

1 Q. **Reference: Schedule 1, page 2**

2 It is stated "Government also indicated that further LCP related rate increases will be more
3 appropriately addressed upon implementation of the rate mitigation plan."

4 a) Is the Project Cost Recovery Rider an integral part of the rate mitigation plan or is it ad
5 hoc and temporary?

6 b) When will the rate mitigation plan be available?

7 c) When does Hydro expect to file its next GRA?

8 d) When does Hydro expect to gain approval of its next GRA?

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11 A. a) The Supply Cost Variance Deferral Account and the Project Cost Recovery Rider are an
12 integral part of the rate mitigation plan, at least until the conclusion of Newfoundland and
13 Labrador Hydro's ("Hydro") next General Rate Application ("GRA"). The Supply Cost
14 Variance Deferral Account effectively defers the net cost increase to Hydro resulting from
15 the Muskrat Falls Project ("Project") and includes a Rate Mitigation Fund component which
16 enables rate mitigation funding to be credited to offset amounts owing from customers. The
17 Project Cost Recovery Rider enables Project costs to be recovered from customers prior to
18 the conclusion of Hydro's GRA and be credited to reduce the balance owing from customers.
19 Evidence on the long-term role of the Project Cost Recovery Rider in rate setting will be
20 included in Hydro's next GRA.

21 b) There is no firm date for the release of the rate mitigation plan. Most of the rate mitigation
22 funding resulting from the agreement between the provincial and federal governments had
23 not been available until the Labrador-Island Link ("LIL") was commissioned. With
24 commissioning of the LIL, the next step is to finalize the details of the rate mitigation plan.

25 c) Hydro anticipates it will file its next GRA in the first or second quarter of 2024, although the
26 exact time frame is unknown at this time. As stated in its most recent quarterly update to

- 1 the Board,¹ Hydro requires the finalization of the details of the Government of
2 Newfoundland and Labrador’s final rate mitigation plan to file an informed GRA.
- 3 **d)** Hydro estimates that final rates resulting from Hydro’s next GRA may not be implemented
4 until the latter half of 2025 at the earliest.

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