Q. **Reference: Application, Schedule 6, Upgrade Worst-Performing Distribution Feeders (2024 - 2025)**

a) How much of the cost of this project will be paid by the customers that benefit, and how much of the cost will be paid for by Newfoundland Power's customers?

b) In Table 3 (page 12) the program budget estimates are given as $1,064.3 thousand for 2024 and $2,227.4 thousand for 2025. However, Chart 1 on the same page shows the program budget at amounts greater than those respective amounts. Please explain the difference.

A. **a)** Based on the revenue-to-cost ratio in the 2019 Test Year Cost of Service Study, Newfoundland and Labrador Hydro ("Hydro") estimates that 42% of the cost of the Upgrade Worst-Performing Distribution Feeders (2024–2025) program will be recovered from customers on the L'Anse-au-Loup System. The remaining cost will be recovered through the rural deficit, with 96.1% recovered from Newfoundland Power's customers and 3.9% from Rural Labrador Interconnected System customers.

b) The information in Table 3[1] is provided for the scopes of work under the 2024–2025 iteration of the Upgrade Worst-Performing Feeder program. The information provided in Chart 1[2] is the total program estimate per year, which would include expenditures from all iterations of this program that are forecast to have spend in 2024 and 2025. Information from Hydro's five-year plan detailing this can be found in Table 1.

[1] "2024 Capital Budget Application," Newfoundland and Labrador Hydro, rev. August 18, 2023 (originally filed July 12, 2023), sch. 6, prog 11, s. 7.1, p. 12.
[2] Ibid.

Table 1: 2024 and 2025 Expenditures ($000)

Program	2024 Spend	2025 Spend
Upgrade Worst-Performing Feeder (2023-2024)	1,372.6	0
Upgrade Worst-Performing Feeder (2024-2025)	1,064.3	2,227.4
Upgrade Worst-Performing Feeder (2025-2026)	0	480.3
Total	**2,436.9**	**2,707.7**