

The table below contains the additional annual specifically assigned charges for customer plant in service that is specifically assigned to the Customer.

| | **Annual Amount** |
|---|---|
| Corner Brook Pulp and Paper Limited | $ 13,311 |
| North Atlantic Refining Limited | $ 107,678 |
| Teck Resources Limited | $ 51,789 |
| Vale | $ 145,352 |

***Subject to RSP Adjustments and CDM Cost Recovery Adjustment:**

RSP Adjustments refers to all applicable adjustments arising from the operation of Hydro's Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

The CDM Cost Recovery Adjustment is updated annually to provide recovery over a seven year period of costs charged annually to the Conservation and Demand Management (CDM) Cost Deferral Account.

**Adjustment for Losses:**

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

**General:**

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**INDUSTRIAL – Non-Firm**

**Availability:**

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy.

**Rate:**

**Non-Firm Energy Charge (¢ per kWh):**

Non-Firm Energy is deemed to be supplied from thermal sources. The following formula shall apply to calculate the Non-Firm Energy rate:

$$\{(A \div B) \times (1 + C) \times (1 \div (1 - D))\} \times 100$$

A = the monthly average cost of fuel per barrel for the energy source in the current month or, in the month the source was last used

B = the conversion factor for the source used (kWh/bbl)

C = the administrative and variable operating and maintenance charge (10%)

D = the average system losses on the Island Interconnected grid for the last five years ending in 2016 (3.34%).

The energy sources and associated conversion factors are:

1. Holyrood, using No. 6 fuel with a conversion factor of 583 kWh/bbl
2. Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl
3. Diesels using No. 2 fuel with a conversion factor of 556 kWh/bbl.

**Adjustment for Losses:**

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year shall be applied.

**General:**

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**INDUSTRIAL - WHEELING**

**Availability:**

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy and whose Industrial Service Agreement so provides.

**Rate:**

**Energy Charge:**

All kWh (Net of losses)* ........................................................................................ @ 0.831 ¢ per kWh

*For the purpose of this Rate, losses shall be 3.34%, the average system losses on the Island Interconnected Grid for the last five years ending in 2016.

**General:**

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE STABILIZATION PLAN**

The Rate Stabilization Plan of Newfoundland and Labrador Hydro (Hydro) is established for Hydro's Utility customer, Newfoundland Power, and Island Industrial customers to smooth rate impacts for variations between actual results and Test Year Cost of Service estimates for:

- hydraulic production;
- No. 6 fuel cost used at Hydro's Holyrood generating station;
- customer load (Utility and Island Industrial); and
- rural rates.

The formulae used to calculate the Plan's activity are outlined below. Positive values denote amounts owing from customers to Hydro whereas negative values denote amounts owing from Hydro to customers.

**Section A: Hydraulic Production Variation**

1. **Activity:**
   Actual monthly production is compared with the Test Year Cost of Service Study in accordance with the following formula:

   $$\{(A - B) \div C\} \times D$$

   Where:

   A = Test Year Cost of Service Net Hydraulic Production (kWh)
   B = Actual Net Hydraulic Production + Net Ponded Energy – Spill Exports (kWh)
   C = Test Year Cost of Service Holyrood Net Conversion Factor (kWh /bbl.)
   D = Monthly Test Year Cost of Service No. 6 Fuel Cost ($Can/bbl.) inclusive of foreign exchange gains/losses.

   Net Ponded Energy is defined as energy imports in kWh for ponding (Ponding Imports) less energy generated in kWh for the purposes of sale to external markets (Ponding Exports). The calculation of Net Ponded Energy shall exclude any Ponding Imports used to serve native load and spilled Ponded Energy (Ponding Spill), if applicable.

   Spill Exports reflects production of energy during the month for sale to external markets to avoid spill (kWh), if applicable.

   The metering point for determining the Ponding Imports is at Bottom Brook or the Labrador-Quebec border, as applicable. The metering point for Ponding Exports and Spill Exports is at Hydro's generation.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE STABILIZATION PLAN (Continued)**

2. **Financing:**
Each month, financing charges, using Hydro's approved Test Year weighted average cost of capital, will be calculated on the balance.

3. **Hydraulic Variation Customer Assignment:**
Customer assignment of hydraulic variations will be performed annually as follows:

$$(E \times 25\%) + F$$

Where:

E = Hydraulic Variation Account Balance as of December 31, excluding financing charges
F = Financing charges accumulated to December 31

The total amount of the Hydraulic Customer Assignment shall be removed from the Hydraulic Variation Account.

4. **Customer Allocation:**
The annual customer assignment will be allocated among the Island Interconnected customer groups of (1) Newfoundland Power; (2) Island Industrial Firm; and (3) Rural Island Interconnected. The allocation will be based on percentages derived from 12 months-to-date kWh for: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The portion of the hydraulic customer assignment which is initially allocated to Rural Island Interconnected will be re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study.

The Newfoundland Power and Island Industrial customer allocations shall be included with the Newfoundland Power and Island Industrial RSP balances respectively as of December 31 each year. The Labrador Interconnected Hydraulic customer allocation shall be written off to Hydro's net income (loss).

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE STABILIZATION PLAN (Continued)**

**Section B: Fuel Cost Variation, Load Variation and Rural Rate Alteration**

**1. Activity**

**1.1 Fuel Cost Variations**

This is based on the consumption of No. 6 Fuel at the Holyrood Generating Station:

$$(G - D) \times H$$

Where:

D = Monthly Test Year Cost of Service No. 6 Fuel Cost ($Can /bbl.)
G = Monthly Actual Average No. 6 Fuel Cost ($Can /bbl.) inclusive of foreign exchange gains/losses.
H = Monthly Actual Quantity of No. 6 Fuel consumed less No. 6 fuel consumed for non-firm sales (bbl.)

**1.2 Load Variations**

**Firm:** Firm load variation is comprised of fuel and revenue components. The load variation is determined by calculating the difference between actual monthly sales and the Test Year Cost of Service Study sales, and the resulting variance in No. 6 fuel costs and sales revenues. It is calculated separately for Newfoundland Power firm sales and Industrial firm sales, in accordance with the following formula:

$$(I - J) \times \{(D \div C) - K\}$$

Where:

C = Test Year Cost of Service Holyrood Net Conversion Factor (kWh /bbl.)
D = Monthly Test Year Cost of Service No. 6 Fuel Cost ($Can /bbl.)
I = Actual Sales, by customer class (kWh)
J = Test Year Cost of Service Sales, by customer class (kWh)
K = Firm energy rate, by customer class

**Secondary:** Secondary load variation is based on the revenue variation for Utility Firmed-Up Secondary energy sales compared with the Test Year Cost of Service Study, in accordance with the following formula:

$$(J - I) \times L$$

Where:

I = Actual Sales (kWh)
J = Test Year Cost of Service Sales (kWh)
L = Secondary Energy Firming Up Charge

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE STABILIZATION PLAN (Continued)**

### 1.3 Rural Rate Alteration

Newfoundland Power Rate Change Impacts:
This component is calculated for Hydro's rural customers whose rates are directly or indirectly impacted by Newfoundland Power's rate changes, with the following formula:

$$(M - N) \times O$$

Where:

M = Cost of Service rate
N = Existing rate
O = Test Year Units (kWh, bills, billing demand)

### 2. Monthly Customer Allocation: Load and Fuel Activity

Each month, the year-to-date total for fuel price variation and the year-to-date total for the load variation will be allocated among the Island Interconnected customer groups of (1) Newfoundland Power; (2) Island Industrial Firm; and (3) Rural Island Interconnected. The allocation will be based on percentages derived from 12 months-to-date kWh for: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The year-to-date portion of the fuel price variation and the year-to-date portion of the load variation which is initially allocated to Rural Island Interconnected will be re-allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study.

