

1 Q. **Reference: Replace Diesel Gensets (2027–2029) – Makkovik and Inspect Fuel Storage Tanks**
2 **(2027–2028) - Makkovik**

3 a) How much capital per customer is Hydro proposing to spend through 2029 in Makkovik?

4 b) What is the cost of fuel in cents/kWh for Makkovik, and what is the overall cost of
5 operation, maintenance and fuel per customer in Makkovik forecast for 2029?

6 c) How much of this cost will be paid by the electricity consumers in Makkovik?
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9 A. a) Makkovik is located on the north coast of Labrador and is served by the Makkovik Diesel
10 Generating Station. The existing bulk fuel storage farm consisting of four vertical fuel
11 storage tanks was installed in 1990. The proposed project for completion of the required
12 internal inspections of all four bulk fuel storage tanks and implementation of permanent,
13 safe-access improvements to the site to support ongoing operations and inspection
14 activities. The capital cost per customer in Makkovik for the two proposed projects is
15 approximately \$22,000.¹ It is Newfoundland and Labrador Hydro's ("Hydro") opinion that
16 the requested operating costs information is not necessary for a satisfactory understanding
17 of the matters to be considered in the 2026 Capital Budget Application as required by the
18 *Board of Commissioners of Public Utilities Regulations, 1996*.

19 b) Within the direction set by government regarding Isolated systems, including Makkovik,
20 Hydro is limited with respect to customer rates. Current Isolated system customer rates are
21 significantly below Hydro's cost of service. The costs of these expenditures that are
22 recovered within rates for these customers, including the Rural Deficit, will be determined
23 through Hydro's next general rate application.

24 c) Within the direction set by government regarding Isolated systems, including Makkovik,
25 Hydro is limited with respect to customer rates. Current Isolated system customer rates are
26 significantly below Hydro's cost of service. The costs of these expenditures that are

¹ There are approximately 250 customers in Makkovik.

1 recovered within rates for these customers, including the Rural Deficit, will be determined
2 through Hydro's next general rate application.