Q. **Reference: Application**

Provide a comparison of Newfoundland Power and Hydro costs to build, own and operate charging stations. Base the comparison on the assumption that each utility would construct charging station infrastructure of $1 million in 2022. Assume no government funding and include tax impacts in the comparison. Further, show impacts on revenue requirement and rates based on each utility's proposed recovery method for charging station capital costs.

A. Table 1 provides Newfoundland and Labrador Hydro's ("Hydro") cost to construct charging stations based on the assumptions provided.

Table 1: *Pro Forma* Revenue Requirement Analysis

Particulars	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Total**
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	
Capital Investment	1,000,000	-	-	-	-	-	-	-	-	
Average Rate Base	500,000	964,286	857,143	714,286	571,429	428,571	285,714	142,857	35,714	
Return	26,500	51,107	45,429	37,857	30,286	22,714	15,143	7,571	1,893	238,500
Depreciation	-	71,429	142,857	142,857	142,857	142,857	142,857	142,857	71,429	1,000,000
Annual Revenue Requirement	**26,500**	**122,536**	**188,286**	**180,714**	**173,143**	**165,571**	**158,000**	**150,429**	**73,321**	**1,238,500**
Estimated Impact on Revenue Requirement (%)	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Average**
Newfoundland Power	0.00%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.01%	0.03%
End Consumer	0.00%	0.01%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.01%	0.02%
Island Industrials	0.00%	0.02%	0.03%	0.03%	0.03%	0.03%	0.02%	0.02%	0.01%	0.02%

This analysis is based upon recovery through the proposed Electrification, Conservation and Demand Management ("ECDM") Recovery Mechanism, which recovers costs over seven years. In this case, recovery of 2022 expenditures would begin on July 1, 2023 and continue to June 30, 2030. Hydro has also provided a calculation of rate impacts to Newfoundland Power Inc. ("Newfoundland Power"), End-Consumers, and Island Industrial Customers.[1] The analysis shows that constructing an asset with $1.0 million cost in 2022 will result in a revenue

[1] Costs have been allocated based upon 2020 Energy Ratios. Revenue requirement impacts are relative to the 2019 Test Year.

requirement of approximately $1.2 million. Operating costs are expected to be consistent between Hydro and Newfoundland Power and therefore have been excluded from this analysis. Please refer to Hydro's response to PUB-NLH-035 for estimated annual operating and maintenance costs for Hydro's 14 charging sites currently in service.

Hydro understands that Newfoundland Power has been asked a similar question[2] in a request for information in Newfoundland Power's Electrification, Conservation and Demand Application proceeding. As Newfoundland Power has the necessary information to more appropriately and accurately calculate the necessary information, Hydro respectfully defers to Newfoundland Power to provide their analysis for their revenue requirement with respect to the same scenario in its RFI response in that proceeding.

[2] CA-NP-044.