The current month's activity for Newfoundland Power, Island Industrials and regulated Labrador Interconnected customers will be calculated by subtracting year-to-date activity for the prior month from year-to-date activity for the current month. The current month's activity allocated to regulated Labrador Interconnected customers will be removed from the Plan and written off to Hydro's net income (loss).

### 3. Monthly Customer Allocation: Rural Rate Alteration Activity

Each month, the rural rate alteration will be allocated between Newfoundland Power and regulated Labrador Interconnected customers in the same proportion which the Rural Deficit was allocated in the approved Test Year Cost of Service Study. The portion allocated to regulated Labrador Interconnected will be removed from the Plan and written off to Hydro's net income (loss).

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE STABILIZATION PLAN (Continued)**

4. **Plan Balances**
   Separate plan balances for Newfoundland Power, the Island Industrial customer class and the segregated load variation will be maintained. The RSP balances shall be adjusted by other amounts as ordered by the Board. Financing charges on the plan balances will be calculated monthly using Hydro's approved Test Year weighted average cost of capital.

**Section C: Fuel Price Projection**

A fuel price projection will be calculated to anticipate forecast fuel price changes and to determine fuel riders for the rate adjustments. For industrial customers, this will occur in October each year, for inclusion with the RSP adjustment effective January 1. For Newfoundland Power, this will occur in April each year, for inclusion with the RSP adjustment effective July 1.

1. **Industrial Fuel Price Projection:**
   In October each year, a fuel price projection for the following January to December shall be made to estimate a change from Test Year No. 6 Fuel Cost. Hydro's projection shall be based on the change from the average Test Year No. 6 fuel cost, in Canadian dollars per barrel, determined from the forecast oil prices provided by the PIRA Energy Group, and the current US exchange rate. The calculation for the projection is:

$$[\{(S + T) \times U\} - V] \times W$$

Where:

S = the September month-end PIRA Energy Group average monthly forecast for No. 6 fuel prices at New York Harbour for the following January to December
T = Hydro's average fuel contract premium or (discount) ($US/bbl) for the following January to December
U = the monthly average of the $Cdn / $US Bank of Canada Exchange Rate for the month of September
V = average Test Year Cost of Service cost of No. 6 Fuel ($Can /bbl.)
W = the number of barrels of No. 6 fuel forecast to be consumed at the Holyrood Generating Station for the Test Year for the Test Year, or an alternate forecast number of barrels as approved by the Board.

The industrial customer allocation of the forecast fuel price change will be based on 12 months-to-date kWh as of the end of September and is the ratio of Industrial Firm invoiced energy to the total of: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The amount of the forecast fuel price change, in Canadian dollars, and the details of an estimate of the fuel rider based on 12 months-to-date kWh sales to the end of September will be reported to industrial customers, Newfoundland Power, and the Public Utilities Board, by the 10th working day of October.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE STABILIZATION PLAN (Continued)**

**2. Newfoundland Power Fuel Price Projection:**

In April each year, a fuel price projection for the following July to June shall be made to estimate a change from Test Year No. 6 Fuel Cost. Hydro's projection shall be based on the change from the average Test Year No. 6 fuel cost, in Canadian dollars per barrel, determined from the forecast oil prices provided by the PIRA Energy Group, and the current US exchange rate. The calculation for the projection is:

$$[\{(X + T) \times Y\} - V] \times W$$

Where:

T = Hydro's average fuel contract premium or (discount) ($US/bbl) for the following July to June
V = average Test Year Cost of Service cost of No. 6 Fuel ($Can /bbl.)
W = the number of barrels of No. 6 fuel forecast to be consumed at the Holyrood Generating Station for the Test Year, or an alternate forecast number of barrels as approved by the Board.
X = the average of the March month-end PIRA Energy Group average monthly forecast for No. 6 fuel prices at New York Harbour for July to December of the current year and for the January to June period of the subsequent year.
Y = the monthly average of the $Cdn / $US Bank of Canada Exchange Rate for the month of March

The Newfoundland Power customer allocation of the forecast fuel price change will be based on 12 months-to-date kWh as of the end of March and is the ratio of Newfoundland Power Firm and Firmed-Up Secondary invoiced energy to the total of: Utility Firm and Firmed-Up Secondary invoiced energy, Industrial Firm invoiced energy, and Rural Island Interconnected bulk transmission energy.

The amount of the forecast fuel price change, in Canadian dollars, and the details of the resulting fuel rider applied to the adjustment rate will be reported to Newfoundland Power, industrial customers, and the Public Utilities Board, by the 10th working day of April.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE STABILIZATION PLAN (Continued)**

**Section D: Adjustment**

**1. Newfoundland Power**

As of March 31 each year, Newfoundland Power's adjustment rate for the 12-month period commencing the following July 1 is determined as the rate per kWh which is projected to collect:

Newfoundland Power March 31 Balance

less projected recovery / repayment of the balance for the following three months (if any), estimated using the energy sales (kWh) for April, May and June from the previous year

plus forecast financing charges to the end of the 12-month recovery period (i.e., June in the following calendar year),

divided by the 12-months-to-date firm plus firmed-up secondary kWh sales to the end of March.

A fuel rider shall be added to the above adjustment rate, based on the Newfoundland Power Fuel Price Projection amount (as per Section C.2 above) divided by 12-months-to-date kWh sales to the end of March.

When new Test Year base rates come into effect, if a fuel rider forecast (either March or September) is more current than the test year fuel forecast, a fuel rider will be implemented at the same time as the change in base rates reflecting the more current fuel forecast and the new test year values.

Otherwise, the fuel rider portion of the RSP Adjustment will be set to zero upon implementation of the new Test Year Cost of Service rates, until the time for the next fuel price projection.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE STABILIZATION PLAN (Continued)**

**2. Island Industrial Customers**

As of December 31 each year, the adjustment rate for industrial customers for the 12-month period commencing January 1 is determined as the rate per kWh which is projected to collect:

Industrial December 31 Balance

plus forecast financing charges to the end of the following calendar year,

divided by 12-months-to-date kWh sales to the end of December.

A fuel rider shall be added to the above adjustment rate, based on the Industrial Fuel Price Projection (as per Section C.1 above) amount divided by 12-months-to-date kWh sales to the end of December.

When new Test Year base rates come into effect, if a fuel rider forecast (either March or September) is more current than the test year fuel forecast, a fuel rider will be implemented at the same time as the change in base rates reflecting the more current fuel forecast and the new test year values. Otherwise, the fuel rider portion of the RSP Adjustment will be set to zero upon implementation of the new Test Year Cost of Service rates, until the time for the next fuel price projection.

**Section E: RSP Surplus:**

The Newfoundland Power allocated amount of the RSP Surplus will be refunded to Newfoundland Power and Hydro's Rural customers in accordance with Hydro's Customer Refund Plan approved in Order No. P.U. 36(2016).

