

1 Q. **Reference: Application**

2 In Order No. P.U. 16(2019) the Board directed Hydro to

3 file its next general rate application no later than September 30, 2020 for rates  
4 based on a 2021 test year.

5 Hydro requested delays in the filing owing to uncertainties relating to Muskrat Falls and rate  
6 mitigation and the resulting inability of Hydro to

7 prepare a GRA filing that would reasonably reflect the costs that Hydro will incur  
8 in providing electrical service to its customers for use in determining proposed  
9 customer rates. (April 15, 2019 letter from Hydro to the Board titled  
10 "Application to Delay the Filing of Newfoundland and Labrador Hydro's Next  
11 General Rate Application").

12 By Order P.U. 15 (2020) the Board approved Hydro's request to delay the filing of its next  
13 General Rate Application.

14 a) Please provide an update. Does Hydro now have the necessary information, and if so,  
15 when will Hydro file its next GRA?

16 b) Based on the information now available on the Government's rate mitigation policy  
17 (domestic island customer rate target of 14.7 cents/kWh) what is Hydro's best estimate  
18 of rates in 2024 and 2025?

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21 A. a) As stated in the most recent quarterly update on Newfoundland and Labrador Hydro's  
22 ("Hydro") next general rate application ("GRA"),<sup>1</sup> contingent on the finalization of the details  
23 of the Government of Newfoundland and Labrador's ("Government) rate mitigation plan,  
24 Hydro expects the earliest timeframe for filing its next GRA to be mid-2024.

25 Hydro continues to estimate that it would require approximately nine months to prepare its  
26 next GRA, and will confirm a more defined timeframe for the filing of its GRA when further

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<sup>1</sup> "Quarterly Update – Items Impacting the Delay of Hydro's Next General Rate Application," Newfoundland and Labrador Hydro, June 30, 2023.

1 information is available. With the commissioning of the Labrador-Island Link complete, this  
2 timeline would begin once Hydro has certainty related to the details of the Government’s  
3 rate mitigation plan. Without this information, Hydro does not have adequate certainty to  
4 develop a test year forecast revenue requirement for use in its GRA filing. Hydro will provide  
5 its next quarterly update to the Board of Commissioners of Public Utilities (“Board”) on the  
6 timing of its next GRA on September 29, 2023.

7 **b)** Hydro’s utility and customer rates for July 1, 2023 were approved by the Board in  
8 Order Nos. P.U. 15(2023)<sup>2</sup> and P.U. 18(2023),<sup>3</sup> respectively. The average domestic customer  
9 rate on the Island Interconnected System effective July 1, 2023 is approximately \$14.3 cents  
10 per kWh.<sup>4</sup> The July 1, 2023 rates were aligned with Government’s correspondence dated  
11 April 14, 2023, which asked Hydro to include no additional Lower Churchill Project (“LCP”)-  
12 related costs in the upcoming July 1 annual Rate Stabilization Plan Adjustments. The  
13 Government also indicated that further LCP-related rate increases would be more  
14 appropriately addressed upon implementation of the rate mitigation plan.<sup>5</sup>

15 Hydro is unable to provide an estimate of rates for 2024 and 2025 at this time. To inform  
16 future rate forecasts, further information is required regarding the final details of the  
17 Government’s rate mitigation plan.

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<sup>2</sup> “Public Utilities Act, RSNL 1990, c P-47, Board Order No. P.U. 15(2023),” Board of Commissioners of Public Utilities, June 1, 2023.

<sup>3</sup> “Public Utilities Act, RSNL 1990, c P-47, Board Order No. P.U. 18(2023),” Board of Commissioners of Public Utilities, June 28, 2023.

<sup>4</sup> Based on average monthly consumption of 1,264 kWh including the Basic Customer Charge and Discounts.

<sup>5</sup> “Application for July 1, 2023 Utility Rate Adjustments – Effective July 1, 2023,” Newfoundland and Labrador Hydro, April 17, 2023, sch. 2.