

1 Q. **Reference: Application, para. 8**

2 Regarding the government grant of \$190,404,231 for rate mitigation:

- 3 a) Was Hydro aware that government would be making the grant to it when it applied to  
4 the Board for the 0.798 cents per kWh Project Cost Recovery Rider?
- 5 b) When did Hydro become aware that the grant would be forthcoming?
- 6 c) Other than being used for rate mitigation, has government imposed any other  
7 conditions or restrictions on how and when Hydro can use these funds? In particular,  
8 can funds from the grant be used to replace Project Cost Recovery Rider revenues if that  
9 rider were discontinued?

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12 A. a) Yes, Newfoundland and Labrador Hydro (“Hydro”) was aware that it would be receiving the  
13 \$190.4 million grant when it filed its application on April 17, 2023, requesting to maintain  
14 the 0.798 cents per kWh Project Cost Recovery Rider. However, Hydro was not aware that  
15 this grant was forthcoming when it first applied to institute the Project Cost Recovery Rider  
16 on May 27, 2022.

17 b) As communicated in its quarterly General Rate Application updates, Hydro has been  
18 meeting with the Government of Newfoundland and Labrador (“Government”) on an  
19 ongoing basis regarding the development and finalization of the rate mitigation plan.<sup>1</sup> Hydro  
20 received notification of the Government grant on March 30, 2023 as provided within  
21 Hydro’s response to PUB-NLH-003, Attachment 1 of this proceeding.

22 c) Please refer to PUB-NLH-003, Attachment 1 of this proceeding for the correspondence to  
23 Hydro from Government regarding the grant payment, including the direction provided on  
24 the use of the funds. The rate mitigation funds provided by Government are in complement  
25 to the revenues collected through the Project Cost Recovery Rider, enabled by Government

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<sup>1</sup> “Quarterly Update – Items Impacting the Delay of Hydro’s Next General Rate Application,” Newfoundland and Labrador Hydro, March 31, 2023.

1 through Order in Council OC2022-120 which permitted Hydro to begin partial collection of  
2 the Muskrat Falls Project costs from customers, and approved by the Board of  
3 Commissioners of Public Utilities in Order No. P.U. 19(2022).<sup>2</sup> As outlined in the  
4 correspondence from Government,<sup>3</sup> Government requested that Hydro not include any  
5 additional Lower Churchill Project related costs in the July 1 Rate Stabilization Plan  
6 adjustments. Please refer to Hydro's response to PUB-NLH-001 for further discussion of  
7 Hydro's rationale for not discontinuing the Project Cost Recovery Rider.

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<sup>2</sup> *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 19(2022), Board of Commissioners of Public Utilities, June 21, 2022.

<sup>3</sup> "Application for July 1, 2023 Utility Rate Adjustments," Newfoundland and Labrador Hydro, April 17, 2023, sch. 2.