

1 Q. Update the response to Question 10, “Request to Hydro to Provide Additional Information”,
2 dated July 22, 2025, incorporating the revised cost estimate for the Avalon Combustion Turbine
3 in the pro-forma analysis of the project’s impact on customer rates.
4

5
6 A. The pro-forma incremental customer rate impact analysis over the 2030 to 2040 period for each
7 project, on a per kWh and percentage basis, updated for the revised cost estimate for the
8 Avalon Combustion Turbine, is included in Request 5, Attachment 1. Newfoundland and
9 Labrador Hydro (“Hydro”) has also updated other assumptions for operating and maintenance
10 costs, fuel costs, weighted average cost of capital, and useful service lives to align with recent
11 forecasts and assumptions. As provided in the initial response to the Board of Commissioners of
12 Public Utilities’ (“Board”) Request to Hydro to Provide Additional Information,¹ Request 5,
13 Attachment 1 assumes the current rate mitigation plan continues beyond 2030, and the
14 proposed capital expenditures are approved in full, but not subject to rate mitigation.

15 As shown in Request 5, Attachment 1, rate increases are higher for the 2031 to 2032 period,
16 when assets are being put into service, than in future years in the analysis. This is especially true
17 when looking at the total rate increase if both projects are approved and put into service
18 according to the current estimated schedule. As customer affordability is of primary importance,
19 scenarios that consider rate smoothing alternatives may be more tolerable. This calculation is
20 based on the specific assumptions requested by the Board with respect to rate mitigation policy;
21 however, actual rate mitigation in the post-2030 period and, therefore, customer rates, may
22 differ materially and will depend on future decisions of the Government of Newfoundland and
23 Labrador. In addition, these estimates are based on assumptions made at a point in time, which
24 have been noted in Request 5, Attachment 1; actual results may differ from those assumptions
25 used.

¹ “2025 Build Application – Request to Hydro to Provide Additional Information – Hydro’s Reply,” Newfoundland and Labrador Hydro, September 11, 2025.

Bay d'Espoir Unit 8
Pro-Forma Incremental Customer Rate Impact (\$000)¹

	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Cost²											
Depreciation	-	-	15,417	15,417	15,417	15,417	15,417	15,417	15,417	15,417	15,417
Net Book Value	-	1,079,221	1,063,804	1,048,386	1,032,969	1,017,551	1,002,134	986,716	971,299	955,881	940,464
Operating Cost	-	-	3,042	3,112	3,184	3,257	3,332	3,408	3,487	3,567	3,649
Operating Escalation	-	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Revenue Requirement											
Return	-	31,837	63,219	62,310	61,400	60,490	59,581	58,671	57,761	56,852	55,942
Depreciation	-	-	15,417	15,417	15,417	15,417	15,417	15,417	15,417	15,417	15,417
Operating Costs	-	-	3,042	3,112	3,184	3,257	3,332	3,408	3,487	3,567	3,649
Incremental Revenue Requirement	-	31,837	81,679	80,839	80,001	79,165	78,330	77,497	76,666	75,836	75,009
Estimated Incremental Rate Impact (¢/kWh)		0.48	1.24	1.22	1.21	1.20	1.19	1.17	1.16	1.15	1.14
Estimate Avg. Annual Rate (¢/kWh) ³	19.05	19.61	20.34	21.10	21.90	22.72	23.57	24.45	25.37	26.32	27.31
Total Avg. Rate (¢/kWh)	19.05	20.09	21.58	22.33	23.11	23.92	24.76	25.63	26.53	27.47	28.44
Avg. Annual Rate Increase	-	5.4%	7.4%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

¹ Numbers may not add due to rounding.

² Based on P85 costs as included in Newfoundland and Labrador Hydro's ("Hydro") 2025 Build Application.

