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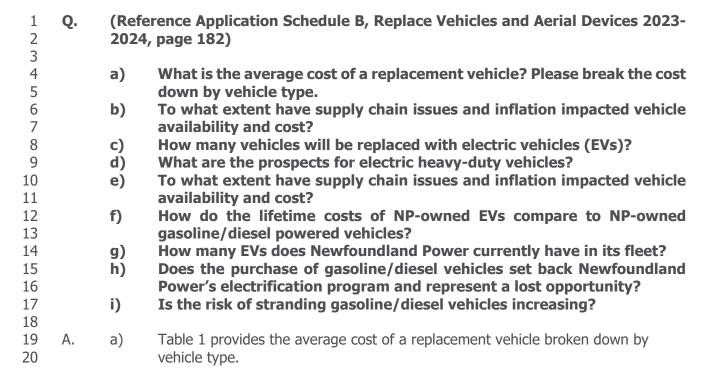


Table 1 Average Cost of Replacement Vehicle (\$2023)	
Vehicle Type	Budget
Heavy Duty	\$475,000
Medium Duty	\$400,000
Light Duty	\$200,000
Passenger	\$41,000

b) Supply chain issues and inflation have impacted vehicle availability and cost in 2022. All vehicles, from passenger vehicles to heavy fleet, have increased production times and increased cost. Worldwide factory shutdowns during the COVID-19 pandemic resulted in a reduced supply of semiconductor chips, which affected the production of all types of automotive manufacturing. As a result of reduced supply, manufacturers reduced fleet incentives by as much as two-thirds compared to pre-pandemic levels. Manufacturers have also reduced the production of base model vehicles in favour of higher end vehicles, leading to higher prices for available models.

c) Newfoundland Power currently has a limited number of electric vehicles ("EVs") in its fleet. The Company is gaining experience with EVs and monitoring trends in the EV market, including trends in vehicle prices and model availability.

In 2023, the procurement of passenger vehicles will request vendor quotes for gasoline/diesel powered vehicles and electric or hybrid equivalents. A vehicle requiring replacement may be replaced with a hybrid or EV model if it is determined to be least cost for customers. The number of vehicles to be replaced with electric or hybrid equivalents in 2023 will not be determined until inspections are completed to identify the specific vehicles that require replacement and quotes are received and evaluated from vendors. Accordingly, a specific quantify of vehicles to be replaced with electric or hybrid equivalents cannot be identified at this time.

d) Electric heavy duty vehicles are currently under development by manufacturers, with more cab and chassis models becoming available. One concern with current models is the lack of range compared with a diesel engine. The first step toward a broad deployment of electric heavy-duty vehicles after they become readily available in the marketplace would be to evaluate the use of one of these vehicles in meeting Newfoundland Power's operational requirements, including requirement to respond to customers in all weather conditions.

In 2023, Newfoundland Power plans to purchase a medium-duty vehicle with an electric power take-off, which allows the aerial device to be operated while the diesel engine is off. The electric power take-off will reduce the environmental impact of this vehicle, as there is a considerable amount of time during the workday when this type of vehicle would be idling in order to use the aerial device.

- e) See the response to part b).
- f) Newfoundland Power is gaining experience in understanding the lifetime costs of Company owned EVs compare to gasoline/diesel powered vehicles. To date, the Company's experience is limited as its EV fleet is currently composed of four small SUVs. The vast majority of the Company's passenger fleet are pickup trucks and vans, including four-wheel drive models. Equivalent EVs for these larger passenger vehicles are only now coming to market. Broader experience with EVs that are equivalent to the larger gas/diesel powered vehicles currently comprising the passenger fleet is needed to compare the lifetime costs of EVs with gasoline/diesel powered vehicles.
- g) Newfoundland Power currently has four EVs in its fleet with an additional electric pickup truck scheduled for delivery later in 2022. The existing four EVs are small SUVs.
- h) No, the purchase of gasoline/diesel vehicles does not set back Newfoundland Power's electrification program or represent a lost opportunity. As discussed in

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this response, Newfoundland Power is gaining experience with EVs in its operations and monitoring trends in the EV market. Decisions on whether to purchase an EV will depend on what is assessed to be the least-cost alternative to meet Newfoundland Power's operational requirements.

i) The risk of stranding gasoline/diesel vehicles remains low. On April 22, 2022, the Federal Government announced a future sales mandate for zero-emission vehicles so that 100% of new light-duty vehicles sold in Canada will be zero emission by 2035.

All gasoline/diesel powered vehicles identified for replacement in 2023 will be fully depreciated before the 2035 timeframe. Further, the sales mandate is for new vehicles only and there is no restriction on continued operation of gasoline/diesel powered vehicles past 2035. As such, it is expected that fueling and maintenance will continue to be available for gasoline/diesel powered vehicles beyond 2035.