

1 Q. Please provide the O&M budgets for 2019 to 2023 for Newfoundland Hydro's
2 Transmission System.

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5 A. Hydro's transmission system connects generation to delivery points for
6 Newfoundland Power, the industrial customers and Hydro's rural distribution
7 systems and is primarily located in remote areas of the province. Hydro's
8 transmission system costs are grouped in the Transmission, Distribution and NL
9 System Operator Division. Hydro records direct transmission costs in their own
10 business units within the division. However, a component of transmission costs
11 would also be included in the Management, Planners, Support & Admin department
12 in the Transmission, Distribution and NL System Operator Division. Please refer to
13 Table 1 for the Transmission, Distribution and NL System Operator Division 2019
14 Budget including the costs related to the transmission systems:¹

¹ Excludes indirect costs such as finance, human resources and engineering costs associated with transmission. It also excludes any fuel and power purchase costs.

Table 1

Transmission, Distribution & NLSO Operating Costs (\$000's)

Transmission, Distribution & NLSO	2019 Budget
Distribution Systems	7,270
Management, Planners, Support & Admin	16,086
Transmission Systems	2,771
Terminal Stations	6,967
TRO Generation	9,254
Generation and Rural Planning	999
NL System Operator (NLSO)	3,782
Total TRO Operations	47,129

1 Hydro’s 2020 to 2023 O&M forecast was developed on a total Regulated Hydro
 2 basis rather than by department and system. The total Regulated Hydro forecast
 3 was updated for inflation and forecast adjustments. Please refer to PUB-Nalcor-130
 4 Attachment 1 for the supporting schedule.

**Newfoundland and Labrador Hydro
Operating Expense Forecast (\$000)**

	2019	2020	2021	2022	2023	2024	2025	
Base O&M	121,285	123,608	125,989	128,418	130,908	133,459	136,073	Note 1
Holyrood - Thermal Generating Station	19,508	19,992	5,122	-	-	-	-	Note 2
Holyrood - Synchronus Condensor Operation	-	-	4,972	6,764	6,933	7,892	8,088	Note 2
Regulatory Amortizations		2,866	2,493	1,585	1,585	1,585	1,585	Note 3
	<u>140,793</u>	<u>146,466</u>	<u>138,575</u>	<u>136,767</u>	<u>139,426</u>	<u>142,935</u>	<u>145,746</u>	

Note 1 Hydro used the 2019 budget as the Base O&M (excluding Holyrood Thermal Generating Station) and increased for inflation on an annual basis.

Note 2 Operating costs reflect an estimate relating to the change in operation of the Holyrood Thermal Generating Station to a synchronous condenser starting in 2021. The Holyrood Thermal Generating Station O&M during the transition and the operation of the synchronus condensor are currently under review.

Note 3 Primarily comprised of the corresponding amortization related to the projected LIL & LTA O&M deferral commencing in 2020 and the Business System deferral for the period of 2020-2021. The amortization are subject to change based upon the final deferral balances and Board approval.