

1 Q. **Reference: Newfoundland and Labrador Hydro 2018 Cost of Service Methodology Review**
2 **Report, November 15, 2018, Page 6, Lines 21-26.**

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4 *“Hydro forecasts that export revenues will result from available Recapture Energy, ponding*
5 *activities, exports to avoid spill, and due to the fact that its current forecast load*
6 *requirements from Muskrat Falls generation are less than its contacted (sic) entitlement*
7 *provided in Schedule 2 of the Muskrat Falls PPA Schedule 2. The sharing of the net revenues*
8 *from these exports need to be considered in the cost of service methodology. The cost of*
9 *service methodology does not deal with other rate mitigation funds that may be provided*
10 *from other sources.”*

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12 Please identify other rate mitigation funds that may be provided, and provide Hydro’s
13 views on how consideration of these funds could: (i) impact the timing of the Cost of
14 Service Methodology Review, and (ii) be incorporated into Hydro’s proposed Cost of
15 Service methodology.

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18 A. The determination of the availability of other rate mitigation funds to reduce customer
19 rates will be made by the Government of Newfoundland and Labrador (“Government”).
20 The Board of Commissioners of Public Utilities (the “Board”) has established the timing of
21 the Cost of Service Methodology review; Newfoundland and Labrador Hydro sees no
22 benefit in delaying the review pending the final decisions of Government on the rate
23 mitigation approach.

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25 It is currently uncertain what approach Government will take with respect to direction on
26 rate mitigation. If Government directs the Board to determine the allocation approach
27 among customer classes for rate mitigation funds to be made available, that matter could
28 be dealt with in a separate proceeding by the Board or could become an issue to be
29 addressed in the next General Rate Application.