

1 Q. Please confirm whether Hydro’s other customers, particularly those in isolated systems that
2 have rates based on Newfoundland Power rates, will receive a 6.4% decrease on July 1, 2022.

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5 A. It is not confirmed.

6 Newfoundland and Labrador Hydro (“Hydro”) will comply with its Schedule of Rates, Rules and
7 Regulations, Policy for Automatic Rate Changes in determining the rates to apply to Hydro Rural
8 customers. Therefore, rates for Hydro Rural customers will be based on those approved for
9 Newfoundland Power Inc. (“Newfoundland Power”).¹ If Hydro’s application is approved,
10 incremental billings to these customers resulting from the implementation of the Project Cost
11 Recovery Rider will flow through to Newfoundland Power’s balance in the Supply Cost Variance
12 Deferral Account through the Rural Rate Alteration.

¹ As rates paid by Hydro Rural Isolated customers on the Labrador isolated systems recover approximately 25% of the cost to supply service, price increases to Island Interconnected customers to recover Muskrat Falls Project costs, which result in rate increases to Hydro Rural Isolated customers pursuant to the Policy for Automatic Rate Changes, will not fully recover the cost of supplying the isolated systems customers. Therefore, the Hydro Rural customers on the Labrador isolated systems will not be paying costs attributable to the Muskrat Falls Project.