Q. **Reference: Volume I, Section 6.5, Issue Topic: Rural Deficit**

Please provide a table showing the rural deficit by revenue requirement component for the years 2019 to the 2027 test year as well as the 2019 test year. For power supply costs, please provide a breakdown to show costs related to Muskrat Falls and rate mitigation separately. For operating costs, please provide a breakdown between labour and non-labour costs.

A. Please refer to NP-NLH-114, Attachment 1 showing the Rural Deficit by revenue requirement component for the 2019 Test Year and 2027 Test Year. In Newfoundland and Labrador Hydro's Annual Returns, Return 20 provides an estimate of the Rural Deficit by area based on pro forma Cost of Service Studies for the fallout years. The detailed information requested is only available in this level of detail for test years, which is when the Rural Deficit is incorporated into rates.

Newfoundland and Labrador Hydro
Rural Deficit by Revenue Requirement

Rural Interconnected Areas	2027 Cost Of Service	2019 Cost of Service
Island Interconnected		
Operating & Maintenance [1]	26,425,923	23,585,061
Rate Mitigation	(32,107,596)	-
Fuel - No. 6, Diesel and Gas Turbine	5,542,150	12,966,758
Power Purchases - Other	4,778,710	4,690,296
Power Purchases - Muskrat Falls	17,214,908	-
Power Purchases - LTA Costs	2,951,724	-
Power Purchases - LIL Costs	29,748,505	-
Power Purchases - Off Island	-	920,942
Exports - Revenue Credit	(2,569,981)	-
Tariff Revenue Credit	(1,172,945)	-
Depreciation	17,914,080	13,677,413
Expense Credits	(1,375,141)	(1,252,831)
Return on Rate Base	19,965,092	18,445,162
Total	87,315,429	73,032,803
Revenue	(68,909,058)	(51,030,303)
Calculated Deficit	**18,406,371**	**22,002,500**
Island Isolated		
Operating & Maintenance [1]	5,763,854	6,744,799
Diesel Fuel	2,124,200	2,085,061
Power Purchases - Other	177,100	164,000
Depreciation	1,117,417	754,457
Expense Credits	(39,928)	(48,605)
Return on Rate Base	1,261,946	970,172
Revenue-Related Reclassification	(188)	-
Total	10,404,402	10,669,884
Revenue	(1,717,949)	(1,603,531)
Calculated Deficit	**8,686,453**	**9,066,353**
Labrador Isolated		
Operating & Maintenance [1]	15,269,542	14,870,185
Diesel Fuel	17,415,200	15,446,413
Power Purchases - Other	309,793	-
Depreciation	5,466,481	3,361,364
Expense Credits	(158,711)	(159,117)
Return on Rate Base	5,863,446	4,427,845
Revenue-Related Reclassification	(263)	-
Total	44,165,488	37,946,689
Revenue	(11,969,343)	(9,024,313)
Calculated Deficit	**32,196,145**	**28,922,376**
L'Anse-au-Loup		
Operating & Maintenance [1]	2,238,392	1,481,175
Diesel Fuel	756,000	668,701
Power Purchases - Other	4,104,300	3,348,796
Depreciation	1,420,232	890,369
Expense Credits	(69,176)	(74,320)
Return on Rate Base	1,308,747	1,094,030
Revenue-Related Reclassification	-	-
Total	9,758,496	7,408,751
Revenue	(4,077,137)	(3,122,996)
Calculated Deficit	**5,681,359**	**4,285,755**

[1] Split between labor and non-labour is not available.