

Q. Reference: Schedule 1, page 53

It is stated “Table 4 outlines the estimated incremental revenue requirement in the first full year in service associated with the Avalon CT and BDE Unit 8” and the table indicates that incremental revenue requirement is \$180 million.

- a) Please provide an update of Table 4 to reflect the Revised Application’s cost estimate of the Avalon CT and also include the figures for the second full year of service.
- b) Please clarify whether the figures in the update of Table 4 are pre-rate mitigation. If not, please provide the total incremental revenue requirement.
- c) Please identify the calendar year corresponding to the “first full year” in service.
- d) For the first and second full years of service, what is the anticipated energy production (in MWh) by the Avalon CT each year and what is the forecast total energy supplied to the IIS by Hydro in each of those years?

- A. a) An update of Table 4 to reflect the Revised Application’s cost estimate of the Avalon Combustion Turbine (“Avalon CT”), including the figures for the second full year of service, is provided in Table 1.

Table 1: Incremental Revenue Requirement (\$ Millions)

	Authorized Budget	
	2031	2032
Avalon CT	89.9	88.9
BDE ¹ Unit 8	81.9	81.1
Total	171.8	170.0

The revenue requirement has been updated to reflect a composite useful life of 70 years for BDE Unit 8 and 45 years for the Avalon CT. The analysis uses an incremental weighted

¹ Bay d’Espoir (“BDE”).

1 average cost of capital of 5.90% and includes operating costs of \$3.6 million for the Avalon
2 CT and \$3.3 million for BDE Unit 8 for both 2031 and 2032. Fuel costs of \$6.1 million in 2031
3 and \$6.3 million in 2032 have also been included for the Avalon CT. Fuel costs included in
4 the revenue requirement do not assume any fuel burn-off.

5 **b)** The figures presented in Table 1 in part a) exclude any potential rate mitigation.

6 **c)** The calendar year corresponding to the “first full year” in service is 2031.

7 **d)** In the first and second year of service, the Avalon CT is forecasted to generate
8 approximately 20 GWh/year.² This amount is based on the long-term forecasted average
9 production from the facility to serve the Island Interconnected System each year. The actual
10 production will vary year to year based on actual system conditions. Island hydroelectric
11 generation is forecasted to generate an average of 4,600 GWh annually.

² Assuming BDE Unit 8 and wind generation are also integrated into the Island Interconnected System, and Holyrood Thermal Generating Station is retired.