

1 Q. **Reference: Program 3: Provide Service Extensions (2027) Chart 3, page 5**

2 Why is the cost per unit higher in 2024 compared to all other years?

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5 A. Provide Service Extensions is a customer-driven program that includes a range of scopes. Costs
6 associated with customer requests for service vary greatly depending on the nature of the
7 request and the magnitude of infrastructure modifications required to accommodate the
8 request.

9 Newfoundland and Labrador Hydro ("Hydro") calculated cost per unit actuals for the years 2021
10 to 2025 based on the actual spend for each year divided by the number of new service requests
11 completed. The actual spend in 2024 was higher than the other years noted, which resulted in a
12 higher cost per unit.

13 Primary drivers contributing to the increased cost in 2024 included:

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- A new subdivision in Sheshatshiu (\$165,900);
 - 15 • Work for the Department of Transportation on the Northern Peninsula (\$181,800);
 - 16 • A line relocation in Labrador West (\$74,600);
 - 17 • A service extension on the Bottoms Waters distribution system (\$87,300); and
 - 18 • Higher costs for materials (\$76,200).

19 Accordingly, the elevated cost per unit recorded in 2024 reflects the impact of several higher-
20 cost customer-driven requests and increased materials costs during that year. Hydro cannot
21 confirm whether this is indicative of a sustained trend.