

1 Q. (Reference Application Volume I, page 1.11) It is stated (lines 6 – 9): *“Nalcor’s June*  
2 *23, 2017 project update stated that average island residential electricity rates are*  
3 *expected to increase to 22.89 cents (¢) (plus HST) per kilowatt hour (kWh) in 2021 as*  
4 *a result of the Muskrat Falls Project. The present average rate for these customers is*  
5 *11.7 ¢ per kWh (plus HST), a gap of 11.19 ¢ per kWh.”* In an effort to reduce rate  
6 impacts on customers, has Hydro: 1) Approached the Board about relaxing some of  
7 the requirements brought on by its Outage Inquiry? 2) Asked the Government to  
8 consider opening the electricity market to wholesale competition so that customers  
9 such as Newfoundland Power and the Industrial Customers can shop for the lowest  
10 cost power available outside the Province? 3) Approached the Board about  
11 implementation of performance-based regulation for the transmission and  
12 distribution components of the power sector? 4) Approached the Government  
13 about funding the rural deficit?

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16 A. 1) Hydro has not approached the Board about relaxing the requirements of the  
17 Outage Inquiry. Hydro will continue to comply with the Board’s requirements  
18 with respect to the Outage Inquiry.  
19  
20 2) Modifying legislation such that Newfoundland Power and the Island Industrial  
21 Customers can potentially purchase from outside the Province will not  
22 contribute to the recovery of the costs of the Muskrat Falls Project because  
23 Island customers are required to pay the full cost of the Muskrat Falls Project as  
24 per OC2013-343. Accessing other sources for power will lower demand from  
25 Muskrat Falls and cause a resulting increase in the unit cost of power from  
26 Muskrat Falls. Hydro has not asked the Government to modify the existing  
27 legislation on this matter.

1           3) Hydro has not proposed regulatory framework changes with respect to the  
2           transmission and distribution components of the power sector.

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4           4) Hydro has recently provided information on the costs associated with the rural  
5           deficit and the allocation to electricity customers across various systems to  
6           Department of Natural Resources officials.