

1 Q. **Reference: Grant Thornton Financial Consultants Report, dated August 23, 2019.**

2 Further to PUB-NLH-008, please explain why Hydro did not file a revision to its General Rate
3 Compliance Application proposals to correct the error in the interest rate calculation
4 identified in the Grant Thornton Report and confirm that if the one-time adjustment to
5 each customer group's RSP current plan is made, it does not require a revision to Hydro's
6 General Rate Compliance Application proposals.

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9 A. Newfoundland and Labrador Hydro ("Hydro") did not file a revision to its application as a
10 result of the \$240,000 Rate Stabilization Plan ("RSP") financing error due to the relative
11 magnitude of the error, the timing of its discovery, and the availability of a reasonable
12 alternative to correct the error that did not disadvantage the customers impacted.

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14 Upon discovering the error, Hydro analyzed its impact on the "2017 GRA Compliance
15 Application." This analysis determined that the 2017 General Rate Application ("GRA") Cost
16 Recovery Riders would need to be revised; however, due to the relative magnitude of this
17 error the overall customer rate impact percentages would not change.

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19 A revision to Hydro's "2017 GRA Compliance Application" at this advanced stage would
20 likely delay the implementation of final customer rates beyond October 1, 2019. Given the
21 materiality of the error relative to the 2017 GRA Compliance Application, Hydro did not
22 believe prolonging the regulatory process and delaying final customer rates beyond
23 October 1, 2019 to be in the best interest of customers or the parties.

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25 Hydro proposed to proceed with a one-time adjustment to the RSP Current Plan balances
26 of Newfoundland Power and Island Industrial Customers effective April 1, 2019. By posting
27 the adjustment on April 1, 2019, there will be no impact on the rates and transfers included
28 in the 2017 GRA Compliance Application and therefore no revision required. This
29 adjustment would then be reflected in customers' 2020 RSP Current Plan Adjustment
30 factors. Hydro believes that processing the correction in this manner will result in the most
31 efficient resolution to the error.