

1 Q. **Reference: Volume I - Tab 1 - 2022 Capital Budget Overview**

2 The Application states beginning on page 19, line 7, that “On a pro forma basis, Hydro’s 2022  
3 and 2023 revenue requirement is estimated to increase by approximately \$2 million and \$8  
4 million, respectively, as a result of the capital projects proposed for 2022. Such a revenue  
5 requirement increase would represent an increase of 0.4% and 1.2% in 2022 and 2023,  
6 respectively, relative to Hydro’s 2019 Test Year.”

7 a) Please confirm that the increased revenue requirements identified above include all  
8 anticipated supplementals identified in PUB-NLH-001.

9 b) If not confirmed, please provide the estimated increase in revenue requirements and  
10 the resulting increases to ratepayers for 2022 and 2023 arising from all of the projects  
11 included in PUB-NLH-001.

12

13

14 A. On September 17, 2021, Hydro filed a revision to its 2022 Capital Budget Application which  
15 included an update to the revenue requirement calculation. The update states:

16 On a *pro forma* basis, Hydro’s 2022 and 2023 revenue requirement is estimated  
17 to increase by approximately \$2 million and \$6 million, respectively, as a result,  
18 of the capital projects proposed in 2022. Such a revenue requirement increase  
19 would represent an increase of 0.4% and 1.0% in 2022 and 2023, respectively,  
20 relative to Hydro’s 2019 Test Year.<sup>1</sup>

21 The increased revenue requirement identified did not include the anticipated supplemental  
22 identified in Hydro’s response to PUB-NLH-001 of this proceeding. However, the statement  
23 above is still accurate with the inclusion of the supplemental projects referenced in the  
24 response to PUB-NLH-001. Although the supplemental capital spend is projected to be \$32  
25 million, this results in an increase to Hydro’s average rate base by 2023 of only \$2 million. The  
26 \$32 million spend is primarily driven by the Long-Term Supply of Southern Labrador – Phase 1

---

<sup>1</sup> “2022 Capital Budget Application,” Newfoundland and Labrador Hydro, rev. September 17, 2021 (originally filed August 2, 2021), vol. I, sch. 1, sec. 4.6, at p. 20/4–7.

1 and the Valentine Gold Interconnection projects both of which are multi-year projects and are  
2 not expected to be in service to impact revenue requirement until 2024. As well, the Valentine  
3 Gold Interconnection project, which has an estimated spend of \$12.2 million in 2022, is fully  
4 contributed and would have no impact on revenue requirement.