

1 Q. (Reference response to CA-NLH-8) The response indicates that *“Hydro has been*
2 *informed that rate mitigation actions or plans beyond what Hydro has proposed in*
3 *the 2017 GRA will be a policy decision of government”*. Given that rate mitigation
4 actions or plans will be a Government policy decision, what does Hydro expect the
5 Board to do with respect to rate mitigation when it appears that any decision it
6 might make could be superseded by Government?
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9 A. Hydro indicated it was informed that *“rate mitigation actions or plans beyond what*
10 *Hydro has proposed in the 2017 GRA will be a policy decision of government.”*
11 Therefore, Hydro believes any further rate mitigation actions or plans of the
12 Government would be in addition to any rate mitigation implemented as a result of
13 Hydro’s 2017 GRA.
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15 Hydro believes its proposal to implement the Off-island Purchases Deferral Account
16 will: (i) contribute to the options to provide rate mitigation in dealing with
17 increasing rates as a result of the Muskrat Falls Project; (ii) meet intergenerational
18 equity considerations by setting aside the net savings from off-island purchases to
19 the benefit of future customers that will be required to pay for the Muskrat Falls
20 Project; and (iii) provide a sound basis for establishing customer rates for 2018 and
21 2019, given the material supply cost uncertainty during the pre-commissioning
22 period.