Financing charges on the Newfoundland Power plan balance will be calculated monthly using Hydro's approved Test Year weighted average cost of capital.

**Section F: Island Industrial Customer 2017 GRA Rider:**

Hydro shall track the Island Industrial Customer's 2017 GRA Cost Recovery Rider to determine any variance between the test year forecast recovery and actual recovery, where:

Variance = [Board Approved Recovery in Dollars] – [Actual Recovery in Dollars]

Hydro shall apply any over- or under-recovery of any variance to the Island Industrial Customer's Current Plan balance one month following the conclusion of the 2017 GRA Cost Recovery Rider.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RULES AND REGULATIONS**

**APPLICABILITY:**

These general Rules and Regulations apply to all Hydro Rural Customers.

**1. INTERPRETATION:**

(a) In these Rates and Rules the following definitions shall apply:

(i) "***Act***" means The Public Utilities Act, R.S.N. 1990, c.P-47 as amended from time to time.

(ii) ***"Annual Review Billing Month"*** represents the billing month in which the utility provides payment for the Banked Energy Credits.

(iii) ***"Annual Review Date"*** means the date that marks a Customer-Generator's annual participation in the Net Metering Service Option. The Annual Review Date occurs during the Annual Review Billing Month.

(iv) "***Applicant***" means any person who applies for Service.

(v) ***"Banked Energy Credits"*** represent the amount of kilowatt-hour ("kWh") energy supplied by the customer to the utility that is in excess of the kWh energy supplied by the utility to the customer. Banked Energy Credits will be reduced to zero whenever the customer generator receives payment for the outstanding balance.

(vi) ***"Board"*** means the Board of Commissioners of Public Utilities of Newfoundland and Labrador.

(vii) "***Customer***" means any person who accepts or agrees to accept Service.

(viii) ***"Customer-Generator"*** is a utility customer that has renewable generation on its serviced premise and uses this generation to offset part or all of their electrical energy requirements. Customers with standby generation that does not normally operate while connected to the utility system are not included as Customer-Generators.

(ix) ***"Customer Generation Credit"*** represents a monetary credit to the Customer-Generator for energy supplied by the customer to the utility.

(x) "***Disconnected***" or "***Disconnect***" in reference to a Service means the physical interruption of the supply of electricity thereto.

(xi) "***Discontinued***" or "***Discontinue***" in reference to a Service means to terminate the Customer's on-going responsibility with respect to the Service.

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(xii) "***Domestic Unit***" means a house, apartment or other similar residential unit which is normally occupied by one family, or by a family and no more than four other persons who are not members of that family, or which is normally occupied by no more than six unrelated persons.

(xiii) **"*Generation Energy Credit*"** equals the kWh energy supplied by the customer to the utility during the billing month plus any Banked Energy Credits. However, the Generation Energy Credit applied in the current month cannot exceed the energy supplied by the utility to the customer during the billing month.

(xiv) "***Government Departments***" means electric service accounts of Provincial or Federal government departments, agencies, boards, commissions, and crown corporations but excludes hospitals, fish plants, churches, schools, community halls, municipal buildings and like facilities.

(xv) "***Hydro***" means Newfoundland and Labrador Hydro.

(xvi) "***Hydro rural customers***" means regulated customers served by Hydro other than industrial customers and Newfoundland Power.

(xvii) **"*Net Metering Service*"** is a metering and billing practice that enables Customer-Generators of renewable energy to offset part or all of their electricity requirements by utilizing their own generation. Electricity generated in excess of the customer's energy requirements is permitted to be credited against customer energy purchases within certain limitations.

(xviii) ***"Service"*** means any service(s) provided by Hydro pursuant to these Regulations.

(xix) "***Serviced premises***" means the premises at which Service is delivered to the Customer.

(xx) **"*Sizing Limits*"** represent the maximum capacity for qualifying generating equipment for each Customer-Generator.

(xxi) **"*Utility Supply Cost*"** represents the total of the: basic customer charge, energy charges and demand charge, where applicable, for energy supplied to the customer during the billing month.

**RULES AND REGULATIONS (Continued)**

(b) Unless the context requires otherwise these Rates and Rules shall be interpreted such that:

(i) words imparting male persons include female persons and corporations.

(ii) words imparting the singular include the plural and vice versa.

**2. CLASSES OF SERVICE:**

(a) Hydro shall provide the following classes of Service:

**ISLAND INTERCONNECTED AREA/LANSE AU LOUP AREA**

| | |
|---|---|
| 1.1 | Domestic |
| 1.1S | Domestic Seasonal |
| 1.3 | Burgeo School and Library |
| 2.1 | General Service, 0-100 kW |
| 2.3 | General Service, 110 kVA (100 kW) - 1000 kVA |
| 2.4 | General Service, 1000 kVA and Over |
| 4.1 | Street and Area Lighting Service |

**ISLAND AND LABRADOR DIESEL AREA**

| | |
|---|---|
| 1.2D | Domestic Diesel - Non-Government |
| 1.2DS | Domestic Seasonal Diesel – Non-Government |
| 2.1D | General Service Diesel - Non-Government, 0-10 kW |
| 2.2D | General Service Diesel - Non-Government, 10 kW and Over |
| 4.1D | Street and Area Lighting Service Diesel - Non-Government |
| 1.2G | Domestic Diesel - Government Departments |
| 2.1G | General Service Diesel - Government Departments, 0-10kW |
| 2.2G | General Service Diesel - Government Departments, 10kW and Over |
| 4.1G | Street and Area Lighting Service Diesel - Government Departments |

**LABRADOR INTERCONNECTED AREA**

| | |
|---|---|
| 1.1L | Domestic |
| 2.1L | General Service, 0-10 kW |
| 2.2L | General Service, 10-100 kW (110 kVA) |
| 2.3L | General Service, 110 kVA (100 kW) - 1000 kVA |
| 2.4L | General Service, 1000 kVA and Over |
| 4.1L | Street and Area Lighting Service |
| 4.11L | Street and Area Lighting Service Labrador - Installed as of Sept. 1, 2002 |
| 4.12L | Street and Area Lighting Service Labrador– Customer Owned |
| 5.1L | Secondary Energy |

(b) The terms and conditions relating to each class of Service shall be those approved by the Board from time to time.

(c) Service, other than Street and Area Lighting Service, shall be metered except where the energy consumption is relatively low and constant and in the opinion of Hydro can be readily determined without metering.

(d) The Customer shall use the Service on the Serviced Premises only. The Customer shall not resell the Service in whole or in part except that the Customer may include the cost of Service in charges for the lease of space or as part of the cost of other services provided by the Customer.

## 3. APPLICATION FOR SERVICE:

(a) An Applicant, when required by Hydro, shall complete a written Electrical Service Contract.

(b) An application for Service, when accepted by Hydro, constitutes a binding contract between the Applicant and Hydro which cannot be assigned.

(c) The person who signs an application for Service shall be personally liable for Service provided pursuant thereto, unless that person has authority to act for another Person denoted as the Applicant on the application for Service.

(d) Hydro may in its discretion refuse to provide Service to an Applicant where:

(i) the Applicant fails or refuses to complete an application for Service.

(ii) the Applicant provides false or misleading information on the application for Service.

(iii) the Applicant or the Owner or an Occupant of the Serviced Premises has a bill for any Service which is not paid in full 30 days or more after issuance.

