

1 Q. **Reference: RRAS, 2022 Update, Vol. III, page 7 (88 pdf)**

2 Citation:

3 While the current provincial government’s fiscal situation remains relatively
4 challenging, the underlying local market conditions for electric power
5 operations through the medium and long term in the context of provincial
6 energy requirements suggest modest increases in energy requirements
7 throughout the forecast period.³⁵

8 Note 35 : The energy outlook is conditioned by electricity prices in which the
9 customer rate impacts of the Muskrat Falls Project are assumed mitigated.

10 Please specify the assumptions made with respect to mitigation, including for each year from
11 2023-2035:

- 12 a) the total cost to Hydro for the Lower Churchill Project, before and after mitigation,
13 b) the average unit cost to Hydro (per kWh) of energy from the Lower Churchill Project, before
14 and after mitigation, and
15 c) the average customer rate, with and without mitigation.

16

17

18 A. a) The details of the rate mitigation plan are still being developed. As such, the unmitigated
19 rates were not calculated in developing rates as inputs into the “Reliability and Resource
20 Adequacy Study – 2022 Update” (“2022 Update”).¹ The rates were developed assuming
21 existing domestic rates would phase into the 2022 target rate of 14.7¢/kWh² escalating at
22 an anticipated rate of 2.25% per year thereafter plus an estimate of the rate impact for
23 generation expansion builds. Please refer to Newfoundland and Labrador Hydro’s response

¹ "Reliability and Resource Adequacy Study - 2022 Update," Newfoundland and Labrador Hydro, October 3, 2022.

² "Technical Briefing Rate Mitigation," Government of Newfoundland and Labrador, July 28, 2021, filed as part of the "Items Impacting the Delay of Hydro's Next General Rate Application – Further Update," Newfoundland and Labrador Hydro, August 27, 2021. To phase into the target rate from the forecast rate of 13.2¢/kWh for 2022 the assumption was rate increases on July 1, 2023 of 7.5%, July 1, 2024 of 7.5%, and July 1, 2025 of 4.33% until the average rate equaled the target rate escalating at 2.25% per year.

1 to PUB-NLH-240 of this proceeding for the rates used in the 2022 Update and the estimated
2 rate impact for the generation expansion builds.

3 **b)** Please refer to part a) of this response.

4 **c)** Please refer to part a) of this response.