

1 Q. Hydro states on page 4, paragraph 16 of the Application:

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3           It remains probable that Hydro will incur costs in 2021 as a result of the  
4           commissioning of the Muskrat Falls Project. Therefore, although Hydro proposes  
5           to delay its GRA filing, Hydro is proposing to continue to require 2021 as a test  
6           year for use in determining the 2021 costs to be ultimately recovered from  
7           customers.

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9           Under what circumstances would Hydro consider it appropriate to not treat 2021 as a test  
10          year? If 2021 was not a test year, what would be the alternatives, and impacts of the  
11          alternatives, for 2021 rates?

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14 A. Please refer to Newfoundland and Labrador Hydro's ("Hydro") response to PUB-NLH-009 of this  
15 proceeding for the circumstances in which Hydro believes a deferral account could be used as a  
16 reasonable alternative to 2021 being treated as a test year.

17           In the circumstance where there would be no Muskrat Falls Project costs projected to be  
18           incurred in 2021, the cost deferral balance could track the increased financing and depreciation  
19           costs since the 2019 Test Year. This balance could be set aside for recovery in rates following the  
20           conclusion of the General Rate Application process. Under this scenario, customer rates would  
21           not change in 2021 as a result of Hydro's increased costs in 2021.