**RULES AND REGULATIONS (Continued)**

(iv) the Applicant fails to provide the security or guarantee required under Regulation 4.

(v) the Applicant is not the owner or an occupant of the Serviced Premises.

(vi) the Service requested is already supplied to the Serviced Premises for another Customer who does not consent to having his Service Discontinued.

(vii) the Applicant does not pay a charge described in Regulation 9 (b), (c) or (d).

(viii) the Applicant otherwise fails to comply with these Regulations.

(e) A Customer who has not completed an application for Service shall do so within 5 days of a request having been made by Hydro in writing.

**4. SECURITY FOR PAYMENT:**

(a) An Applicant or a Customer shall give such reasonable security for the payment of charges as may be required by Hydro. When the Customer has established two consecutive years of good credit history, the security deposit will be refunded with simple interest calculated at a Rate equivalent to the Rate paid from time to time by the chartered banks on over-the-counter withdrawal savings accounts.

(b) Hydro may in its discretion require special guarantees from an Applicant or Customer whose location or load characteristics would require abnormal investment in facilities or who requires Service of a special nature.

**5. SERVICE STANDARDS - METERED SERVICES:**

(a) Service shall normally be provided at one of the following nominal standard secondary voltages depending upon the requirements of the load to be served and the availability of a three phase supply:

| | | |
|---|---|---|
| Single phase, 3-Wire | - | 120/240 volts |
| Three phase, 4-Wire | - | 120/208 volts wye |
| Three phase, 4-Wire | - | 347/600 volts wye |

Service at any other supply voltage may be provided in special cases at the discretion of Hydro.

(b) Service to customers who are provided Domestic Service shall be supplied at single phase 120/240 volt or as part of a multiunit building, at single phase 120/208 volts. Hydro may if requested by the customer, provide three phase service if a contribution in aid of construction is paid to Hydro in accordance with regulation 9(c).

**RULES AND REGULATIONS (Continued)**

(c) Hydro shall determine the point at which power and energy is delivered from Hydro's facilities to the Customer's electrical system.

(d) Service entrances shall be in a location satisfactory to Hydro and, except as otherwise approved by Hydro, shall be wired for outdoor meters.

(e) Where Hydro has reason to believe that Service to a Customer has or will have load characteristics which may cause undue interference with Service to another Customer, the Customer shall upon written notice by Hydro provide and install, at his expense and within a reasonable period of time, the equipment necessary to eliminate or prevent such interference.

(f) (i) Any Customer having a connected load or a normal operating demand of more than 25 kilowatts, in areas where space limitations or aesthetic reasons make it impractical to use a pole mounted transformer bank, shall, on request of Hydro, install and maintain a padmount transformer and all associated underground wiring, or provide at his expense a suitable vault or enclosure on the Serviced Premises for exclusive use by Hydro for its equipment necessary to supply and maintain service to the Customer.

(ii) Where either the service requirements of a Customer or changes to a Customer's electrical system necessitate the installation of additional equipment to Hydro's system which cannot be accommodated in Hydro's existing vaults or structures, the Customer shall, on request of Hydro, provide at the Customer's expense such additional space in its vault or enclosure as Hydro shall require to accommodate the additional equipment.

(g) The Customer shall not use a Service for across the line starting of motors rated over 10 horsepower except where specifically approved by Hydro.

(h) For Services having rates based on kilowatt demand, the average power factor shall not be less than 90%. Hydro, in its discretion, may make continuous tests of power factor or may test the Customer's power factor from time to time. If the Customer's power factor is lower than 90%, the Customer shall upon written notice by Hydro provide, at his expense, power factor corrective equipment to ensure that a power factor of not less than 90% is maintained.

(i) Hydro shall provide transformation for Service up to 500 kVA where the required service voltage is one of Hydro's standard service voltages and installation is in accordance with Hydro's standards. In other circumstances, Hydro, on such conditions as it deems acceptable, may provide the transformation.

(j) All Customer wiring and installations shall be in compliance with all statutory and regulatory requirements including the Canadian Electrical Code, Part 1 and, where applicable, in accordance with Hydro's specifications. However, the provision of Service shall not in any way be construed as acceptance by Hydro of the Customer's electrical system.

(k) The Customer shall provide such protective devices as may be necessary to protect his property and equipment from any disturbance beyond the reasonable control of Hydro.

**6. SERVICE STANDARDS - STREET AND AREA LIGHTING SERVICE:**

(a) For Street and Area Lighting Service Hydro shall use its best efforts to provide illumination during the hours of darkness for a total of approximately 4200 hours per year. Hydro shall, subject to Regulation 9 (i) make all repairs necessary to maintain service.

(b) Hydro shall supply the energy required and shall provide and maintain the illuminating fixtures and lamps together with necessary overhead conductors, control equipment and other devices.

(c) Hydro shall not be required to provide Street and Area Lighting Service where, in the opinion of Hydro, the normal Service is unsuitable for the task or where the nature of the activities carried out in the area would likely result in damage to the poles, wiring or fixtures.

(d) Hydro shall provide a range of fixture sizes utilizing an efficient lighting source in accordance with current standards in the industry and shall consult with the Customer regarding the most appropriate use of such fixtures for any specific installation.

(e) The location of fixtures for Street and Area Lighting Service shall be determined by Hydro in consultation with the Customer. After poles and fixtures have been installed they shall not be relocated except at the expense of the Customer.

(f) Hydro does not guarantee that fixtures used for Street and Area Lighting Service will illuminate any specific area.

(g) Where the installation of fixtures is required in a location where there are no existing distribution poles the Customer shall pay any contribution in aid of construction as may be determined under Hydro's policy for the pole line extension required to supply electric service to the location of the fixtures.

(h) Hydro shall not be required to provide additional Street and Area Lighting Service to a Customer where on at least two occasions in the preceding twelve months, his bill for such Service has been in arrears for more than 30 days.

**7. METERING:**

(a) Service to each building shall be metered separately except as provided in Regulation 7(b).

(b) Service to buildings and facilities on the same Serviced Premises which are occupied by the same Customer may, subject to Regulation 7(c), be metered together provided the

**RULES AND REGULATIONS (Continued)**

Customer supplies and maintains all distribution facilities beyond the point of supply.

(c) Except as provided in Regulation 7(d) Service to each new Domestic Unit shall be metered separately.

(d) Where an existing Domestic Unit is subdivided into two or more new Domestic Units, Service to the new Domestic Units may, in the discretion of Hydro, be metered together.

(e) Where four or more Domestic Units are metered together, the Basic Customer Charge shall be multiplied by the number of Domestic Units.

(f) Where the Service to a Domestic Unit has a connected load for commercial or nondomestic purposes exceeding 3000 watts, exclusive of space heating, the Service shall not qualify for the Domestic Service Rate.

(g) Hydro shall not be required to provide more than one meter per Service, however, sub-metering by the Customer for any purpose not inconsistent with these Regulations is permitted.

(h) Subject to Regulations 7(c) and 7(g) Service to different units of a building may, at the request of the Customer, be combined on one meter or be metered separately.

(i) Maximum demand for billing purposes shall be determined by demand meter or, at the option of Hydro, may be based on:

(i) 80% of the connected load, where the demand does not exceed 100 kW, or

(ii) the smallest size transformer(s) required to serve the load if it is intermittent in nature such as X-Ray, welding machines or motors that operate for periods of less than thirty minutes, or

(iii) the kilowatt-hour consumption divided by an appropriate number of hours use where the demand is less than 10 kW.

