

1 Q. (Reference CA-NP-29(e)) It is stated “On July 28, 2021, the Provincial Government
2 and the Federal Government announced an agreement-in-principle to mitigate rate
3 impacts associated with the Muskrat Falls Project. The mitigated customer rate target
4 was updated to 14.7 ¢/kWh, or approximately 9% higher than the previously indicated
5 target of 13.5 ¢/kWh.” How does this impact the proposals in Newfoundland Power’s
6 2022-2023 GRA? Does it mean that the demand and cost data used in the 2023 test
7 year are even less reflective of expectations?
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9 A. The likelihood of an announcement regarding rate mitigation was anticipated at the time
10 of filing Newfoundland Power’s 2022/2023 General Rate Application. For information
11 on how this announcement does not affect the Company’s cost of capital proposals, see
12 response to Request for Information PUB-NP-103.
13

14 Newfoundland Power confirms that its *Customer, Energy and Demand Forecast* and
15 forecast purchased power costs do not reflect the rate mitigation announcement. For an
16 example of how the announcement could impact the Company’s energy sales and
17 customer rates, see response to Request for Information PUB-NP-056.
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19 It is currently uncertain how Muskrat Falls Project costs will ultimately be recovered
20 from customers. Wholesale rate structures and other matters regarding the recovery of
21 Muskrat Falls Project costs are expected to be addressed as part of Newfoundland and
22 Labrador Hydro’s (“Hydro”) next general rate application. Hydro’s next general rate
23 application is not anticipated to conclude before 2023.¹

¹ See response to Request for Information PUB-NP-103.