1   Q.   **Reference: Supply Cost Accounting Application, paragraph 23.**

2   What is Hydro's current forecast of the July 1, 2022 Utility rate adjustment?

3

4

5   A.   Assuming the Board of Commissioners of Public Utilities approves the proposed deferral

6   account, Newfoundland and Labrador Hydro ("Hydro") estimates the Rate Stabilization Plan

7   ("RSP") update would reduce retail customer rates by approximately 8%. This calculation

8   assumes approximately $85 million in supply costs are transferred to the new Supply Cost

9   Variance Deferral Account for future allocation and recovery from customers on September 30,

10   2021. Approximately $66 million of the projected $85 million transfer represents the projected

11   amount owing from customers in the RSP Hydraulic variation component. The RSP rate change

12   projection for retail customers for 2022 does not consider any rate change to provide recovery

13   of Muskrat Falls Project costs.

14   Hydro notes that the projected rate change for Island Industrial customers for the RSP update

15   (reflecting approval of the proposed deferral account) is an approximate 20.0% increase

16   effective January 1, 2022. The projected increase would be materially higher if recovery of the

17   RSP hydraulic variation balance was included in the RSP update. The RSP rate change projection

18   for Island Industrial customers for 2022 also does not consider any rate change to provide

19   recovery of Muskrat Falls Project costs.

20   Hydro believes it is appropriate to have the details on the rate mitigation plan prior to finalizing

21   proposals on the recovery of the projected $85 million Holyrood Thermal Generating Station

22   fuel costs that Hydro has proposed to be deferred to the Supply Cost Variance Deferral Account.

23   Hydro plans to use the rate mitigation plan details (once available) to work with stakeholders to

24   develop a rate change plan to enable the recovery of Hydro's supply costs in concert with the

25   goal of providing rate stability to all customer classes.