

1 Q. **Reference: Hydro’s letter Re: Long-Term Supply for Southern Labrador – Phase 1 – Midgard**  
2 **Consulting Inc. Report, May 31, 2023, Page 2.**

3 *“Midgard’s report highlights several benefits of interconnecting the communities*  
4 *to a regional generating facility, including operational savings due to reduced*  
5 *fuel consumption, improved system reliability, reduced capital costs, and greater*  
6 *potential for renewable penetration.”*

7 Does Hydro anticipate operational savings due to less labour requirements associated with one  
8 regional generating station as opposed to four separate isolated generating stations? If so,  
9 please provide details of those operational savings including whether Hydro will experience a  
10 reduction in full-time equivalent (“FTE”) requirements.

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13 A. Based on Midgard Consulting Inc.’s analysis, Newfoundland and Labrador Hydro (“Hydro”)  
14 anticipates overall operating cost savings of approximately \$20 million net present value over  
15 the 25-year study period, which consists of fixed and variable operating costs, fuel costs, and  
16 includes power purchase agreement payments for renewable energy in both the base case and  
17 the selected alternative, reflecting greater renewable penetration for the interconnected  
18 system. Hydro does not anticipate a net reduction in FTEs,<sup>1</sup> as Hydro anticipates that the  
19 reduction in FTEs associated with the retirement of the diesel plants will be offset by the  
20 requirement for FTEs for operation and maintenance of the regional distribution system.

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<sup>1</sup> Full-time equivalent (“FTE”).