

1 **Q. In its 2016 filing at 4-29 NP referred to potential competition as a result of increased**
2 **power costs. At that time, NP was asked to provide the cost of conversion for a**
3 **typical residential customer to an oil furnace and the current annual cost of heating**
4 **with oil versus electricity for different rate classes. With the increased capital cost**
5 **of Muskrat Falls can NP revisit and update its answer and also reference any other**
6 **alternative fuels that both residential and industrial users might switch to.**

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8 A. The cost to convert a domestic customer from electricity to another fuel can vary
9 significantly depending on the dwelling. The typical cost of conversion to a forced air
10 furnace is approximately \$10,000 while the cost of conversion to a hot water radiation
11 system can range from \$15,000 to \$25,000.¹ The cost of conversion can also vary
12 depending on the fuel type.²

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14 The current annual cost of heating with oil versus electricity for different rate classes is
15 difficult to quantify. For domestic customers, electricity currently has approximately a
16 10-15% operating cost advantage compared to furnace oil.³ For general service
17 customers, the cost of furnace oil can vary significantly depending on the volume of oil
18 purchased and the contracts available with the various oil distributors. Therefore,
19 Newfoundland Power is unable to provide information on the current cost of heating with
20 oil versus electricity for general service customers.

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22 The impact of the increased capital costs of Muskrat Falls and the Labrador-Island Link
23 along with rate mitigation on retail electricity prices is currently unknown. Therefore,
24 Newfoundland Power is unable to compare the annual cost of heating with electricity
25 versus other space heating fuels.

¹ The cost estimates are based on a 1200 sq ft. bungalow with an unfinished basement.

² Other space heating fuels include furnace oil, propane and wood.

³ The 10-15% is based on including only the cost of electricity and fuel oil.