1 Q. Please provide the change in the rural deficit for the Labrador isolated area cost of service and

2 the impact on rates should this project be approved.

3

4

5 A. To meet its obligation to provide reliable service, Newfoundland and Labrador Hydro ("Hydro")

6 is required to invest capital to either continue to maintain community-based isolated systems or

7 select another supply alternative. To estimate the impact on the rural deficit for the proposed

8 supply alternative, Hydro evaluated the increase in annual revenue requirement of the

9 proposed project relative to the estimated annual costs of continuing to use community-based

10 isolated systems with the continued operation of mobile generation in Charlottetown.

11 PUB-NLH-002, Attachment 1 provides the forecast impact on the rural deficit for the Labrador

12 isolated area and provides the impact on rates should this project be approved instead of the

13 continued operation of mobile generation (Alternative 1). It is assumed the annual cost

14 difference for each project option will be allocated to Newfoundland Power Inc. and Labrador

15 Interconnected customers in the same proportion which the rural deficit was allocated in the

16 2019 Test Year Cost of Service Study, which is 96.1% and 3.9%, respectively. The forecast rate

17 impacts on a percentage basis are based on the revenue requirement from the 2019 Test Year

18 Cost of Service Study.

Long-Term Supply for Southern Labrador
Forecast Revenue Requirements and Rate Impacts

Year	Revenue Requirement ($ million) Alternative 3A	Revenue Requirement ($ million) Alternative 1	Rural Deficit Impact Alternative 3a vs. 1 Labrador Isolated Rural Deficit	Allocation of Rural Deficit ($ million) Newfoundland Power (96.1%)	Allocation of Rural Deficit ($ million) Labrador Interconnected (3.9%)	Estimated Rate Impact Newfoundland Power (Whl.)	Estimated Rate Impact Newfoundland Power (End Consumer)	Estimated Rate Impact Labrador Interconnected
2023	0.1	1.1	(1.0)	(1.0)	(0.0)	-0.2%	-0.1%	-0.2%
2024	1.8	2.0	(0.2)	(0.2)	(0.0)	0.0%	0.0%	0.0%
2025	10.0	8.1	1.9	1.8	0.1	0.4%	0.2%	0.4%
2026	9.9	8.4	1.5	1.4	0.1	0.3%	0.2%	0.3%
2027	10.1	8.6	1.5	1.4	0.1	0.3%	0.2%	0.3%
2028	10.3	8.9	1.4	1.3	0.1	0.3%	0.2%	0.3%
2029	10.4	9.1	1.3	1.2	0.1	0.2%	0.2%	0.2%
2030	10.9	10.0	0.9	0.9	0.0	0.2%	0.1%	0.2%
2031	11.8	11.4	0.4	0.4	0.0	0.1%	0.1%	0.1%
2032	11.8	11.5	0.3	0.3	0.0	0.1%	0.0%	0.1%
2033	11.9	11.7	0.2	0.2	0.0	0.0%	0.0%	0.0%
2034	12.7	12.0	0.7	0.7	0.0	0.1%	0.1%	0.1%
2035	11.9	12.8	(0.9)	(0.9)	(0.0)	-0.2%	-0.1%	-0.2%
2036	12.0	14.8	(2.8)	(2.7)	(0.1)	-0.5%	-0.4%	-0.5%
2037	12.0	14.8	(2.8)	(2.7)	(0.1)	-0.5%	-0.4%	-0.5%
2038	12.0	14.8	(2.8)	(2.7)	(0.1)	-0.5%	-0.4%	-0.5%
2039	12.3	14.8	(2.5)	(2.4)	(0.1)	-0.5%	-0.3%	-0.5%
2040	12.2	14.7	(2.5)	(2.4)	(0.1)	-0.5%	-0.3%	-0.5%
2041	12.2	14.7	(2.5)	(2.4)	(0.1)	-0.5%	-0.3%	-0.5%
2042	12.3	14.7	(2.4)	(2.3)	(0.1)	-0.5%	-0.3%	-0.5%
2043	12.3	14.8	(2.5)	(2.4)	(0.1)	-0.5%	-0.3%	-0.5%
2044	13.2	15.0	(1.8)	(1.7)	(0.1)	-0.3%	-0.2%	-0.3%
2045	12.8	16.1	(3.3)	(3.2)	(0.1)	-0.6%	-0.4%	-0.6%
2046	13.2	18.5	(5.3)	(5.1)	(0.2)	-1.0%	-0.7%	-1.0%
2047	13.1	18.5	(5.4)	(5.2)	(0.2)	-1.0%	-0.7%	-1.0%
2048	13.2	18.6	(5.4)	(5.2)	(0.2)	-1.0%	-0.7%	-1.0%
2049	13.5	18.8	(5.3)	(5.1)	(0.2)	-1.0%	-0.7%	-1.0%
2050	13.2	18.9	(5.7)	(5.5)	(0.2)	-1.1%	-0.7%	-1.1%
2051	13.5	19.1	(5.6)	(5.4)	(0.2)	-1.1%	-0.7%	-1.1%
2052	13.6	19.2	(5.6)	(5.4)	(0.2)	-1.1%	-0.7%	-1.1%
2053	13.9	19.2	(5.3)	(5.1)	(0.2)	-1.0%	-0.7%	-1.0%
2054	15.0	19.4	(4.4)	(4.2)	(0.2)	-0.8%	-0.6%	-0.8%
2055	13.8	19.6	(5.8)	(5.6)	(0.2)	-1.1%	-0.7%	-1.1%
2056	13.6	19.4	(5.8)	(5.6)	(0.2)	-1.1%	-0.7%	-1.1%
2057	13.6	19.4	(5.8)	(5.6)	(0.2)	-1.1%	-0.7%	-1.1%
2058	13.6	18.9	(5.3)	(5.1)	(0.2)	-1.0%	-0.7%	-1.0%
2059	14.0	19.2	(5.2)	(5.0)	(0.2)	-1.0%	-0.7%	-1.0%
2060	12.7	19.6	(6.9)	(6.6)	(0.3)	-1.3%	-0.9%	-1.3%
2061	13.5	20.0	(6.5)	(6.2)	(0.3)	-1.2%	-0.8%	-1.2%
2062	14.5	20.3	(5.8)	(5.6)	(0.2)	-1.1%	-0.7%	-1.1%
2063	14.6	20.8	(6.2)	(6.0)	(0.2)	-1.2%	-0.8%	-1.2%
2064	16.6	21.0	(4.4)	(4.2)	(0.2)	-0.8%	-0.6%	-0.8%
2065	16.7	20.4	(3.7)	(3.6)	(0.1)	-0.7%	-0.5%	-0.7%
2066	16.5	21.1	(4.6)	(4.4)	(0.2)	-0.9%	-0.6%	-0.9%
2067	16.5	21.3	(4.8)	(4.6)	(0.2)	-0.9%	-0.6%	-0.9%
2068	16.1	21.4	(5.3)	(5.1)	(0.2)	-1.0%	-0.7%	-1.0%
2069	17.0	22.2	(5.2)	(5.0)	(0.2)	-1.0%	-0.7%	-1.0%
2070	17.0	22.5	(5.5)	(5.3)	(0.2)	-1.0%	-0.7%	-1.0%
Total	**609.4**	**762.1**	**(152.7)**	**(146.7)**	**(6.0)**			