³ Assumes continuation of rate mitigation plan excluding the revenue requirement impact of Bay d'Espoir Unit 8. Assumes annual rate increases on July 1 of each year of:

- 2026 - 2.25%
- 2027 - 6.95%
- 2028 - 3.65%
- 2029 - 1.95%
- 2030 - 2.25%
- 2031 onward - 3.75% (2.25% Hydro; 1.50% NP)

Other Assumptions:

- In-Service Date - December 31, 2031.
- O&M Escalation of 2.3% per year.
- Average Annual Rate 2026 - 16.49¢/kWh.
- Depreciable Life - 70 Years
- Incremental Weighted Average Cost of Capital - 5.90%
- Estimated incremental rate impact assumes a \$66 million change in revenue requirement equals approximately 1 cent change in domestic rates.

Avalon Combustion Turbine													
Pro-Forma Incremental Customer Rate Impact (\$000) ¹													
	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040		
Cost ²													
995,875	-	22,131	22,131	22,131	22,131	22,131	22,131	22,131	22,131	22,131	22,131	22,131	22,131
Depreciation	-	995,875	973,744	951,614	929,483	907,353	885,222	863,092	840,961	818,831	796,700	774,569	752,438
Net Book Value	-	3,456	3,456	3,535	3,617	3,700	3,785	3,872	3,961	4,052	4,146	4,241	4,336
Operating Cost	-	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Operating Escalation	-	29,378	58,104	56,798	55,492	54,187	52,881	51,575	50,270	48,964	47,658	46,352	45,046
Revenue Requirement	-	22,131	22,131	22,131	22,131	22,131	22,131	22,131	22,131	22,131	22,131	22,131	22,131
Return	-	10,694	10,940	11,192	11,449	11,712	11,982	12,257	12,539	12,828	13,123	13,418	13,713
Depreciation	-	3,456	3,535	3,617	3,700	3,785	3,872	3,961	4,052	4,146	4,241	4,336	4,431
Fuel	-	29,378	94,384	93,404	92,431	91,466	90,509	89,560	88,619	87,686	86,762	85,846	84,926
Operating Costs	-	0.45	1.43	1.42	1.40	1.39	1.37	1.36	1.34	1.33	1.31	1.30	1.28
Incremental Revenue Requirement	-	18.66	19.05	20.34	21.10	21.90	22.72	23.57	24.45	25.37	26.32	27.31	28.31
Estimated Incremental Rate Impact (¢/kWh)	-	18.66	19.50	21.04	21.76	23.28	24.09	24.93	25.80	26.70	27.64	28.61	29.61
Estimate Avg. Annual Rate (¢/kWh) ³	-	4.5%	7.9%	3.4%	3.4%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Total Avg. Rate (¢/kWh)	-	18.66	19.50	21.04	21.76	23.28	24.09	24.93	25.80	26.70	27.64	28.61	29.61
Avg. Annual Rate Increase	-	4.5%	7.9%	3.4%	3.4%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

¹ Numbers may not add due to rounding.
² Based on P85 costs as included in Newfoundland and Labrador Hydro's ("Hydro") 2025 Build Application - Avalon CT Evidentiary Update.
³ Assumes continuation of rate mitigation plan excluding the revenue requirement impact of Avalon Combustion Turbine. Assumes annual rate increases on July 1 of each year of:
 2026 - 2.25%
 2027 - 6.95%
 2028 - 3.65%
 2029 - 1.95%
 2030 - 2.25%
 2031 onward - 3.75% (2.25% Hydro; 1.50% NP)

Other Assumptions:
 In-Service Date - December 31, 2030.
 In-Service Date - December 31, 2031.
 O&M Escalation of 2.3% per year.
 Average Annual Rate 2026 - 16.49¢/kWh.
 Depreciable Life - 45 years
 Incremental Weighted Average Cost of Capital - 5.90%
 Estimated incremental rate impact assumes a \$66 million change in revenue requirement equals approximately 1 cent change in domestic rates.