

1 Q. **Reference: Reference: Schedule G (Volume 1, page 463); Cost of Service Methodology**
2 **Application (August 22, 2025), page 97; Technical Conference Presentation (October 14, 2025),**
3 **page 44**

4 State, as a general matter, what principle governs Hydro's choice between a multi-year historical
5 average and a single current/test-year figure when calculating a classification or credit input for
6 cost-of-service purposes, and explain why that principle produces a 5-year average for the NP
7 hydraulic generation credit but a single test-year figure (11.16%, rather than Hydro's own
8 calculated 5-year average of 18.43%) for Holyrood TGS capacity-factor classification. Provide a
9 narrative statement of the governing principle, if one exists as a matter of Hydro policy or
10 practice, and confirm whether the same principle was applied, considered, or rejected for each
11 of the two items deferred to this GRA by Order No. P.U. 14(2026). If no single governing
12 principle exists, confirm that the choice was made independently for each item and identify the
13 item-specific rationale in each case.

14
15
16 A. As a general matter of principle, values reflected in the Cost of Service Study are based on
17 forecast, but there are exceptions that need to be evaluated and approved on a case-by-case
18 basis. The Holyrood Thermal Generating Station capacity factor used to be calculated based on
19 the historical five-year average. However, due to the addition of Muskrat Falls generation, it was
20 determined that a forecast capacity factor would better capture the changes in production. In
21 the case of the hydraulic credit, past experience indicated that Newfoundland and Labrador
22 Hydro ("Hydro") was not getting the benefit of the forecast value; therefore, a historical
23 calculation is appropriate. Please refer to Hydro's response to CA-NLH-135 for further
24 information on the hydraulic credit calculation.