

1 Q. **Reference: Schedule 1 – Long-Term Supply for Southern Labrador – Phase 1**

2 The application is requesting approval of a \$72.6 million capital project to provide service to
3 four communities in Southern Labrador.

4 a) Please provide the estimated cost of this project per ratepayer that will be receiving
5 service from this capital project.

6 b) How much will these ratepayers be contributing towards the costs of this project in their
7 rates?

8 c) How much will the rates of the other ratepayers in the province contribute towards this
9 project?

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12 A. a) PUB-NLH-015, Attachment 1 provides the forecast cost per customer for the proposed
13 alternative (Alternative 3A) and Alternative 1. The forecast projects a lower cost per
14 customer by proceeding with Alternative 3A.

15 b) As Newfoundland and Labrador Hydro (“Hydro”) does not have a separate cost of service
16 study completed for the communities included in the Labrador south interconnection
17 project, Hydro does not know the revenue to cost ratio for the customers in these
18 communities. However, the average revenue to cost ratio for customers on the Labrador
19 Isolated customers in the 2019 Test Year is 24%.¹ Unless the pricing policy for rate setting in
20 Hydro rural diesel areas changes materially, Hydro believes the 24% revenue to cost ratio
21 will not materially increase in the future. This would result in the remaining 76% of the costs
22 being recovered from other customers.

23 c) Please refer to part b) of this response.

¹ The revenue to cost ratio reflects payments of approved rates by customers. However, a portion of the bills for Domestic customers is paid monthly by the Government of Newfoundland and Labrador through the Northern Strategic Plan credit payment to Hydro.

Long-Term Supply for Southern Labrador
Forecast Revenue Requirements and Cost per Customer

Year	-----Revenue Requirement-----			Number of Customers ¹	-----Cost per Customer-----		
	Alternative 3A (\$ millions)	Alternative 1 (\$ millions)	Variance (\$ millions)		Alternative 3A (\$000)	Alternative 1 (\$000)	Variance (\$000)
2022	-	-	-		-	-	-
2023	0.1	1.1	(1.0)	876	0.1	1.3	(1.1)
2024	1.8	2.0	(0.2)	879	2.0	2.3	(0.2)
2025	10.0	8.1	1.9	883	11.3	9.2	2.2
2026	9.9	8.4	1.5	883	11.2	9.5	1.7
2027	10.1	8.6	1.5	883	11.4	9.7	1.7
2028	10.3	8.9	1.4	883	11.7	10.1	1.6
2029	10.4	9.1	1.3	883	11.8	10.3	1.5
2030	10.9	10.0	0.9	883	12.3	11.3	1.0
2031	11.8	11.4	0.4	883	13.4	12.9	0.5
2032	11.8	11.5	0.3	883	13.4	13.0	0.3
2033	11.9	11.7	0.2	883	13.5	13.3	0.2
2034	12.7	12.0	0.7	883	14.4	13.6	0.8
2035	11.9	12.8	(0.9)	883	13.5	14.5	(1.0)
2036	12.0	14.8	(2.8)	883	13.6	16.8	(3.2)
2037	12.0	14.8	(2.8)	883	13.6	16.8	(3.2)
2038	12.0	14.8	(2.8)	883	13.6	16.8	(3.2)
2039	12.3	14.8	(2.5)	883	13.9	16.8	(2.8)
2040	12.2	14.7	(2.5)	883	13.8	16.6	(2.8)
2041	12.2	14.7	(2.5)	883	13.8	16.6	(2.8)
2042	12.3	14.7	(2.4)	883	13.9	16.6	(2.7)
2043	12.3	14.8	(2.5)	883	13.9	16.8	(2.8)
2044	13.2	15.0	(1.8)	883	14.9	17.0	(2.0)
2045	12.8	16.1	(3.3)	883	14.5	18.2	(3.7)
2046	13.2	18.5	(5.3)	883	14.9	21.0	(6.0)
2047	13.1	18.5	(5.4)	883	14.8	21.0	(6.1)
2048	13.2	18.6	(5.4)	883	14.9	21.1	(6.1)
2049	13.5	18.8	(5.3)	883	15.3	21.3	(6.0)
2050	13.2	18.9	(5.7)	883	14.9	21.4	(6.5)
2051	13.5	19.1	(5.6)	883	15.3	21.6	(6.3)
2052	13.6	19.2	(5.6)	883	15.4	21.7	(6.3)
2053	13.9	19.2	(5.3)	883	15.7	21.7	(6.0)
2054	15.0	19.4	(4.4)	883	17.0	22.0	(5.0)
2055	13.8	19.6	(5.8)	883	15.6	22.2	(6.6)
2056	13.6	19.4	(5.8)	883	15.4	22.0	(6.6)
2057	13.6	19.4	(5.8)	883	15.4	22.0	(6.6)
2058	13.6	18.9	(5.3)	883	15.4	21.4	(6.0)
2059	14.0	19.2	(5.2)	883	15.9	21.7	(5.9)
2060	12.7	19.6	(6.9)	883	14.4	22.2	(7.8)
2061	13.5	20.0	(6.5)	883	15.3	22.7	(7.4)
2062	14.5	20.3	(5.8)	883	16.4	23.0	(6.6)
2063	14.6	20.8	(6.2)	883	16.5	23.6	(7.0)
2064	16.6	21.0	(4.4)	883	18.8	23.8	(5.0)
2065	16.7	20.4	(3.7)	883	18.9	23.1	(4.2)
2066	16.5	21.1	(4.6)	883	18.7	23.9	(5.2)
2067	16.5	21.3	(4.8)	883	18.7	24.1	(5.4)
2068	16.1	21.4	(5.3)	883	18.2	24.2	(6.0)
2069	17.0	22.2	(5.2)	883	19.3	25.1	(5.9)
2070	17.0	22.5	(5.5)	883	19.3	25.5	(6.2)
	609.4	762.1	(152.7)				

¹ Forecast number of customers available up to 2025 and held constant throughout the study period for the purpose of this calculation.