(j) When charges are based on maximum demand the metering shall normally be in kVA if the applicable Rate is in kVA and in kW if the applicable Rate is in kW.
If the demand is recorded on a kVA meter but the applicable Rate is based on a kW demand, the recorded demand may be decreased by ten percent (10%) and the result shall be treated as the kW demand for billing purposes.

If the demand is recorded on a kW meter but the applicable Rate is based on a kVA demand, the recorded demand may be increased by ten percent (10%) and the result shall be treated as the kVA demand for billing purposes.

**RULES AND REGULATIONS (Continued)**

(k) The Customer shall ensure that meters and related equipment are visible and readily accessible to Hydro's personnel and are suitably protected. Unless otherwise approved by Hydro, meters shall be located outdoors and shall not subsequently be enclosed.

(l) If a meter is located indoors and Hydro employees are unable to obtain access to read the meter at the normal reading time for three consecutive months, the Customer shall upon written notice given by Hydro, provide for the installation of an outdoor meter at his expense.

(m) In the event that a dispute arises regarding the accuracy of a meter, and Hydro is unable to resolve the matter with the Customer then either the Customer or Hydro shall have the right to request an accuracy test in accordance with the requirements of the Electricity Inspection Act of Canada. Should the test indicate that the meter accuracy is not within the allowable limits, the Customer's bill shall be adjusted in accordance with the provisions of the said Act and all costs involved in the removal and testing of the meter shall be borne by Hydro. Should the test confirm the accuracy of the meter, the costs involved shall be borne by the party requesting the test. Hydro may require a Customer to deposit with Hydro in advance of testing, an amount sufficient to cover the costs involved.

(n) Metering shall normally be at secondary distribution voltage level but may at the option of Hydro be at the primary distribution level. When metering is at the primary distribution voltage (4-25KV) the monthly demand and energy consumption shall be reduced by 1.5%.

**8. METER READING:**

(a) Where reasonably possible Hydro shall read meters monthly provided that Hydro may, at its discretion, read meters at some other interval and estimate the reading for the intervening month(s). Areas which consist primarily of cottages will have their meters read four times per year and Hydro will estimate the readings for all other months.

(b) If Hydro is unable to obtain a meter reading due to circumstances beyond its reasonable control, Hydro may estimate the reading.

(c) If due to any cause a meter has not correctly recorded energy consumption or demand, then the probable consumption or demand shall be estimated in accordance with the best data available and used to determine the relevant charge.

**RULES AND REGULATIONS (Continued)**

9. **CHARGES:**

(a) Every Customer shall pay Hydro the charges approved by the Board from time to time for the Service(s) provided to the Customer or provided to the Serviced Premises at the Customer's request.

(b) Where a Customer requires Service for a period of less than three (3) years, the Customer shall pay Hydro a "Temporary Connection Fee". The Temporary Connection Fee is calculated as the estimated labour cost of installing and removing lines and equipment necessary for the Service plus the estimated cost of non-salvageable material. The Payment may be required in advance or subject to credit approval, billed to the Customer.

(c) Where special facilities are required or requested by the Customer or any facility is relocated at the request of the Customer, the Customer shall pay Hydro the estimated additional cost of providing the special facilities and the estimated cost of the relocation less any betterment. The payment may be required in advance or, subject to credit approval, billed to the customer.

(d) The Customer shall pay Hydro in advance or on such other terms approved by the Board from time to time any contribution in aid of construction as may be determined by the methods prescribed by the Board.

(e) The Customer shall pay Hydro the amount set forth in the Rate for all poles required for Street and Area Lighting Service which are in addition to those installed by Hydro for the distribution of electricity. This charge shall not apply to Hydro poles and communications poles used jointly for Street and Area Lighting Service and communications attachments.

(f) Where a service is Disconnected pursuant to Regulation 12(a), b(ii), (c), or (d) and the Customer subsequently requests that the service be reconnected, the Customer shall pay a reconnection fee. Where a Service is Disconnected pursuant to Regulation 12(g) and an Applicant subsequently requests that the service be reconnected, the Applicant shall pay a reconnection fee. Applicants that pay the reconnection fee will not be required to pay the application fee. The reconnection fee shall be $20.00 where the reconnection is done during Hydro's normal office hours or $40.00 if it is done at other times.

(g) Where a Service, other than a Street and Area Lighting Service, is Discontinued pursuant to Regulation 11(a), or Disconnected pursuant to Regulations 12(a), b(ii), (c) or (d) and the Customer subsequently requests that the Service be restored within 12 months, the Customer shall pay, in advance, the minimum monthly charges that would have been incurred over the period if the Service had not been Discontinued or Disconnected.

(h) (i) Where a Street and Area Lighting Service is Discontinued pursuant to Regulation 11(a), (b), or (c), or 9(i), or when a Customer requests removal of existing fixtures, and/or poles, the Customer shall pay at the time of removal an amount equal to the unrecovered capital cost, plus the cost of removal less any salvage value of only the poles to be Discontinued or removed.

**RULES AND REGULATIONS (Continued)**

(ii) If a Customer requests the subsequent replacement of the fixture, either immediately or at any time within 12 months by another, whether or not of the same type or size, the Customer shall pay, in advance, an amount equal to the unrecovered capital cost of the fixture removed, plus the cost of removal, less any non-luminaire salvage, as well as the monthly charges that would have been incurred over the period if the Service had not been Discontinued.

(iii) Where a Street and Area Lighting Service is Discontinued, any pole dedicated solely to the Street and Area Lighting Service may, at the Customer's request, remain in place for up to 24 months from the date of removal of the fixture, during which time the Customer shall continue to pay the prescribed monthly charge for the pole.

(i) Where street and area lighting fixtures or lamps are wantonly, wilfilly, or negligently damaged or destroyed (other than through the negligence of Hydro), Hydro, at its option and after notifying the Customer by letter, shall remove the fixtures and the monthly charges for these fixtures will cease thirty days after the date of the letter. However, if the customer contacts Hydro within thirty days of the date of the letter and agrees to pay the repair costs in advance and all future repair costs, Hydro will replace the fixture and rental charges will recommence. If any future repair costs are not paid within three months of the date invoiced, Hydro, after further notifying the Customer by letter, may remove the fixtures. In all such cases the fixtures shall not be replaced unless the Customer pays to Hydro in advance all amounts owing prior to removal plus the cost of removing the old fixtures and installing the new fixtures.

(j) Where a Service other than Street and Area Lighting Service is not provided to the Customer for the full monthly billing period or where Street and Area Lighting Service is not provided for more than seven (7) days during the monthly billing period, the relevant charge to the Customer for the Service for that period may be prorated except where the failure to provide the Service is due to the Customer or to circumstances beyond the reasonable control of Hydro.

