Q. **Reference: 2018 Cost of Service Methodology Review Report dated November 15, 2018**

On page 18 (lines 16 to 17) it is stated "*net export revenues be classified in the same manner as the classification of the Muskrat Falls Project costs in the cost of service study*". Please elaborate further and provide a working example of how "*net export revenues*" will be classified in the same manner as the Muskrat Falls project.

A. Newfoundland and Labrador Hydro has proposed that net export revenues be classified using the same percentages as energy-related and demand-related as the classification of the Muskrat Falls Project (i.e., 80% energy and 20% demand) based on the recommended equivalent peaker methodology. Please refer to CA-NLH-026, Attachment 1 for the classification of net export revenues using Newfoundland and Labrador Hydro's 2021 Illustrative Cost of Service Study Recommended Approach.

NEWFOUNDLAND AND LABRADOR HYDRO
2021 Illustrative Cost of Service Study - Recommended Approach
Total System
Power Purchases

Line No.		1	2	3	4	5	6	7	8	
		Total	Production Demand	Production & Transmission Energy	Transmission Export Demand	Transmission Network Demand	Rural Transmission Demand	Distribution Demand	Basis of Functional Classification
		($)	($)	($)	($)	($)	($)	($)	
	Island Interconnected:								
1	DLP Secondary	0		0					Production - Energy (Same as RSP Sec Load Var)
2	AP Secondary	-		-					Production - Energy (Secondary)
3	Wheeling	769,061					769,061		Rural Transmission
4	Interruptible Demand	2,520,000	2,520,000						Production - Demand
5	Interruptible Energy	-		-					Production - Energy
6	Non-utility Generation excluding wind	44,125,021	20,032,236	24,092,785					Energy: System Load Factor
7	Wind Purchases	14,200,577	3,124,127	11,076,450					Production - Energy
8	Muskrat Falls Generation	293,021,738	58,604,348	234,417,391					Energy: Equil. Peaker
9	Total Exports	(53,388,712)	(10,677,742)	(42,710,970)					Energy: Equil. Peaker
10	Power Purchases - LTA Costs	52,887,301	10,577,460	42,309,841	-				Energy: Equil. Peaker
11	Power Purchases - LIL Costs	379,849,000	75,969,800	303,879,200	-				Energy: Equil. Peaker
12	Power Purchases - Off Island	-	-	-	-				Energy: Equil. Peaker
13	Recapture to the Island	1,691,700	768,012	923,688					Energy: System Load Factor
14	**Subtotal**	**735,675,685**	**160,918,240**	**573,988,384**	**-**	**-**	**769,061**	**-**	
15	**Labrador Interconnected:**								
16	CF(L)Co	1,490,325	416,890	1,073,435					Energy: System Load Factor
17	Other	-	-						Labrador Lynx Interuptible
18	**Subtotal**	**1,490,325**	**416,890**	**1,073,435**	**-**	**-**	**-**	**-**	
	Isolated Systems:								
19	Mary's Harbour	-		-					Production - Energy
20	L'Anse au Loup	3,423,496		3,423,496					Production - Energy
21	Ramea Wind	210,500	164,190	46,310					Production - Energy
22	**Subtotal**	**3,633,996**	**164,190**	**3,469,806**	**0**	**0**	**0**	**0**	
23	**Total**	**740,800,005**	**161,499,320**	**578,531,625**	**-**	**-**	**769,061**	**-**	