Q. **Volume 1 (1st Revision), Chapter 5: Rates and Regulations**

If Hydro's filing was revised based on the latest fuel forecasts, by what date would customer rates based on a 2019 test year need to be implemented to avoid a revenue deficiency for 2018? (Volume I 1st Revision), Chapter 5: Rates and Regulations, Page 5.14, Line 1, et. seq.)

A. Hydro's most recent No. 6 fuel forecast for 2019 is a price of $63.75 CDN per barrel[1] for 2018 and $68.50 CDN per barrel for 2019. If Hydro's filing was revised based on this fuel forecast, final customer rates based on a 2019 Test Year would need to be implemented on April 1, 2018[2] to avoid a revenue deficiency for 2018.[3]

Please refer to Hydro's response to NP-NLH-103 for the forecast customer impacts on April 1, 2018 based on this scenario. [4]

Please refer to Hydro's response to PUB-NLH-003 for an explanation as to why implementation of final rates prior to third quarter 2018 would be, in Hydro's opinion, difficult to achieve.

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[1] For the purpose of preparing this response, Hydro has assumed the forecast fuel price per barrel equals the forecast fuel cost per barrel.
[2] This assumes no change in existing customer base rates until the implementation of final customers.
[3] In this scenario, final rates implemented on April 1, 2018 would result in a revenue *sufficiency* of approximately $3.8 million. Rates implemented one month later, on May 1, 2018 would result in a revenue *deficiency* of approximately $3.2 million.
[4] Please see the column titled "2019 Test Year Increase Relative to July 1, 2017 Rates".