

1 **Undertaking Request (U-11)**

2 **Monday, April 23, 2018**

3 **Transcript Reference: Pg. 217, line 17 to Pg. 218, line 9**

4 **Re: INFO #6, p.28 – middle band of Chart (NLH Other)**

5 Undertake to provide the information that was provided to generate the middle band.

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8 **Undertaking Response**

9 The 'NLH Other band' referenced in IC-NLH-122 represents an estimate of Hydro's portion
10 of the domestic rate excluding Muskrat Falls' power purchase costs. Hydro provided the
11 information needed to complete the revenue requirement for Hydro and a high level cost
12 of service.¹ The information includes:

- 13 • Operating Interconnected Island Load Forecast;
- 14 • Operating Interconnected Labrador Load Forecast;
- 15 • Rural Isolated Load Forecast;
- 16 • Production Plan (generation sources supplying the load);
- 17 • Power Purchase Costs (excluding Muskrat Falls related Power Purchase Agreements
18 which are calculated by Nalcor);
- 19 • Fuel Costs;
- 20 • Capital Assets, Expenditure, and Depreciation;
- 21 • Interest;
- 22 • Rate Stabilization Plan Activity;
- 23 • Rate Base Allowances for Working Capital, Fuel, and Supplies;
- 24 • Deferred Charges;
- 25 • Asset Retirement Obligations;

¹ Data used for rate projections may include high level assumptions on costs, such as escalating operating costs at inflation, instead of preparing detailed budgets such as those used in a General Rate Application.

- 1 • Employee Future Benefits;
- 2 • Operating Costs; and,
- 3 • Approved Return on Equity.

4

5 These inputs result in forecast revenue requirement for the Island Interconnected System,²
 6 exclusive of the Muskrat Falls project power purchase costs, as noted in Table 1.

Table 1: Revenue Requirement, Excluding MF Purchased Power Cost (\$000s)

	2021	2022	2023	2024	2025	2030	2035	2040
Island Interconnected	406,299	376,055	382,909	387,895	391,738	386,161	444,793	548,311

² The forecast revenue requirement for the Island Interconnected System is used to derive an estimated domestic rate based on allocations in the cost of service.