

1 Q. **Reference: CA-NLH-110; NP-NLH-120**

2 Please quantify separately the change in the 2027 allocated cost of service of Newfoundland
3 Power, Island Industrial Customers and Rural Island Interconnected customers attributable to
4 the change from the 2019 Test Year to the 2027 Test Year in each of the demand, energy and
5 transmission allocation factors identified in NP-NLH-120, holding total 2027 costs and
6 functionalization and classification constant.

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9 A. Please refer to CA-NLH-278, Attachment 1, which presents the change in the 2027 allocated cost
10 of service for each Island Interconnected customer class resulting from replacing the allocators
11 used in the 2027 Cost of Service Study with those from the 2019 Cost of Service Study. The
12 analysis quantifies the impact of these allocator changes on the allocation of costs among
13 customer classes.¹

¹ Newfoundland and Labrador Hydro submits that the requested calculation would illustrate the mechanical effect of substituting allocator values while holding costs constant. It would not represent the full cost of service impact of the changes in load and production assumptions underlying those allocators. Those same assumptions may also affect purchased power, fuel, losses and other costs in the study. Accordingly, any calculated allocation impacts should be interpreted as illustrative only and should not be viewed as the independent cost impact of changing an allocator.

Impact of Allocator Changes

	Island Industrial	Newfoundland Power	Rural Island Interconnected
Demand Allocator			
2019 Test Year	5.94	87.80	6.26
2027 Test Year	4.98	88.74	6.28
2027 Test Year Cost to Serve ¹	42,815,548	574,037,014	87,315,429
2027 Cost to Serve with 2019 Test Year Allocator	45,799,002	571,119,188	87,247,801
Change²	(2,983,454)	2,917,826	67,628
Energy Allocator			
2019 Test Year	10.63	82.93	6.44
2027 Test Year	8.65	84.84	6.51
2027 Test Year Cost to Serve ¹	42,815,548	574,037,014	87,315,429
2027 Cost to Serve with 2019 Test Year Allocator	48,098,303	568,932,495	87,137,193
Change²	(5,282,755)	5,104,519	178,236
Transmission Allocator			
2019 Test Year	5.80	88.08	6.12
2027 Test Year	4.86	89.00	6.13
2027 Test Year Cost to Serve ¹	42,815,548	574,037,014	87,315,429
2027 Cost to Serve with 2019 Test Year Allocator	43,527,936	573,337,901	87,302,153
Change²	(712,388)	699,113	13,276

¹ 2027 Test Year Cost of Service Study, Schedule F 1.2

² The impact of each allocator group change was calculated on a standalone basis. In each case, only the allocator being examined was changed, while all other allocators groups remained at their 2027 Cost of Service Study values. The impact was calculate by substituting the 2027 allocators with the 2019 allocators.