

Q. **Reference: Application, Tables 3-1, 3-2 and 3-3, pages 3.4, 3.5 and 3.7**

Please extend Table 3-1, Table 3-2 and Table 3-3 to include the 2028 Forecast to 2030 Forecast and provide variance explanations for material increases and decreases as compared to the 2027 Test Year amounts.

A. Newfoundland and Labrador Hydro's ("Hydro") forecast operating expenditures for 2028 through 2030 are derived from the 2027 Test Year operating cost forecast using escalation assumptions, with the exception of Holyrood Thermal Generating Station ("Holyrood TGS") operating costs in 2030, which reflect the assumption that the facility will operate only from January through March.¹ Hydro has not developed separate detailed forecasts by operating cost category for 2028 through 2030. Rather, the 2027 Test Year operating cost forecast is escalated using the applicable inflation assumptions for each forecast year. As a result, extending Table 3-1, Table 3-2, and Table 3-3 would not provide additional insight into changes in the nature or composition of operating costs, as the forecast amounts would reflect the application of escalation factors to the 2027 Test Year costs rather than changes in underlying cost drivers. Accordingly, a variance analysis by operating cost category is not available.

Table 1 provides Hydro's forecast total operating expenditures for 2028 through 2030 and the applicable escalation assumptions used in each year. The escalation assumptions represent a blend of labour inflation and gross domestic product deflator assumptions. Holyrood TGS operating costs in 2030 reflect three months of forecast operating activity.

Table 1: Forecast Operating Expenditures and Inflation Assumptions 2028–2030

	2028	2029	2030
Operating Expenditures (\$ Millions)	160.0	163.9	152.1
Escalation Factor (%)	2.32	2.45	2.35

¹ Forecast assumes Holyrood TGS retirement date of March 31, 2030.