(k) Where a Customer's Service is at primary distribution or transmission voltage and the Customer provides his own transformation and all other facilities beyond the designated point of supply the monthly demand charge shall, subject to the minimum monthly charge, be reduced as follows:

For the Island Interconnected, L'Anse au Loup and Isolated service areas:

(i) for supply at 4 KV to 25 KV.......................................................... $0.40 per kVA

(ii) for supply at 33 KV to 138 KV...................................................... $0.90 per kVA

For the Labrador Interconnected service area:

(iii) for supply at 4 KV to 25 KV.......................................................... $0.25 per kVA

**RULES AND REGULATIONS (Continued)**

(iv) for supply at 33 KV to 138 KV........................................................ $0.60 per kVA

(l) Where a Customer's monthly demand has been permanently reduced because of the installation of peak load controls, power factor correction, or by rendering sufficient equipment inoperable, by any means satisfactory to Hydro, the monthly demands recorded prior to the effective date of such reduction may be adjusted when determining the Customer's demand for billing purposes thereafter. Should the Customer’s demand increase above the adjusted demands in the following 12 months, the Customer will be billed for the charges that would have been incurred over the period if the demand had not been adjusted.

(m) Charges may be based on estimated readings or costs where such estimates are authorized by these Regulations.

(n) An application fee of $8.00 will be charged for all requests for Customer name changes and connection of new Serviced Premises. Landlords will be exempted from the application fee for name changes at Serviced Premises for which a landlord agreement pursuant to Regulation 11(f) is in effect.

**10. BILLING:**

(a) Hydro shall bill the Customer monthly for charges for Service. However, when a Service is disconnected or a bill is revised, Hydro may issue an additional bill.

(b) The charges for Street and Area Lighting Service may be included as a separate item on a bill for any other Service.

(c) Bills are due and payable when issued. Payment shall be made at such place(s) as Hydro may designate from time to time. Where a bill is not paid in full by the date that a subsequent bill is issued and the amount outstanding is $50.00 or more, Hydro will charge interest at a rate equal to the prime rate charged by chartered banks on the last day of the previous month plus five percent.

(d) Where a Customer's cheque or automated payment is not honoured by their financial institution, a charge of $16.00 may be applied to the Customer's bill.

(e) Where a Customer is billed on the basis of an estimated charge, an adjustment shall be made in a subsequent bill should such estimate prove to be inaccurate.

(f) Where between normal meter reading dates, one Customer assumes from another Customer the responsibility for a metered Service or a Service is Discontinued, Hydro may base the billing on an estimate of the reading as of the date of change.

**RULES AND REGULATIONS (Continued)**

(g) Where a Customer has been under billed due to an error on the part of Hydro or due to an act or omission by a third party, the Customer may, at the discretion of Hydro, be relieved of the responsibility for all or any part of the amount of the under billing.

**11. DISCONTINUANCE OF SERVICE:**

(a) A Service may be Discontinued by the Customer at any time upon prior notice to Hydro provided that Hydro may require 10 days prior notice in writing.

(b) A Service may be Discontinued by Hydro upon 10 days prior notice in writing to the Customer if the Customer:

(i) provided false or misleading information on the application for the Service; and

(ii) fails to provide security or guarantee for the Service required under Regulation 4.

(c) A Service may be Discontinued by Hydro without notice if the Service was Disconnected pursuant to Rule 12 and has remained Disconnected for over 30 consecutive days.

(d) When Hydro accepts an application for Service, any prior contract for the same Service shall be Discontinued except where an agreement for that Service is signed by a landlord under Regulation 11(f).

(e) Where a Service has been Discontinued, the Service may, at the option of Hydro and subject to Rule 12(a), remain connected.

(f) A landlord may sign an agreement with Hydro to accept charges for Service provided to a rental premise for all periods when Hydro does not have a contract for Service with a tenant for that premise.

**12. DISCONNECTION OF SERVICE:**

(a) Hydro shall Disconnect a Service within 10 days of receipt of a written request from the Customer.

(b) Hydro may Disconnect a Service without notice to the Customer:

(i) where the Service has been Discontinued.

(ii) on account of or to prevent fraud or abuse.

(iii) where in the opinion of Hydro the Customer's electrical system is defective and represents a danger to life or property.

(iv) where the Customer's electrical system has been modified without compliance with the Electrical Regulations.

**RULES AND REGULATIONS (Continued)**

(v) where the Customer has a building or structure under Hydro's wires which is within the minimum clearances recommended by the Canadian Standards Association.

(vi) when ordered to do so by any authority having the legal right to issue such order.

(c) Hydro may, in accordance with its Collection Policies, Disconnect a Service upon prior notice to the Customer if the Customer has a bill for any Service which is not paid in full 30 *days or more after issuance.*

(d) Hydro may Disconnect a Service upon 10 days prior notice to the Customer if the Customer is in violation of any provision of these Regulations.

(e) Hydro may refuse to reconnect a Service if the Customer is in violation of any provisions of these Rules or if the Customer has a bill for any Service which is unpaid.

(f) Hydro may disconnect a service to make repairs or alterations. Where reasonable and practical, Hydro shall give prior notice to the Customer.

(g) Hydro may disconnect the Service to a rental premises where the landlord has an agreement with Hydro authorizing Hydro to disconnect the Service for periods when Hydro does not have a contract for Service with a tenant of that premises.

**13. PROPERTY RIGHTS:**

(a) The Customer shall provide Hydro with space and cleared rights-of-way on private property for the line(s) and facilities required to serve the Customer.

(b) Hydro shall have the right to install, remove or replace such of its property as it deems necessary.

(c) The Customer shall provide Hydro with access to the Serviced Premises at all reasonable hours for purposes of reading a meter or installing, replacing, removing or testing its equipment, and measuring or checking the connected load.

(d) All equipment and facilities provided by Hydro shall remain the property of Hydro unless otherwise agreed in writing.

(e) The Customer shall not unreasonably interfere with Hydro's access to its property.

(f) The Customer shall not attach wire, cables, clotheslines or any other fixtures to Hydro's poles or other property except by prior written permission of Hydro.

(g) The Customer shall allow Hydro to trim all trees in close proximity to service lines in order to maintain such lines in a safe manner.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RULES AND REGULATIONS (Continued)**

(h) The Customer shall not erect any buildings or obstructions on any of Hydro's easement lands or alter the grade of such easements by more than 20 centimetres, without the prior approval of Hydro.

**14. HYDRO LIABILITY:**

Hydro shall not be liable for any failure to supply Service for any cause beyond its reasonable control, nor shall it be liable for any loss, damage or injury caused by the use of Services or resulting from any cause beyond its reasonable control.

**15. GENERAL:**

(a) No employee, representative or agent of Hydro has authority to make any promise, agreement or representation, whether verbal or otherwise, which is inconsistent with these Regulations and no such promise, agreement or representation shall be binding on Hydro.

(b) Any notice under these Regulations will be considered to have been given to the Customer on the date it is received by the Customer or three days following the date it was delivered or mailed by Hydro to the Customer's last known address, whichever is sooner.

**16. POLICIES FOR AUTOMATIC RATE CHANGES**

(a) Island Interconnected System:

(i) As Newfoundland Power changes its rates, Hydro will automatically adjust all rates such that these customers pay the same rates as Newfoundland Power customers.

(ii) Rates for the Burgeo school and library will increase or decrease by the average rate of change granted to Newfoundland Power from time to time, excluding: Newfoundland Power's changes for the July 1st Municipal Tax and Rate Stabilization adjustments and any fuel rider adjustments.

(b) L'Anse au Loup System:

(i) As Newfoundland Power changes its rates, Hydro will automatically adjust all rates such that these customers pay the same rates as Newfoundland Power customers.

