

1 Q. Reference page 1, lines 25-26 and page 2, lines 10, *Labrador Interconnected System Network*
2 *Additions Policy Summary Report*

3 Compare and contrast your distribution system policy regarding new customers and the
4 financing of necessary investment requirements with your proposed Network Additions Policy.

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7 A. Table 1 provides a comparison of the manner in which Newfoundland and Labrador Hydro's
8 ("Hydro") General Service Customer Contribution in Aid of Construction ("CIAC") Policy and
9 Hydro's proposed Network Addition Policy for the Labrador Interconnected System would apply
10 to distribution extensions.

Table 1: Policy Comparison

| | Distribution CIAC Policy | Network Additions Policy ¹ |
|---|--|---|
| Basic Investment with no Contribution Required | 85 metres of extension provided. | 200 kW of peak capacity provided. |
| Contribution Calculated Based on Average Cost | For project capital costs of less than \$100,000, the approved average cost per metre is multiplied by the required extension distance to calculate the capital cost used in computing the contribution. | For peak capacity additions of less than 1,500 kW, the approved average cost per kW is multiplied by the required peak kW of capacity to calculate the capital cost used in computing the contribution. |
| Annual Updates to Policy Costs for Board² Approval | Yes. | Yes. |
| Detailed Calculation Method for Higher Cost Projects | Detailed calculation method used for projects for which the projected average cost greater than \$100,000. | Detailed system impact method is used for requests requiring 1,500 kW or greater (i.e., expansion advancement cost). |
| Revenue-Based Investment Applied to Reduce Contribution | For customers with demand requirements in excess of 10 kW. | Only for Industrial Customers. |
| Revenue-Based Investment for Reduced Operating Life in Customer Operations | Investment reduced by 2.5% for each year less than depreciable life of distribution assets (38 years). | Investment reduced by 3.0% for each year less than 25 years. |
| Review Process for Accuracy of Peak Demand Estimates | 2-Year review, with recalculate option. | 2-Year review, with recalculate option. |

¹ Network Additions Policy for the Labrador Interconnected System.

² Board of Commissioners of Public Utilities ("Board").

| | Distribution CIAC Policy | Network Additions Policy¹ |
|--|--|---|
| Review Process for Refunds for Additional Connections | 10-year review period when new customer shares extension that was contributed to by a previous customer. | 10-year review period when new customer shares excess capacity addition that was contributed to by a previous customer. |
| Multiple Concurrent Requests | Proportional allocation based on extension length requirements. | Proportional allocation based on peak demand requirements. |
| Board Approval Required | <ul style="list-style-type: none"> ● Capital cost greater than \$50,000; ● Detailed cost estimates are required; ● Approval of deviations from the approved policy. | <ul style="list-style-type: none"> ● Customer contributions for specifically assigned assets; ● Upstream Capacity Charges in excess of \$200,000; ● Approval of deviations from the approved policy. |