

1 Q. (Reference 2017 GRA Volume I, page 5.17) It is stated (lines 13 to 14) “*The*
2 *mechanics for determining the Utility Rate for Newfoundland Power have included*
3 *maintaining a second block price signal to reasonably reflect the price of Holyrood*
4 *fuel.*” Why is it important to reflect Holyrood fuel costs in the price signal to
5 Newfoundland Power when 1) it does not reflect marginal costs, and 2) Hydro is not
6 proposing a similar price signal for the Island Industrial Customers?
7
8

9 A. In the 2017 GRA, Hydro has not proposed any changes to the rate designs for
10 Newfoundland Power or Island Industrial Customers. Hydro does not consider it
11 practical to implement rate design changes reflecting marginal cost variability that
12 may occur during the pre-commissioning period for the Muskrat Falls Project. As
13 stated in its evidence on page 5.4, Hydro plans to file an application with the Board
14 in 2018 to conduct a Cost of Service Methodology Review and a Rate Design
15 Methodology Review.