(c) Isolated Systems:

(i) Isolated Rural Domestic customers, excluding Government departments, pay the same rates as Newfoundland Power for the basic customer charge and First Block consumption (outlined in Rate 1.2D). Rates charged for consumption above this block will be automatically adjusted by the average rate of change granted Newfoundland Power from time to time.

(ii) Rates for Isolated Rural General Service customers, excluding Government departments, will increase or decrease by the average rate of change granted Newfoundland Power from time to time.

(iii) As Newfoundland Power changes its rates, Hydro will automatically adjust Rural Isolated street and area lighting rates, excluding those for Government departments, such that these rates are the same as charged Newfoundland Power customers.

**17. TEMPORARY RESTRICTION FOR LOAD ADDITIONS TO LABRADOR EAST (REVISED)**

Effective September 11, 2018 and until further order of the Board of Commissioners of Public Utilities, Hydro will not provide service connections or service upgrades to an Applicant that will result in the addition of load requirements of greater than 100 kW on the Labrador East System. The load addition limit applies to Applicants for single service connection requests for load additions in excess of 100 kW and to Applicants requesting multiple service connections for which the total load addition of the multiple service requests exceeds 100 kW. The load addition limit to Applicants for multiple services will apply to both service requests made concurrently and service requests made at different times for the period while this regulation is in effect.

All Applicants for new services and for name changes on existing services shall complete a written Electrical Service Contract. Hydro will review name change requests on existing serviced premises to ensure that the additional load required to serve the new applicant does not exceed 100 kW. The review of name change requests will also include the review of multiple name change requests and/or new service connection requests from the same Applicant to ensure that the total additional load provided to an individual Applicant will not exceed 100 kW.

When Hydro has reason to believe there are special circumstances surrounding an application for service in Labrador East that will result in the addition of load requirements of greater than 100 kW, where it may be appropriate to approve service connections and upgrades, Hydro may apply to the Board for a variance or exemption to this Regulation.

Hydro will notify the Board of all service connection or service upgrade applications refused by Hydro during the effective period of this Regulation.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 1.2G**

**DOMESTIC DIESEL**

**GOVERNMENT DEPARTMENTS**

**Availability:**

For Service to Government Departments throughout the Island and Labrador diesel service areas of Hydro, to a Domestic Unit or to buildings or facilities which are on the same Serviced Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

**Rate:**

Basic Customer Charge ............................................................................ $58.95 per month

Energy Charge:
All kilowatt-hours ............................................................................ @ 100.145 ¢ per kWh

Minimum Monthly Charge ............................................................................ $58.95

**Discount:**

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.
**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 2.1G**

**GENERAL SERVICE DIESEL 0-10 kW**

**GOVERNMENT DEPARTMENTS (Continued)**

**Availability:**

For Service (excluding Domestic Service) to Government Departments throughout the Island and Labrador diesel service areas of Hydro where the maximum demand occurring in the 12 months ending with the current month is less than 10 kilowatts.

**Rate:**

Basic Customer Charge ........................................................................... $59.82 per month

Energy Charge:
All kilowatt-hours ............................................................................. @ 85.567 ¢ per kWh

Minimum Monthly Charge......................................................................................... $59.82

**Discount:**

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.
**This rate schedule does not include the Harmonized Sales Tax (HST), which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE 2.2G**

**GENERAL SERVICE DIESEL OVER 10 KW**

**GOVERNMENT DEPARTMENTS (Continued)**

**Availability:**

For Service (excluding Domestic Service) to Government Departments throughout the Island and Labrador diesel service areas of Hydro where the maximum demand occurring in the 12 months ending with the current month is 10 kilowatts or greater.

**Rate:**

Basic Customer Charge: ........................................................................... $71.78 per month

**Demand Charge:**
The maximum demand registered on the meter in the current month............... @ $65.23 per kW

**Energy Charge:**
All kilowatt-hours.................................................................................... @ 63.394 ¢ per kWh

**Discount:**

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate does not include the Harmonized Sales tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE 4.1G**

**STREET AND AREA LIGHTING SERVICE DIESEL**

**GOVERNMENT DEPARTMENTS (Continued)**

**Availability:**

For Street and Area Lighting Service to Government Departments throughout the Island and Labrador Diesel service areas of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by Hydro.

**Monthly Rate:**

| | SENTINEL / STANDARD |
|---|---|
| **MERCURY VAPOUR** | |
| 250W ( 9,400 lumens) | $86.83 |
| **HIGH PRESSURE SODIUM** [1] | |
| 100W ( 8,600 lumens) | $58.31 |
| 150W (14,400 lumens) | $86.83 |

[1] Only High Pressure Sodium fixtures are available for all new installations and replacements.

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.
**This rate schedule does not include the Harmonized Sales Tax (HST), which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 1.1L**

**DOMESTIC**

**Availability:**

For Service throughout the Labrador Interconnected service area of Hydro, to a Domestic Unit or to buildings or facilities which are on the same Serviced Premises as a Domestic Unit and used by the same Customer exclusively for domestic or household purposes, whether such buildings or facilities are included on the same meter as the Domestic Unit or metered separately.

**Rate:**

Basic Customer Charge: ............................................................................ $6.87 per month

Energy Charge:
All kilowatt-hours ............................................................................ @ 3.154 ¢ per kWh

Minimum Monthly Charge ............................................................................ $6.87

**Discount:**

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.
**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 2.1L**

**GENERAL SERVICE 0 - 10 kW**

**Availability:**

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, where the maximum demand occurring in the 12 months ending with the current month is less than 10 kilowatts.

**Rate:**

**Basic Customer Charge:**
Unmetered............................................................ $6.27 per month
Single Phase............................................................ $10.27 per month
Three Phase............................................................ $16.27 per month

Energy Charge:
All kilowatt-hours............................................................ @ 4.911 ¢ per kWh

Minimum Monthly Charge:
Unmetered............................................................ $6.27 per month
Single Phase............................................................ $10.27 per month
Three Phase............................................................ $20.00 per month

**Discount:**

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.
**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 2.2L**

**GENERAL SERVICE 10 - 100 kW (110 kVA)**

**Availability:**

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, where the maximum demand occurring in the 12 months ending with the current month is 10 kilowatts or greater but less than 100 kilowatts (110 kilovolt-amperes).

**Rate:**

**Basic Customer Charge:**
Unmetered............................................................$6.27 per month
Single Phase .........................................................$10.27 per month
Three Phase .........................................................$16.27 per month

**Demand Charge:**
The maximum demand registered on the meter in the current month ..... @ $1.71 per kW

**Energy Charge:**
All kilowatt-hours.................................................@ 2.338 ¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 6.8 cents per kWh, but not less than the Minimum Monthly Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

**Minimum Monthly Charge:**

An amount equal to $1.05 per kW of maximum demand occurring in the 12 months ending with the current month, but not less than $20.00 for a three phase service.

**Discount:**

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations.
**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 2.3L**

**GENERAL SERVICE 110 kVA (100 kW) - 1000 kVA**

**Availability:**

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, where the maximum demand occurring in the 12 months ending with the current month is 110 kilovolt-amperes (100 kilowatts) or greater but less than 1000 kilovolt-amperes.

**Rate:**

**Demand Charge:**
The maximum demand registered on the meter in the current month .... @ $1.91 per kVA

**Energy Charge:**
All kilowatt-hours.......................................................................... @ 2.026 ¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 6.8 cents per kWh, but not less than the Minimum Monthly Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

**Minimum Monthly Charge:**

An amount equal to $1.05 per kVA of maximum demand occurring in the 12 months ending with the current month.

