Q. **Reference: Application, Schedule 1, pages 35–36, section 6.9, Table 10**

Hydro estimates that the capital budget proposed in this Application would increase revenue requirement by $7.6 million in 2027 and $12.1 million in 2028. Hydro states that Island Interconnected domestic rate increases will be "*limited to target domestic rate increases of 2.25% annually … regardless of the increase in revenue requirement.*"

a) Please provide the native model supporting Table 10, showing project-level in-service dates, additions to rate base, work in progress, interest during construction, depreciation, return, operating impacts, and retirements. Report revenue-requirement and rate impacts by class for (i) the $156.4 million proposed and (ii) all $545.6 million of 2027 expenditure, recognizing when each asset enters service.

b) For Island Interconnected domestic customers, provide the unmitigated and 2.25%-limited impacts, in dollars and cents per kWh, and identify who funds or bears the difference and any deferral, subsidy, or other mechanism used.

A. **a)** Table 10 was prepared as a high-level illustration of the potential system-level rate impact of the capital expenditures proposed in this Application and was not developed using a project-level revenue requirement model. The percentages shown in Table 10 therefore represent estimated system-level revenue requirement impacts. Please refer to CA-NLH-040, part a) of this proceeding for additional information.

b) Newfoundland and Labrador Hydro ("Hydro") also believes that part b) of this Request is not relevant to the determination of the proposed 2027 capital expenditures in this Application.

The 2.25% annual limitation on domestic rate increases is established through the Newfoundland and Labrador Government direction. The requested analyses concerning unmitigated and mitigated rate impacts, identification of the parties bearing any difference, and the operation of any associated deferral, subsidy, or other mechanisms relate to rate setting, cost recovery, and rate mitigation matters are more appropriately addressed in proceedings where Hydro's rates, revenue requirement, and cost recovery mechanisms are directly at issue. Hydro also notes that residential rates for customers served by Newfoundland Power Inc. (“Newfoundland Power”) are determined through Newfoundland Power's regulatory proceedings and approved by the Board of Commissioners of Public Utilities.