

1 Q. **Off Island Purchases**

2 Page 1.11, lines 25-27 – Provide the assumptions Hydro used in determining the
3 estimates of the savings arising from the proposed off-island purchases deferral
4 account stated on page 1.9, lines 19-21 and page 1.11, lines 18-20 for each of the
5 stated four factors that affect the actual savings.

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8 A. Hydro's response to NP-NLH-115 provides a calculation of the balances in the
9 proposed Off-Island Purchases Deferral Account for 2018, 2019, and 2020 based on
10 Hydro's current assumptions. The assumptions used for the proposed Off-Island
11 Purchases Deferral Account are as follows:

12 (i) The availability date for the use of Labrador-Island Link (LIL) for accessing
13 off-island purchases is assumed to be July 1, 2018.

14 (ii) For the operation of the proposed deferral account in 2018, Hydro has
15 assumed fuel savings will accumulate at the 2015 Test Year fuel cost of
16 \$64.41 and a fuel conversion rate of 618 kWh per barrel. For operation of
17 the proposed deferral account in 2019 and 2020, Hydro has assumed that
18 the forecast 2019 Test Year fuel cost of \$87.11 and a fuel conversion rate of
19 616 kWh per barrel to be used in the calculation of the deferral account
20 balance.

21 (iii) With respect to the energy available for import from other jurisdictions,
22 Hydro is unable to provide an estimate at this time as confidential
23 negotiations are ongoing and not yet complete. However, Hydro's estimates
24 of the amounts of Recapture Energy and Pre-Commissioning generation
25 from Muskrat Falls to be used to serve the Island are provided in Hydro's
26 response to NP-NLH-115.

1 (iv) The projected costs to be paid by Hydro for the use of the LIL and the
2 Labrador Transmission Assets to access off-island purchases provided in
3 Hydro's response to PUB-NLH-018 are used in the calculations provided in
4 Hydro's response to NP-NLH-115.