**Discount:**

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 2.4L**

**GENERAL SERVICE 1000 kVA AND OVER**

**Availability:**

For Service (excluding Domestic Service) throughout the Labrador Interconnected service area of Hydro, where the maximum demand occurring in the 12 month period ending with the current month is 1000 kilovolt-amperes or greater.

**Rate:**

**Demand Charge:**
The maximum demand registered on the meter in the current month ..... @ $1.66 per kVA

**Energy Charge:**
All kilowatt-hours ........................................................................ @ 1.675 ¢ per kWh

**Maximum Monthly Charge:**

The Maximum Monthly Charge shall be 6.8 cents per kWh, but not less than the Minimum Monthly Charge. The Maximum Monthly Charge shall not apply to Customers who avail of the Net Metering Service Option.

**Minimum Monthly Charge:**

An amount equal to $1.05 per kVA of maximum demand occurring in the 12 months ending with the current month.

**Discount:**

A discount of 1.5% of the amount of the current month's bill will be allowed if the bill is paid within 10 days after it is issued.

**General:**

Details regarding metering [in particular Regulation 7 (n)], transformation [in particular Regulation 9(k)], and other conditions of service are provided in the Rules and Regulations. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

## NEWFOUNDLAND AND LABRADOR HYDRO

## RATE No. 4.1L

## STREET AND AREA LIGHTING SERVICE

**Availability:**

For Street and Area Lighting Service throughout the Labrador Interconnected service area of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by Hydro.

**Monthly Rate:**

| | SENTINEL / STANDARD |
|---|---|
| **MERCURY VAPOUR**[1] | |
| 250W ( 9,400 lumens) | $14.94 |
| **HIGH PRESSURE SODIUM** [2] | |
| 100W ( 8,600 lumens) | 11.08 |
| 150W (14,400 lumens) | 14.94 |
| 250W (23,200 lumens) | 19.71 |
| 400W (45,000 lumens) | 25.47 |

[1] Fixtures previously owned by the Town of Wabush as of September 1, 1985, and transferred to Hydro in 1987.

[2] Only High Pressure Sodium fixtures are available for all new installations and replacements installed after September 1, 2002.

**Special poles used exclusively for lighting service**

Wood ........................................................................................................$ 3.76

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.
**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 4.11L**

**STREET AND AREA LIGHTING SERVICE**

**Availability:**

For Street and Area Lighting Service throughout the Labrador Interconnected service area of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by Hydro existing as of September 1, 2002.

**Monthly Rate:**

Closed

| | **SENTINEL / STANDARD** |
|---|---|
| **HIGH PRESSURE SODIUM** [1] | |
| 100W (8,600 lumens) | $ 7.68 |

[1] Any new fixtures added will be at the rates set out in Rate 4.1W.

**Special poles used exclusively for lighting service**

Wood ........................................................................................................$ 3.68

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.
**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 4.12L**

**STREET AND AREA LIGHTING SERVICE**

**Availability:**

For Street and Area Lighting Service throughout the Labrador Interconnected service area of Hydro, where the electricity is supplied by Hydro and all fixtures, wiring and controls are provided, owned and maintained by the customer.

**Monthly Rate:**

| | **SENTINEL / STANDARD** |
|---|---|
| **HIGH PRESSURE SODIUM** | |
| 100W (8,600 lumens) | $ 4.53 |

**Special poles used exclusively for lighting service**

Wood ........................................................................................................$ 3.76

**General:**

Details regarding conditions of service are provided in the Rules and Regulations.
**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 5.1L**

**SECONDARY ENERGY**

**Availability:**

For Service to Customers on the Labrador Interconnected grid engaged in fuel switching who purchase a minimum of 1 MW load and a maximum of 24 MW, who provide their own transformer and, who are delivered power at primary voltages. Hydro shall supply Secondary Energy to the Customer at such times and to the extent that Hydro has Churchill Falls electricity available in excess of the amount it requires for its own use, and to meet its commitments and sales opportunities, present and future, for firm energy. Moreover, Hydro may interrupt or reduce the supply of Secondary Energy at its sole discretion for any cause whatsoever. The energy delivered shall be used solely for the operation of the equipment engaged in fuel switching.

**Energy Charge:**

The energy charge shall be calculated monthly based on:

**EITHER:**

**A.** The Customer's cost of fuel (cents per litre) most recently delivered to the Customer including fuel additives, if any, in accordance with the following formula:

Secondary Energy Rate = Constant Factor x Fuel Cost/Litre x 90%

$$\text{Constant Factor} = \frac{3413\ \text{BTU/kWh} \times A \times B}{C \times D}$$

Where:

A = Customer's Electric Boiler Efficiency

B = Transformer and Losses Adjustment Factor

C = BTU/Litre of the Customer's fuel

D = Customer's Oil-fired Boiler Efficiency

**OR:**

**B.** One (1) cent less than the New York Mercantile Exchange (NYMEX) settlement price for New York Independent System Operator (NYISO) Zone A Swap Peak electricity after the end of trading on the 19th day of the previous month, converted to Canadian dollars using the exchange rate at the closing of the same day.

**WHICHEVER IS GREATER**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**RATE No. 5.1L**

**SECONDARY ENERGY**

Prior to the commencement of service, the Customer will provide to Hydro the rate component values for insertion in the pricing formula for Secondary Energy. If subsequent changes to any of these rate components are required, the Customer will provide them to Hydro as soon as practicable. Hydro may require that these rate component values be verified.

**Communications**

The Customer and Hydro shall each designate a position within their respective staffs to be responsible for communications as to changes in the cost of the fuel delivered to the Customer. Hydro will contact the Customer's designate on or before the second working day of each month at which time the Customer's designate will inform Hydro of the fuel cost. If this information is unavailable to Hydro for any reason, Hydro will use the previous month's fuel cost and other inputs and make the adjustment to the correct values in the following month's billing.

Hydro will inform the Customer of the value of part B of the energy charge calculation on the first business day following the 21st day of the month preceding the month for which the rate is being set.

*Power Factor*

If the Customer's power factor is lower than 90%, the Customer shall upon written notice by Hydro provide, at the Customer's expense, power factor corrective equipment to ensure that a power factor of not less than 90% is maintained.

**General:**

Insofar as they are not inconsistent with the forgoing, the conditions of service provided in the Rules and Regulations shall apply to Customers in this rate class.

**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

**NEWFOUNDLAND AND LABRADOR HYDRO**

**LABRADOR INDUSTRIAL – TRANMISSION**

**Availability:**

**CLOSED RATE – AVAILABLE TO EXISTING CUSTOMERS ONLY**

Any person purchasing power, other than a retailer, supplied from the Labrador Interconnected bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and has entered into a contract with Hydro for the purchase of power and energy (Labrador Industrial Customer).

**Monthly Rate:**

**Demand Charge:**

The rate for Firm Power shall be $1.08 per kilowatt of billing demand. The billing demand shall be equal to the greater of: (i) the customer's Power on Order, (ii) the actual monthly demand in the current month, and (iii) their maximum demand in the calendar year less their interruptible demand.

**Specifically Assigned Charge:**

This rate may include a specifically assigned charge upon approval by the Board.

**General:**

Details regarding the conditions of Service are outlined in the Industrial Service Agreements.
**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**