

1 Q. (Reference 2017 GRA Volume I, page 1.6) Please provide a revised Table 1-1
2 showing rate increases under the assumption that fuel cost savings due to off-island
3 purchases of electricity are passed on to customers at the time when these savings
4 are realized, rather than diverting those savings into a deferral account to help
5 future ratepayers pay for Muskrat Falls.

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8 A. The \$19.5 million in projected net savings for 2018 based on the use of Recapture
9 Energy on the Island (provided in Hydro's response to NP-NLH-115) provides
10 approximately 3.1% of the 2018 Test Year Revenue Requirement for the Island
11 Interconnected System.¹

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13 The \$53 million in net savings for 2019 provided in response to NP-NLH-115 (based
14 on the use of Recapture Energy on the Island) provides approximately 8.1% of the
15 2019 Test Year Revenue Requirement for the Island Interconnected System.² Hydro
16 notes that the projected deferral account savings can vary materially depending on
17 the Test Year fuel cost to be approved by the Board, and the timing of the
18 availability of the Labrador-Island Link.

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20 In order to determine the impacts of this request by customer class, Hydro would
21 need to allocate the deferral account net savings in the Cost of Service Study, the
22 method by which these costs are to be allocated amongst customer groups would

¹ 3.1% = \$19.5 million divided by the \$631.6 million Island Interconnected System revenue requirement provided on Schedule 1.2 of the 2018 Test Year Cost of Service Study.

² 8.1% = \$53 million divided by the \$648.7 million Island Interconnected revenue requirement provided on Schedule 1.2 of the 2019 Test Year Cost of Service Study.

- 1 need to be determined by the Board, and therefore the requested information by
- 2 class is not provided.