

1 Q. **Reference: September 29, 2023 Quarterly Update – Items Impacting the Delay of Hydro’s Next**
2 **General Rate Application**

3 It is stated “As project costs have been finalized, the focus is on finalizing the details and
4 mechanisms that comprise the rate mitigation plan.”

5 a) Why is it necessary to finalize the rate mitigation plan before filing a General Rate
6 Application (GRA)?

7 b) Is the rate mitigation plan a cost associated with the supply of electricity to the province’s
8 electricity consumers, or is it a subsidy that is expected to be applied to electricity rates
9 according to government directives?

10 c) Are Hydro’s costs of supply the same with or without the rate mitigation plan? If not, how
11 does Hydro expect its cost of supply to be impacted by the government’s rate mitigation plan?

12 d) Does Hydro expect to include the rate mitigation plan in the cost of service study filed with
13 its next GRA?

14 e) Is the primary purpose of the GRA to determine, and make transparent, Hydro’s cost of
15 supply as a basis for establishing customer electricity rates? If not, what is the purpose of
16 the GRA?

17 f) Would filing a GRA and subjecting it to the review process better inform the government on
18 an appropriate rate mitigation plan?

19 g) Does Hydro have the independence and autonomy to design its next GRA and to decide
20 when to submit it to the Board or will these decisions be made by the provincial
21 government? If Hydro disagrees with the provincial government’s approach to rate
22 mitigation does it have the authority under current legislation to proceed otherwise?

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25 A. As stated in Newfoundland and Labrador Hydro’s (“Hydro”) most recent quarterly General Rate
26 Application (“GRA”) update:

27 Hydro continues to estimate that it would require approximately nine months to
28 prepare its next GRA. With the commissioning of the LIL complete, this timeline

1 would begin once Hydro has certainty related to the details of the
2 Government's rate mitigation plan, as without having the required information,
3 Hydro does not have adequate certainty to develop a test year forecast revenue
4 requirement for use in its GRA filing. Hydro is cognizant of the regulatory
5 inefficiencies that would result if its GRA proposals are not reflective of the final
6 rate mitigation plan.¹

7 It is Hydro's opinion that the information requested is not necessary for a satisfactory
8 understanding of the matters to be considered in the 2024 Capital Budget Application as
9 required by the *Board of Commissioners of Public Utilities Regulations, 1996*.²

¹"Quarterly Update – Items Impacting the Delay of Hydro's Next General Rate Application," Newfoundland and Labrador Hydro, September 29, 2023, p. 3.

<<http://www.pub.nf.ca/indexreports/nextgeneral/From%20NLH%20-%20Filing%20of%20Next%20General%20Rate%20Application%20-%20Quarterly%20Update%20-%202023-09-29.PDF>>.

² Nfld. Reg. 39/96, s 14.