

1 Q. **Reference: 2018 Cost of Service Methodology Review Report, Exhibit 2, Page 8 of 10 (48**
2 **pdf)**

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4 Preamble:

5 The Exhibit shows that the Labrador Interconnected Revenue Requirement after
6 Deficit and Revenue Credit Allocation in 2021 (col. 6) would be slightly lower than
7 revenues under current rates (col. 2).

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9 Is it appropriate to conclude that Labrador Interconnected rates are expected to be lower
10 in 2021 than they are today? If not, please explain why.

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13 A. No, that conclusion would not be correct. The Labrador Interconnected revenue
14 requirement for rate setting can change materially depending on the capital investments
15 required to serve load growth in Labrador. The future rates for customers on the Labrador
16 Interconnected System will be determined through the normal general rate application
17 process.

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19 Based on the referenced Exhibit, it is reasonable to conclude that if the Board of
20 Commissioners of Public Utilities approves Newfoundland and Labrador Hydro's proposals
21 in the Cost of Service Methodology Review hearing the new methodology will not result in
22 a material change in rates for customers on the Labrador Interconnected System.